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ALL PLAN LETTER

DATE: July 22, 2024 (**Revised May 9, 2025**)

TO: All Full-Service

FROM: Sarah Ream
Chief Counsel

SUBJECT: Revised APL 24-015: High Deductible Health Plan Products and Coverage of COVID-19 Testing

[The DMHC has revised APL 2024-015, which the DMHC originally issued on July 22, 2024. Deletions are indited by strikethrough and additions are indicated by underline.]

This All Plan Letter (APL) addresses coverage of COVID-19 tests and treatment delivered to enrollees in high deductible health plan (HDHP) products.

Federal law

Under federal law, an HDHP cannot cover any benefits (except for certain preventive care benefits) until the enrollee has satisfied the minimum deductible for the year. If the HDHP covers benefits before the enrollee satisfies the deductible, the enrollee risks losing the favorable tax advantages of being enrolled in an HDHP.

However, during the COVID-19 pandemic, the federal government allowed HDHPs to cover COVID-19 testing and treatment before an enrollee satisfied the minimum deductible. See IRS Notice 2020-15 for further information. That notice can be found at [this link](#).

On June 23, 2023, the IRS issued a new notice providing that for plan years ending after December 31, 2024, HDHPs may no longer provide coverage for COVID-19 testing and treatment if the enrollee has not yet satisfied the minimum deductible. See IRS Notice 2023-37, which is available at [this link](#).

California law

Health and Safety Code section 1342.2 requires full-service commercial and Medi-Cal managed care plans to cover COVID-19 screening and testing services without cost sharing, utilization review, or prior authorization.

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However, section 1342.2 does not specifically address health plan coverage of COVID-19 screening and testing for enrollees in HDHPs where the enrollees have not met the minimum deductible.

To ensure HDHP enrollees do not risk the federal tax advantages of enrollment in HDHPs, ~~for plan years beginning after December 31, 2024, the DMHC directs health plans to ensure HDHP coverage is provided in accordance with federal guidance their enrollees in HDHPs have met the minimum deductible before the health plan covers COVID-19 testing. If the enrollee has not yet met the minimum deductible, the plan shall not cover the costs for COVID-19 testing.~~ For plan years beginning on or after January 1, 2025, health plans must ensure their enrollees in HDHPs have met the minimum deductible before the health plan covers COVID-19 testing or treatment, unless otherwise permitted by the IRS.

If you have questions regarding this APL, please contact your health plan's assigned reviewer in the DMHC's Office of Plan Licensing.