

IRS Transition Relief for State Contraception Laws Creating HSA Eligibility Issues

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Recently, several states expanded their contraceptive coverage mandates under the applicable state's insurance laws to require medical insurance policies to cover certain male contraceptive services (e.g., vasectomies) on a first dollar basis before an insured has met the policy's annual deductible. This is problematic for an insured medical plan that is intended to qualify as a high deductible health plan (HDHP). An HDHP enables participants to make or receive contributions to a health savings account (HSA). Unless an exception applies (such as coverage for preventive services, disease management, or wellness services), a medical plan that provides benefits before an individual has met the annual deductible cannot qualify as an HDHP. The IRS recently released Notice 2018-12, which provides that male contraceptive coverage will not qualify for an exception from this rule as a preventive service or under another exception. The IRS has granted temporary transition relief for the HSA eligibility issues created by this rule until 2020 in order to give states time to revise their insurance laws and/or participants to prepare for a loss of HSA contribution eligibility. [View Notice 2018-12](#).