
IRS Pulls Plug on COVID-19 Relief for HDHPs, Says Coverage of COVID-19 Testing and Treatment Before Satisfying Deductible Will Not Be Permitted After Plan Years Ending in 2024

June 2023

The Internal Revenue Service (IRS) has issued guidance ending the special relief that permitted an employer-sponsored health savings account (HSA)-qualified high-deductible health plan (HDHP) to pay for COVID-19 treatment and testing before the HDHP deductible is satisfied.

Under IRS Notice 2023-37, an employer sponsoring an HDHP that covers COVID-19 treatment and testing before satisfying the deductible must end such pre-deductible coverage after the plan year ending on or before December 31, 2024. For a calendar year HDHP, therefore, the last plan year in which the HDHP can provide such pre-deductible coverage is the 2024 plan year. Beginning with the 2025 plan year, such pre-deductible coverage is not permissible in an HDHP.

During the COVID-19 pandemic, the IRS issued guidance permitting an HDHP to cover COVID-19 testing and treatment prior to satisfying the deductible. Without that relief, such coverage would have rendered an HDHP enrollee ineligible to contribute to an HSA. In Frequently Asked Questions issued in March 2023, the IRS confirmed that this relief would remain in effect until the IRS issued further guidance. Notice 2023-37 ends this special relief. Under this Notice, an HDHP may continue to cover COVID-19 testing and treatment prior to satisfying the deductible (or a deductible lower than the statutory minimum) only in plan years ending on or before December 31, 2024.

The IRS also clarified the status of COVID-19 testing under the preventive care safe harbor rule for HDHPs, stating that an HDHP may not consider COVID-19 testing to be “preventive care” that is allowed to be covered prior to satisfying the deductible. The IRS noted, however, that in the event the United States Preventive Services Task Force (USPSTF) issues a recommendation for COVID-19 testing with an “A” or “B” rating, such a recommendation would allow an HDHP to cover COVID-19 testing as preventive care prior to satisfying the deductible or a deductible lower than the statutory minimum. However, as of the date of this Aon bulletin, the USPSTF has not issued such a recommendation.

Resources

Notice 2023-37 is available [here](#).



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