Dependent Care Change in Status, or Cost & Coverage Events	DCAP Election Change
A new childcare provider is available at a different cost than current provider. Includes someone (e.g. parent, older sibling) agreeing/able to watch the child for free.	Employee may increase or decrease election amount consistent with change in qualified dependent care expenses. Employee may cancel the election if child is now being cared for at no cost.
Enrolling child at a childcare provider closer to home or new work location.	Employee may increase or decrease election amount consistent with change in cost.
An employee or their spouse has a new work schedule (including to or from part-time status), and a different number of hours of childcare are required.	Employee may increase or decrease election amount consistent with change in cost.
A child who wasn't previously enrolled in childcare now needs a childcare provider due to schools being closed.	Employee may enroll in dependent care FSA. Or increase their election if they are enrolling an additional child not previously enrolled in childcare.
Child's daycare closed	Employee may decrease or cancel their election.

It is likely that many of the reasons an employee no longer needs childcare as the result of the COVID-19 pandemic would allow them to change their DCAP contributions, potentially reducing them to zero dollars, particularly if their child has been pulled from care (change in cost and coverage), or they are taking FMLA leave (including the newly created emergency FMLA leave under the new Families First Coronavirus Response Act).

Therefore, employers should be lenient and allow employees to change their DCAP contributions within the above scenarios. Employers with employees who are laid off (not expected to return to work) should consult with counsel to see if their plan documents allow for a spend down, or if that change can be made mid-plan year.

HEALTHCARE FLEXIBLE SPENDING ACCOUNT PROGRAMS (HCFSAS)

Similar to DCAPs, health FSA elections generally are irrevocable and the IRS only permits mid-year changes when an IRS approved qualifying status change has occurred. Any change in employment status of the employee, spouse or dependent that affects eligibility for the health FSA is a qualified status change and the change in the election must be on account of the qualified status change.

REMINDER: A health care FSA may (but is not required) to permit an employee to change their health FSA election for IRS permitted qualifying change in status events. Employers should refer to their FSA plan documents to determine which events their plan recognizes

Change in Status Events	Health FSA Election Change
Spouse (or dependent) loses health insurance coverage	Employee may increase election amount
Employee changes from FT to PT	Employee may revoke election if the change affects eligibility for the health FSA (Note: Employee may lose coverage automatically when hours change to PT.) COBRA paperwork may need to be provided if the account is underspent. (The health FSA balance is equal to or more than the amount of FSA premiums charged for the remainder of the plan year.)
Employee is on layoff or furlough	If the employee stops getting paid, the FSA technically ends. COBRA should be offered to continue the FSA. The employer may keep the FSA active by providing contributions for the employee, having the employee send payments into the employer, or catching up the contributions upon return.
Employee is on an unpaid, unprotected leave of absence (e.g. not FMLA)	If eligibility is lost, employee may revoke election. COBRA paperwork may need to be provided if the account is underspent.
Employee is on FMLA or Emergency FMLA Extension under FFCRA	Employee may revoke election for the period of coverage provided for under FMLA or EFMLEA (or the employer may allow the employee to continue coverage but discontinue contributions during the leave period.)
Termination of employment – employee	Employee's coverage ends. COBRA paperwork may need to be provided if the account is underspent.
Termination of employment for spouse, dependent who had health insurance or health FSA.	Employee may enroll or increase election
Termination and Rehire Within 30 Days	Employee's elections in effect at termination are reinstated unless another event has occurred that allows a change.
Termination and Rehire After 30 Days	Depending on the FSA plan design, the employee may reinstate elections in effect at termination or make a new election under the plan. It is possible, though for the FSA plan to prohibit an employee from re-enrolling in the plan during that plan year.

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