

News

Zack Hoffmann-Richards Joins PLANSPONSOR 2021 HSA Conference to Discuss Health Savings Accounts

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Associate Zack Hoffmann-Richards participated in PLANSPONSOR's virtual 2021 HSA Conference on April 13, 2021. In the article "How HSAs Work", PLANSPONSOR provides a recap of his panel, "Rules and Regulations: Issues With HSAs" where he discussed why he favors HSAs, what new expenses the IRS permits HSAs to cover, when HSAs are granted safe harbor from ERISA, and more.

"[HSAs] decrease employer and employee income and payroll taxes," Hoffmann-Richards said. "Employer contributions are exempt from federal income and employment taxes, and, unlike FSAs and HRAs, employers are not required to determine if employees use their HSA contributions for qualified medical expenses because the account is the property of the account holder, who is responsible for its management. If the account holder distributes money from the account for non-medical expenses under the age of 65, that money will be subject to income tax and a 20% penalty. Only if the account holder is disabled or 65 and older will those fees not apply."

The IRS also permits HSA holders to make a one-time transfer from a traditional individual retirement account (IRA) or a Roth IRA to an HSA, he continued. "However, both accounts must be owned by the same individual, and they must be eligible to contribute to an HSA for that year."

Hoffmann-Richards said IRS Publication 502 contains all the details about what medical expenses an HSA can cover. Recent changes the IRS made now allow for HSAs to cover COVID-19 testing and treatment, telehealth services and over-the-counter ("OTC") drugs and medicines, even if they are not prescribed, as well as menstrual care products and insurance premiums, he said.

Finally, Hoffmann-Richards noted that HSAs are generally not subject to the Employee Retirement Income Security Act (ERISA). "The DOL [Department of Labor] issued two Field Assistance Bulletins granting sponsors safe harbor from ERISA if the establishment of the HSA is completely voluntary," he said.

To read the article, [click here](#).