



COVID-19 developments in employee medical insurance

March 13, 2020

HDHP and HSA participants

The IRS has expanded prior guidance to allow health plans to pay first-dollar costs for testing *and treatment* of COVID-19 without jeopardizing the participant's HSA eligibility. In short, this means that an employer's plan can pay for COVID-19 testing and treatment without charging the HDHP/HSA participant deductibles or a co-pay. Testing and treatment of infectious diseases are generally eligible benefits in all health care plans. This guidance simply states that the plan can disregard employees' co-pays and deductibles. As of March 13, 2020, Ohio plans are not yet *required* to adopt this change, but the conversations between employers, carriers and insurers have already begun.

Employers and plan sponsors

While it is encouraging that the IRS has permitted health plans to provide enhanced benefits to employees, those enhancements come at a direct cost to insurers and self-insured employer plans. Some states' insurance regulators are mandating \$0 cost-sharing for COVID-19 testing and treatment. As of March 13, 2020, Ohio has not yet issued such an order to insurers, nor can regulators ever mandate similar obligations on self-insured plans. Therefore, many employers and insurers are currently weighing policy choices. Naturally, employers want to support employees during this pandemic. However, before promising free COVID-19 testing and treatment, employers should consider these questions:

- How much will it cost your plan to waive all COVID-19 cost-sharing? Can you absorb it? This may be impossible to estimate, but rates of transmission and hospitalization are publicly available.
- Could a work stoppage or closure make it nearly impossible for your employees to pay COVID-19 cost-share?

- For self-insured plans, will your stop-loss insurance still attach at the correct amount if you waive COVID-19 cost-sharing without the agreement of your stop-loss carrier?
- Is the cost of COVID-19 *testing* going to be negligible in light of potential hospital claims, perhaps making 100 percent coverage of the testing alone a feasible middle-ground? The Ohio Department of Insurance (ODI) states that federal and state agencies are currently covering the cost of the test, but this could change and providers may charge for collecting the specimens.
- Will allowing your plan to operate consistent with its current cost-sharing schedule provide financial sustainability for the plan and all of the participants it supports?
- For fully insured plans, be sure to monitor ODI guidance for any mandated COVID-19 coverage and any notices from your insurance carrier.

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