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Insights

IRS to Issue Guidance for High Deductible Health Plans in Light of COVID-19

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Today, the IRS published notice of upcoming guidance related to the impact on the qualification of high deductible health plans ("HDHP") under Section 223(c)(2)(A) of the Internal Revenue Code (the "Code") with respect to certain 2019 Novel Coronavirus (COVID-19) related testing and treatment expenses. Notice 2020-15 (the "Notice"), scheduled to be published on March 30, 2020 in Internal Revenue Bulletin 2020-14, provides that an HDHP that otherwise satisfies the qualification requirements under Section 223(c)(2)(A) will not fail to qualify as an HDHP merely because the plan provides health benefits associated with testing for the treatment of COVID-19 without a deductible requirement, or with a deductible requirement below the minimum deductible amount for an HDHP. Accordingly, an individual covered by such an HDHP will not be disqualified from being an individual eligible to make tax-favored contributions to a health savings account under Section 223(c)(1) of the Code. Vaccinations continue to be considered preventive care under Section 223(c)(2)(C) for purposes of determining whether a health plan is an HDHP, and were therefore already excluded from the deductible requirements of the HDHP qualification rules. The Notice is intended to provide flexibility to HDHP's to provide health benefits for testing and treatment of COVID-19 and to eliminate potential administrative and financial barriers to testing for and treating the virus in the face of this public health emergency. A full copy of the Notice is available here: https://www.irs.gov/pub/irs-drop/n-20-15.pdf

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