



The New COVID Relief Bill:

What it Means for your Health Plan

January 2021

Seyfarth Shaw LLP

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Agenda

- 01** COVID Stimulus Bill – Welfare Provisions
- 02** COVID Stimulus Bill – Other Provisions of Note
- 03** Vaccine Considerations
- 04** Q&A

Housekeeping



The New COVID Relief Bill: What it Means for your Health Plan

The presentation is scheduled to last approximately 60 minutes.



Presentation materials

The slide deck is available in the Handouts section of your control panel.



Questions

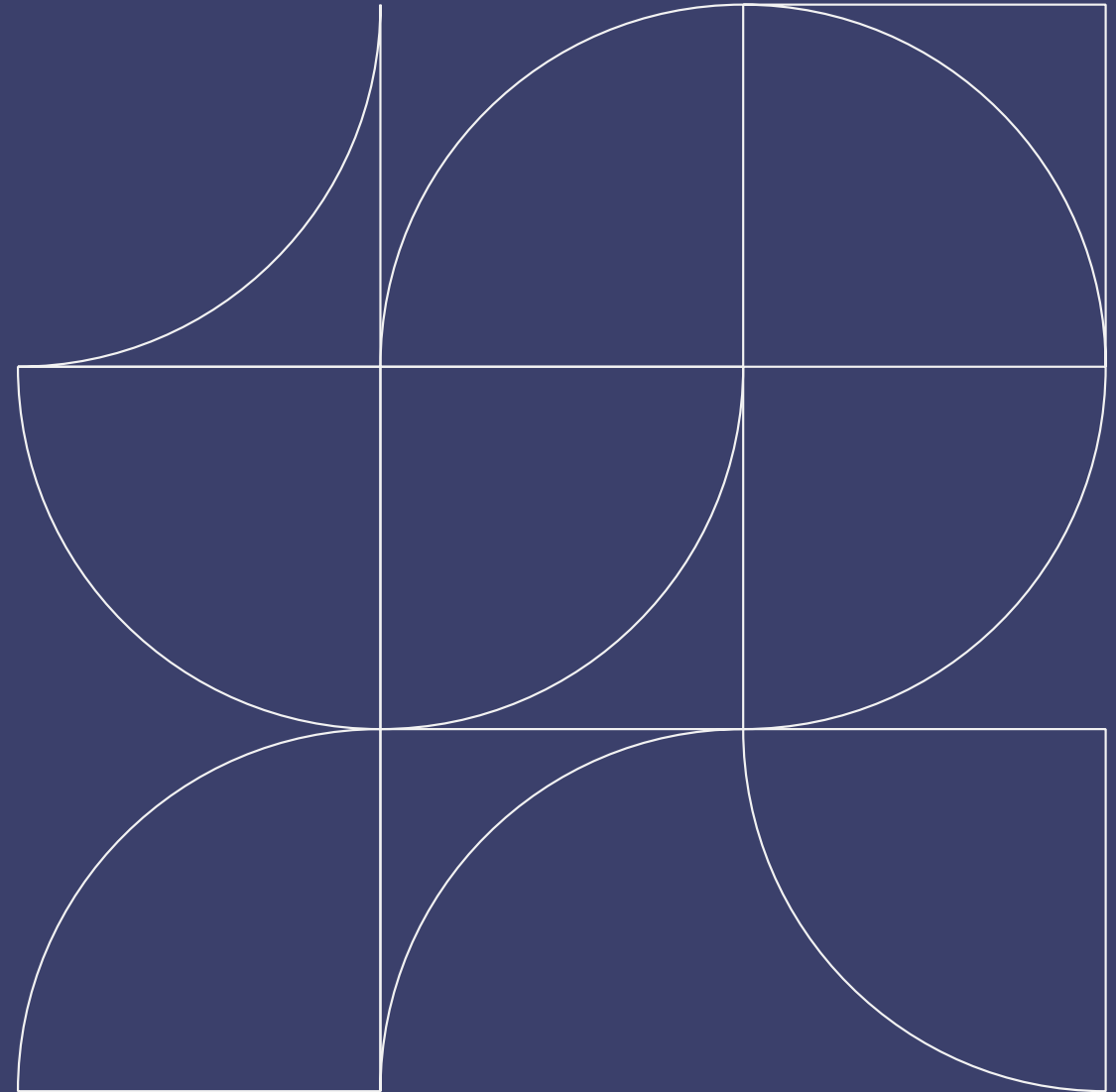
Type questions in the Questions box of your control panel.



Recording

The recording and slides will be emailed to you following the webinar.

