

CARES Act and Other Coronavirus-Related Pronouncements

HSA Disclosure Supplement

This HSA Disclosure Supplement is being provided to notify you of recent changes made by the CARES Act and other IRS pronouncements that are not yet reflected in your HSA Plan Agreement and Disclosure Statement. This HSA Disclosure Supplement is intended to provide you with a general, high-level overview of the HSA changes included in the CARES Act and other IRS pronouncements. We encourage you seek the assistance of a competent tax and/or legal professional if you have questions or concerns about how you may be affected by the CARES Act and other IRS pronouncements.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act is a massive federal stimulus package designed by Congress to provide aid and assistance to individuals and businesses as the country deals with the coronavirus pandemic. Included in the CARES Act are several provisions that directly impact many HSA owners. Most of the HSA provisions contained within the CARES Act are effective immediately. In addition to the CARES Act, the Secretary of the Treasury has also recently made changes due to the coronavirus pandemic that directly impact many HSA owners.

Qualified Medical Expenses

HSA distributions used to pay qualifying medical expenses of the HSA owner, the HSA owner's spouse, or the HSA owner's dependents are tax-free. Expenses incurred after December 31, 2019, for over-the-counter drugs with or without a prescription along with menstrual care products are considered HSA-qualified medical expenses.

Contribution Eligibility

For purposes of determining contribution eligibility for an HSA, a high deductible health plan (HDHP) must satisfy certain requirements regarding deductibles and out-of-pocket expenses. For plan years beginning on or before December 31, 2021, a plan does not fail to qualify as an HDHP for purposes of HSA contribution eligibility merely because the HDHP provides coverage prior to the deductible being met for COVID-19 testing and treatment coverage and/or coverage for telehealth and other remote care.

To be eligible to contribute to an HSA, an individual may not be covered under an insurance plan that is not an HDHP with certain exceptions. For plan years beginning on or before December 31, 2021, an individual may be covered by a plan that is not a qualifying HDHP that provides coverage for telehealth and other remote care.

HSA Funding Deadline

The deadline for tax year 2019 HSA contributions has been extended from April 15, 2020, to July 15, 2020.