

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

ADDENDUM to the Plan Year 2021 San Francisco Health Service System (SFHSS) Internal Revenue Code Section 125 Cafeteria Plan and the 2021 San Francisco Health Service System Member Rules

January 14, 2021

Purpose: On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 (H.R. 133). Congress approved the legislation on December 21, 2020. The Act provides for government spending on coronavirus relief, including temporary rules that allow employers to provide additional flexibility for health and dependent care Flexible Spending Accounts (FSAs). Under the act, employers are permitted, but not required, to amend their cafeteria plans to allow changes to their administration of FSAs from the plan year 2020 and 2021.

Revision of 2021 SFHSS Member Rules and Cafeteria Plan: Based on H.R. 133, the following changes will be made for Dependent Care FSAs during 2021;

(1) employees eligible for SFHSS FSAs can make the following changes once: revoke an election, make a new election, or decrease or increase an existing election applicable to a Dependent care FSA on a prospective basis without a qualifying event;* and

(2) extend the maximum age of eligible dependents for whom expenses can be incurred from age 13 to 14 as long as the dependent reached the maximum age of 13 during the 2020 plan year;

Revision of Carryover Provision for 2021 SFHSS Member Rules and Cafeteria Plan: Based on guidance from H.R. 133, permit the carryover of unused amounts remaining in a Dependent Care FSA as of the end of a plan-year 2020 to pay or reimburse a participant for eligible dependent care expenses incurred during the 2021 plan year.

*An employer is not required to provide unlimited election changes but may, in its discretion, determine which such election changes are permitted and applied provided that any permitted election changes are applied on a prospective basis only, and the changes to the plan's election requirements do not result in failure to comply with the nondiscrimination rules applicable to Internal Revenue Code Section 125 cafeteria plans.