Date: August 6, 2020
To: All Human Resources (HR) Offices
From: Chiara Galloway, FlexElect and CoBen Program Manager
Benefits Division  
Chiara Galloway
Re: FlexElect Medical Reimbursement Account (MRA) and Dependent Care Reimbursement Account (DCRA) Eligibility Verification Process

Overview
IRS Notice 2020-29 released on May 12, 2020, provides optional provisions for employers offering MRAs and DCRAs. Based on these optional provisions, the Department of California Human Resources (CalHR) will allow employees to make a one-time, mid-year enrollment change to their MRA and/or DCRA for the 2020 plan year. Election changes may only be made on a prospective basis and are subject to the payroll processing procedures for standard permitting events.

Verification Process
Employees are permitted to enroll, cancel or change their MRA and/or DCRA elections without a qualifying permitting event. Employees may not reduce or cancel their election if they have been reimbursed more than their contributions for 2020. HR offices will be responsible for verifying an employee’s reimbursement amounts prior to processing an election request. This memo outlines the verification process that HR offices must follow.

- Call ASIFlex’s Customer Service at (800) 659-3035 and ask for extension 6004 to speak with a supervisor.
- The ASIFlex supervisor will verify you are listed in CalHR’s Authorized State Departments Eligibility Portal. This is the same designated employee listing used for dental and vision authorizations.¹
- Provide the ASIFlex supervisor with the employee’s name and social security number.
- Obtain the employee’s year-to-date reimbursements from ASIFlex.
- Calculate the employee’s year-to-date contributions based on their monthly contribution and the change or cancellation date.
- Subtract the year-to-date reimbursements from the year-to-date contributions.
- If the number is positive, the employee may cancel their election. If the number is negative, the employee may not be eligible to cancel or reduce their coverage. See the sample scenarios on the following page.

¹Only designated employees authorized to contact carriers may obtain information from ASIFlex. Supervisors and managers may send update requests for the Authorized State Departments Eligibility Portal to dentalvision.authorization@calhr.ca.gov.
Sample Scenarios
Below are samples scenarios to determine if an employee is eligible to change their MRA or DCRA election. Please note MRA/DCRA deductions begin with the December pay period paycheck and continue through the following November pay period paycheck.

Eligible to Reduce or Cancel
Sally Employee has a DCRA election of $200 per month and submits a request to cancel her DCRA on July 16, 2020. Her earliest cancellation date is September 1, 2020 as a standard event. Ms. Employee will have contributed $1,600 by September 1, 2020 ($200 x 8 months, December 2019 to July 2020). She has only received $500 in year-to-date reimbursements. Since Ms. Employee has a positive balance in her DCRA of $1,100, she is eligible to cancel effective September 1, 2020 as long as the State Controller’s Office (SCO) receives her form by August 10, 2020.

Not Eligible to Reduce or Cancel
John Participant has a MRA election of $100 per month and submits a request to cancel his MRA on August 3, 2020. His earliest cancellation date is September 1, 2020. Mr. Participant has contributed $800 by September 1, 2020 ($100 x 8 months, December 2019 to July 2020). He has received $900 in year-to-date reimbursements. Since Mr. Participant has a negative balance of $100, he is ineligible to cancel with a September 1, 2020 effective date.

Mr. Participant will have contributed $900 in year-to-date contributions as of the August 2020 warrant which is the same as his year-to-date reimbursements. This will make Mr. Participant eligible to cancel his MRA effective October 1, 2020. SCO must receive Mr. Participant’s STD 701R no later than September 10, 2020.

Overpayments
CalHR, as the policy administrator, will be auditing employee’s year-to-date contributions and reimbursements. HR offices are encouraged to remind employees that they cannot be reimbursed more than their contributions. In the case of an overpayment, CalHR will reach out to the employee to address the recouping of funds on a case by case basis.

General Information
You may direct any questions regarding this memo to me at (916) 327-2109 or flexselect@calhr.ca.gov.