



# The COVID-19 and Consolidated Appropriations Act of 2021 FAQ

At HSA Bank, the safety and well-being of our bankers, customers, and communities is our top priority. We're actively monitoring the coronavirus disease (COVID-19) pandemic and following advice from experts including the Centers for Disease Control and Prevention (CDC) and local health officials. Our business continuity plans are up-to-date, and we are prepared to implement as needed.

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## Account Support

### How do I access my account and information?

You can access your account on the Member Website. For more information on what a Health Savings Account (HSA) can do for you, visit us [online](#).

### Are my accounts safe at HSA Bank?

Yes. The safety and soundness of your money is a top priority for us as well as our parent company Webster Bank. HSA Bank is a division of Webster Bank, N.A. and all HSA accountholder cash deposits are federally insured through the Federal Deposit Insurance Corporation (FDIC).

### What is HSA Bank doing to ensure member's needs are met?

We're diligently working to ensure continued access to your account information and our services. HSA Bank is equipped with remote work capabilities, which ensure our Client Assistance Center remains available 24 hours a day, 7 days a week. Additionally, we offer click-to-chat during our standard business hours of 8:30 a.m. to 5 p.m. CT, Monday through Friday.

### How can I get help if I have been impacted by COVID-19?

We're committed to doing what we can to help assist our employees and customers. Please visit [hsabank.com/specialcommunications](https://hsabank.com/specialcommunications) to stay up-to-date with how we're responding.

We want to help you make smart decisions about your healthcare including how to conserve and save money during this unprecedented time. Ensuring you have enough dollars dedicated to healthcare costs is even more important than ever.

Several of our partner organizations such as GoodRx and the HSA Store offer trusted ways to save on healthcare. We advise you to check out more information on these resources and other decision-support tools by clicking [here](#).

To find out how much you should be contributing and how to use your savings, check out our online tools and calculators available [here](#).

### What is HSA Bank doing to help accountholders going through financial hardship due to COVID-19?

We're here to help accountholders who are unemployed or experiencing other financial hardships due to the economic impact of COVID-19. If you have a question or concern about current fees, please call our U.S.-based Client Assistance Center at 800-357-6246. Our representatives are available 24 hours a day, 7 days a week, and are empowered to offer financial relief to accountholders when needed.

### What is the CARES Act and how does it impact my healthcare benefits?

The [Coronavirus Aid, Relief and Economic Security Act \(CARES Act\)](#), includes a number of provisions that might impact you.

1. **Over-The-Counter Products become eligible expenses:** The act re-authorizes the use of HSAs, FSAs, and HRAs to purchase over-the-counter medicines that had previously required a prescription (Rx)

from a physician and, for the first time, menstrual care products. This permanent change is retroactive to January 1, 2020.

2. **HDHPs and telehealth services:** The act includes temporary safe harbor for relief in the wake of COVID-19. Per the act, HSA-qualified HDHPs may now cover telehealth services before reaching the deductible, or an individual can choose to purchase and use telehealth services outside of their HDHP, without impacting their eligibility for an HSA. This exemption is valid until December 31, 2021. You can also use your HSA to pay for qualified medical expenses accrued using these telehealth services. These instances are valid for all visits, not only COVID-19-related testing or treatment.

### **Are COVID-19 phishing attempts increasing and how do I protect myself?**

Unfortunately, there's an increase in malicious phishing attempts referencing COVID-19, HSA Bank recommends the following quick tips to keep your financial and personal information safe:

- Don't click on links in unsolicited emails or open any email attachments.
- Always hover over a URL and then go directly to the legitimate website to confirm authenticity. Certificate "errors" can be a warning sign that something is not right with the website. Many of the scam emails we've identified appear to be coming from the World Health Organization, the CDC and Johns Hopkins University. Also, don't click on links sent to your phone or in social media postings.
- Always confirm information is coming from trusted sources, such as legitimate government websites.
- Never respond to email solicitations for personal or financial information.
- Always verify a charity's authenticity before making any donations.
- Be wary of emails that display a sense of urgency or use fear tactics.

## **Health Savings Accounts (HSAs)**

### **If I change health plans or change employers because of COVID-19, can I still contribute and access my HSA?**

If you have a qualified high deductible health plan (HDHP), either through your employer or one you've purchased on your own, chances are you can still contribute to your HSA with HSA Bank.\*

Additionally:

- You must have a valid Social Security number and a primary residence in the U.S.
- You cannot be covered by any other type of health plan, including Medicare Part A or Medicare Part B.
- You cannot be covered by TriCare.
- You cannot have received medical benefits from Veterans Administration for any non-service-connected disabilities at any time during the previous three months.\*\*
- You cannot be claimed as a dependent on another person's tax return (unless it's your spouse).
- You must be covered by the qualified HDHP on the first day of the month.

