

Employee Benefits & Executive Compensation

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IRS Allows High-Deductible Health Plans to Cover the Full Costs of Coronavirus Testing and Treatment

By **Andrew E. Graw** and **Megan Monson**

On March 11, 2020, the Internal Revenue Service (IRS) issued Notice 2020-15 to clear up concerns about whether high-deductible health plans (HDHP) could cover all costs for testing and treatment of 2019 Novel Coronavirus (COVID-19).

In general, HDHPs are subject to strict requirements under Section 223(c)(2)(A) of the Internal Revenue Code (Code) that require covered individuals to be responsible for all medical expenses up to the applicable deductible. An exception exists for certain prevention and screening costs.

Notice 2020-15 provides that, until further guidance is issued, a HDHP may cover costs for testing and treatment of COVID-19 without a deductible or before the participant has met the plan's full deductible without being disqualified as a HDHP. Likewise, the relief will not disqualify a participant of a HDHP from being able to make contributions to a health savings account. This relief is intended to remove barriers for testing and treating COVID-19 and to avoid administrative delays and financial constraints that may prevent individuals

from seeking treatment during this public health emergency. Vaccinations will continue to be considered preventative care when determining whether a plan is a HDHP.

This guidance provides welcome relief to insurance carriers, as many insurance carriers have already started to waive copays for such coverage under the assumption that this would be viewed as preventative care. Sponsors of self-insured HDHPs will likewise welcome this relief, as it eliminates uncertainty around how they may help their participants cope with COVID-19. Individuals should consult their health plan provider to determine whether testing and treatment of COVID-19 is covered by their plan and, if so, at what cost.

Our Employee Benefits and Executive Compensation Practice Group will continue to monitor COVID-19 and how this may impact coverage and benefits available under health insurance arrangements. We will continue to provide updates as further guidance is issued.

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