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HDHPs Can Waive Deductible for Telehealth for Remainder of Year

Read time: 2 minutes

The Consolidated Appropriations Act, 2022 (CAA), recently signed into law to avoid a government shutdown, includes a provision that will reinstate COVID-related telehealth coverage relief for high-deductible health plans (HDHPs) that choose to permit it. The CAA allows HDHP plan sponsors to allow participants to access non-preventive telehealth services before satisfying a plan's deductible – but only from April 1, 2022, through December 31, 2022.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) allowed first-dollar telehealth coverage under HDHPs while keeping participants eligible to contribute to a health savings account (HSA). This CARES Act relief ended for plan years beginning on or after January 1, 2022.

The CAA provision is not retroactive; so non-preventive telehealth services would remain subject to an HDHP's deductible from January 1, 2022, through March 31, 2022, even if a plan sponsor elects to follow the CAA change for the balance of 2022. Further, non-calendar year plans that choose to adopt the change must remember that relief will not apply for the entire plan year; they will need to make a mid-year change to subject non-preventive telehealth services to the HDHP deductible for any months starting with January 2023.

Many plan sponsors and participants will welcome news of this temporary relief. However, plan sponsors who wish to allow this change will need to modify their plan documents and Summary Plan Description (SPDs), communicate the relief to employees – both now and prior to year's end – and consider whether and how insurance carriers or third-party administrators will or can assist in allowing a plan to adopt the change. Employers will need to weigh the costs and administrative burdens associated with adopting the relief against the limited nature of the relief when deciding whether to incorporate it into their plans.

We will continue to monitor developments relating to this issue including any guidance regarding potential retroactive application to periods prior to April 1, 2022, and will provide updates as needed.

3/18/22

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