From:	Erik Heller
To:	ETF SMB Board Feedback
Subject:	Dependent Day Care Accounts Rollover Request
Date:	Thursday, September 2, 2021 12:36:54 PM
Attachments:	Time Sensitive FSA Changes and CYC Transition to Optum Financial.msg

CAUTION: This email originated from outside the organization.
Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

I am writing to you on behalf of the recent midyear change for Dependent Day Care Accounts. I have worked with my HR Benefits Specialist and the UWS ombudsperson, who have been unable to assist in my situation. I hope you are already aware of the lack of information shared regarding the Dependent Day Care Accounts updates for 2021. Employees were not given appropriate information or clarification on details of this adjustment. This lack of information and clarity is causing employees a loss of funds due to COVID-19.

Information was shared May 21, 2021, with UWO regarding an increase contribution for 2021 of up to $10,500 (see attached email). Changes submitted would be in effect for July. The current policy for payroll deductions is the amount selected divided by 12 months of the year. Interpreting this message, one would read this as $10,500 over the year (10,500/12 = $875). Information was nowhere disclosed that retroactive funds would be taken over the course of two paychecks to "catch up funds". This year, I've had $416.67 taken per paycheck. In June and July, I had $1,333.33 taken out. This is a $916.66 difference. How would that impact your monthly limited budget? Starting each bi-weekly paycheck in August, I will have $533.33 taken out. This will be $1,066.66 a month. The details on these amounts were nowhere available, disclosed, or accessible. A one bullet point line has now led to a significant loss of funds.

I'm extremely frustrated that the information was shared in confusing manner which led me, and many employees, to believe the deduction would be effective moving forward, not retroactive. Due to this change, and ETF not willing to adjust an amount due to organizational error, I will be losing nearly $1,100 in unused funds. Why? The information shared did not articulate how deductions would be made or to what extent. The "one time change" and deadline to commit also caused a significant stressor to employees to act fast without support, guidance, or details of how this would modify. The calculators referenced for tools to plan were nowhere to be found on any website, or if available they are accessible to only $5,000 limits. The support, planning, and details described were non-existent in this change. Hearing multiple times there is no way to adjust, cancel, or roll over deductions due to the ongoing pandemic for employees is truly disheartening. It's difficult to hear adjustments to policy were made for COVID but support, clarity, or changes needed due to lack of communication in policy from an organization is not supported or welcomed.

I would like to formally request the board strongly consider adding a carryover limit of up to $2,500 from plan year 2021 to 2022, as you did previously for 2020 to 2021, for Dependent Day Care Accounts. The ongoing COVID-19 pandemic is still very real, exceptionally challenging, and impacting Wisconsin residents daily. My child has had multiple COVID-19 exposure risks at daycare which has limited attendance. These are lost days of coverage, further increasing lost funds. Can you envision getting a paycheck for $207? The retroactive funds being withdrawn cause several of my paychecks to be less than enough to cover costs for diapers, food, or electricity.

This was not my error. This was not the error for many other underpaid, uninformed employees. When errors happen, action to remedy the error is necessary. I appreciate your consideration to assist the hardworking employees to utilize the funds they earned for this very cause.

Respectfully,
Erik Heller

Erik Heller
Academic Advisor
Undergraduate Advising Resource Center
University of Wisconsin Oshkosh
920-424-0206 | www.uwosh.edu/advising
Pronouns: he/him/his

<u>Schedule an Advising Appointment:</u>
1) Online at uwosh.edu/go/navigate
2) Call the UARC at 920-424-1268

From:	HR Benefits
To:	benefits@uwss.wisconsin.edu
Subject:	Time Sensitive FSA Changes and CYC Transition to Optum Financial
Date:	Friday, May 21, 2021 8:24:13 AM

Flex Spending Account Changes for 2021 Plan Year

You are being contacted because you have a Flex Spending Account (FSA) – Healthcare FSA and/or Dependent Day Care FSA.

The Group Insurance Board (GIB) approved the below changes, granted by the IRS late-December 2020, to the FSA Program to provide some COVID-19 relief for the **2021** plan year.

Healthcare FSA (includes Limited Purpose FSA)

- **Increase annual carryover limit** to $1,000 from $550 for plan year 2020 to plan year 2021
  - This means that if you had over $550 unused for 2020 it will show in your balance for 2021. This is only for plan year 2020 to 2021 plan year. The max rollover for 2021 into 2022 remains at $550.
- Add personal protective equipment such as masks, hand sanitizer and sanitizing wipes as eligible expenses retroactive to January 1, 2021, for 2021 and beyond

Dependent Day Care Account

- Increase **age limit** for qualifying dependent child(ren) to under age 14 from under age 13.
  - This change allows participants to claim reimbursement for 2021 claims for dependent child(ren) under age 14 from their carryover.
  - This change does not create an enrollment opportunity.
- Add annual **carryover limit** of up to $2,500 from plan year 2020 to plan year 2021. This is the first time the IRS has allowed a carryover provision for the dependent day care account. This only applies to plan year 2020 to 2021. There is no carryover provision for plan year 2021 to 2022.
  - Carryover will be automatically applied mid-June
- **Increase annual contribution limit** for 2021 only. This only applies to plan year 2021. There is no change for 2022.
  - Up to $10,500 for individuals or married couples filing jointly
  - Up to $5,250 for married couples filing separately
- **Allow a one-time opportunity from June 1 – June 30, 2021 for current dependent day care participants to increase their annual contribution, without a qualifying life event.**
  - **You must submit the FSA Change Form to Human Resources (benefits@uwosh.edu) by end of day June 30, 2021.** Any submission after

