



Announcing revised enhancements to your Flexible Spending Account (FSA) Plans

As we previously communicated, we recognize that COVID-19 may have made it difficult for you to use your FSA funds for elective healthcare and/or daycare services for the plan year that ended on May 31, 2020, and we had accordingly announced certain allowable changes to your FSA funds to provide some relief. We are now happy to share that the IRS recently announced additional relief options available for FSAs, and we are now adding new features to help you have more time and flexibility to use your FSA funds, as described below.

The following enhancements have been made to the FSA Plans:

Extended Claims Period for Health and Dependent Care FSAs:

If you were enrolled in a Health FSA or Dependent Care FSA in the plan year that ended on May 31, 2020, you can:

- Use your unused funds remaining at the end of that plan for eligible healthcare and/or dependent care expenses, as applicable, that are incurred from June 1, 2020 through December 31, 2020.
- You have until March 31, 2021 to submit your eligible claims incurred during this extension period to PayFlex.

Example: John has a balance of \$1,050 in his dependent care FSA for the plan year that ended on May 31, 2020. John was not able to use the funds in the dependent care account because his daughter's daycare closed due to COVID-19. The daycare will reopen on August 1, 2020.

John will incur daycare expenses from August 1, 2020 – December 31, 2020 and has until March 31, 2021 to submit his receipts to PayFlex for reimbursement to use the \$1,050 remaining at the end of the plan year ending on May 31, 2020 for these expenses.

Carryover Feature for Health FSAs:

If you were enrolled in a Health FSA (general purpose or limited purpose) in the plan year that ended on May 31, 2020, you will be allowed to carry over up to \$500 of any unused funds to be used during the next plan year. This means that:

- After the extended claims period described above, if you have remaining funds in your Health FSA on December 31, 2020, the unused amount up to \$500 will also be available to use for eligible healthcare expenses incurred between January 1, 2021 through May 31, 2021.
- Consistent with our reimbursement procedures, you will need to submit for reimbursement by August 31, 2021 to use this carryover amount.
 - Please be aware that if you are enrolled in an HSP Plan as of June 1, 2020, your carryover amount will go into a Limited Purpose Health FSA.
- Additionally, beginning with the June 1, 2020 – May 31, 2021 plan year, the maximum amount that may be carried over to the next plan year will increase to \$550. (This feature is not available for the Dependent Care FSA due to IRS regulations.)

Example: Mary has a balance of \$1,500 in her health FSA for the plan year that ended on May 31, 2020. Mary expected to use the funds to cover her out of pocket expenses for a planned surgery that was



postponed to September 23, 2020 because her doctor's office temporarily closed due to COVID-19. Mary's expected out of pocket cost for her surgery will be \$900. She will also incur other eligible healthcare expenses by December 31, 2020 that will total up to \$300, leaving her with a balance of \$200 for the plan year that ended on May 31, 2020. The remaining balance will automatically carry over and can be used for eligible expenses incurred between January 1, 2021 – May 31, 2021. Any carryover balance remaining as of May 31, 2021 (after the standard reimbursement period ending August 31, 2021) will be forfeited. However, if Mary has unused funds from the health FSA election she made for the June 1, 2020 – May 31, 2021 plan year at the end of that plan year, up to \$550 of those unused funds will carry over to the June 1, 2021 – May 31, 2022 plan year.

Changes in FSA Elections:

If you wish to make a change to your FSA elections for the new plan year that began on June 1, 2020 in light of these new enhancements, **you may do so by July 31, 2020.**

- To make a change to your FSA elections, CVS Health and MinuteClinic colleagues should call myHR at 1-888-694-7287.
- Aetna colleagues should call Aetna HR at 1-800-238-6247 and a service center representative will help make the change for you.