

# COVID-19 Testing and Treatment Under HDHPs



It's rare when the IRS issues helpful, timely guidance for employers. However, just today the IRS has acted on requests from stakeholders for clarification on how employer-sponsored plans should be treating the benefits and costs of responding to the COVID-19 coronavirus.

On March 11, 2020, the IRS announced in [Notice 2020-15](#) that relief is being granted from certain requirements imposed upon High Deductible Health Plans (HDHP) in an effort to remove financial and administrative barriers to testing and treatment of the COVID-19 virus.

Under the IRS guidance, HDHPs may cover testing and treatment of COVID-19 without a deductible, or with a deductible below the required minimum deductible for HDHPs without jeopardizing their HDHP status under the Code. This means that tax-favored treatment of participants' HSA contributions is preserved as it relates to these COVID-19 costs.

As background, Internal Revenue Code 223 permits eligible individuals to deduct contributions to Health Savings Accounts (HSA) provided that they are covered under a HDHP, have no disqualifying coverage and meet certain other requirements. Generally, HDHPs may not provide benefits for any year until the individual meets the deductible for that year. Prior to meeting the minimum deductible, certain preventive care benefits fall under an existing IRS safe harbor. Until the IRS issued Notice 2020-15, it was uncertain whether testing and treatment of COVID-19 would fall under this safe harbor. The guidance allows flexibility for HDHPs to provide these important testing and treatment benefits without the application of a deductible or any cost sharing.

Notice 2020-15 applies broadly to "all medical care services and items purchased related to testing for and treatment of COVID-19" prior to satisfying the minimum deductible. This guidance does not modify any previous guidance with regard to other HDHP requirements other than with respect to testing and treatment of COVID-19.

[Contact Simkiss & Block](#) for a consultation if you want to learn more about how this guidance will impact your organization.