



IRS Guidance Provides Additional Section 125 Cafeteria Plan Flexibility in Response to Coronavirus Pandemic

The Internal Revenue Service has released two notices to allow temporary changes to section 125 cafeteria plans and provide additional flexibility to participants. These changes extend the claims period for health flexible spending accounts (FSAs) and dependent care assistance programs, and allow taxpayers to make mid-year changes.

Notice 2020-29:

- **Extends claims periods** to permit unused amounts in health FSAs and dependent care FSAs that remain at the end of a grace period for a plan year that ends in 2020 to be used for expenses incurred through December 31, 2020.
- **Permits mid-year changes for elections** made during calendar year 2020 for health coverage, health FSAs, and dependent care assistance programs, in response to changes in needs as a result of COVID-19.
- **Provides additional detail and confirmation** that individuals enrolled in

high deductible health plans (HDHPs) providing COVID-19 testing and telehealth services prior to the satisfaction of a deductible will continue to remain HSA-eligible.

[Notice 2020-33](#) increases the maximum limit for unused health FSA carryover amounts from \$500 to \$550, as adjusted annually for inflation, for plan years beginning in 2020.

We are reviewing these notices and will provide further information when possible.

COBRA FAQs Regarding IRS & DOL Deadline Extensions

On April 28, 2020, the DOL and IRS issued a joint ruling extending certain deadlines affecting a participant's right to elect continuation of group health coverage under COBRA, pay premiums for COBRA continuation coverage, submit claims for coverage, and dispute denials of claims for benefits, and extending the period of time that a group health plan sponsor or administrator has to provide COBRA election notices.

Chard Snyder has created [general FAQs](#) regarding COBRA deadline extensions for participants and health plan sponsors under these regulations, with helpful examples. [DOL & IRS FAQs](#) offer additional general insights.

Employers with COBRA plans currently administered by Chard Snyder will find detailed information regarding our action steps and communication with your participants in these [operational FAQs](#).

Note: *This joint ruling also affected runout periods for health FSA and HRA plans, however that has been impacted by the notices on cafeteria plans explained above. We will provide further guidance as it becomes available.*

Plan Document Amendments

This newly released governmental guidance, and previous COVID-19-related legislation and notices, may impact your benefit plan documents and require amendments. **Chard Snyder is taking a deliberate approach to thoroughly**

review all ongoing guidance and streamline the document amendment process for efficiency. We will work with you to administer COVID-19-related plan changes. We are reviewing logistics related to our systems and documents to ensure that we take into account all continued revisions. Rest assured, we're working to keep you and your benefit plans compliant, and we will communicate with you as more direction becomes available.

Chard Snyder provides

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