



**Flexible Spending Account  
COVID-19 Guidance for Cafeteria Plans  
Effective October 1, 2020**

Dear Associates,

Preferred Administrators would like to inform you that the IRS has released “COVID-19 GUIDANCE UNDER § 125 CAFETERIA PLANS - Notice 2020-29” and “COVID-19 GUIDANCE UNDER § 125 CAFETERIA PLANS -Notice 2020-30” regarding the rollover of funds which could not be used in the plan year ending September 30, 2020 due to the COVID-19 pandemic. These notices provide increased flexibility with respect to grace periods to apply unused amounts in health Flexible Spending Accounts (FSA) to medical and dependent daycare care (DCA) expenses.

University Medical Center of El Paso will amend the following to the FSA plan to incorporate the IRS COVID-19 Guidance as it relates to medical care expenses and dependent daycare care expenses:

- Employees will be permitted to use FSA or DCA amounts remaining from plan year 2020 to receive reimbursement for expenses incurred from October 1, 2020 through the end of the designated COVID-19 pandemic period with an additional two-month grace period extension. For example, if the pandemic declaration ends on June 30, 2021, employees will be able to use any remaining funds from plan year 2020 for claims incurred through August 31, 2021.
- Any remaining funds (not rolled over) from plan year 2020 will not be pre-funded into your current FSA card. Your FSA card will only have funds from were rolled over, if any. The FSA card will also have your newly-elected amount for plan year 2021. Employees who had forfeitures (amounts in excess of the \$550, not rolled over) may still use those funds through submission of a paper claim (see below).
- The carryover amount is \$550 from plan year 2020 to plan year 2021; the amount will be carried over only if a member has elected an FSA for plan year 2021. If a member did not elect FSA for the 2021 plan year, they can still use any remaining funds from plan year 2020 under this amendment by submitting a paper claim.
- All FSA and DCA claims will be processed manually for any unused funds from plan year 2020. In order to be reimbursed, you will need to complete the attached FSA/DCA COVID-19 Claim Form. You can also find these forms at [www.preferredadmin.net](http://www.preferredadmin.net) under FSA.

If you have questions, please contact Preferred Administrators at 915-532-3778 ext. 1529 Monday through Friday from 8:00 a.m. to 5:00 p.m.

Sincerely,

Preferred Administrators