

Devereux Health and Welfare Plan Summary of Material Modification

To assist with the nation's response to the 2019 Novel Coronavirus outbreak (COVID-19), this notice provides for increased flexibility with respect to mid-year elections under a § 125 cafeteria plan during calendar year 2020, related to employer-sponsored health coverage, health Flexible Spending Arrangements (medical FSAs), and dependent care assistance programs.

This notice also provides increased flexibility with respect to grace periods to apply unused amounts in health FSAs to medical care expenses incurred through December 31, 2020, and unused amounts in dependent care assistance programs to dependent care expenses incurred through December 31, 2020.

This notice provides that –

- For mid-year elections made during calendar year 2020, a § 125 cafeteria plan (Devereux) permits employees who are eligible to make salary reduction contributions under the plan with respect to employer-sponsored health coverage,
 - (a) Make a new election on a prospective basis, if the employee initially declined to elect employer-sponsored health coverage;
 - (b) Revoke an existing election and make a new election to enroll in different health coverage sponsored by the same employer on a prospective basis;
 - (c) Revoke an existing election on a prospective basis, provided that the employee attests in writing that the employee is enrolled, or immediately will enroll, in other health coverage not sponsored by the employer;
- (2) Revoke an election, make a new election, or decrease or increase an existing election applicable to a health FSA on a prospective basis;
- (3) Revoke an election, make a new election, or decrease or increase an existing election regarding a dependent care assistance program on a prospective basis.
- For unused amounts remaining in a medical FSA or a dependent care assistance program under the § 125 cafeteria plan as of the end of a grace period or plan year ending in 2020, a § 125 cafeteria plan (Devereux) permits employees to apply those unused amounts to pay or reimburse medical care expenses or dependent care expenses, respectively, incurred through December 31, 2020.
- The relief provided in Notice 2020-15, 2020-14 IRB 559 regarding high deductible health plans (HDHPs) and expenses related to COVID-19, and in section 3701 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136, 134 Stat. 281 (March 27, 2020)) regarding an exemption for telehealth services, has been applied.