

## PPE Now FSA/HSA Eligible

On Friday, March 26, 2021, the IRS released [Announcement 2021-7](#), which states that amounts paid for personal protective equipment (PPE) used for the primary purpose of preventing the spread of COVID-19 now qualify for medical care under § 213(d) of the Internal Revenue Code. This means that amounts paid by an individual taxpayer for COVID-19 PPE for use by the taxpayer, the taxpayer's spouse, or the taxpayer's dependent(s) that are not compensated for by insurance or otherwise are deductible under § 213(a) provided that the taxpayer's total medical expenses exceed 7.5 percent of adjusted gross income.

Additionally, due to the fact that these expenses now qualify under § 213(d) of the Internal Revenue Code, they are eligible for reimbursement under a Health Flexible Spending Account (FSA) plan and Health Savings Account (HSA). The examples of PPE included in the announcement included masks, hand sanitizer, and sanitizing wipes. Further, the Announcement indicates that expenses incurred on or after January 1, 2020 would qualify as eligible.

For employers where Sentinel Benefits administers the FSA plan, no action is needed at this time. While some plans may require an amendment to the Section 125 Plan Document depending on how eligible expenses are defined, for many this update will be automatic given that most Plan Documents reference the general definition of IRS Code Section 213(d). For those employers, employees may begin submitting these expenses immediately for reimbursement. It will take time for retailers to update their product lists to begin to accept Benny Cards for these expenses, so for now eligible expenses paid for out-of-pocket can be reimbursed via an online, mobile, or traditional claim.

In the coming weeks, Sentinel will send communications directly to FSA and HSA participants informing them of these newly eligible items. In the interim, if you have questions, please contact your Sentinel FSA/HSA Account Manager directly.

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