

COVID-19 CARES ACT UPDATES

On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) to provide \$2.2 trillion in federal funding to address the COVID-19 crisis.



THE CARES ACT REPEALS THE ACA'S "MEDICINE CABINET TAX", ALLOWING INDIVIDUALS TO USE THEIR MEDICAL SPENDING ACCOUNT TO PURCHASE OVER-THE-COUNTER PRODUCTS AND MEDICATIONS.

The CARES Act allows over-the-counter (OTC) drugs to be purchased on a pre-tax basis for employees on an Health Reimbursement Arrangement (HRA, if applicable), HSA or FSA.

Some examples of allowed OTC items are:

- ✓ Cough medicines
- ✓ Cold medicines
- ✓ Allergy medicines
- ✓ Pain relievers, such as acetaminophen

Menstrual products are also now eligible and **would include products such as, but not limited to:**

- ✓ tampons
- ✓ pads
- ✓ liners
- ✓ cups

The changes are permanent and will remain after the Coronavirus has been contained.

For more information, please see [irs.gov](https://www.irs.gov) and find Section 125 eligible expenses.

WHAT DOES THIS MEAN FOR DEPENDENT CARE?

Unlike Health FSAs, the provisions of the IRS regulations about Dependent Care Assistance (DCA) are competitively more permissible, enabling participants to make changes in their payroll contribution amounts as the daycare services utilized may change during the plan year.

Unless the employer has deliberately specified otherwise and limitations are written in the plan documents, DCA participants are not limited to only the occurrence of traditional status changes to make midyear adjustments any time to their annual election amounts for DCA.



Please note, it is the responsibility of the DCAP participant to inform the employer, or plan sponsor, about any permissible change occurrences and to request modification of their annual election, resulting in a payroll contribution change.

You should follow the protocol for submitting a claim for reimbursement or use of your medical spending account as set forth by your plan's guidelines. For more information on your medical spending account, please contact your plan administrator.