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Guest Column: Compliance FYI - One Big Beautiful Bill Act Employee Benefits Provisions

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On Friday, July 4, 2025, President Trump signed the "One Big Beautiful Bill Act" (OBBB) into law. The OBBB is a sweeping piece of legislation with provisions impacting numerous topics ranging from taxation to defense. Included in the OBBB are several changes to employee benefits that plan sponsors would be well served to review.

First Dollar Telehealth Coverage and Health Savings Accounts (HSAs)

Plan participants in qualified high-deductible health plans (HDHPs) who receive telehealth or other remote care services will be able to contribute to their HSA prior to satisfying the applicable minimum deductible (also known as "first dollar coverage").

First dollar telehealth coverage for HDHPs had been temporarily permitted during the COVID-19 pandemic but the relief expired at the end of 2024. This change is retroactive and applies to plan years beginning after December 31, 2024 (i.e. January 2025). HDHPs beginning in 2025 that provide first dollar coverage for telehealth and other remote care services will not fail to be a qualified HDHP simply due to that coverage.

Direct Primary Care Arrangements and Health Savings Accounts

Starting January 1, 2026, coverage by certain direct primary care (DPC) arrangements will no longer be treated as "other impermissible health coverage" for HSA eligibility purposes. This means that an individual can be covered by a DPC arrangement and make and receive HSA contributions even if the DPC arrangement provides benefits prior to the satisfaction of the minimum HDHP deductible.

For HSA eligibility purposes, a DPC arrangement is defined as an "arrangement under which such individual is provided medical care… consisting solely of primary care services provided by primary care practitioners… if the sole compensation for such care is a fixed periodic fee." The DPC arrangement also cannot charge more than **$150 per month for individual coverage or $300 per month for family coverage.**

Notably, DPC arrangements cannot provide the following for purposes of this exception:

- services that require the use of general anesthesia,
- prescription drugs (other than vaccines), and
- laboratory services not traditionally administered in an ambulatory primary care setting.

If a DPC does provide any of these three types of services, it would be "other impermissible coverage" and individuals would be ineligible to make HSA contributions if covered by such an arrangement.

In addition, DPC fees will be a qualified medical expense that can be paid with HSA funds tax-free.

Bronze/Catastrophic Marketplace Coverage and Health Savings Accounts

Starting January 1, 2026, all bronze and catastrophic level plans available on the Health Insurance Exchange or Marketplace will be considered qualified HDHPs, regardless of whether the bronze or catastrophic plan otherwise meets qualified HDHP requirements.

Dependent Care Flexible Spending Account (FSA) Limit Increase

Dependent care FSA contribution limits increase to $7,500 ($3,750 for a married couple filing separately) up from $5,000 ($2,500 for a married couple filing separately) for tax years beginning after December 31, 2025. Employers that sponsor dependent care FSAs and wish to allow employees to contribute up to the new limit should ensure that their dependent care FSA plan documents are up to date and permit the increased contribution limit.

Key Takeaways

The One Big Beautiful Bill Act makes several important changes to HSAs and increases the available benefit under a dependent care FSA. Employers, as plan sponsors, should review the changes under the OBBB and determine what impact, if any, they have on the benefits they offer or their employee benefits strategy.

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EDUCATION EVENTS

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WHA Financial Workshop

Aug. 26, 2025
Infection Prevention and Antibiotic Stewardship

Sep. 17, 2025
2025 Annual Wisconsin Organization of Nurse Leaders Conference