



Coronavirus (COVID-19) and Your *Island Flex* Account

(Updated June 2020)

The IRS released several regulation changes, including the CARES Act, Notice 2020-23, Notice 2020-29, and Notice 2020-33, which have major implications for cafeteria plans, including your *Island Flex* Plan. Please see below for the important changes to be aware of.

Mandatory Changes to Initial and Open Enrollment Elections

Typically, cafeteria plans participants must make their elections in advance of the plan year. However, initial and open enrollment election deadlines during the period of April 1, 2020 to July 14, 2020 must be extended to July 15, 2020, even if July 15, 2020 occurs after the start of the 2020 plan year.

- What does this mean for *Island Flex*? It means that the *Island Flex* open enrollment will be extended to JULY 15, 2020. As such, if you did not submit an enrollment form during the initial open enrollment of 4/30/20, you have additional time to do so if you still wish to enroll. To enroll, please visit the *Island Flex* website at www.nbsbenefits.com/islandflex, complete an enrollment form, and submit it **to NBS no later than 7/15/2020**. Enrollment forms received after 7/15/2020 will not be processed.

Grace Period Extension for the 2019-20 Plan Year

Employers with either the grace period or plan year ending in 2020, may amend their plans to allow employees to use these unused amounts to pay or reimburse medical care expenses or dependent care expenses, respectively, incurred through December 31, 2020.

- What does this mean for *Island Flex*? The *Island Flex* Plan Administrator has decided to adopt this extended grace period. This gives you additional time to incur expenses that can be paid from funds in your current year account (i.e., 7/1/19-6/30/20 plan year). Now instead of needing to incur expenses by 6/30/2020 in order to use current year funds, you have until 12/31/2020 to continue to incur expenses. Any amount up to \$500 remaining in your medical expense account after 12/31/2020 will still be allowed to carryover into the 2020-21 plan year. Pursuant to IRS rules, dependent care funds cannot be carried over to the next plan year.

Mandatory Change to Claim Processing Deadlines

Cafeteria plans must extend the run-out period to submit claims beyond the plan year and continue processing claims during the Government declared Outbreak Period, which is March 1, 2020 until 60 days after the announced end of the National Emergency, which will be sometime in the future.

- What does this mean for *Island Flex*? It is unknown if this extension will still be in place by the time the run-out period ends for the current *Island Flex* plan year. We recommend you still plan to submit all current year claims (i.e. services incurred 7/1/19-6/30/20) by the typical deadline of 9/28/2020 but wanted to make you aware that the deadline may be extended. With the extended grace period, if you would like to use funds from Plan Year 2019-2020 for services incurred 7/1/20-12/31/20, you will have until 12/31/20 to file your claim.

OTC drugs and medicines are now eligible for reimbursement without a prescription

OTC drugs and medicines are now eligible for reimbursement from your Healthcare FSA without a prescription. In addition, menstrual care products are now considered qualified medical expenses.

- What does this mean for *Island Flex*? These changes are effective for purchases made on or after January 1, 2020. If you purchased OTC medicines or menstrual products on or after January 1, 2020, you can submit a request for reimbursement, along with your itemized receipt showing date of purchase.

If you have any questions about your *Island Flex* benefit please
contact NBS at 808-465-2284 or 855-399-3035