COVID-19 Stimulus Bill: Welfare Benefit Provisions



Increased Flexibility for Health and Dependent Care Flexible Spending Accounts

Current Rule

- *Health FSAs*
 - Carryover (full year, capped at \$550) *or*
 - Grace Period (2.5 months, full balance)
- *Dependent Care FSAs*
 - Grace period (2.5 months, full balance)

vs.

New Rule (Through 2022)

- *Health FSAs*
 - Carryover (full year, full balance) *or*
 - Grace Period (full year, full balance)
- *Dependent Care FSAs*
 - Carryover (full year, full balance) *or*
 - Grace Period (full year, full balance)

Increased Flexibility for Health and Dependent Care Flexible Spending Accounts

- Open season on mid-year election changes
 - FSAs only
 - Can implement guardrails
- Permitted health FSA continuation for former participants
 - Allows spend down of accumulated balance without COBRA election
- Temporary increase of dependent care FSA age from 13 to 14 *but only for purposes of 2020 funds*
- Other Considerations:
 - All changes *optional*
 - Cafeteria Plan must be amended by end of next plan year (e.g., if carryover permitted from 2020, deadline is end of 2021 plan year)

No Surprises Act



Bill covers three scenarios:

1. Emergency services at non-network facilities
2. Services at in-network facilities rendered by non-network providers
3. Non-network air ambulance services

No Surprises Act



Payment parameters:

- Cost-sharing capped at in-network levels, with rate calculated at median in-network payment amount
- Plan must pay or object within 30 days of billing
- Participant cost-sharing must count toward deductible, out-of-pocket maximum

If payment rate is disputed, independent third-party decides

Mental Health Parity Testing Required



- Mental Health Parity Act requires parity in coverage between medical/surgical v. mental health/substance abuse
- Rules always required plans to “test” to determine compliance, but in practice few plans did
- COVID relief bill adds teeth, requires testing results to be produced to government agencies upon request beginning as of February 10, 2021

Transparency Rules



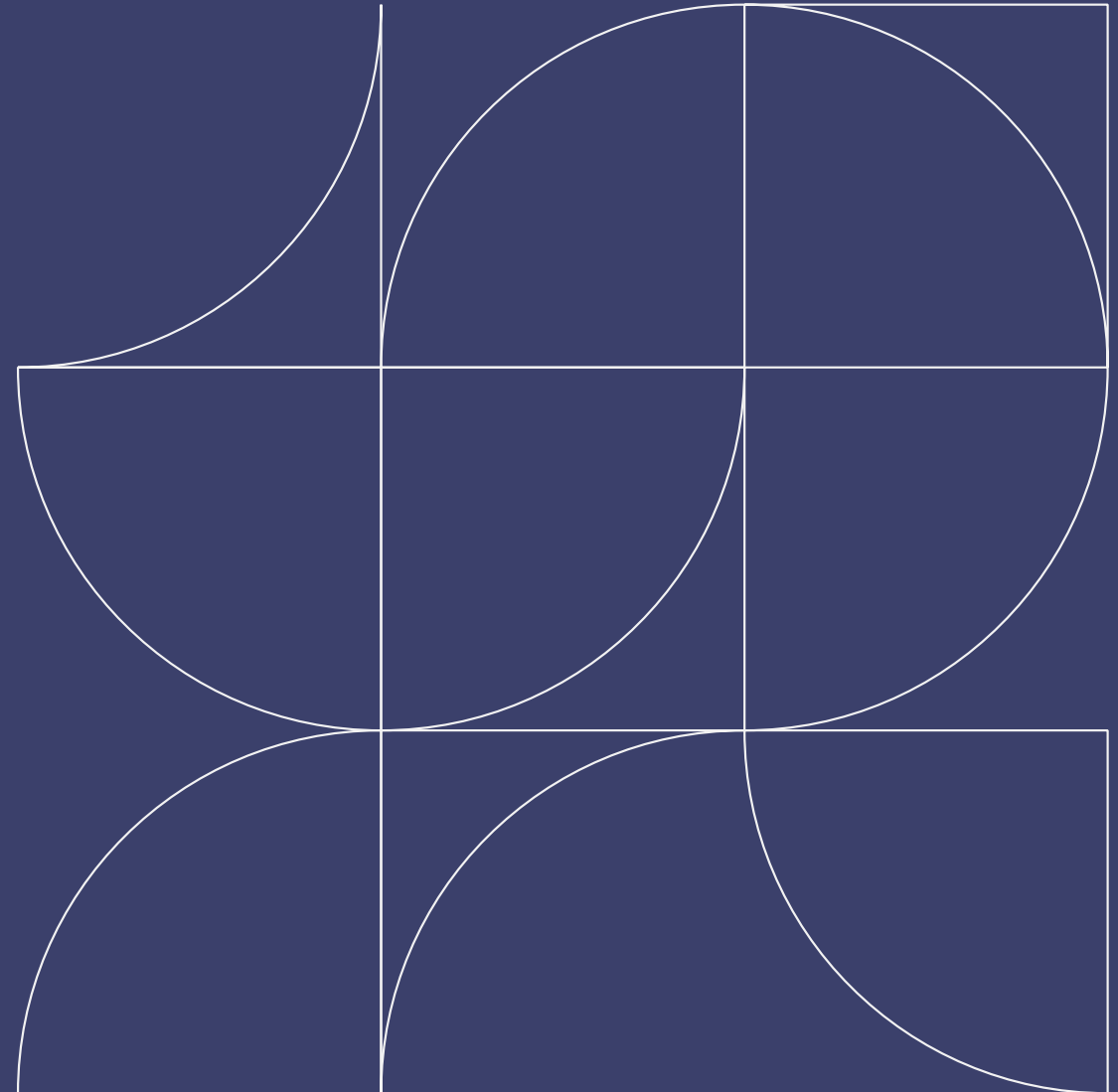
- Prohibition on “gag clauses” & required compliance attestation
- New ID card requirements
 - Deductibles/OPX
 - Telephone & website for more information
- Requirement to provide estimate of service costs
- If provider drops from network, must inform participants and allow participant to continue care
- Generally effective in 2022

