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For plan years beginning on or after January 1, 2025, employers that took advantage of temporary relief to offer free (or reduced cost) telehealth or other remote care services to participants in a high-deductible health plan (“HDHP”) before the minimum IRS deductible is satisfied should discontinue doing so in order to preserve HSA eligibility.

## Background

To be HSA-eligible, in part, individuals cannot have access to first-dollar healthcare coverage (with a few limited exceptions such as for preventive care items and services).

During the COVID-19 pandemic, the federal government enacted a series of laws to encourage the use of telehealth and other remote care services. The last in this series of federal laws, the Consolidated Appropriations Act of 2023, provided that for an HDHP’s plan years beginning before January 1, 2025:

- a plan shall not fail to be a high deductible health plan if free or reduced cost telehealth or other remote care services are offered before satisfaction of the IRS minimum deductible; and
- coverage for telehealth or other remote care services is disregarded for purposes of determining HSA eligibility.

The relief has been optional; employers have not been required to offer free or reduced cost telehealth or other remote care services as part of an HDHP’s plan design. However, for employers that continued to offer such first dollar coverage, this relief will expire with the first plan year on or after January 1, 2025. It’s not likely that this relief will be extended again. Earlier efforts to make the relief permanent or extend it again did not gain much traction.

Under a somewhat related topic, as a reminder, telehealth (and other remote care services) should only be offered to medical plan participants.

## Employer Action

Employers with an HSA-compatible HDHP that currently offers free or reduced cost telehealth or other remote care services should:

- Ensure the arrangement is HSA-compatible for the first plan year that begins on or after January 1, 2025.
  - When there is a separate telehealth (or remote care services) vendor, this will include charging the fair market value for any non-preventive services provided before the minimum deductible is satisfied.
  - When telehealth (or remote care services) is part of the medical plan, this will include charging the full contracted rate for any non-preventive services provided before the minimum deductible is satisfied.
- Communicate the change to participants in connection with open enrollment.