

## ONE BIG BEAUTIFUL BILL ACT (OBBA)

The massive budget reconciliation bill known as the One Big Beautiful Bill Act (OBBA) was signed into law by President Trump on July 4, 2025. As with many such budget bills, there were various employee benefits provisions tucked into its depths, including changes for health savings accounts (HSAs), dependent care assistance programs (DCAPs), student loan payments under educational assistance programs, and qualified transportation plans. The benefit-related changes are summarized below.

### Health Savings Accounts (HSAs) – IRC §223

#### Summary of OBBA Changes

- Telehealth – For plan years beginning in 2025, telehealth may be offered with no cost-sharing without impacting HSA eligibility.
- Direct Primary Care – For plan years beginning in 2026, certain direct primary care (DPC) arrangements may be offered with no cost-sharing without impacting HSA eligibility. Additionally, HSA funds can now be used to reimburse any fees paid for such arrangements.
- Marketplace Plans – Beginning in 2026, bronze-level and catastrophic individual plans purchased through the Marketplace will be treated as high-deductible health plans (HDHPs) and allow for HSA eligibility, regardless of plan design. Because this change only affects individual policies, it will have little impact on most employer plans other than those employers offering an ICHRA or QSEHRA.

Only eligible individuals can make contributions to their HSA account. To be eligible to contribute to an HSA, an individual:

- Must be enrolled in a qualifying HDHP;
- May not have any other “disqualifying coverage”; and
- Cannot be claimed as a tax dependent by another individual.

Medical plans that cover non-preventive care before the individual meets the minimum statutory HDHP deductible generally cause a loss of HSA eligibility, but there are now specific exceptions for telehealth and certain DPC arrangements.

#### *Telehealth – Beginning in 2025*

To encourage individuals to avoid hospitals when appropriate during the COVID-19 health crisis, Congress passed relief permitting plans to cover telehealth and other remote care services before a participant satisfied the HDHP's deductible without impacting HSA eligibility. Since that time, such relief

has been extended on multiple occasions, but the most recent relief expired at the end of 2024 plan years. The OBBBA has now made this relief permanent. Retroactive back to the beginning of 2025, which is when the relief expired for calendar year plans, coverage for telehealth and other remote care services that is available with reduced or no cost-sharing will not affect individuals' eligibility to contribute to an HSA.

#### *Direct Primary Care (DPC) – Beginning in 2026*

Historically, it has been unclear how access to DPC impacted eligibility to contribute to an HSA. Most assumed that access to DPC prior to the minimum HDHP deductible interfered with HSA eligibility. Beginning in 2026, participation in DPC arrangements that meet the following requirements will not cause a loss of HSA eligibility:

- The DPC must be subject solely to a fixed monthly fee of no more than \$150 for an individual or \$300 for more than one individual (subject to annual indexing); and
- The DPC must involve medical care provided by a primary care practitioner. Procedures that require the use of general anesthesia, prescription drugs (other than vaccines), and laboratory services not typically administered in an ambulatory primary care setting do not qualify as primary care.

In addition, fees paid for such DPC arrangements are treated as eligible medical expenses for purposes of HSA reimbursement.

#### *Dependent Care Assistance Programs (DCAPs) – IRC §129*

##### Summary of OBBBA Changes

- Beginning in 2026, the maximum annual reimbursement limit is increased from \$5,000 to \$7,500 (or \$3,750 for married individuals filing separately). This amount is still not indexed for inflation, meaning it will remain at \$7,500 until Congress changes the limit again.


#### *Student Loan Payments – IRC §127*

##### Summary of OBBBA Changes

- Beyond 2025, employer student loan payments or reimbursements of up to \$5,250 (indexed annually) will continue to qualify for tax-favored treatment as a type of §127 educational assistance program.

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, employer payments of student loans were made excludable from employees' taxable income under §127 up through the end of 2025. The OBBBA makes this ability to treat student loan payments as an eligible expense under §127 permanent. In addition, the annual limit of \$5,250 for all §127 eligible expenses is now set to be indexed annually (previously fixed at \$5,250).

#### *Qualified Transportation Plans – IRC §132*



### Summary of OBBBA Changes

- Beginning in 2026, the ability to reimburse employees for bicycle commuting expenses on a tax-favored basis under §132 is permanently removed.
- Beginning in 2026, the method for determining the annual inflation amount for qualified transportation benefits under §132 is adjusted.

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