

September 9, 2013

IRS Affirms HDHP Preventive Care Benefits

This morning the IRS issued Notice 2013-57 confirming the extent of preventive care benefits that can be offered under an HDHP with no deductible.

Generally, under the health savings account rules, a high deductible health plan (HDHP) may not provide benefits for any year until the deductible for that year is satisfied. However, Code Section 223(c)(2)(C) provides a safe harbor for the absence of a preventive care deductible. Prior IRS guidance in 2004 set forth safe harbor rules that established the parameters of the preventive care exception for HDHPs. Under those rules annual physicals, well-child care, immunizations and other screenings could be paid for by an HDHP without first satisfying the deductible. Those same rules also allowed certain prescription drugs to be considered as preventive care for an HDHP.

Issued this morning, Notice 2013-57, confirms that the prior guidance is still valid, even though some of the items allowed under that prior guidance would go beyond what is required by the preventive care rules of the Affordable Care Act. Thus, under the updated guidance, an HDHP may pay for any services or supplies that are considered preventive care under the 2004 guidance without first meeting the HDHP deductible. Then, those services and supplies that are required to be paid as preventive care under the Affordable Care Act will also be considered preventive care for HDHP purposes.