Pharmacy Reporting



- Generally starting in 2022, plans must report to agencies the following:
 - Plan year dates
 - # of Enrollees
 - Top 50 brand Rx drugs (and total claims paid)
 - Top 50 most costly Rx drugs (and total claims paid)
 - Top 50 Rx drugs measured by year-over-year cost increase
 - Average monthly premium (participant premium and COBRA rate)
 - Impact of Rx rebates on premiums and other drug costs
- Agencies will accumulate and post info to the public

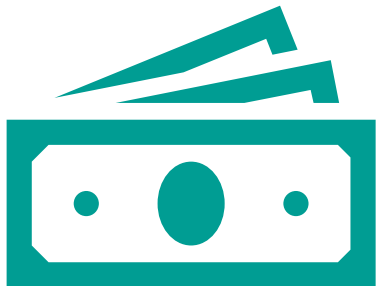
COVID-19 Stimulus Bill: Other Provisions of Note



Stay in the Know!!

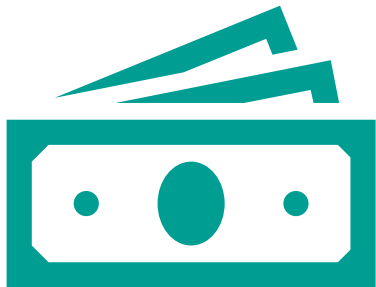
- Retirement Plans
 - Relaxation of Hardship Distribution & Loan Guidelines
- Welfare Plans
 - New Fee Disclosure Rules
- Student Loans
 - Tax-Free Employer Student Loan Payment up to \$5,250/year
- Deductibility of Medical Expenses
 - Makes permanent individual tax deduction for medical expense above 7.5% of income

