

## **NEWS FROM THE EMPLOYEE BENEFIT RESEARCH INSTITUTE**

### **New Issue Brief Published by the Employee Benefit Research Institute Reports Minimal Premium Increases if Employers Expand Pre-Deductible Coverage for Chronic Conditions in HSA-Eligible Health Plans**

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(Washington, D.C.) -- A new Issue Brief published today by the Employee Benefit Research Institute (EBRI), "The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Premiums," found that expanding pre-deductible coverage under employment-based health plans would add few costs to health care premiums, while lowering costs for patients.

Under current law (IRS Notice 2019-45), Health Savings Account-eligible (HSA) high-deductible health plans offered by employers have the flexibility to cover 14 medications and other health services used to manage chronic conditions prior to meeting the plan deductible. These medications and services are aimed at treating diabetes, heart disease, asthma, depression and osteoporosis. The EBRI study used claims data to quantify the effect of expanded pre-deductible coverage of these services and medications on premiums.

"Our work dramatically improves on our past research, which found there was still a great deal of uncertainty regarding the effect of IRS Notice 2019-45 on premiums. This research is important because the EBRI survey not only found a strong response to IRS Notice 2019-45, but also found that most (81 percent) employers would add pre-deductible coverage for additional health care services if allowed by law. Information on the impact on premiums would also help inform policymakers who are deliberating policies to extend pre-deductible coverage to a broader list of clinical services," explained Paul Fronstin, co-author and director, Health Benefits Research, EBRI.

Overall, the top key finding in the study found the impact on premiums of expanding pre-deductible coverage for 14 services in HSA-eligible health plans as allowed by IRS Notice 2019-45 is small. In fact, estimated premium increases ranged from virtually zero to 1.5 percent.

"Even in the absence of evidence that expanding pre-deductible coverage will increase premiums by only a small amount, employers were already reporting that they would add additional services on a pre-deductible basis if allowed by the IRS. There is bipartisan, bicameral legislation that has been introduced in the U.S. Congress which would provide additional flexibility to extend pre-deductible coverage to services that manage chronic conditions," said A. Mark Fendrick, M.D., co-author and director of the Value-Based Insurance Design Center, University of Michigan. "Employers and policymakers have an appetite for more flexible plan designs or 'smarter' deductibles because rising health care spending has created serious fiscal challenges."

This research study was authored by Fronstin, Fendrick and M. Christopher Roebuck, Ph.D., RxEconomics, and was conducted through the EBRI Center for Research on Health Benefits Innovation with funding support from Aon, Blue Cross Blue Shield Association, ICUBA, JP Morgan Chase, National Pharmaceutical Council, Pfizer and PhRMA.

The complete 19-page Issue Brief, "The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Premiums," can be viewed by visiting [www.ebri.org/publications/research-publications/issue-briefs/content/the-impact-of-expanding-pre-deductible-coverage-in-hsa-eligible-health-plans-on-premiums](http://www.ebri.org/publications/research-publications/issue-briefs/content/the-impact-of-expanding-pre-deductible-coverage-in-hsa-eligible-health-plans-on-premiums).

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