

Clarity Benefit Solutions Client Update

Dear ,

As previously communicated, the Department of Labor and Department of Treasury jointly issued final rules allowing certain changes to be made to Group Health Plans, COBRA and FSA/HRA deadlines. These new rulings attempt to give employees more time to submit and pay for expenses.

Our approach at Clarity is to make things as "simply smart" as we can. In an effort to assist you with these changes, we have outlined [Five Simple Steps](#):

1. **Review the Mandatory plan changes**
2. **Review the Optional plan changes**
3. **Consider which Optional changes are best for your organization – run an *Employee Account Balance Report***
4. **Let Clarity know which Optional plan changes to initiate – complete the [COVID-19 Optional Plan Changes Form](#)**
5. **Communicate the changes to your employees**

We understand that all these changes may not impact you. It will depend on which plans you currently have with Clarity. So, please disregard any information that does not pertain to your current Clarity benefit plans.

STEP ONE: REVIEW THE MANDATORY PLAN CHANGES

We will automatically implement these mandatory changes for you, and we have already re-processed any healthcare FSA/HRA claims that were denied for being submitted after the end of the plan's runout period.

If you are a government entity, church or are church-affiliated these mandatory rules may not apply. Please consult your legal/compliance team and provide direction to your Clarity Client Relationship Manager.

MANDATORY PLAN CHANGES

- **Health Care FSA and HRA: Runout Extended** – Any Health Care FSA or HRA plan which had a runout ending on or after March 1, 2020 will now allow participants additional time to submit claims for expenses incurred in the prior plan year. The runout will extend until at least 60-days after the end of the National Emergency (plus time from March 1 through end of the plans original runout end date).
- **ICHRA and Other HRAs with Premium Reimbursement Timing Modification** – If you offer an ICHRA or other HRA that reimburses individual insurance premiums, the new rules provide timing changes for when you can reimburse premium payments, in most instance at the start or before the coverage period begins. *Clarity will be*

processing reimbursement requests for insurance premiums accordingly.

- **HIPAA Special Enrollment Extension** – Group health plans that must provide employees and their dependents at least a 30-day period (sometimes 60-days) to make mid-year enrollment changes due to a qualified life event, must disregard these timeframes during the Outbreak Period. *While this is a mandatory change, we will contact our impacted clients directly with their system options.*
- **COBRA Election Deadline Extension** – The Joint Notices extends the 60-day COBRA election period by disregarding any days in the Outbreak Period thus extending the time an employee and/or their dependent has to elect COBRA continuation coverage after experiencing a COBRA qualifying event and a loss of group health plan coverage during the Outbreak Period, , or, in some cases, prior to the start of the Outbreak Period. *A supplemental notice has been sent to all pending and active COBRA participants informing them of this change. A supplemental letter will also be included with the election notice for any future Qualified Beneficiaries. Additionally, on or about June 11th, functionality will be updated in our COBRA portal to allow for the extension of the election period for the duration of the Outbreak Period.*
- **COBRA Premium Payment Period Extension** – Under COBRA rules, after COBRA coverage has been elected, a participant has 45 days to make their initial COBRA premium payment. Subsequent COBRA payments must be made within the 30-day grace period. The Joint Notice extends these payment timeframes, as applicable, by disregarding the Outbreak Period. *A supplemental notice has been sent to all active COBRA participants informing them of these changes. A supplemental letter will also be included with the election notice for any future Qualified Beneficiaries. Additionally, on or about June 11th, functionality will be updated in our COBRA portal to allow for the extension of the payment periods for the duration of the Outbreak Period.*

STEP TWO: REVIEW THE OPTIONAL PLAN CHANGES

For these optional plan changes, please let us know which ones you would like Clarity to implement on your behalf by completing the [COVID-19 Optional Plan Changes Form](#).

In rare circumstances, your current plan design may conflict with the desired changes you choose. If this occurs, we will contact you to discuss your options.

