The COVID-19 pandemic has catalyzed various legislative changes that are impactful to employers. The most notable changes for school employee benefit plan administration are outlined below.

**Federal Leave Laws**

On March 18, 2020, President Trump signed the Families First Coronavirus Response Act (FFCRA) into law, requiring employers to provide paid leave and emergency FMLA.

FFCRA requires 80 hours of paid sick leave, which must be made available to workers:
- who are symptomatic or are under an order or advice to quarantine or self-isolate,
- who have to care for a family member under such an order or advice, or
- who have a child whose school or child care provider or facility has closed or is unavailable due to the coronavirus.

FFCRA provides FMLA rights for some employees of companies with fewer than 500 employees, requiring partially paid leave after 10 days when an employee is unable to work or telework due to school or child-care closures related to COVID-19. The poster required for the new leave laws can be found here.

**Coverage Changes**

- FFCRA also requires health plans to cover COVID-19 testing at no charge, which would now be permitted even for HSA-compatible plans after the IRS allowed for individuals to maintain HSA eligibility notwithstanding first-dollar COVID-19 coverage under the applicable HDHP in IRS Notice 2020-15.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act removed the requirement that plan participants need a prescription to purchase certain over-the-counter drugs using FSAs, HSAs, and HRAs.

- Through December 21, 2021, the CARES Act allows Health plans to now cover telehealth services for their employees regardless of whether plan participants have met their annual deductibles under their HDHPs.

*Continued on the next page*
COBRA Timelines & Notices

Recently, federal agencies released a final rule on how employers must administer COBRA during the pandemic. As it relates to schools, the most notable changes impact COBRA election and payment timelines.

Starting on the retroactive date of March 1, COBRA deadlines have extended for the following purposes:

• **Qualifying Event and Disability Notification Period** – employees and dependents now have 60 days after the end of the National Emergency to notify the plan of qualifying events and disabilities.

• **Election Period** – employees and dependents now have 60 days after the end of the National Emergency to complete their elections under COBRA.

• **Payment Period** – employees and dependents now have 30 days beyond the end of the National Emergency before their payments for COBRA coverage become delinquent.

This means that employers are required to disregard the time period from March 1, 2020 until after the announced end of the National Emergency. The Department of Labor has also updated the COBRA Model Notices, which can be found here.

Prospective Mid-year Election Changes

IRS Notice 2020-29 allows Section 125 plans to temporarily allow prospective mid-year election changes. This guidance affects Premium Only Plans, FSAs, and Dependent Care Assistant Programs. This means that school employees may prospectively change their elections, terminate their elections, and make elections, even if they waived enrollments earlier. To revoke an election mid-year, employees will need to provide a written statement attesting to enrollment in other coverage or an immediate intent to enroll in other coverage. Employers may, but are not required to, allow mid-year election changes.

Extended Use of FSA Dollars

Notice 2020-29 also expands the general rule that FSA dollars are forfeited at the end of the grace period until December 31, 2020. This means that FSA and Dependent Care Assistance balances may be carried forward until the end of the 2020 calendar year, and employees may use these funds beyond the normal grace and run-out periods.

Please note that SET SEG will handle all COBRA extensions for COBRA and Full Benefit Administration clients and will accommodate mid-year election changes for enrollment and billing clients permitting mid-year election changes. SET SEG will also manage amendments to plan documents for FSA and Full Benefit Administration clients.