

IRS RELIEF FOR HDHPS COVERING COVID-19 TESTING AND TREATMENT COSTS

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Yesterday, the Internal Revenue Service (IRS) issued Notice 2020-15 announcing that a high deductible health plan's payment of COVID-19 (coronavirus) testing and treatment prior to satisfaction of the plan's minimum deductible will not affect its status as a high deductible health plan.

Pursuant to Section 223(c)(2) of the Internal Revenue Code, high deductible health plans generally must require covered individuals to satisfy minimum deductibles before the plan can pay for any medical care services and items (subject to certain limited exceptions such as preventive care) in order for the covered individuals to remain "eligible individuals" for health savings account (HSA) purposes. Under the relief provided in Notice 2020-15, this minimum deductible requirement will not apply to:

- Medical care services and items related to testing for and treatment of COVID-19. These services and items may, therefore, be provided without a deductible or with a deductible that is less than the otherwise applicable minimum deductible. For 2020, the minimum deductibles are \$1,400 for self-only coverage and \$2,800 for family coverage.
- Any COVID-19 vaccine developed in the coming months. The IRS included a reminder that vaccines will continue to be treated as preventive care to which the minimum deductible requirement does not apply.

This is welcome news for employers sponsoring high deductible health plans who have been exploring ways in which to help alleviate the financial obstacles that may prevent employees from getting tested or seeking treatment for COVID-19 as well as for individuals with fully-insured medical coverage in a state requiring (or moving to require) insurers to cover testing and treatment without cost-sharing (for example, Washington, New York, New Jersey and California). A growing number of insurance companies have also taken the initiative to cover COVID-19 testing without imposing any cost-sharing and are extending that option to the self-insured employer plans which they administer. Until the issuance of Notice 2020-15, it was unclear whether the COVID-19 test and

related treatment could be provided by a HDHP prior to satisfaction of the minimum deductible without adversely affecting individual's HSA-eligibility.

Employers sponsoring a HDHP or non-HDHP should review their plans and work with their insurance carriers and third party administrators to coordinate appropriate action items and communications relevant to changes in COVID-19 testing and treatment coverage.

RELATED PRACTICE AREAS

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MEET THE TEAM



Stephen J. Evans

St. Louis

steve.evans@bcplaw.com

[+1 314 259 2387](tel:+13142592387)

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