EBRI Finds Most Employers Offering HSA-Eligible Health Plans Expanded Pre-Deductible Coverage to Make Managing Chronic Conditions More Affordable

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WASHINGTON – October 14, 2021 – A new EBRI study finds three-quarters of large employers offering HSA-eligible health plans expanded pre-deductible coverage for medications and services that prevent the exacerbation of chronic conditions, a response to IRS Notice 2019-45.

“Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans” finds employers also indicated a willingness to add additional services if allowed by the IRS, a significant development considering bipartisan legislation was introduced in both houses of the United States Congress that would provide additional flexibility to extend pre-deductible coverage to services that manage chronic conditions.

“Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans” finds employers offered several reasons for adding pre-deductible coverage for the 14 health care services allowed under IRS Notice 2019-45. Those who made changes primarily did so for the sake of their employees, but many had business considerations as well. Three-quarters reported that it was the right thing to do, two-thirds reported that they added such coverage for employee retention, while one-half reported that they added it for employee attraction and as a long-term cost-saving measure.

Future Expansion of Health Care Services Welcomed by Employers

Most employers would add pre-deductible coverage for additional health care services if allowed by law. However, there was no clear health care service that stood out against the others. In fact, one-quarter of employers were not sure which service they would like to see added. However, a common thread was found when it came to considering extending the CARES Act provisions that allowed HSA-eligible health plans to provide pre-deductible coverage for telehealth services, a provision that nearly all employers adopted. Three-quarters prefer to make the provision permanent, and one-fifth would like to grant a temporary extension.

“Smarter deductibles accommodating services that prevent the exacerbation of chronic conditions might be a natural evolution of health plans. Value-based reimbursement promotes the delivery of evidence-based, high-quality care that encourage use—rather than creating barriers—to high-value services,” said Paul Fronstin, Director of EBRI’s Health Research and Education Program and co-author of the report. “Interventions that improve patient-centered outcomes while ultimately maintaining affordability may be found in the form of clinically nuanced HSA-eligible health plans that better meets workers’ clinical and financial needs.”

“Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans” was made possible through funding support from the National Pharmaceutical Council. The report can be downloaded at ebri.org/preventive-services-hsas.

About EBRI

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