

# LEGAL UPDATE

## HDHPs Can Cover Coronavirus Costs Without a Deductible

On March 11, 2020, the Internal Revenue Service (IRS) issued [Notice 2020-15](#) to allow high deductible health plans (HDHPs) to pay for COVID-19 testing and treatment before plan deductibles have been met, without jeopardizing their status. The IRS also noted that any COVID-19 vaccination costs count as preventive care and can be paid for by an HDHP without cost sharing.

Effective March 27, 2020, the [Coronavirus Aid, Relief and Economic Security Act](#) (CARES Act) allows HDHPs to provide benefits for telehealth or other remote care services before plan deductibles have been met, for plan years beginning before Jan. 1, 2022.

### HDHP Coverage Requirements

Only individuals who are covered by HDHPs can make contributions to HSAs. To qualify as an HDHP, a health plan cannot pay medical expenses (other than preventive care) until the annual minimum deductible has been reached. IRS Notice 2020-15 and the CARES Act provide exceptions to this general rule to encourage testing for and treatment of COVID-19.

In addition, effective March 18, 2020, the [Families First Coronavirus Response Act](#) (FFCRA) requires group health plans and health insurance issuers to cover COVID-19 testing without imposing any cost sharing (such as deductibles, copayments or coinsurance) or prior authorization or other medical management requirements.

### Action Steps

Employers with HDHPs should consult with their plan's issuer or benefits administrator regarding their plan's benefits for COVID-19 testing and treatment.

### Key Points

- Employer-sponsored group health plans must cover COVID-19 testing, without imposing a deductible, copayment or other cost sharing.
- HDHPs can pay for COVID-19 testing and treatment before the deductible is met without jeopardizing their status as HSA-compatible.
- HDHPs can also pay for telehealth services before applying a deductible.

***According to the IRS, HDHPs can pay for COVID-19 testing and treatment before an individual has met the plan's deductible for the year.***

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