



Health Plan Coverage for COVID-19 Testing and Treatment

March 2020

In response to the Novel Coronavirus (COVID-19) outbreak, the federal and state governments have been working with insurance commissioners and carriers to expand access to testing and treatment. Part of the response includes actions to remove cost barriers to services that could otherwise discourage individuals from seeking care.

Testing Designated an Essential Health Benefit

On March 4, Vice President Pence declared that testing for COVID-19 is an essential health benefit under the Affordable Care Act. As a result of this designation, individual and small group insurance plans, as well as Medicare and Medicaid, must provide coverage for the service (large group and self-funded plans are not affected by this designation). However, insurance carriers may still impose cost-sharing requirements under the terms of the plan.

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Some states have taken steps to remove cost-sharing altogether from testing and treatment. California, Georgia, Maryland, New York, Oregon, and Washington have directed carriers to eliminate cost-sharing requirements with respect to some services related to COVID-19.

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Impact on HSA Eligibility

While the removal of cost barriers to testing and treatment is becoming widespread, the potential adverse impact on health savings account (HSA) eligibility posed a hurdle for employer-sponsors of high-deductible health plans (HDHPs). To be eligible to make and receive contributions to an HSA, an individual must be enrolled in HDHP coverage, which, among other requirements, cannot provide pre-deductible coverage for services other than preventive care.

On March 11, the Internal Revenue Service released guidance stating that because of the unprecedented health emergency posed by COVID-19, a plan that otherwise satisfies the requirements to be an HDHP will not fail to be an HDHP, and will not compromise HSA eligibility merely because it provides pre-deductible coverage for testing and treatment. This clarification gives employer-sponsors of HDHP coverage the flexibility to offer services related to COVID-19 on a no-cost or reduced-cost basis. Importantly, this guidance does not designate COVID-19 testing and treatment as preventive care, nor does it modify previous guidance issued on the requirements for HDHPs.

Additional Resources

IRS Notice 2020-15

<https://www.irs.gov/pub/irs-drop/n-20-15.pdf>

COVID-19 or Other Public Health Emergencies and the Family and Medical Leave Act

<https://www.dol.gov/agencies/whd/fmla/pandemic>