Date: August 6, 2020
To: All Human Resources (HR) Offices
From: Chiara Galloway, FlexElect and CoBen Program Manager
Benefits Division  Chiara Galloway
Re: National Emergency Guidelines for Employee Benefit Plans

Overview
The Department of Labor, Internal Revenue Service (IRS) and Health and Human Services released guidelines which have impacts to the Dental, Vision and FlexElect Reimbursement Account programs the California Department of Human Resources (CalHR) administers. These guidelines also impact timelines under the Consolidated Omnibus Budget Reconciliation Act (COBRA). This memo provides you with an overview of these changes.

- **Disaster Relief Notice 2020-01 released on April 28, 2020** – Provides certain timeframe extensions under the Employee Retirement Income Security Act of 1975 and the Internal Revenue Code.

- **IRS Notice 2020-29 released on May 12, 2020** – Provides optional provisions for employers offering Medical Reimbursement Accounts (MRAs) and Dependent Care Reimbursement Accounts (DCRAs).

**Disaster Relief Notice 2020-01**
This Notice states the period from the start of the National Emergency (March 1, 2020) until sixty (60) days after the end of the National Emergency (Outbreak Period) is to be disregarded. The guidelines apply to all group health plans including Dental, Vision and the FlexElect Reimbursement Accounts.

For events that began prior to the start of the National Emergency, an employee, dependent or qualified beneficiary’s (QB) timeframes are paused. In the case of events that began after the start of the National Emergency, the timeframes do not begin until the end of the Outbreak Period.

The chart on the following page outlines these temporary guidelines. The examples assume the National Emergency ends on June 30, 2020 and the Outbreak Period ends on August 29, 2020. Please note the National Emergency and Outbreak Period end dates are for *illustrative purposes only*. The official dates will be announced by the President, at which time, CalHR will communicate to HR offices via a HR Announcement.
**National Emergency**
Began:  
March 1, 2020

**National Emergency**
Ends*:  
June 30, 2020

**Outbreak Period**
Ends*:  
August 29, 2020

<table>
<thead>
<tr>
<th>Provision</th>
<th>Standard Timeframe</th>
<th>New Timeframe Examples*</th>
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<tbody>
<tr>
<td>COBRA Election Notice – <em>Dental, Vision and MRA</em></td>
<td>HR offices have 14 days from a QB loss of coverage to provide the QB with their COBRA Election Notice.</td>
<td>QB loses coverage on March 31, 2020. The HR office has until September 12, 2020 to provide the QB with their COBRA Election Notice. Please note it is recommended to provide a QB with their notice as soon as possible to prevent any gaps in coverage.</td>
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<tr>
<td>COBRA Election Period – <em>Dental, Vision and MRA</em></td>
<td>QBs are given 60 days from the date of their COBRA Election Notice to enroll with their departmental HR office.</td>
<td>COBRA Election Notice was issued on April 1, 2020. The QB has until October 28, 2020 to elect coverage under COBRA.</td>
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<tr>
<td>COBRA Premium Payment – <em>Dental, Vision and MRA</em></td>
<td>Enrolled QBs are given a grace period of 30 days after the date in which premiums are made before their coverage is terminated.</td>
<td>QB has until September 28, 2020 to remit all outstanding premiums to the insurance carrier(s). Coverage may be suspended for the period of non-payment and reinstated upon premium payments being received.</td>
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<td>FlexElect MRA and DCRA Claims Filing Deadline</td>
<td>Employees enrolled during the 2019 plan year have until June 30, 2020 to submit eligible claims for reimbursement.</td>
<td>Employees will now have until 4 months (March 1 – June 30, 2020) after the end of the Outbreak Period to submit reimbursements under the 2019 plan year or the 2.5 month grace period not to extend beyond June 30, 2021.</td>
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<td>Claims, Appeals and External Review of Final Appeal – <em>Dental and Vision</em></td>
<td>Each of the insurance carriers have a claims and appeals process identified in their evidence of coverage booklets.</td>
<td>Members will have 180 days after the receipt of an adverse benefit determination to appeal. If an employee received an adverse benefit determination on March 20, 2020, the employee’s last day to submit an appeal is February 26, 2021.</td>
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<td>Appeals – <em>MRA/DCRA</em></td>
<td>Employees have 60 days to appeal a denial under these programs</td>
<td>If an employee received a denial on March 20, 2020, the employee would have until October 28, 2020 to file an appeal.</td>
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*The National Emergency and Outbreak Period end dates are for illustrative purposes only. The official dates will be announced by the President.*
IRS Notice 2020-29
Under this Notice, 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.

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 existing account balance for 2020. HR offices will be responsible for verifying an employee’s account balance prior to processing an election request. This verification process will be communicated to HR offices separately.

Procedure for Election Changes
Employees wishing to change or cancel their MRA and/or DCRA elections are to complete a STD 701R – Reimbursement Account Enrollment Authorization and submit to the department’s HR office.

HR offices must complete the Agency Use Only section of the form before submitting to the State Controller’s Office (SCO) for processing. Please use the Employee Signature date as the Permitting Event Date in Section 11 and Permitting Event Code 42 in Section 12. An updated FlexElect Program Permitting Event Codes/Dates Chart is now available.

Please note the Effective Date of Action follows the rules for a Standard Permitting Event and is based on the received date by SCO. If received by the 10th of the month, the Effective Date of Action will be first of month. If received after the 10th of the month, the Effective Date of Action will be first of the following month.

The last effective date to enroll, change or cancel for the 2020 plan year is December 1, 2020. SCO must receive the employee’s form no later than November 10, 2020.

Employee Notification
HR offices are requested to notify all employees regarding these changes to policy.

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