

IMPORTANT COVID-19 UPDATE

SENATE REPUBLICANS RELEASE PANDEMIC RESPONSE BILL

The US Senate Republican majority issued their latest proposed pandemic relief and recovery legislation on July 27, 2020. Among other things, the proposal addresses aspects of previous relief packages set to expire on July 31st. Unveiled as the Health, Economic Assistance, Liability Protection and Schools (HEALS) Act, the measure is a collection of separate proposals prepared by the Senate Finance Committee, the Small Business Committee and the Health, Education, Labor and Pensions (HELP) Committee and other committees. The proposal as a whole is significantly narrower than the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act the House Democrats passed in May.

The differences between the two measures underscore the difficulty of compromise within the next few weeks before the scheduled August recess. With negotiations now beginning in earnest, we are monitoring these developments. The recently introduced HEALS Act includes the following health-related provisions:

- The measure provides a “Safe and Healthy Workplace” tax credit for employers. This refundable payroll tax credit equal to 50% of employer’s “qualified employee protection expenses” includes testing for COVID-19, personal protective equipment and cleaning supplies and “qualified workplace reconfiguration expenses” (capped based on the number of employees).
- The Act permits plan participants with health and dependent care flexible spending arrangements to carry over balances from 2020 to 2021.
- Large employers will be allowed to offer telehealth as an excepted benefit to employees who are not eligible for their employer’s health coverage. This provision expires for plan years beginning on or after January 1, 2022, or plan years beginning on or after when the public health emergency ends, whichever is later.

- Individuals with access to an employer on-site clinic that provides a variety of specified medical items and services (including management of chronic conditions or diseases, preventive care for chronic conditions, and testing, vaccines and treatment for COVID-19) would not be precluded from contributing to a Health Savings Account (HSA) through December 31, 2021.

Although the Senate has yet to take action on the HEALS Act, the pace of negotiations has quickened, both with Senate Democrats and leadership of the House of Representatives. There is pressure to come to an agreement before Congress begins its August recess. We are following these developments and will provide further updates as warranted.

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