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Proposed regulations: Health insurance coverage limited to testing, diagnosis not “minimum essential coverage” (COVID-19)

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice of proposed rulemaking (REG-109128-21) providing that “minimum essential coverage”—as that term is used in health insurance-related tax laws—does not include Medicaid coverage that is limited to coronavirus (COVID-19) testing and diagnostic services provided under the “Families First Coronavirus Response Act” (Pub. L. No. 116-127, March 2020).

The [proposed regulations](#) [PDF 286 KB] (as published in the Federal Register on December 6, 2021) also provide:

- An automatic extension of time for providers of minimum essential coverage (including health insurance issuers, self-insured employers, and government agencies) to furnish individual statements regarding such coverage
- An alternative method for furnishing individual statements when the shared responsibility payment amount is zero
- An automatic extension of time for “applicable large employers” (generally employers with 50 or more full-time or full-time equivalent employees) to furnish statements relating to health insurance that the employer offers to its full-time employees

Background

Section 6055 provides that those that provide minimum essential coverage to an individual must report certain information to the IRS that identifies covered individuals and the period of coverage.

The IRS in September 2020 issued Notice 2020-66 to provide that Medicaid coverage that is limited to COVID-19 testing and diagnostic services, pursuant to a provision of the “Families First Coronavirus Response Act,” is not minimum essential coverage under a government-sponsored program. The IRS notice also indicated that the regulations under section 5000A would be amended to reflect this guidance. Read [TaxNewsFlash](#)

Accordingly, today’s proposed regulations are being issued to amend Reg. section 1.5000A-2 by adding Medicaid coverage for COVID-19 testing and diagnostic services to the enumerated health coverages that do not qualify as minimum essential coverage under a government-sponsored program.

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