

CARES Act

Flexible Spending Account & Dependent Care Account FAQ



The ever-evolving COVID-19 situation has resulted in legislative updates that may impact your benefits with MidAmerica. During this time of uncertainty, we're here to help you navigate your plan and provide guidance on how these changes affect your plans.

The Coronavirus, Aid, Relief and Economic Security (CARES) Act, signed into law by President Trump, provides clarity around certain Flexible Spending Account and Dependent Care Account provisions. The FAQ below answers the most common questions around FSAs/DCAs as it relates to the COVID-19 pandemic and resulting CARES Act.



Common Participant Questions

In light of COVID-19, under what circumstances am I allowed to change my election amount?

As stay-at-home or shelter-in-place mandates continue to affect organizations across the country, change in employment status, reduction in hours or FMLA leave are becoming more common. As such, the Internal Revenue Service (IRS) recognizes the following as qualifying events that allow for election changes:

- Reduction in hours that causes a loss in coverage
- A change in employment status
- FMLA leave
- A substantial change in employer benefits and cost
- A change of cost from the provider
- A change of provider as a result of the change in cost

Are temporary closures of child care facilities considered a qualifying event?

Yes. If your day care or child care facility is temporarily closed or is required to curtail the number of children in their facility as a result of stay-at-home or shelter-in-place mandates, it is considered a qualifying event. As such, you would be allowed to change your DCA election. The change in election must be consistent with the change in what you were paying for child care services.

If I am now working from home and temporarily no longer need child care services, am I allowed to decrease my election?

Yes. If you no longer require child care services as a result of work-from-home orders, a reduction in work hours or loss of employment, you can change your DCA election amount. The change in election must be consistent with the change in cost.

If my child now requires all-day child care due to recent school closures, am I able to increase my election amount to cover the cost of these services?

Yes. If the child is under the age of 13 and now requires all-day care (versus after-school care only) due to a school closure, it is considered a qualifying event. As such, you would be allowed to increase your DCA

election. The change in election must be consistent with the cost of the services.

If I am not working at this time, am I able to decrease my FSA election?

Yes. If you experience a reduction in work hours as a result of the COVID-19 pandemic, it is considered a qualifying event. As such, you would be allowed to decrease FSA election. The change in election must be consistent with the change in status.

If my medical expenses increase as a result of COVID-19, can I increase my FSA election?

No. Unfortunately an increase in your medical expenses is not a qualifying event and therefore is not a permissible reason to make an election change.

Due to the uncertainty surrounding when schools and businesses can reopen, what time frame do I have to submit my election change?

A change in election must be submitted within at least 30 days of the qualifying event. If the qualifying event is the result of a facility closure, the start of the closure would be the start of the qualifying event. If your employment status changes as a result of COVID-19, the termination, lay-off or work reduction would be the start of the qualifying event.

What other events outside of the COVID-19 situation allow for a mid-year election change?

Outside of the COVID-19 situation, the below are examples of other qualifying events when a mid-year election change is permissible.

Events that would allow an election increase:

- Marriage
- Birth or adoption of child
- Child who gains dependent status

Events that would allow an election decrease:

- Divorce
- Child no longer qualifies as a dependent
- Death of dependent

Events that would allow an election increase or decrease:

- Your spouse or dependent starts or ends a job
- Your spouse or dependent has an increase or decrease in work hours
- You gain or lose eligibility for employer-sponsored health insurance or health flexible spending coverage
- You receive a court order requiring you or another person to provide health coverage for an eligible child
- You, your spouse, or dependent gain or lose Medicare or Medicaid coverage
- You go on or return from FMLA leave as allowed by FMLA requirements and plan rules

What type of documentation does MidAmerica need to approve my election change request?

MidAmerica requires a notification from the employer. A letter from the employer on the employer's letterhead would suffice.

If I am laid off or my FSA is terminated as a result of COVID-19, am I able to still submit claims?

You can submit eligible expenses for reimbursement up to the termination date of the FSA, as determined by your employer.



Common Employer Questions

What is the CARES Act?

The Coronavirus, Aid, Relief and Economic Security (CARES) Act, signed into law by President Trump, addresses several key issues introduced by the COVID-19 pandemic. The act acknowledges the economic impact the outbreak has had on the country and seeks to provide financial support to businesses, employees, individuals and families. Additionally, it specifically provides guidance on retirement and health care benefits, including the FSA and DCA. The Act further defines qualifying events as it pertains to the COVID-19 pandemic, ultimately providing greater flexibility for mid-year election changes on both medical and dependent care accounts.

How does it impact the FSA and DCA we offer employees?

Medical FSAs

As stay-at-home or shelter-in-place mandates continue to affect organizations across the country, change in employment status, reduction in hours or FMLA leave are becoming more common. As such, the Internal Revenue Service (IRS) recognizes the following as qualifying events that allow for election changes:

- Reduction in hours that causes a loss in coverage
- A change in employment status
- FMLA leave
- A substantial change in employer benefits and cost
- A change of cost from the provider
- A change of provider as a result of the change in cost

Dependent Care Accounts

For DCAs, the CARES Act recognizes that, as child care facilities and schools are temporarily closed, the need to increase or decrease the DCA election could be necessary. Some examples of these qualifying events include:

- Loss of child care services due to day care or child care facilities closing
- The need for child care services due to school closures
- Loss of employment or reduction in work hours that allows participant or eligible spouse/dependent to take care of child in place of a day care or child care facility