

CAA 2023 Includes Telemedicine Relief for HSAs

January 3, 2023

Quick Facts

- Telemedicine fees must be at least fair market value (FMV) when offered in conjunction with a high deductible health plan (HDHP).
- Temporary relief from the FMV rules has been in effect since 2020.
- Congress recently passed legislation extending relief for two more years.

Background

A telemedicine plan, whether stand-alone or built into a group health plan, is not compatible with a health savings account (HSA) unless the telemedicine plan has a deductible or charges an FMV fee each time participants use the service until the minimum deductible required for a qualifying HDHP is met.

Relief Extended for Two Years

In 2020, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress granted temporary relief from this requirement, and then extended it for part of 2022 in the Consolidated Appropriations Act (CAA) of 2022. This relief was set to expire on December 31, 2022, requiring telemedicine plans offered in conjunction with a qualifying HDHP to charge HDHP participants at least FMV for telemedicine fees to remain eligible to make or receive HSA contributions.

On December 23, 2022, Congress passed the Consolidated Appropriations Act (CAA) of 2023, which extended telemedicine relief for HSAs relief for another two years. The relief allows plans to take advantage of this relief and not charge FMV fees on their telemedicine plans starting January 1, 2023, through the end of the 2024 plan year without impacting HSA eligibility.

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