June 30, 2021 will not be accepted.
    - **Effective dates are as follows:**
        - Changes submitted by employee **on/before June 1**: Effective June 1st
        - Changes submitted by employee **June 2 – June 30**: Effective July 1st
        - Changes submitted by employee **on/after July 1**: Denied

Health Savings Account (HSA)

- Add personal protective equipment such as masks, hand sanitizer and sanitizing wipes as eligible expenses retroactively to January 1, 2021 and forward

ConnectYourCare Now Part of Optum Financial

- What to expect
    - Over the next several months, you will begin to see a transition of the ConnectYourCare (CYC) name and brand to Optum Financial. **Please note that this change will not affect your benefits program or account experience. No action is needed from you at this time.**
    - Payment cards will not be re-issued. You should continue to use the same card until it expires.
    - In July the online member portal and mobile app will be updated and a new sign-in technology through HealthSafe ID® that will enhance security features will be launched.
    - **For more information about what to expect visit CYC's Member Transition Resource Center.**

Thank you,

Jodi

Benefits & Wellness
920.424.2070
Schedule an appointment

General Benefit Information
Workplace Wellness

The preceding e-mail message (including any attachments) contains information that may be confidential. It is intended to be conveyed only to the designated recipient(s). If you are not an intended recipient of this message, please notify the sender by replying to this message and then delete it from your system. Use, dissemination, distribution, or reproduction of this message by unintended recipients is not authorized and may be unlawful.

STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

September 21, 2021

ERIK HELLER [redacted]
hellere@uwosh.edu

Dear Mr. Heller:

Thank you for reaching out to the Department of Employee Trust Funds (ETF) regarding the Dependent Day Care Account Program (DCAP) with ETF's Third-Party Administrator, Optum Financial (formerly ConnectYourCare). We apologize for the confusion and frustration the information provided to you earlier this year was not clear about the provision changes. If you find that you still have questions or concerns after reading my response below, please don't hesitate to reach out to me. I've provided my contact details at the end of this email.

I'd like to begin by sharing some background information to elaborate on the notice you received from your employer. The DCAP is regulated by the Internal Revenue Service (IRS). The Internal Revenue Code (Code) Section 129 allows employers to provide dependent care assistance benefits for their employees on a tax-free basis. DCAPs are subject to the "use it or lose it" rule for flexible spending accounts. Under this rule, any unused funds in the DCAP at the end of the coverage period generally cannot be rolled over to the next year's coverage period and must be forfeited. Therefore, since the DCAP is the responsibility of the federal government, federal action is required to enact changes or exceptions to The Code Section 129. Two examples of this federal action are the Consolidated Appropriations Act (CAA) of 2021, and the American Rescue Plan (ARP) Act of 2021.

The CAA allowed several temporary provisions to provide relief and flexibility for the DCAP due to the pandemic and members being unable to utilize the funds in 2020. Additionally, the act allowed an employer to voluntarily adopt rollover for the DCAP and a mid-year temporary change in annual election.

The Group Insurance Board (Board) reviewed the provisions granted by the CAA and adopted a rollover of up to $2,500 for the DCAP. Furthermore, the Board allowed a one-time opportunity for participating members in the DCAP to increase their annual election without a qualifying life event. The one-time annual election period was limited to 30 days—from June 1, 2021 through June 30, 2021—to prevent administrative burden for the employers.

The second federal action that allowed temporary provisions to the DCAP was the ARP Act. This act allowed an employer to voluntarily adopt a DCAP contribution limit increase from $5,000 to $10,500. After careful consideration and discussion, the Board motioned to adopt the ARP Act provisions. This means that participating members in the DCAP on January 1, 2021 are included in the annual contribution increase along with any new hires in the middle of the plan year. A participating member who decides to increase their DCAP annual election will have their annual election change effective the first of the month, following the Election Change Form received date. Contributions for the new election are adjusted with future pay periods.

In your case, your employer retroactively took additional contributions in June and July for deductions prior to June. In doing so, your employer allowed a lowering deduction in future pay periods. Your new contribution is reflected in the August bi-weekly pay period.

Employers have two methods they can choose from to accommodate a mid-year DCAP election change. The first method involves an employer collecting DCAP premiums retroactively back to the start of the year to meet the new contribution amount. The second method involves changing the contribution amount only from the approval of the DCAP election change moving forward. Your employer chose to utilize the first method and adjusted the premium collection to meet the higher DCAP election, which is why there were significantly higher contributions for the paychecks you noted in your letter.

Unfortunately, to make any election changes outside of the allowable provision, you would need to have a qualifying life event. An election change without a qualifying event will cause the benefit program to be out of compliance and regulations. At this time, federal law has not provided any expansion of the DCAP rollover provision besides the CAA of 2021.

As aforementioned, ETF does not have the authority to expand DCAP rollover provisions without supporting federal legislation. Nonetheless, ETF is monitoring legislative updates; so if federal laws allow for a permanent provision change, an expansion of the DCAP rollover provision can be communicated to employers and participating members as quickly as possible.

Again, we apologize if this information was not clear during the time of the communication. We appreciate the feedback that we receive from members of the Group Health Insurance Program. A copy of your inquiry and ETF's response will be shared with the Board. Again, if you have additional questions, please reach out to me at Xiong2.Vang@etf.wi.gov or by phone at (608) 266-5875.

Sincerely,

Xiong Vang, HSA & ERA Accounts Program Manager, Office of Strategic Health Policy
Department of Employee Trust Funds

cc: Brian Stamm, Deputy Director, Office of Strategic Health Policy
Group Insurance Board