OPTIONAL PLAN CHANGES

- **Extend Claims Runout Deadline for Dependent Care FSA (DCA)** – Plans can apply the claims runout period extension for DCAs, similar to the mandated rule for Health Care FSAs. If selected, Clarity will reprocess any expenses previously denied for being submitted after the end of the plan runout period. The runout will extend until at least 60 days after the end of the National Emergency (plus time from March 1 through end of the plans original runout end date).
- **Plans with Existing Grace Period Ending After March 1, 2020** – Plans can extend existing grace period to 12/31/20 (or earlier) to allow claims incurred through the new extension date to be paid from the prior plan year balance.
- **Add Extended Grace Period** – You are now able to adopt the grace period for plan years ending in 2020 to allow claims incurred through the new grace period through December 31, 2020 to be paid from the prior plan year balance. Plans with the carryover provision (\$500 carryover), can add the grace period extension.
- **Carryover Feature: Increased Limit** – Plans that have an existing \$500 carryover provision, for plan years on or after January 1, 2020 the new carryover maximum has been increased to \$550. Clarity will make this change for you unless you direct us otherwise in the Plan Change Form.
- **Election Changes: Increased Flexibility to Health Care and Dependent Care FSAs** – Guidance provides for temporary relief as it relates to mid-plan year elections, election changes (increase/decrease) and revoking elections. It is important to note that decreasing or revoking election changes to Health Care FSAs may have a financial impact to the plan.

For more details on all these plan changes – watch our recent [webinar](#).

STEP THREE: CONSIDER WHICH OPTIONAL CHANGES ARE BEST FOR YOUR ORGANIZATION

As you navigate through these new rulings, we want to help you make the changes that best meet your business' and employees' needs.

Run a **2019 and 2020 Enrollee Account Balance Report** through your [Clarity Benefit Administration Portal](#). This report will allow you to review your employees' current and prior year balances, contributions and reimbursements in order to evaluate the potential financial impact to your company and your employees.

- [Learn How](#) to Run an **Enrollee Account Balance Report**.
- [View a Sample Enrollee Account Balance Report](#).

THINGS TO CONSIDER

- Your company's culture, financial situation and resources available to support/communicate changes.
- Your employees health, any added financial burdens and personal situations such as daycare closings, unemployed spouse due to the pandemic, illness resulting in higher than usual medical bills, etc.

STEP FOUR: COMPLETE COVID-19 OPTIONAL PLAN CHANGES FORM

To make it simple to let us know which optional changes you would like to implement, we have created a form that you can easily fill out and submit online.

COMPLETE THE FORM

- Click here to access the [COVID-19 Optional Plan Changes Form](#).
- Enter your Employer ID. Your Employer ID is:
- Let us know which optional plan changes you would like Clarity to implement.

If you need assistance with your Employer ID, please contact your Client Relationship Manager or call us at 888-423-6359.

Once submitted, the requested changes will be reviewed and made within 2-4 business days.

STEP FIVE: COMMUNICATE THE CHANGES TO YOUR EMPLOYEES

- Inform your employees of the mandatory changes and the optional changes you have chosen to implement. [See Sample Letter](#).
- Let your employees know they will be receiving reimbursements for denied claims submitted after the runout period. [See Sample Letter](#).

Please wait to send communications until after you have received confirmation from Clarity that the requested changes have been implemented.

WHAT WILL CLARITY DO NEXT?

1. Automatically implement the mandatory changes
2. Update your plans based on your optional plan change choices – per [COVID-19 Optional Plan Changes Form](#)
3. Answer your employees' questions
4. Provide an Amendment to the Plan Document (Amendment) and Summary of Material Modification (SMM)
5. Process your employees' claims according to new plan rules

Once the necessary changes have been made a fee of \$125, for the updated Amendment and SMM, will be included on your invoice.

All these steps and links are included on our [COVID-19 Updates Page](#).

If you have any questions about this communication, the COVID-19 Optional Plan Changes Form, the Employee Account Balance Reports or the mandatory and optional changes, please contact your Client Relationship Manager.

Sincerely,
Clarity Benefit Solutions

Stay Connected.

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