



Monthly Strategies

HR Strategies, LLC

Volume 17, Issue 11
November 1, 2020

New CDC Guidance May Require Policy and Procedure Changes

Your organization may have to revise its' COVID-19-related safety policies, practices and forms to meet new guidelines from the U.S. Centers for Disease Control and Prevention (CDC) on what it means to have been in "close contact" with an infected person.

Under prior guidance, the CDC defined a close contact as someone who spent at least 15 consecutive minutes within six feet of an infected person, thus putting the individual at higher risk of contracting the virus.

The CDC [updated its guidance](#) to define a close contact as: Someone who was within six feet of an infected person for a cumulative total of 15 minutes or more over a 24-hour period starting from two days before illness onset (or, for asymptomatic patients, two days prior to test specimen collection) until the time the patient is isolated.

Taking Action: Employers should have infected employees identify others who worked within six feet of them, for 15 minutes or more, within the 48 hours prior to the sick individual showing symptoms. When determining whether an employee has been exposed to an infected worker for 15 minutes or more, employers will now need to look at brief interactions between employees and infected workers that may occur several times a day, instead of one or two prolonged exposures.

The CDC advises most employers to send home any employees who have had a risk of exposure under this analysis. Those employees should maintain social distancing and self-monitor for 14 days from the exposure.

Revising Policies: As a result of the new definition of close contact, employers should review their COVID-19-related infection-control plans with this new definition in mind and, at a minimum, update their contact-tracing questionnaires. Employers

may want to view surveillance video, documents that show when an employee clocked in and out, and other items that will help determine their employees' interactions.

Employers may also want to consider obtaining a waiver from the infected employee in order to share their diagnosis. This will allow the employer to interview employees about their interactions with the employee to determine who was exposed to the infected individual.

IRS Updates

For 2021, the dollar limit for employee contributions to health flexible spending accounts (health FSAs), made pretax through salary reductions, remains **unchanged at \$2,750**, the IRS announced on Oct. 27 when it issued [Revenue Procedure 2020-45](#).

The limit also applies to limited-purpose FSAs that are restricted to dental and vision care services, which can be used in tandem with health savings accounts (HSAs).

For health FSA plans that permit the carryover of unused amounts, the maximum carryover amount for 2021 is **\$550**, an increase of \$50 from the original 2020 carryover limit.

The announcement arrives as many employers are preparing for their fall open enrollment period, during which employees select their benefit-contribution amounts for 2021.

The guidance also includes annual cost of living adjustments (COLAs), if any were made, for other employee benefit plans. For instance, for tax year 2021, the monthly limit for qualified transportation benefits remains **\$270**, as is the monthly limit for qualified parking.

Employer Health FSA Contributions: If employers provide health care FSA contributions, this amount is in addition to the amount that employees can elect. Employees can elect up to the

IRS limit and still receive the employer contribution in addition.

As explained by Core Documents, a provider of IRS-compliant plan documents, the [IRS puts a limit on an employer's contribution](#) to a health FSA based on how much the employee contributes:

- An employer may match up to \$500 whether or not the employee contributes to a health FSA.
- Starting at \$501, employers may only make a dollar-for-dollar match to the employee's contribution.

Dependent Care FSAs: A dependent care FSA is a pretax benefit account used to pay for dependent care services such as day care, preschool, summer camps and non-employer-sponsored before or after school programs. Funds may be used for expenses relating to children under the age of 13 or incapable of self-care who live with the account holder more than half the year.

The dependent care FSA maximum, which is set by statute and is not subject to inflation-related adjustments, is **\$5,000** a year for individuals or married couples filing jointly, or **\$2,500** for a married person filing separately. Married couples have a combined \$5,000 limit, even if each has access to a separate dependent care FSA through his or her employer.

Commuting Benefit Amounts: Employer-funded parking and mass-transit subsidies are tax-exempt for employees. Using pretax income, employees can also pay their own mass-transit or workplace parking costs through an employer-sponsored salary deferral program.

These expenses include the value of mass-transit passes and van pooling services, and parking on or near the business worksite or a location from which employees commute to work by driving and then using mass transit.

Adoption Assistance: For 2021, the maximum amount of an employer subsidy for qualified child-adoption expenses that can be excluded from an employee's gross income is \$14,400, up from \$14,300 for 2020.

Excludable reimbursements must be "[necessary and reasonable expenses](#)" related to adopting a child,

according to the IRS. Qualified adoption expenses, however, don't include expenses that employees pay to adopt their spouse's child.

The amount excludable from an employee's annual earnings begins to phase out for employees with modified adjusted gross income higher than \$216,660 (up from \$214,520 for 2020) and is completely phased out for those with modified adjusted gross income of \$256,660 (up from \$254,520 or more).

Qualified Small Employer HRAs: For taxable years beginning in 2021, to qualify as a qualified small employer health reimbursement arrangement (QSEHRA), the arrangement must provide that the total amount of payments and reimbursements by employers for any year cannot exceed \$5,300 for individual coverage or \$10,700 for family coverage, Revenue Procedure 2020-45 states.

QSEHRAs first became available in 2017 after the enactment of the 21st Century Cures Act. They allow small employers—those with fewer than 50 full-time or equivalent employees—to give their workers money tax-free to purchase individual health policies, which is not allowed with a traditional HRA or an HSA. The coverage can be purchased on an Affordable Care Act marketplace exchange or through an insurance broker.

As with a regular HRA or an HSA, QSEHRA funds can be used for out-of-pocket medical costs, and they can also be used to pay all or part of the plan premiums.

Mandated Training Available

If your organization has employees that need Harassment Prevention, Drug and Alcohol Awareness or Supervisor Reasonable Suspicion Testing training and haven't been able to attend an in person class due to COVID, contact HR Strategies to schedule your employees for an upcoming online interactive class.

Contact HR Strategies staff at 302.376.8595 or info@hrstrategies.org if you would like support or would like to learn more about the items in this newsletter. Please contact us if you would like to be removed from our Monthly Strategies mailing list or if you would like for us to add someone to our mailing list.