

CLIENT ALERT



Client Alert Applies To: Self-Funded, Fully-Funded, Large Group, and Small Group

March 17th, 2022

COVID-Related Telehealth Expansion Temporarily Renewed

Ordinarily, a High Deductible Health Plan (HDHP) cannot pay for any care other than preventive care before the deductible is met, i.e., HDHP participants must pay the fair market value of telehealth until their deductible is met. Failure to comply with this rule renders HDHP participants HSA-ineligible. Under the 2020 CARES Act, HDHPs were temporarily allowed to pay for telehealth services on a pre-deductible basis. The CARES Act relief expired beginning with plan years starting on or after January 1, 2022. (A non-calendar year plan could continue the relief through its 2021 plan year.)

Recent legislation by Congress (the Consolidated Appropriations Act of 2022) will temporarily reinstate the above relief, **but only for the months of April through December 2022**. This relief does not apply on a plan year basis but is limited to the 9-month period set forth above. Therefore, a calendar year plan that dropped pre-deductible coverage for telehealth beginning January 1, 2022 (as it was required to do) can reinstate pre-deductible coverage for telehealth beginning with April 1, 2022 visits, but cannot go back and pay claims for telehealth pre-deductible for the first three months of the year. A July 1 HDHP plan can pay claims for telehealth pre-deductible through June 30, 2022, under the original CARES Act relief, but then could only extend pre-deductible coverage through the first 6 months of its 2022 plan year, i.e., through December 31, 2022.

Note that health plans are allowed to take advantage of this relief but are not required to do so. Employers should consider whether this brief extension is worth implementing, particularly if an employer sponsors a calendar year plan. If your plan is fully insured, you should check with your insurance carrier to see if it will be utilizing this relief. Self-funded plan sponsors will want to discuss the potential with their third-party administrator before determining how to proceed. Plans that do implement the relief will want to communicate carefully with participants regarding the issue, as the temporary nature of the extension can create confusion.

Please visit www.moreton.com/news-events/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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