

Dependent Care Account Plan (DCAP)

During 2020, the COVID-19 pandemic prevented many employees from spending funds set aside in the Dependent Care Account Plan (DCAP) because dependent care facilities were closed, and in-person medical or dental appointments were discontinued. As a result, many employees ended 2020 with unused funds that would otherwise be forfeited without this relief. As such, the measures described below have been established for the 2021 flexible spending account programs.

TEMPORARY PROVISIONS AFFECTING DCAP

A. Grace Period to use Plan Year 2020 Funds for 2021 Expenses

Ordinarily, the DCAP provides that funds set aside for a given calendar year's childcare expenses can only be used for services incurred during that year and unspent funds would be forfeited after the March 31st deadline for submitting claims. As permitted by a new law, the Comptroller will amend the plan to create a 12-month grace period that will allow DCAP participants to use any remaining Plan Year 2020 funds for childcare expenses incurred during 2021. Although the 2020 funds will be drawn down first, members should take care to submit dependent care claims for reimbursement from the 2020 balance no later than December 31, 2021.

B. Mid-Year Election Changes Permitted

The DCAP is governed by the Internal Revenue Code (IRC) and U.S. Department of the Treasury regulations, which limit circumstances under which an employee may change his or her election once it has been made for a given plan year unless the member experiences a qualifying status change. These restrictions will be relaxed for the 2021 Plan Year.

1. Mid-Year Increases or Decreases. Employees who elected to participate in the DCAP for Plan Year 2021 can on--a prospective basis only--revoke an election, make a new election, decrease, or increase an existing election. This will allow those with leftover funds from 2020 to tailor their 2021 contributions to current expenses.

2. Mid-Year Enrollment Permitted. Employees that did not sign up to participate in the DCAP for 2021 will now have the opportunity to enroll in the plan for the remainder of the current Plan Year without demonstrating a qualifying status change.

PROCESSING MID-YEAR ELECTION CHANGES

All mid-year election/enrollment changes must be submitted to Progressive Benefits Solutions (PBS). Forms for 2021 mid-year elections for the DCAP, Form CO-1310a, are posted online at <http://www.ctpbs.com>. The forms may be returned as follows: Email: enrollment@pbscard.com; Fax: 203-974-4898; or U.S. Mail: Progressive Benefit Solutions, 14 Business Park Drive #8, Branford, CT 06405

Questions concerning DCAP may be directed to PBS at 1-866-906-8023.