

Clarity Benefit Solutions Broker Update

In our April 3rd communication, we promised to share updated information regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act that Congress passed by Congress on March 27, 2020.

As you recall, this act means two very beneficial changes for those with a Clarity HSA or FSA:

1. **Over-the-Counter (OTC) medications are now FSA- and HSA-eligible.** *OTC medicines like Tylenol®, Zyrtec® and more will now be available for purchase with an FSA or HSA without a prescription.*
2. **Menstrual care products are now FSA- and HSA-eligible.** *Menstrual care products, such as tampons and pads, are now considered qualified health expenses with your FSA or HSA.*

We believe these revolutionary changes make the Clarity FSA and HSA plans even more beneficial to your clients. We hope you see this expansion as another reason to promote the adoption of a FSA or HSA. Additionally, this could be a good time to remind your clients that their employees can always increase their HSA elections.

New OTC Site Coming April 15:

We are happy to share with you that our partners at FSA Store and HSA Store are launching a [FSA OTC Site](#) and a [HSA OTC site](#) this Wednesday, April 15. These sites will make it possible for your clients and their employees to search for eligible OTC products and purchase these products online using their Clarity FSA or HSA cards.

We have shared this news with our clients, but we encourage you to share it with your clients as well. And, please remind your clients to check our [COVID-19 Update Site](#) often. We post all updates to this page.

You can also share other recent updates with your clients:

- [Clarity Care Account](#) – a new way for employers to provide financial support during the COVID-19 pandemic to their employees under Section-139 of the IRS code
- [Clarity Benefit Updates](#) – an overview of updates and changes to HSA, FSA, HRA, Commuter and COBRA plans during this pandemic.

Once these new OTC sites are live on Wednesday, we will also share the links with all our participants via email.

Please note: Feminine care products now eligible under this act will go live on these sites by the end of the April.

A Little Background on The CARES Act:

- **Where it all started.** Since 2011, two notable product exceptions remained that were a source of major confusion for account holders: OTC medicines like Tylenol®, Zyrtec® and more required a prescription from a doctor, while menstrual care products like tampons and pads were notably absent from full eligibility.
- **Playing by the rules.** The Internal Revenue Service (IRS) ultimately holds control over which products and services fall under the definition of “medical care” (IRS Tax Code 213(d)), but legislation can also change what is constituted as eligible. According to IRS Tax Code 213(d), the term 'medical care' means “amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.” One could make an argument that menstrual care products could fall under these guidelines, but historically the IRS treated them as “general health” items, and therefore not medically necessary. In 2011, The Patient Protection and Affordable Care Act (PPACA) instituted the biggest change in product eligibility since these accounts were created: requiring prescriptions for reimbursement of OTC medicines.
- **What changed?** In response to the devastating and ongoing COVID-19 pandemic, Congress officially passed the CARES Act, providing economic relief for millions of Americans. This legislation included two important provisions that are vital for FSA and HSA users: the repeal of the requirement to obtain prescriptions for OTC medicines, and making menstrual care products eligible for the first time. The full text of the bill can be found [here](#).

As always, thank you for giving us the opportunity to be your benefits provider. In these uncertain times we hope to provide you with the Clarity you need.

Sincerely,
Bill Catuzzi, CEO

Sources:

<https://fusion.tv/story/581545/how-much-your-period-costs/>

<https://www.irs.gov/pub/irs-pdf/p502.pdf>

<https://www.congress.gov/bills/116/congress/senate-bill/3548/text>

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