In-Service Distributions – Non-COVID Disaster Relief



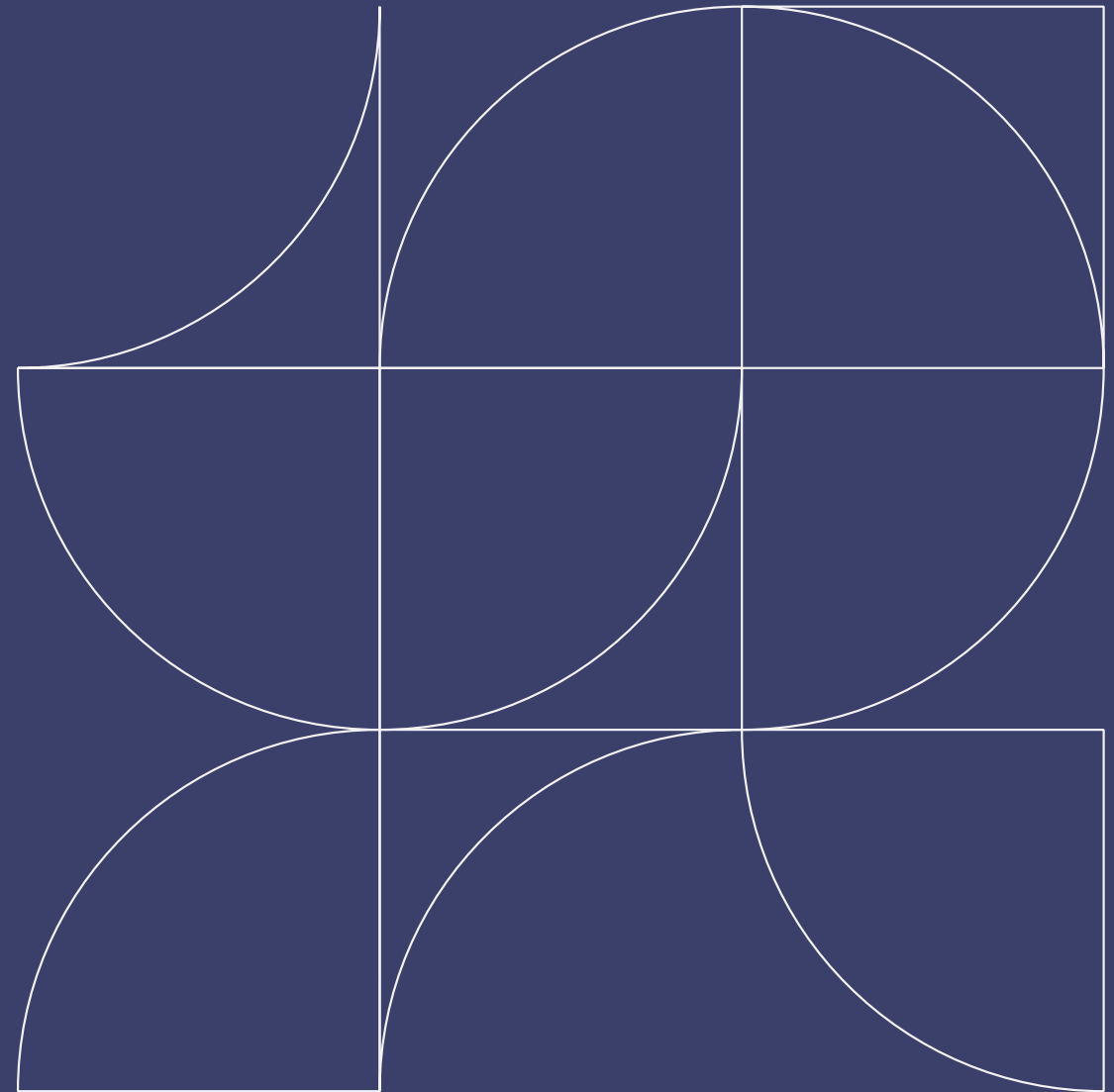
- Qualified Disaster Distributions
 - Qualified individuals can avoid penalty and limit tax impact on qualifying distributions
 - Amounts up to \$100,000
 - Applies to distributions through June 25, 2021
 - Participant can repay to avoid taxes or can spread taxes out over three year period
- Repayment of Hardship withdrawals
 - Withdrawals initially taken for principal home purchase (but unable to use due to disaster) can be repaid to plan to avoid taxation
 - Repayment due no later than June 25, 2021

Loans – Non-COVID Disaster Relief



- Increase on plan loan limits for qualified individuals
 - Lesser of \$100,000 or 100% of vested balance (doubles the prior limits)
 - Applies to loans made before June 25, 2021
- Extension of loan repayment window
 - One-year delay on loan repayments due during disaster window (beginning with Federal declaration and running through June 25, 2021)
 - Loans reamortized upon recommencement after grace period
- Only applies to participants who experienced “economic loss” as a result of the disaster
- More information at [Stimulus Redux: What It Means for Retirement Plans | Seyfarth Shaw LLP](#)

Vaccine Considerations



Vaccine Rules for Health Plan Participants


- Health plans must cover vaccines at no cost for all plan participants.
 - Includes associated costs (injection fee/administration charge)
- During Public Health Emergency, plans must also cover non-network vaccinations with no cost-sharing (priced at reasonable amount based on prevailing market rates)
- Mandate does not apply to grandfathered health plans
- Mandate does not apply to retiree-only plans (but does apply to retiree plans bundled with active plans)



Vaccine Rules for Non-Health Plan Participants

- Voluntary vaccination program for non-health plan participants could create ACA issues (no issue for mandatory programs)
- Solution:
 - Bundle with EAP or onsite clinic
 - Consider HIPAA privacy concerns (still considered subject to HIPAA privacy)
- Consider wellness rules associated with vaccine incentives





Q&A

Save the date!

**Upcoming webinar on
the new proposed
wellness regulations
1/27/21 @ 2pm EST**

**thank
you**

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