

LEGAL UPDATE

IRS Guidance on Premium Tax Credit Eligibility and COVID-19 Testing

On Sept. 10, 2020, the IRS issued [Notice 2020-66](#) to provide guidance on whether certain Medicaid coverage of COVID-19 testing and diagnostic services affects individual premium tax credit eligibility. According to this notice, limited Medicaid coverage of COVID-19 testing and diagnostic services is not considered minimum essential coverage (MEC) under a government-sponsored program. **As a result, this type of coverage does not affect an individual's premium tax credit eligibility.**

Medicaid Coverage of COVID-19 Testing

The Families First Coronavirus Response Act (FFCRA) authorizes states to provide COVID-19 testing and diagnostic services to uninsured individuals under the Medicaid program.

The Affordable Care Act (ACA) provides premium tax credits to eligible individuals who purchase coverage through an Exchange. However, individuals are generally ineligible for a premium tax credit for any month in which they are eligible for MEC. MEC is defined to include coverage under government-sponsored programs, including Medicaid coverage. However, certain health care coverage providing limited benefits, as identified by the IRS, is not MEC under a government-sponsored program.

Notice 2020-66 provides that, for 2020 and later taxable years, Medicaid coverage limited to COVID-19 testing and diagnostic services under the FFCRA is not MEC under a government-sponsored program. Thus, an individual's eligibility for this coverage for one or more months does not prevent the individual from being eligible for the premium tax credit for those months.

Highlights

- Notice 2020-66 provides guidance on Medicaid coverage of COVID-19 testing and premium tax credit eligibility.
- The FFCRA allows states to provide COVID-19 testing and diagnostic services to the uninsured under Medicaid.
- Notice 2020-66 says Medicaid coverage limited to COVID-19 testing and diagnostics under the FFCRA does not affect premium tax credit eligibility.

Notice 20-66 provides that limited Medicaid coverage of COVID-19 testing and diagnostic services does not affect premium tax credit eligibility.

Provided to you by **Boyd Consulting Group**

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