



Compliance Alert

IRS Announces that HDHPs Can Cover Coronavirus Testing at No Cost with No Effect on HSA-Eligibility

March 11, 2020

Background

As fears regarding Coronavirus continue to envelop the nation, some states have elected to take proactive measures to ensure that their residents have access to cost-free Coronavirus testing. Insurance regulators in five states (California, Maryland, New York, Vermont, and Washington) have now issued mandates that require insured policies issued in those states to offer Coronavirus testing free of charge. Specifically, health insurance policies offered in these five states must cover Coronavirus testing cost-free, without application of any deductibles, copays, or coinsurance.

Additionally, insurance regulators in Oregon have reached an agreement with several insurance carriers to waive costs related to testing. We expect other states will join in this trend over the coming weeks.

Finally, regardless of these state mandates, several major insurance carriers have opted to offer testing cost-free.

HDHP/HSA Eligibility

One of the lingering questions over the past few days has been whether or not high-deductible health plans (HDHPs) could cover the costs of Coronavirus testing on a first-dollar basis and whether, if they did, individuals who received that benefit would remain eligible to participate in a health savings account (HSA).

The Internal Revenue Service (IRS) today advised that HDHPs can pay for 2019 Novel Coronavirus (COVID-19)-related testing and treatment, without jeopardizing their status. This also means that an individual with an HDHP that covers these costs may continue to contribute to an HSA.

In Notice 2020-15, posted today on IRS.gov, the IRS said that health plans that otherwise qualify as HDHPs will not lose that status merely because they cover the cost of testing for or treatment of COVID-19 before plan deductibles have been met. The IRS also noted that, as in the past, any vaccination costs continue to count as preventive care and can be paid for by an HDHP.



Today's notice applies only to HSA-eligible HDHPs. Employees and other taxpayers in any other type of health plan with specific questions about their own plan and what it covers should contact their plan.

If you have any questions regarding HDHPs and HSA eligibility, please contact a member of your EPIC account team.

EPIC Employee Benefits Compliance Services

For further information on this or any other topics, please contact your EPIC benefits consulting team.

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