

Coronavirus (COVID-19) and Health Savings Accounts

Coronavirus (COVID-19) is on everyone's mind – it's dominating the news cycle and internet. The concern for Americans and citizens worldwide is three-fold. Primarily, people want to know what it is and how to protect their health, families and communities. Their concern then shifts to what happens if they do contract COVID-19. And finally, the daunting question: how do they pay for tests, quarantine and treatment?

Millions of people have qualifying high-deductible health plans (HDHPs) required for the establishment of health savings accounts (HSAs). For HDHPs, nothing but a list of preventive care expenses, vision and dental can be paid by the HDHP on behalf of an HSA owner before the HDHP or statutory deductible is met. Other expenses paid from an insurance carrier prior to reaching the statutory deductible will not allow the account holder to continue to make contributions to their HSA.

In a remarkably short time, the Internal Revenue Service (IRS) published [Notice 2020-15](#) to facilitate the nation's response to the COVID-19 pandemic. This [notice](#) ensures barriers to test for and treat COVID-19 as well as administrative delays or financial disincentives that might impede testing or treatment for owners of HSAs are not a problem.

[Notice 2020-15](#) provides that, until further notice or further guidance is issued, a health plan that otherwise satisfies the requirements of 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 before the minimum statutory HDHP deductible is met. This includes any testing or treatment provided without cost-sharing, including telemedicine visits related to COVID-19.

Other expenses to note: office visits, lab tests, medications, urgent care visits, emergency room visits, hospitalization or isolation facility charges could be paid by insurance below the deductible without fear of HSA consequences, if directly related to COVID-19. Of course, all qualified medical expenses may be paid from an HSA.

Keep in mind that any over-the-counter medicine may be purchased with funds from an HSA, healthcare flexible spending account (FSA), or health reimbursement arrangement (HRA), if prescribed by a doctor.

It is welcome relief that [Notice 2020-15](#) provides the flexibility needed at this critical time. An individual covered by the HDHP will not be disqualified from being an eligible individual who may make tax-favored contributions to an HSA if COVID-19 strikes. Read Notice 2020-15 [here](#).