

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

ADDENDUM to the Plan Year 2021 San Francisco Health Service System (SFHSS) Section 125 Cafeteria Plan and the 2021 San Francisco Health Service System Member Rules June 10, 2021

Dependent Care Flexible Spending Accounts

Purpose: Under the American Rescue Plan Act (ARPA), signed into law on March 11, 2021, employers have the option to temporarily increase the annual Dependent Care Flexible Spending Account (DCFSA) maximum contribution from \$5,000 to \$10,500 (\$5,250 for married couples filing separately) for 2021. This provision is only applicable for 2021; it does not apply to any plans in 2022. Under the act, employers will be 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 guidance from ARPA, the following changes will be made for Dependent Care FSAs during 2021;

Employees eligible for SFHSS Dependent Care FSAs who earned \$130,000 or less in 2020, can make the following change once: increase contribution up to a maximum of \$10,500.*

Health Care Flexible Spending Accounts

Purpose: On December 27, 2020, the Consolidated Appropriations Act, 2021, H.R. 133(Act) was signed into law. The Act provides for government spending on coronavirus relief, including temporary rules that allow employers to provide additional flexibility for health 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 Carryover Provision for 2021 SFHSS Member Rules and Cafeteria Plan: Based on guidance under the Act, employers are permitted, but not required, to authorize the carryover of unspent amounts remaining in a Health Care FSA as of the end of a plan year 2020 to pay or reimburse a participant for eligible expenses incurred during the 2021 plan year. This does not include carryover amounts of up to \$500 carried over from 2019 Health Care FSAs to 2020.

*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, however, 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 applicable § 125 cafeteria plan nondiscrimination rules.