



## Consolidated Appropriations Act (CAA) and American Rescue Plan Act (ARPA) 2021 Quick Reference Guide

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In response to recent legislation and IRS guidance, FSAFEDS is announcing important new flexibilities for the 2020 and 2021 plan years to Health Care Flexible Spending Accounts (HCFSAs), Limited Expense Health Care Flexible Spending Accounts (LEX HCFSAs) and Dependent Care Flexible Spending Accounts (DCFSA).

### Special Enrollment Period (SEP)

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- Employees may enroll and participants may increase or decrease their current elections through the **2021 Special Enrollment Period (SEP) which will be held from June 1, 2021 to June 30, 2021**. This will allow those who did not enroll or re-enroll for 2021 during Open Season the opportunity to enroll for 2021 and gain access to available 2020 carryover funds.
- Current participants can increase or decrease elections during this period by visiting [www.FSAFEDS.gov](http://www.FSAFEDS.gov) and choosing “2021 Special Enrollment Period” from the “Enroll in Plan” menu located at the top of the home page and following the instructions. Current participants must select the “2021 Special Enrollment Period – Increase/Decrease” event type. The new election will be effective retroactively to the most recent effective date for 2021.
- Employees who want to enroll for the first time for 2021 should go to [www.FSAFEDS.gov](http://www.FSAFEDS.gov), select “2021 Special Enrollment Period” under the “Enroll in a Plan” menu at the top of the home page and follow the instructions. They will need to choose the “2021 Special Enrollment Period - New Account” event type. The election will be effective the first day of the following pay period (as determined by their agency’s payroll schedule).
- New participants may enroll between June 1 and June 30, 2021.

### Relief Provided by CAA/ARPA

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- FSAFEDS is allowing unlimited carryover for re-enrolled HCFSAs and LEX HCFSAs participants for the 2020 and 2021 plan years. If an employee does not re-enroll in 2021, they will not have access to 2020 carryover funds.
- FSAFEDS is extending the grace period for all DCFSA participants for the 2020 and 2021 plan years. The 2020 grace period is extended through December 31, 2021, and the 2021 grace period is extended through December 31, 2022.

- DCFSA participants with a qualifying dependent child who turned age 13 during the 2020 plan year may use any unused funds from 2020 for eligible expenses for that child until they turn age 14. *To qualify for this relief, enrollment in a FSAFEDS DCFSA in the 2020 plan year is required.*
- The 2021 DCFSA maximum election amount has been increased to \$10,500 (or \$5,250 for married taxpayers filing separately).
- Current DCFSA participants who wish to change their election may do so by logging in to their online account and updating their election.
- Use of masks and hand sanitizing wipes (with 60%+ alcohol base) have been approved as eligible over-the-counter (OTC) HCFSA expenses!

## How to Take Advantage of the Relief Provided by the CAA/ARPA

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- The unlimited carryover for HCFSA and LEX HCFSA, as well as the extended grace period for DCFSA, will be automatically applied to your account – no action needed!
- To take advantage of the age 14 extension for DCFSA and expenses for masks and hand sanitizing wipes, simply submit your claims as normal. No change required!

Please refer to the following scenario examples.

## Scenario Examples

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### Example 1 – Participant has a 2021 HCFSA/LEX HCFSA with 2020 carryover funds

- Participant had a 2020 HCFSA and re-enrolled in a 2021 HCFSA during Open Season. The participant has a balance of \$800 in their 2020 HCFSA.
- The 2020 balance of \$800 will carry over to the 2021 plan year and can be used for expenses incurred through December 31, 2021. Any available funds remaining from the end of 2021, not just \$550, will also carry over to 2022, if the participant re-enrolls during Open Season. These funds will be available for reimbursement through December 31, 2022.

