

Good News! We've made it easy for your clients to review and approve the optional provisions provided in The Consolidated Appropriations Act, 2021 (CAA).

As we enter 2021, many employees have been forced to put off elective procedures and regularly scheduled medical and dental check-ups due to the COVID-19 pandemic. This means many employees are at risk of losing their plan funds because they did not incur the medical or dependent care expenses that they anticipated at the beginning of 2020. Luckily the CAA provides several optional provisions that enable you to allow your employees to maintain and spend-down these balances.

To make it easy, your clients will also receive an email similar to this one. We will then send their Designated Clarity Contact an email from the Clarity Benefit Solutions Portal with a link to our simple CAA Questionnaire. By accessing the questionnaire, your clients will be able to review and approve this much-needed relief. While we encourage everyone affected to accept these beneficial provisions, your clients can also use the questionnaire to select which provisions they want to approve or deny the optional provisions altogether.

The optional provisions provided in the questionnaire include:

- **Allow Unused Contributions to be Carried Forward into 2021 and 2022 for Health FSA, LPFSA and DCA Plans.*** Allow carryover of unused funds for plan year ending 2020 into 2021 and unused funds for plan year ending 2021 into 2022 for all of your company's impacted plans. **If this provision is chosen and the plan currently has a grace period, it will be converted to carryover. For Health FSAs, consider impact on HSA eligibility for plan years ending 2020 and 2021.*
- **Extend Grace Period to Health FSA, LPFSA and DCA Plans.*** Extend the grace period for 12 months after the plan year ends (for plan years ending in 2020 and 2021), during which employees may incur expenses that may be paid or reimbursed from the prior plan year's funds. **For Health FSAs, consider impact on HSA eligibility for plan years ending 2020 and 2021.*
- **Provide Temporary Relief for Dependents Turning 13 During Plan Year.*** Apply the temporary relief to allow DCA expenses incurred during the plan year in which the child(ren) turns 13 to be reimbursable until the child(ren) turns 14. **If this provision is approved, Clarity will add carryover to the DCA plan regardless of the decision provided in the Carryover section.*
- **Allow Terminated or Ineligible Participants to Spend Down their Health FSA, LPFSA, DCA and Transit/Parking Balances.*** Allow terminated or current employees who have become ineligible in the 2020 or 2021 calendar year to spend down their unused contribution balance for expenses incurred through the end of the plan year (including applicable grace period). **Clarity will charge an administration fee of \$3.75 per month to the terminated employee's account.*
- **Expand Ability to Make Mid-Year Election Changes for Health FSA, LPFSA and DCAs Plans.** Allow employees to make mid-year prospective election changes to their Health FSA, LPFSA or DCA plans ending in 2021. *For example, this change allows employees to decrease their DCA election, therefore, avoiding additional*

loss of funds. Employees could also increase their medical election up to the IRS max to help pay for COVID-19 related expenses.

The deadline to complete this questionnaire is Friday, February 26, 2021.

Once the questionnaire has been submitted, Clarity will apply any approved changes to the clients' impacted plans at no cost. We will send notification once any changes have been implemented. The updated plans will be available for review through the Clarity Portal at that time.

If you have any questions, please contact your Relationship Manager or our Broker Care Team at 888-236-0077.

Sincerely,
Clarity Benefit Solutions

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