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COVID-19: HSA Considerations

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HSA Considerations

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What's the Problem: Can a health plan waive copay or deductible amounts for Coronavirus screening tests for individuals enrolled in a high deductible health plan or will these payments cause the plan to cease to qualify as a high deductible health plan and thereby make the enrollees ineligible to be making contributions to a health savings account?

Answer: Yes. Even before the FFCRA, IRS Notice 2020-15 expressly confirms that an HDHP may eliminate or reduce the deductible for benefits received or items purchased associated with Coronavirus testing or treatment with no effect on the plan's status as a high deductible health plan under Internal Revenue Code Section 223(c)(A). More generally, the HSA and HDHP rules allow for enrollees to receive "preventative care" services before reaching the deductible. The IRS notice that defines the scope of preventative care in this context is Notice 2004-23, which creates a safe harbor for preventative care screening services that are listed on the appendix to the notice. One of the screening services on the safe harbor list is "infectious diseases." Thus, an HDHP can cover screening for infectious disease, such as Coronavirus testing, as a preventative service without cost-sharing. IRS Notice 2020-15 goes further than this, however, and allows lower (or no) deductibles to apply to benefits received or items purchased that are associated with treatment of COVID-19 and not merely associated with screening for the virus.

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