



Benefits Administration Letter

Number: 20-802

Date: May 15, 2020

Subject: Update on Qualified Medical Expenses under CARES Act and Reminder about Dependent Care Flexible Spending Account Qualifying Life Event

Purpose

We write with an update to qualified medical expenses for use with health care flexible spending accounts (FSAs), health savings accounts (HSAs), health reimbursement arrangements (HRAs) under certain FEHB plan options and a reminder about the Federal Flexible Spending Account (FSAFEDS) Program.

Update: Certain over-the-counter (OTC) drugs and medications, as well as menstrual care products, are now considered qualified medical expenses, without the need for a physician prescription. You may use HSA, FSA or HRA funds to pay for these products. For more information on OTC products and other eligible health care expenses, refer to IRS Publication 969 or go to the IRS website at www.irs.gov.

Reminder: Dependent Care Flexible Spending Account (DCFSA) participants may increase or decrease their election, if they experience an eligible Qualifying Life Event (QLE).

Background

Public Law 116-136, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, includes two significant changes that affect participants with an FSA, HSA or HRA and apply to expense amounts incurred after December 31, 2019.

- Over-the-counter drugs and medications can be reimbursed through a healthcare FSA, HSA or HRA without a doctor's prescription.
- HCFSA, HSA and HRA funds can now be used for menstrual care product purchases.

Since inception of FSAFEDS, DCFSA participants have had the option to increase their election due to an eligible QLE through September 30 of the calendar year and decrease their election due to an eligible QLE throughout the year. The closing of a child/elder care facility or program, as a result of the call for social distancing, meets one of the program's qualifying life events: a childcare/elder care provider's cost or coverage changes.

- Note: The request must be consistent with the reason for the change. For example, if the dependent care provider is no longer providing care, the election can be reduced.

Similarly, if the participant needs supplemental child or adult care, due to an increase in hours worked, the participant can increase the DCFSA election.

Decreasing DCFSA Election

If a participant who is paying for childcare/elder care experiences a decrease in cost, a request to decrease the DCFSA election can be submitted. The new election cannot be less than the expenses for which the participant has already been reimbursed or less than the amount already contributed to the DCFSA account. The participant can submit a QLE anywhere from 31 days before to 60 days after the date of the event. If this situation changes, he or she can again submit a QLE to increase that election for the rest of the plan year on or before September 30th.

Increasing DCFSA Election

If the cost for dependent/elder care increases, an employee may elect to participate or a participant may increase their DCFSA election for the plan year. This election or change must be made on or before September 30th.

Participants may submit a [QLE](#) in their online account at www.FSAFEDS.com or by calling 1-877-FSAFEDS (372-3337). Please also call 1-877-FSAFEDS (372-3337) for questions and additional information regarding these FSAFEDS Program changes.

For questions concerning this Benefits Administration Letter, please email FSA@opm.gov

Sincerely,

Laurie Bodenheimer
Acting Director
Healthcare and Insurance