

CARES Act Update

(Coronavirus Aid, Relief, and Economic Security Act)

The recent CARES Act relief bill signed into law on March 27, 2020, includes provisions that expand the list of eligible expenses for Health Savings Account (HSA), Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA) benefits while also providing the temporary inclusion of telemedicine as an allowable first-dollar expense for HSA plans. Below is a list of these changes in more detail.

OVER-THE-COUNTER (OTC) MEDICATIONS – NOW ARE AN ELIGIBLE EXPENSE

OTC expenses are retroactive back to January 1, 2020

- With the new provisions signed by the President, in March of 2020, **PRESCRIPTIONS ARE NO LONGER NEEDED to purchase OTC medications with HSA or FSA funds (as well as HRAs that allow medication purchases).**
- Previously, a PRESCRIPTION was required for OTC medications purchased with HSA or FSA fund (*as well as HRAs that allow medication purchases*).

MENSTRUAL CARE PRODUCTS (MCP) – NOW ARE AN ELIGIBLE EXPENSE

These expenses are retroactive back to January 1, 2020

- Menstrual Care Products have now been APPROVED under the CARES Act to be an eligible medical care expense. **HSA and FSA participants (also qualifying HRA participants) can now utilize their funds to purchase MCPs.**
- Previously, MCPs (including tampons, pads, liners, cups, sponges, or similar products for menstruation) were not considered eligible expenses for HSA, FSA or HRA reimbursement.

TELEMEDICINE AND HSAs

Effective for plan years beginning on or before December 31, 2021

- **Telemedicine services can now be covered before the plan deductible has been satisfied, and it will not disqualify a participant's eligibility to make contributions to an HSA.**
- This provision for telemedicine is only temporary and is limited to plan years beginning on or before December 31, 2021.
- Previously, HSA rules had historically prohibited High-Deductible Health Plans (HDHPs) from providing any type of coverage prior to the deductible being satisfied for things other than preventive care.

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AUTOMATIC DEBIT CARD TRANSACTIONS FOR OTC AND MCP

- **The NueSynergy Debit Card may not immediately work for many of these purchases.** We expect merchants to start adopting changes for OTC items around April 15, 2020, and MCPs around May 15, 2020.
- You can use another form of payment and submit a claim (with an itemized receipt) for reimbursement from now until the debit card is able to be used.
- The OTC and MCP CARES Act provisions are retroactive back to January 1, 2020. With a valid itemized receipt, claims for OTC medications and MCPs can be submitted for reimbursement retroactive back to January 1, 2020.

IRS EXTENDS 2019 HSA CONTRIBUTION WINDOW TO JULY 15, 2020

- The Internal Revenue Service (IRS) published a series of [questions and answers](#) relating to the tax filing deadline extension from April 15, 2020 to July 15, 2020 as provided in IRS Notice 2020-18. **As a result, an individual may now make 2019 Health Savings Account (HSA) contributions up to July 15, 2020.**

IRS INCLUDES NOVEL CORONAVIRUS TESTING AS ELIGIBLE DEDUCTIBLE EXPENSE FOR HSA PLANS

- Under this new IRS guidance, **a health plan that otherwise meets the HDHP requirements will not fail to qualify as an HDHP merely because it provides medical care services and items related to COVID-19 testing and treatment before the applicable HDHP minimum deductible is satisfied.**
- Individuals can remain covered under HDHPs that provide such benefits on a no- or low-deductible basis without any adverse effect on HSA eligibility.
- Previous direction by the IRS regarding the HDHP requirements in any other respects is not modified; vaccinations continue to be considered preventive care for purposes of determining whether a health plan qualifies as an HDHP.