

TO: NBER Staff
FROM: Diane Birnbaum, Human Resources Administrator
RE: **2021 Special Opportunity to Make Mid-year Changes to Health Plan and Flexible Benefits Plan Elections**

In response to the pandemic, the IRS issued Notice 2020-29 and more recently Notice 2021-15, pursuant to which the NBER is able to offer increased flexibility with respect to mid-year elections under its employer sponsored health plan and health and dependent care flexible spending arrangements (respectively, the “Medical Reimbursement Account” and “Dependent Care Account”). The NBER is also able to offer increased flexibility with respect to grace periods to apply unused amounts in the Medical Reimbursement Account and Dependent Care Account from calendar year 2020 and 2021 to appropriate expenses incurred through December 31, 2022.

If you are interested in making a change to your election this calendar year, please contact me at hr@nber.org and I will provide you the appropriate forms to complete.

The NBER will permit employees who are eligible to make mid-year elections and the associated salary reduction contributions during calendar year 2021 under the plan to:

- 1) 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; and
 - (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 Medical Reimbursement Account on a prospective basis; and
- (3) revoke an election, make a new election, or decrease or increase an existing election regarding a Dependent Care Account on a prospective basis.

Please note that employees cannot decrease an existing election under the Medical Reimbursement Account and Dependent Care Account to an amount less than the amount already reimbursed in calendar year 2021.

*Please note that this relief is being offered due to the IRS’ recognition that the nature of the public health emergency posed by COVID-19 may cause unanticipated changes in the need for/ availability of certain medical and dependent care in 2020 that consequently may result in (i) a desire or need to enroll in different health coverage or (ii) leave large amounts left unused in flexible spending arrangement accounts. Unless IRS formally extends this relief to future years, the NBER plans will return to their previous terms and operation in 2023.