

COMPLIANCE BULLETIN



Telehealth Exception for HDHP/HSA Plans May Expire Soon

In response to the COVID-19 pandemic, the U.S. Congress enacted legislation that temporarily allowed high deductible health plans (HDHPs) to provide benefits for telehealth services before plan deductibles were met. This relief became effective in 2020 and has been repeatedly extended. It currently applies to **plan years beginning before Jan. 1, 2025**.

To be eligible for health savings account (HSA) contributions, individuals cannot be covered by a health plan that provides benefits, except preventive care benefits, before the minimum HDHP deductible is satisfied for the year. Generally, individuals who are covered by telehealth programs that provide free or reduced-cost medical benefits are not eligible for HSA contributions. However, due to the pandemic-related relief, HDHPs have been able to waive the deductible for telehealth services without jeopardizing individuals' HSA eligibility.

Currently, there is bipartisan support to extend the telehealth relief for HDHPs; however, any legislation may come very late in 2024 or not at all. Unless the relief is extended again, HDHPs that have not imposed a deductible on telehealth services will need to start doing so for the plan year beginning on or after Jan. 1, 2025. For plan years beginning in 2025, the minimum HDHP deductible is \$1,650 for self-only coverage and \$3,300 for family coverage.

Action Steps

Employers with HDHPs should review their health plan's coverage of telehealth services to determine if changes should be made for the plan year beginning in 2025. **Unless the relief is extended again, HDHPs must impose a deductible on telehealth services to be compatible with HSA contributions.** Also, any changes to telehealth coverage should be communicated to plan participants through an updated summary plan description or a summary of material modifications.

Highlights

- In general, to be compatible with HSA contributions, an HDHP cannot pay benefits until the minimum deductible has been satisfied.
- A pandemic-related relief measure temporarily allows HDHPs to waive the deductible for telehealth or other remote care services without impacting HSA eligibility.
- Unless this relief is extended, it expires at the end of the 2024 plan year (i.e., Dec. 31, 2024, for calendar-year HDHPs).

Important Dates

Jan. 1, 2020

The CARES Act allowed pre-deductible coverage of telehealth services effective Jan. 1, 2020. This relief has been extended and currently applies through the 2024 plan year.

Jan. 1, 2025

The telehealth relief for HDHPs will expire for the plan year beginning on or after Jan. 1, 2025, unless it is extended.

Provided to you by **Sullivan Benefits**

This Compliance Bulletin is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice. ©2024 Zywave, Inc. All rights reserved.

