

EMPLOYEE BENEFITS COMPLIANCE UPDATE



DECEMBER 2022

Telemedicine & HSA Relief Included in 2023 Consolidated Appropriations Act (CAA)

In an [article](#) earlier this year, we informed employers that telehealth relief for HSA participants would be expiring at the end of this month. However, we noted that legislation may be passed allowing the relief to continue. Earlier this week, Congress released the language of their year-end government funding bill, 2023 CAA, which included a two-year extension of this telehealth relief for HSA participants. The 2023 CAA bill has now been signed into law.

Normally 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 charges a fair market value (FMV) fee each time participants use the service for non-preventive care until the minimum deductible required for a qualifying high deductible health plan (HDHP) is met.

Which employers are affected? Employers offering a qualifying HDHP that also 1) offers telemedicine coverage or 2) are considering telemedicine coverage.

What is the telehealth relief for HSA participants? Low cost or no cost telemedicine coverage may be offered to HSA participants prior to meeting the deductible without disruption of HSA eligibility.

Congress granted temporary relief from this requirement for 2021 in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and then extended it for part of 2022 in the Consolidated Appropriations Act (CAA) 2022.

This relief was set to expire on December 31, 2022, in which case telemedicine plans offered in conjunction with a qualifying HDHP would have had to start charging FMV fees as of January 1, 2023 in order for employees to remain eligible to make or receive HSA contributions.

What does the extension of the telehealth relief mean for employers? Group health plans can take advantage of this relief and not charge fair market value fees for their telemedicine plans for plan years starting on or after January 1, 2023 through the end of the 2024 plan year without impacting HSA eligibility.

For non-calendar year plans, the effective date is less clear and we may need to wait for guidance from the IRS to understand how the relief will apply to those plans. At this point it appears non-calendar year plans need to charge the FMV for telehealth services starting January 1, 2023, until the federal minimum HDHP deductible is met, but can once again have low or no cost-sharing for telehealth as of their plan year start date in 2023.

As always, should you have any questions, please contact your [Parker, Smith & Feek Benefits Team](#). While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it.