COVID-19 impact on Health Savings Accounts

COVID-19 testing and treatment are HSA eligible

To remove barriers to the testing and treatment of COVID-19, the Internal Revenue Service (IRS) issued Notice 2020-15 that allows high deductible health plans (HDHP) not to fail to be an HDHP merely because the health plan provides health benefits associated with testing for and treatment of COVID-19 without a deductible, or with a deductible below the minimum deductible (self only or family) for an HDHP.

Therefore, an individual (or family) covered by the HDHP will not be disqualified from being eligible to make tax-favored contributions to a health savings account (HSA).

New HSA eligible items

The CARES Act has been signed into law and includes the following additional HSA eligible items:

- **Telehealth**: the law adds payments for “telehealth and other remote care services” as HDHP/HSA eligible. This rule applies to expenses incurred March 27, 2020 through December 31, 2021.
- **Over-the-Counter Drugs (OTC) and Menstrual Care Products**: the law reinstates the ability to pay for certain OTC drugs and medicines with an HSA, FSA and HRA without a prescription from a physician. It also adds the ability to pay with an HSA, FSA and HRA, expenses for menstrual care products without a prescription from a physician. This provision will be effective for amounts paid after December 31, 2019 and for reimbursements of expenses incurred after December 31, 2019. Unlike the telehealth provision, this provision does not have an expiration date.

2019 HSA contributions extended to new tax filing deadline

The IRS announced it would be extending the Federal income tax filing and payment deadline from April 15 to July 15, 2020 as part of the COVID-19 relief strategy.

As a result, you may still make prior year (2019) contributions to your HSA up to the 2019 maximum contribution limits: $3,500 for individuals and $7,000 for family coverage, through July 15, 2020. If you are 55 or older you can contribute an additional $1,000.

Information on Form 5498-SA

In response to the COVID-19 pandemic, the IRS has extended the filing of Form 5498-SA to August 31, 2020. As a result, your Form 5498-SA will be mailed by August 31 versus the original deadline of May 31. We continue to monitor IRS guidance, which could include additional extensions in the 5498-SA deadlines.

Form 5498-SA reports contributions to your HSA. It is for informational purposes only and is not required to file your tax return.

For additional information visit irs.gov or contact your tax professional.