

## IRS Grants COVID-19 Relief for High-Deductible Health Plans

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In response to the unprecedented public health emergency posed by the 2019 novel coronavirus (known as “COVID-19”), the Internal Revenue Service (“IRS”) issued [Notice 2020-15](#) (“Notice”) to allow a high-deductible health plan (“HDHP”) to permit testing for, and treatment of, COVID-19 without a deductible, or with a deductible below the minimum deductible for an HDHP. An HDHP is a health plan that satisfies requirements under [Section 223](#) of the Internal Revenue Code of 1986, as amended (“Code”), for employers offering health savings accounts (“HSAs”). Code Section 223 imposes strict requirements on HDHPs with respect to minimum deductibles and maximum out-of-pocket expenses, and these limitations were one of the biggest hurdles facing employers in waiving copays or cost sharing for COVID-19 testing and treatment under their HSA-HDHP arrangements.

In the Notice, the IRS indicates that all medical care services received and items purchased associated with testing for, and treatment of, COVID-19 that are provided by a health plan with no deductible, or with a deductible below the minimum deductible for an HDHP, will be disregarded when determining the status of the plan as an HDHP. The IRS states that the Notice provides *flexibility* to HDHPs to provide health benefits for testing for, and treatment of, COVID-19 without application of the deductible or cost sharing.

While the relief granted by the Notice is intended to avoid financial disincentives that might impede testing for, and treatment of, COVID-19, this relief does include certain limitations. For instance, the Notice provides that the relief is available “until further guidance is issued.” Accordingly, it appears that the relief is not intended to be permanent. Further, the IRS cautions that the Notice does not modify previous guidance related to the HDHP requirements in any manner other than with respect to the relief for testing and for treatment of COVID-19.

### What Employers Sponsoring HDHPs Should Do Now

To take advantage of the relief from Code Section 223 offered by the Notice, employers sponsoring HDHPs should:

- contact their HDHP providers, such as third-party administrators and insurers, to discuss implementation;

- work with their HDHP providers to identify those medical care services and items that are associated with testing for, and treatment of, COVID-19 to which the relief will apply (this identification process may require an employer to make determinations regarding the extent of the flexibility provided by the Notice); and
- to eliminate financial disincentives to testing and treatment, communicate these changes to HDHP participants as quickly as possible.

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