

Congress Temporarily Reinstates Telemedicine/HSA Eligibility Relief



April 4, 2022

Quick Facts

- Congress temporarily restored the telehealth exemption for health savings account (HSA) eligibility under High Deductible Health Plans (HDHPs) through the [Consolidated Appropriations Act, 2022](#).
- The [Coronavirus Aid, Relief, and Economic Security Act](#) (CARES Act) previously created a safe harbor to facilitate the use of telehealth without a deductible during the COVID-19 pandemic.
- The original provision, which was effective March 27, 2020, applied only to plan years beginning on or before December 31, 2021.
- The latest Telemedicine HSA relief restores the exemptions for the last nine months of 2022.

Background

Historically, telemedicine service that provides coverage with no or low cost-sharing before the minimum HDHP deductible is satisfied, disqualifies an individual from establishing or contributing to an HSA. Telehealth – sometimes called telemedicine – lets your doctor provide care for you without an in-person office visit. Telehealth is done primarily online with internet access on your computer, tablet, or smartphone and grew in popularity through the COVID-19 pandemic. The HSA relief provided by the CARES Act expired for plan years beginning after December 31, 2021. The new guidance provides additional (but temporary) relief for HSAs from April 1, 2022, through December 31, 2022.

Effects of the Temporary Relief on HSA Participants

For calendar year plans (plans beginning on January 1, 2022), participants with telemedicine coverage that has no, or low, cost-sharing pre-deductible will be HSA ineligible from January through March of 2022. However, these participants will be HSA eligible from April through December of 2022. This means that a participant who is otherwise HSA eligible for all of 2022 can make a maximum HSA contribution of 9/12^{ths} of their normal HSA annual contribution.

Single HDHP Coverage	\$2,737.50 (,\$3,650 x 9/12)
Family HDHP Coverage	\$5475.00 (\$7,300 x 9/12)

For a non-calendar year plan that began before December 31, 2021, the prior relief will apply to the end of that plan year in 2022, and the new telemedicine HSA relief will apply for the new plan year beginning in 2022, but only through December 31, 2022. For example, if a plan began on July 1, 2021, the CARES Act telemedicine relief would have expired on June 30, 2022. Now, this relief will apply for the plan year that begins on July 1, 2022, through December 31, 2022.

Summary

The temporary HSA relief will no longer be available beginning January 1, 2023, regardless of the plan year. It remains to be seen what happens with the interaction of telemedicine and HSA-eligibility. Employers that offer HSA disqualifying telemedicine coverage will need to monitor developments later in 2022 to determine if plan changes need to be made in 2023 to maintain employee HSA eligibility.

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