

Federal Agencies Authorize COVID-19 Vaccine Discounts in Group Health Plans

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New [guidance](#) from the Department of Labor (DOL), Department of Health and Human Services (HHS) and the Treasury Department confirms that group health plans, including employer-based health insurance, may offer premium discounts to participants who receive a COVID-19 vaccination.

These discounts must comply with [wellness program regulations](#) that, among other things, limit the level of rewards as a percentage of premium costs and require reasonable alternatives that enable individuals who are unable to complete a particular activity for medical reasons to receive the full reward.

As a result, according to the guidance, a wellness program that provides a premium discount to individuals who obtain a COVID-19 vaccination must provide an alternate method of qualifying for the discount, such as allowing individuals who are unable to receive the vaccine for medical reasons to attest to following other COVID-19 safety and health protocols. The wellness program must provide notice of the availability of the alternative.

In addition, any rewards offered under a vaccine incentive program must not exceed 30% of the cost of employee-only coverage under the health plan and must give eligible individuals the opportunity to qualify for the reward at least once per year.

However, a group health plan may not make COVID-19 vaccination a condition of eligibility for coverage under the plan or differentiate benefits based on vaccination status. Doing so would constitute unlawful discrimination against health plan participants based on a health factor.

The guidance follows President Biden's [announcement](#) last month of a forthcoming Occupational Safety and Health Administration (OSHA) Emergency Temporary Standard (ETS) that will require all employers with 100 or more employees to ensure that their workforce is fully vaccinated, with weekly negative COVID-19 tests required for any unvaccinated employees. Federal workers and contractors will also be covered under a vaccine mandate.