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Coverage for coronavirus tests and treatments do not impact HSA contribution eligibility

Under the Internal Revenue Code (Code), a taxpayer is ineligible to make pre-tax contributions to a health savings account (HSA) unless the taxpayer is covered by a high deductible health plan (HDHP). A plan will not qualify as a HDHP unless it satisfies Code minimum deductible and other requirements.

On March 11, 2020 the Internal Revenue Service (IRS) issued guidance to provide that a health plan will not lose HDHP status if it covers testing and/or treatment for coronavirus (COVID-19) for an individual before he or she satisfies the plan's deductible or cost-sharing requirements. Consequently, a health plan can provide first dollar coverage for coronavirus testing and treatments without jeopardizing the ability of plan participants to make pre-tax HSA contributions. This guidance applies until the IRS issues further clarification.

IRS guidance does not require that a plan cover these services. Rather, it allows a plan to cover them at no charge to participants without jeopardizing HDHP status. If you have uncertainty about your plan's coverage of costs related to COVID-19, you should review your plan document and/or summary plan description.

For more information on coronavirus and its legal implications for your health plan, contact our Employee Benefits Practice Group.

The information in this article is based on a summary of legal principles. It is not to be construed as legal advice. Individuals should consult with legal counsel before taking any action based on these principles to ensure their applicability in a given situation.