



CARES Act Update



President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act or CARES Act on Friday, March 27. This bill is intended to help Americans by providing some financial relief as we continue to face the coronavirus pandemic. Included in the CARES Act is a special provision relaxing the OTC restrictions for spending accounts, which will be welcomed news for millions of account holders. Under the CARES Act, allowing OTC items for reimbursement repeals the Affordable Care Act's prior prohibition on reimbursement of those expenses. Highlights of the CARES Act as it relates to employee benefits include:

OTC Eligibility

Over the counter (OTC) medications are now reimbursable under Flexible Spending Accounts, Health Reimbursement Arrangements and Health Saving Accounts without requiring a prescription or completing a Letter of Medical Necessity Form. This provision is retroactive to January

Menstrual care products are now reimbursable as eligible expenses, including tampons and pads.

- Note – not all merchants will have newly eligible OTC/menstrual care products coded immediately for a point-of-sale debit card purchase. P&A has always and will continue to process manual claims for eligible products purchased using a method other than an FSA benefits card, e.g., cash or a plan participant's personal debit/credit card. All items are under review and may take up to 6 weeks for merchant updates and benefit/debit card access.

Health insurance plans can reimburse telehealth services pre-deductible without impacting Health Saving Account (HSA) eligibility.

- Note: this provision is temporary and will expire on December 31, 2021.

Tele-health Services

The new OTC eligibility will require the responsible entity, SIGIS, to review and update the inventory of eligible products and publish the list for merchant access. Currently, over 17,000 OTC items are reimbursable expenses per the IRS. Additionally, system updates will be required for all merchants to allow debit, credit and benefit cards to work at the point-of-sale for OTC expenses. Industry experts have stated this process may take six weeks or longer to complete and plan participants should anticipate that updated systems may differ on a merchant-by-merchant basis.

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We are especially happy to see these legislative changes provide greater flexibility for account holders. As more updates are available, we will continue to keep you and your participants informed.