*\*The content herein is provided for informational purposes. HSA Bank does not provide tax or legal advice. Please refer to IRS guidance, including [IRS Publication 969](#), for additional details.*

*\*\*Title 38 of the United States Code, Section 101(17) defines "non-service-connected" as, with respect to disability, that such disability was not incurred or aggravated in line of duty in the active military, naval, or air service.*

## How does COVID-19 impact the benefits of HSAs in particular?

Typically, an HSA-qualified high-deductible health plan (HDHP) may not provide non-preventive coverage until the statutory minimum deductible for that year is satisfied; otherwise, HSA contributions would be disqualified. However, due to the pandemic, the IRS will allow HDHPs to pay for all COVID-19-related testing and treatment prior to this deductible, without jeopardizing the ability to contribute to an HSA. Also, as before, medical testing and treatment can be paid for with an HSA.

## Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), and COBRA

### What is the Consolidated Appropriations Act of 2021?

This act allows significantly more flexibility for Healthcare Flexible Spending Accounts (HC-FSAs), Limited Purpose Flexible Spending Accounts (LP-FSAs), and Dependent Care Flexible Spending Accounts (DC-FSAs).

**All FSAs:** FSAs may have a “grace period” feature. This means that funds contributed in one plan year may be used to pay expenses incurred during the plan year or during the grace period, which can be up to two and a half months after the end of the plan year. Under this law, the grace period may be extended up to 12 months after the end of the plan year for 2020 plans.

Employees may change their FSA contributions only if they experience a “qualifying life event” or “change in status.” For 2020, employers could allow a “free” election change, that is, employees could be permitted to change their FSA elections without regard to a qualifying life event or change in status. Under the law, for plan years ending in 2021, employers may again allow “free” election changes.

Unused balances at the end of 2020 may be carried over into 2021. Carryovers will also be permitted from 2021 into 2022. There is no dollar limitation on these carryovers.

**HC-FSAs and LP-FSAs:** When employment terminates coverage, an employee must elect COBRA or forfeit any unused amount in a HC-FSA or LP-FSA. Under the law, HC-FSA or LP-FSA may be designed with a “spend down” feature. This means the former employee could use the unused amounts in a HC-FSA to pay for medical expenses incurred after termination and before the end of the plan year in which termination occurred, which may include grace period.

**DC-FSAs:** DC-FSAs may be used for children under age 13. Under the law, DC-FSAs may also be used for children under age 14, provided that: (i) the employee was enrolled in a DC-FSA where the enrollment period ended on or before January 31, 2020, and (ii) the child turned 13 during the plan year to which the enrollment period relates (or during the subsequent plan year if the employee had a positive balance at the end of the plan year). There is no change to the maximum reimbursement for DC-FSAs. It remains \$5,000 per year.

### Are employers required to adopt these provisions from the Consolidated Appropriations Act of 2021?

It’s important to note that these provisions are optional, not required. Employers will need to amend their plans to provide these new rights, if they choose to offer them. Employers have until the end of the first calendar year after the plan year in which the change is effective to amend retroactively.

**Do these provisions affect HSA eligibility for employees in a future plan year?**

For HC-FSAs, while the grace period and carryover options seem identical, they can have different effects on an employee's ability to contribute to an HSA. For that reason, employers with high-deductible health plans may want to choose the carryover option as any remaining funds can be rolled over into an LP-FSA, which would allow for HSA contributions. With the grace period, the HSA would not be eligible for contributions until the grace period has ended, which would typically be two and a half months. However, if the grace period is extended with this relief, the HSA would not be eligible for contribution until the grace period has ended.

**Are there any new relief provisions for HRA plans?**

HRA plans have not been addressed with this relief.

**Can these provisions be adopted anytime?**

Yes, an employer can adopt these provisions anytime during the plan year.

**If the FSA currently doesn't offer either of these options, can they be added?**

Yes, either the carryover or the grace period can be added to the plan anytime during the current plan year. It's important to note that a plan can only have one provision or the other, not both.

**If the FSA currently has the rollover provision, can I change it to the grace period, or vice versa?**

Yes, an employer could change the plan to have the grace period provision instead of the carryover provision, or vice versa, but it's important to note that this cannot be done retroactively and an FSA plan can only have one provision or the other, not both.

**If an employee had an FSA in 2020 and did not enroll in the plan for 2021, can they take advantage of any remaining funds through grace period or rollover? In addition, can they retroactively enroll in the FSA plan for 2021, given the relief?**

If an employee did not enroll in the new 2021 plan year, they may only use remaining funds during the FSA plan's runout period for reimbursement of eligible 2020 claims. Given the relief, they may enroll in a 2021 FSA plan, use any remaining funds, as well as make a 2021 FSA election.

