

HIGH DEDUCTIBLE HEALTH PLANS AND EXPENSES RELATED TO COVID-19

Notice 2020-15

PURPOSE

To facilitate the nation's response to the 2019 Novel Coronavirus (COVID-19), this notice provides that, until further guidance is issued, a health plan that otherwise satisfies the requirements to be a high deductible health plan (HDHP) under section 223(c)(2)(A) of the Internal Revenue Code (Code) will not fail to be an HDHP under section 223(c)(2)(A) merely because the health plan provides health benefits associated with testing for and treatment of COVID-19 without a deductible, or with a deductible below the minimum deductible (self only or family) for an HDHP. Therefore, an individual covered by the HDHP will not be disqualified from being an eligible individual under section 223(c)(1) who may make tax-favored contributions to a health savings account (HSA).

Part of the response to COVID-19 is removing barriers to testing for and treatment of COVID-19. Due to the nature of this public health emergency, and to avoid administrative delays or financial disincentives that might otherwise impede testing for and treatment of COVID-19 for participants in HDHPs, this notice provides 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 without a deductible, or with a deductible below the minimum annual deductible otherwise required under

section 223(c)(2)(A) for an HDHP, will be disregarded for purposes of determining the status of the plan as an HDHP.

BACKGROUND

Section 223 of the Code permits eligible individuals to deduct contributions to HSAs.¹ Among the requirements for an individual to qualify as an eligible individual under section 223(c)(1) is that the individual be covered under an HDHP and have no disqualifying health coverage. As defined in section 223(c)(2), an HDHP is a health plan that satisfies certain requirements, including requirements with respect to minimum deductibles and maximum out-of-pocket expenses.

RELIEF

Due to the unprecedented public health emergency posed by COVID-19, and the need to eliminate potential administrative and financial barriers to testing for and treatment of COVID-19, a health plan that otherwise satisfies the requirements to be an HDHP under section 223(c)(2)(A) will not fail to be an HDHP merely because the health plan provides medical care services and items purchased related to testing for and treatment of COVID-19 prior to the satisfaction of the applicable minimum deductible. As a result, the individuals covered by such a plan will not fail to be eligible individuals under section 223(c)(1) merely because of the provision of those health benefits for testing and treatment of COVID-19.

¹ Tax-favored contributions may also be made on behalf of eligible individuals by their employers. See Q&A 19 of Notice 2004-2 (2004-2 I.R.B. 269).

This guidance does not modify previous guidance with respect to the requirements to be an HDHP in any manner other than with respect to the relief for testing for and treatment of COVID-19. Vaccinations continue to be considered preventive care under section 223(c)(2)(C) for purposes of determining whether a health plan is an HDHP.

This notice provides flexibility to HDHPs to provide health benefits for testing and treatment of COVID-19 without application of a deductible or cost sharing. Individuals participating in HDHPs or any other type of health plan should consult their particular health plan regarding the health benefits for testing and treatment of COVID-19 provided by the plan, including the potential application of any deductible or cost sharing.

DRAFTING INFORMATION

The principal author of this notice is Jennifer Solomon of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes), though other Treasury Department and IRS officials participated in its development. For further information on the provisions of this notice, contact Jennifer Solomon at (202) 317-5500 (not a toll-free number).