

LEGAL UPDATE

FAQs Address COVID-19 Vaccine Coverage and Premium Discounts

On Oct. 4, 2021, the Departments of Labor (DOL), Health and Human Services (HHS) and the Treasury (Departments) issued [FAQs](#) addressing rules regarding premium incentives for COVID-19 vaccinations and rapid coverage of preventive services for COVID-19.

Premium Incentives for COVID-19 Vaccinations

The FAQs clarify that a group health plan (or health insurance issuer offering coverage in connection with a group health plan) may offer participants a premium discount for receiving a COVID-19 vaccination. However, plans generally may not condition eligibility for benefits or coverage on vaccination status, and any discount must comply with the [final wellness program rules](#).

Under these rules, a premium discount that requires an individual to obtain a COVID-19 vaccination would be considered an activity-only wellness program, which is a type of health-contingent wellness program. These programs must comply with the regulations' five nondiscrimination criteria, including an incentive limit and a requirement to offer a reasonable alternative standard in some cases.

The maximum permissible reward (or penalty) under a health-contingent wellness program that is part of a group health plan (and is not related to tobacco use) is 30% of the cost of coverage.

Rapid Coverage of Preventive Services for COVID-19

According to the FAQs, effective Jan. 5, 2021, plans and issuers must cover, without cost sharing, any COVID-19 vaccines and their administration immediately once the particular vaccine becomes authorized under an emergency use authorization (EUA) or approved under a biologics license application (BLA). This coverage must be provided consistent with the scope of the EUA or BLA, including any amendment, such as to allow for an additional dose to certain individuals, booster doses or the expansion of the age demographic for whom the vaccine is authorized or approved.

Highlights

- Premium discounts for COVID-19 vaccination generally must be offered as part of a wellness program.
- These wellness programs will generally be required to offer a reasonable alternative standard to qualify for the discount for certain individuals.
- Plans generally may not condition eligibility for benefits or coverage on vaccination status.

The maximum premium discount related to COVID-19 vaccination is 30% of the cost of coverage.

Provided to you by **National Insurance Services**

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