

High Deductible Health Plans and Expenses Related to COVID-19

Cross References

- Notice 2020-15

IRC section 223 allows eligible taxpayers to deduct contributions to their health savings accounts (HSAs) (including tax-favored contributions made on behalf of taxpayers by their employer). One requirement is that the individual is covered under a high deductible health plan (HDHP). An HDHP is a health plan that has minimum deductibles and maximum out-of-pocket expenses. For 2020, the minimum annual deductible for a self-only coverage HDHP is \$1,400, and the minimum annual deductible for a family coverage HDHP is \$2,800.

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, the IRS has announced that a health plan that otherwise satisfies the requirements to be an HDHP will not fail to be an HDHP 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 for an HDHP.

Vaccinations continue to be considered preventive care for purposes of determining whether a health plan is an HDHP. Preventive care is likewise not subject to the minimum deductible requirement for HDHPs.