

CARES Act and Plan Updates

Because of ongoing global circumstances related to COVID-19, legislation has been passed to aid citizens in the management of healthcare costs. Details of the legislation are outlined below along with notable changes to benefit plans.



Dependent Care

IRS regulations have always allowed a dependent care participant to change their election if they have a change in the "cost or coverage" of their dependent care. If an employee is changing their dependent care because of working at home or a different dependent care provider they can change their dependent care election.



Over-The-Counter

The CARES Act was signed on March 27, 2020. The act **removed** the requirement that a medicine and drug can only be reimbursed by a FSA, HSA, or HRA if it is prescribed. All over the counter drugs immediately qualify reimbursement from FSAs, HSAs and HRAs. Vendors anticipate to have system updated by the end of May.



Menstrual Care

The CARES Act was signed on March 27, 2020 "Menstrual Care Products" now are included in the definition of qualified medical expenses. RMR will approve any receipts for these products. Per the law: "the term menstrual care product means tampon, pad, liner, cup, sponge, or similar product used by individuals with respect to menstruation...".



Employee Care Card

This card will allow an employer to offer to their employees a debit card to pay for **any** COVID-19 related expenses. The employer sets the amount they make available to their employee. Under IRC 139 the benefit is **tax free** to the employee that requires **no substantiation**.

Employees on leave of absence. Employers have the option to offer employees the option to keep their health FSA active while on a leave of absence.

Employees who take leave time due to COVID-19. Employees who take time off due to COVID-19 have similar rights to FMLA. They can continue their health FSA coverage.

Terminated Employees. Employees who have their employment terminated and have contributed more than they claimed at the time of their termination have the option to election COBRA and continue their health FSA.

Pre-deductible Expenses. HDHP HSA compatible health plans can reimburse COVID-19 expenses before the deductible and still be qualified plans for HSAs.

Deadline to make 2019 HSA contributions was extended. IRS Notice 2020-18 the IRS has extended the deadline for filing 2019 tax returns to July 15, 2020. As a result, the IRS issued the following:

Does this relief provide more time to contribute money to a HSA or Archer MSA for 2019?

Yes. Contributions may be made to your HSA or Archer MSA, for a particular year, at anytime during the year or by the due date for filing your return for that year. Because the due date for filing Federal income tax returns is now July 15, 2020, under this relief, you may make contributions to your HSA or Archer MSA for 2019 at any time up to July 15, 2020. For more details on HSA or Archer MSA contributions, see Publication 969, Health Savings Accounts and other Tax-Favored Health Plans."

Employers cannot extend the grace period. The grace period is a period after the end of the year in which participants can incur expenses and use the previous years money. Recent legislation and IRS regulations did not change or allow Employers the option to extend the grace period. Nor can employers extend their plan year.

Employers can extend the run-out period. Employers have the option to extend the run-out period employees have to submit health FSA claims. Many employers have a deadline of March 31st and are extending the deadline to June 30th or July 15th.

Rocky Mountain Reserve's Direct FSA store now has over 500 OTC products available while retail vendors are making changes to their systems to accept participant card. This store is located at directfsa.com!

Enrollment Guides for all plans can be located at rockymountainreserve.com under the FAQ tab to answer commonly asked questions.

