

**OFFICE OF THE STATE  
COMPTROLLER**

**HEALTHCARE COST  
CONTAINMENT COMMITTEE**



**HEALTHCARE POLICY & BENEFIT  
SERVICES DIVISION  
165 CAPITOL AVENUE  
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**DIVISION MEMORANDUM 2021-04  
TO THE HEADS OF ALL STATE AGENCIES**

**April 9, 2021**

**ATTENTION: Personnel and Payroll Officers, Chief Administrative and Fiscal  
Officers, and Benefits Managers**

**SUBJECT: Dependent Care Account Program Maximum Increased for 2021**

**I. INTRODUCTION**

This memorandum announces the temporary increase in the annual amount that participants in the Dependent Care Account Plan (DCAP) can exclude from income to cover eligible dependent care expenses during 2021.

**II. TEMPORARY PROVISION AFFECTING DCAP ANNUAL LIMIT**

**A. Increase of DCAP Plan Maximum to \$10,500**

The American Rescue Plan Act of 2021 allows employers to amend their dependent care assistance programs to allow employees to contribute up to \$10,500 for the tax year (or \$5,250 for individuals married and filing separately). The Comptroller has elected to make this change.

**B. Mid-Year Election Changes Permitted**

The DCAP is governed by the Internal Revenue Code (IRC) and U.S. Department of the Treasury regulations, which limit circumstances under which an employee may change his or her election once it has been made for a given plan year unless the member experiences a qualifying status change. These restrictions have been relaxed for the 2021 Plan Year.

**1. Mid-Year Increases or Decreases.** Employees who elected to participate in the DCAP for Plan Year 2021 can on--a prospective basis only--revoke an election, make a new election, decrease, or increase an existing election. Employees should make sure that their total contributions to the DCAP for 2021 (including any unspent funds from 2020) do not exceed their dependent care expenses.

**2. Mid-Year Enrollment Permitted.** Employees who did not sign up to participate in the DCAP for 2021 have the opportunity to enroll in the plan for the remainder of the current Plan Year without demonstrating a qualifying status change.

**3. Claims Submission Reminder.** Employees with unused DCAP funds from the 2020 Plan Year, must submit all claims for reimbursement from those (2020) funds no later than December 31, 2021. Employees will have until March 31, 2022 to submit claims for reimbursement of eligible 2021 expenses using amounts contributed to the DCAP in the current calendar year. .

### **.III. PROCESSING MID-YEAR ELECTION CHANGES**

All mid-year election/enrollment changes must be submitted to Progressive Benefits Solutions (PBS). Forms for 2021 mid-year elections for DCAP, Form CO-1310a, are posted online at <http://www.ctpbs.com>. The forms may be returned as follows: Email: [enrollment@pbscard.com](mailto:enrollment@pbscard.com); Fax: 203-974-4898; or U.S. Mail: Progressive Benefit Solutions, 14 Business Park Drive #8, Branford, CT 06405

### **IV. CONCLUSION**

Please make sure that your agency's employees get this information so that they can take advantage of opportunity to have a greater share of their dependent care expenses covered on a pre-tax basis.

Questions concerning enrollment in the DCAP should be directed to PBS at 1-866-906-8023. Questions pertaining to this memorandum may be directed to the Healthcare Policy & Benefit Services Division, Employee Benefits Unit at [Osc.ebu@ct.gov](mailto:Osc.ebu@ct.gov).

Very truly yours,



Thomas C. Woodruff, Ph.D., Director