

COVID-19 Home Test Kits Reimbursable under FSAs, HSAs

Under new guidance issued by the IRS, at-home COVID-19 testing kits will be considered a reimbursable medical expense under the three main health care savings vehicles offered to employees.

This new guidance adds to the list of personal COVID-19-related expenses for which employees can seek reimbursement under:

- Health savings accounts
- Health reimbursement arrangements, and
- Flexible spending accounts.

This is good news as these home tests become more common during this stretch of the pandemic.

The IRS earlier announced that personal protective equipment for use in preventing infection and spread of COVID-19 is also reimbursable by HSAs, FSAs and HRAs. That includes:

- Masks,
- Sanitary wipes, and
- Hand sanitizers.

What to do

If you offer one of the above savings vehicles, you may need to amend your group health plan's language, unless the plan is drafted to reimburse all IRS-permitted expenses. In that case, you can leave it as is.

If, however, the plan lists all permitted expenses, you'll need to amend it. If you plan to set the effective date for 2021, say Sept. 15, you should make the amendment no later than Dec. 31, 2021 for it to be effective.

Regardless of whether you have to change the plan or not, you should notify all participating staff of the change so they can take advantage of their plan if they need to.

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