

## Updates and next steps for FSA and HRA spending accounts

HealthEquity has continued to stay up-to-date on the recent guidance announced by the Department of Labor (DOL) and IRS and is here to help with these adjustments. After reviewing the guidance, we've identified how we'll partner with you to support these changes and have outlined next steps related to Flexible Spending Accounts (FSA) and Health Reimbursement Accounts (HRA).

### Actions you should take:

- You may wish to tell your employees about the changes in the runout deadline for FSA and HRA plans if your plan is impacted. They will see the new runout date of December 31, 2020 in the member portals with a disclaimer that the date is subject to change based on federal guidance.
- If you have an active FSA or HRA plan *not covered* by ERISA and do not wish to participate, notify HealthEquity by June 10, 2020. All ERISA plans are mandated to change and all others are highly recommended to change.
- If you offer FSAs, HRAs or group health insurance, watch for the upcoming email containing the IRS provisions worksheet. This will help you think through and select the amendments you wish to make to your plan. Not all options make sense for all Clients; the upcoming communication will help you decide what is best for your organization.  
If you choose to adopt any of the optional provisions in the IRS notices, you will need to amend your plan. HealthEquity will provide you with a generic amendment upon request to review along with a Summary of Material Modifications (SMM). You can use the SMM to communicate changes to your employees.

### Actions HealthEquity is taking:

#### Claims Processing

- Claims will continue to be processed in a timely fashion and prefunding will be required for claims paid in accordance with your normal funding schedule.
- Deadline extensions for all claims that are filed and received during the emergency period will be supported.
- Telemedicine claims under HSA-qualified high-deductible health plans (HDHPs) will be supported based on new guidance provided by the IRS.
- For FSA and HRA plans with a claims runout end date on or after March 1, 2020, HealthEquity will automatically apply an extension through December 31, 2020.\* HealthEquity will determine if additional extensions are needed once an end date has been communicated regarding the national emergency.
- If prefunding for the prior plan year has already been returned to you, HealthEquity will not request the prefund be returned. Instead, we will send an invoice to you in the event we need to pay additional claims during the extended runout period.

#### Deadline adjustments

- The member website will be updated with a message displaying the claim-by date and a disclaimer that the date is subject to change based on federal guidance.
- HealthEquity will adjust the runout dates according to guidance rules when the national emergency period is declared over, and communicate this date to Clients via compliance alert.
- The extension of special enrollment dates (in the case of events like marriage, divorce, birth and adoption) will be supported via the standard enrollment method.

#### Premiums and Carryovers

- For those with individual coverage under an HRA plan, HealthEquity will not deny premium payments made before the beginning of the plan year.
- Carryover amounts that have been transferred to the new plan year will not be automatically rolled back.

#### IRS Notice Optional Provisions

- HealthEquity will be sending you a survey in the next few days related to the optional provisions included in the IRS Notices. You may adopt any or none of these additional provisions. A plan amendment will be required for any optional changes selected, including:
  - Increasing the FSA carryover limit to \$550
  - Adopting mid-year election changes related to your Section 125 Health Plan, Health FSA, or Dependent Care election changes.
  - Extending the coverage period from the standard 2 months and 15 days to a deadline of December 31, 2020
    - If this provision is adopted, Clients should make sure that adding a grace period does not adversely impact their employees' ability to contribute to their HSAs.

*\* All employer sponsored plans (ESPs) and DCFSA plans will be excluded from the automated runout extension update. Any changes to ESP or DCFSA plan runout dates can be managed through your HealthEquity contact.*

**HAVE QUESTIONS?** Reach out to your HealthEquity contact by phone or email.