**If an employer chooses to extend the grace period or allow unlimited rollover, does that affect an employee's current plan year election dollar maximum?**

No, the dollars remaining in the account, whether through the grace period or rollover provision, does not affect the employee's current plan year election dollar maximum.

**If an employee decides to change their FSA election amount to be less than they already used during the plan year, are there protections in place to prevent this?**

Yes, there would be a retroactive denial of the previous claims exceeding the amount.

**Can an employer choose to utilize only one relief provision?**

Yes, an employer can offer to utilize the extension on only one of the FSA plans and not on the other. For example, an employer could offer a grace period extension for the DC-FSA and not the HC-FSA.

### **What happens to an FSA if an employee is placed on furlough?**

A furlough, in and of itself, is not a COBRA qualifying event. However, if the furlough results in a reduction of hours that causes a loss of coverage, then it will trigger COBRA. Most health plans (but not all) provide that only regular, active employees working 30+ hours per week are eligible for coverage. If an employee's position changes such that they drop below the 30-hour threshold (i.e., part-time) or are laid off, it would typically trigger a loss of coverage under the health plan and COBRA would be triggered (if the employer has at least 20 employees).

If employees do not receive current compensation, then their FSA contributions will not continue. However, the full amount of any FSA and contributions made to date for the FSA should still be available. For DC-FSA, expenses can only be reimbursed for dependent care expenses, allowing the employee to work or look for work. A furloughed employee is generally not incurring eligible dependent care expenses while on furlough.

Employers should consult with their benefits attorney. Employees should consult with their HR or benefits professional.

### **Can employees elect COBRA for their HC-FSA or HRA?**

Yes, in certain situations, if they meet the requirements under COBRA. They should consult with their employer on plan rules. HSA Bank is prepared to process those continuation requests. Employers should consult with their benefits attorney. Employees should consult with their HR or benefits professional.

### **Are there any other COBRA updates due to the pandemic?**

The IRS and Department of Labor released a [joint rule](#) providing temporary relief from COBRA and health plan deadlines during the COVID-19 pandemic. The notices address the time period from the beginning of the pandemic, identified as March 1, 2020, to 60 days after the end of the pandemic.

Extensions included are:

- The 60-Day deadline for individuals to elect COBRA.
- The 60-day deadline for individuals to notify the plan of a determination of disability.
- The 30 or 60-day deadline for employers or individuals to notify the plan of a qualifying event.
- The 45-day deadline in which to make a first premium payment and the 30-day deadline for subsequent premium payments.

The Department of Labor offers guidance in their [COVID-19 FAQ's for Participants and Beneficiaries](#) to answer more questions.

The HSA Bank COBRA team is updating our COBRA platform and will be contacting employers who are impacted. If you have any questions in the meantime, please call Client Assistance Center at 800-357-6246.

## **Commuter Benefits**

### **Are there any new relief provisions for commuter plans?**

Commuter plans have not been addressed with the Consolidated Appropriations Act of 2021 relief. Commuter plans have always allowed for contributions to be adjusted from \$0 to the maximum of \$270 on a monthly

basis based on the employees' commuter needs. Any dollars remaining in the commuter account do rollover to subsequent months, and plan years (if the employee enrolls in the new plan year).

**If an employee has a commuter account through their employer, but are no longer commuting, can the employee get a refund for transit already added to their account?**

With many around the country working at home, there is less need to utilize public transportation and/or parking benefits. Employees can check with their respective transit authorities, and if they are issuing full or partial refunds, the amounts can be credited back to their debit card, which will then be credited back to their commuter account.

Because commuter accounts are considered a monthly benefit, employees can also change their payroll contributions to their accounts monthly, even down to \$0 for the time being if they are not commuting. Any amounts still in their account will roll over to future months and can then be used when they resume commuting for work. Per IRS regulations, the maximum an employee can use each month from their transit or parking benefit is \$270 per account.

## **HSA Bank Business**

**How is COVID-19 impacting business at HSA Bank?**

HSA Bank and our parent company, Webster Bank, are carefully monitoring the situation with COVID-19. We're taking proactive steps to not only ensure the safety and well-being of our employees, but also to continue to provide service to our valued customers and partners. We're following advice from experts, including the Centers for Disease Control and Prevention (CDC) and local health officials.

**How will I receive ongoing communications concerning the impact with HSA Bank?**

For ongoing updates on the impact of the COVID-19 pandemic, visit [hsabank.com/specialcommunications](https://hsabank.com/specialcommunications).

**Who do we contact with questions and concerns?**

Employers should continue to connect with their regular business partners and contacts at HSA Bank. Members should contact our Client Assistance Center at 800-357-6246. As the situation continues to evolve, we'll keep you informed on any changes in communication structure.