

PPE Costs Can Be Reimbursed from Health FSAs, HRAs and HSAs

The IRS recently announced that the costs of masks, hand sanitizers and other “personal protective equipment” (PPE) used for the primary purpose of preventing the spread of coronavirus are qualifying medical expenses under Internal Revenue Code section 213. Accordingly, these costs can be reimbursed from an employee’s health flexible spending account (health FSA), health care reimbursement account (HRA) or health savings account (HSA).

Employers who sponsor health FSAs or HRAs should review the plan documents for these account-based health benefit arrangements to determine if they should be amended to specifically permit reimbursements for PPE. In its recent guidance, the IRS stated that FSAs and HRAs may be so amended to cover PPE costs for any period beginning on or after Jan. 1, 2020, as long as the plan has been operated consistently with the change and the amendment is in place before the end of the calendar year following the year for which the change is first effective. For example, if a health FSA is amended to permit PPE reimbursements effective Jan. 1, 2020, the amendment must be adopted by Dec. 31, 2021. No retroactive amendment may be adopted later than Dec. 31, 2022.

If you have any questions, please contact [Robert Patterson](#), any [attorney](#) in our [Employee Benefits and Executive Compensation practice](#) or the attorney at the firm with whom you are regularly in contact.