### Example 2 – Previous participant re-enrolls for a 2021 HCFSA/LEX HCFSA

- An employee was previously enrolled in a 2020 HCFSA but did not re-enroll during Open Season and does not currently have a 2021 plan. This previous participant has a 2020 HCFSA with a balance of \$1,500.
- The previous participant will go to [www.FSAFEDS.gov](http://www.FSAFEDS.gov) and select “2021 Special Enrollment Period” under the “Enroll in a Plan” menu at the top of the home page and follow the instructions.
- Choose the “2021 Special Enrollment Period - New Account” event type when prompted.
- The election will be effective the first day of the following pay period (as determined by their agency’s payroll schedule). Expenses incurred on the effective date and later are eligible for reimbursement.
- The participant’s entire previous balance of \$1,500 will now carry over to 2021 and is available for expenses beginning on their effective date through December 31, 2021.
- If the participant re-enrolls for 2022, any remaining balance from the 2021 plan year, not just \$550, will carry over to 2022. Remember, re-enrollment is required to access a carryover balance.

### **Example 3 – Participant has a 2021 DCFSA/HCFSA/LEX HCFSA but needs more/less funds**

- Participant re-enrolled in a 2021 account during Open Season and would like to make a change to the current 2021 election.
- Participant can increase or decrease elections during this period by visiting [www.FSAFEDS.gov](http://www.FSAFEDS.gov) and choosing “2021 Special Enrollment Period” from the “Enroll in Plan” menu located at the top of the home page and following the instructions.
- Choose the “2021 Special Enrollment Period – Increase/Decrease” event type when prompted.
- The new election will be effective retroactively to the most recent effective date for 2021. In this case, it will be effective January 1, 2021 because the participant enrolled during Open Season.
- The new allotment amount is effective prospectively to the salary withholding, on the first pay period after processing by FSAFEDS.

### **Example 4 – DCFSA Grace Period Extension**

- Participant enrolled in a DCFSA in 2020 and did not re-enroll in 2021. The participant has a 2020 DCFSA balance of \$2,500.
- The grace period to spend 2020 funds has been extended through December 31, 2021 so the participant can continue to incur expenses through the end of the year.

### **Example 5 – DCFSA Increased Election**

- Participant enrolled in a DCFSA in 2020 and has a remaining 2020 balance of \$1,000. The participant re-enrolled for 2021 during Open Season and elected \$500 since childcare needs were uncertain. The participant learns childcare expenses will exceed the current election and wants to increase it to cover the additional expense.
- The grace period to spend the 2020 funds is extended through December 31, 2021, so the participant can use the remaining \$1,000 from the 2020 funds to pay expenses through December 31, 2021.
- The participant may also increase the 2021 DCFSA election up to \$10,500 (or \$5,250 for married taxpayers filing separately) during the Special Enrollment Period.
- Participant can increase or decrease elections during this period by visiting [www.FSAFEDS.gov](http://www.FSAFEDS.gov) and choosing “2021 Special Enrollment Period” from the “Enroll in Plan” menu located at the top of the home page and following the instructions.
- Choose the “2021 Special Enrollment Period – Increase/Decrease” event type when prompted.
- The new election will be effective retroactively to the most recent effective date for 2021. In this case, it will be effective January 1, 2021 because the participant enrolled during Open Season.
- The 2020 \$1,000 balance can be used to pay for expenses from the original effective date in the 2020 plan through December 31, 2021.
- The 2021 election of \$500 and any increase can be used to pay for expenses through December 31, 2022.

### **Example 6 – Participant has a 2021 HCFSA/LEX HCFSA Account with a Previous Qualifying Life Event**

- Participant enrolled in a 2021 HCFSA during Open Season for \$1,000. The participant later experienced a Qualifying Life Event of birth in March 2021 and increased the election to \$2,000, resulting in a revised effective date of March 15, 2021.

- Participant decides to increase their election again to \$2,750 during the SEP and can do this by visiting [www.FSAFEDS.gov](http://www.FSAFEDS.gov) and choosing “2021 Special Enrollment Period” from the “Enroll in a Plan” menu located at the top of the home page and following the instructions.
- Choose the “2021 Special Enrollment Period – Increase/Decrease” event type when prompted.
- The new election of \$2,750 will be set retroactively to the most recent effective date for 2021. In this case, it will be effective March 15, 2021, since the participant previously had a QLE during the 2021 plan year.