

IRS Issues Coronavirus Relief for High-Deductible Health Plans

Alert

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By Tom Dowling

On March 11, the IRS issued [Notice 2020-15](#). The new guidance permits high-deductible health plans (HDHPs) to pay for 2019 Novel Coronavirus (COVID-19) testing and treatment without a deductible (or with a deductible below the minimum annual deductible otherwise required), and without jeopardizing the plan's status as an HDHP. This is significant guidance for employers sponsoring HDHPs because it means that an individual with an HDHP that covers these costs on a first-dollar basis may continue to contribute to a health savings account (HSA) as an eligible individual.

As background, only certain eligible individuals are permitted to make deductible contributions to an HSA. Among other requirements, an eligible individual must be enrolled in an HDHP and have no disqualifying health plan coverage. HDHPs must in turn impose minimum deductibles established by law. As noted above, the new IRS guidance carves out an exception for COVID-19 testing and treatment, permitting such expenses to be covered with a reduced deductible or no deductible.

Employers should consider integrating these changes with existing coronavirus response efforts. Employers seeking to adopt changes in response to this guidance should reach out to experienced benefits counsel to discuss implications to their health plans, including required amendments.

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