

**New Research Study by the Employee Benefit Research Institute Finds That Expanding Pre-Deductible Coverage to 116 Drug Classes Used for Chronic Disease Medication Management Has a Small Impact on Premiums**

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(Washington, D.C.) -- A new, important Issue Brief published today by the Employee Benefit Research Institute (EBRI) entitled, "Premium Impact of Expanding Pre-Deductible Coverage to Chronic Disease Management Medications in HSA-Eligible Health Plans," finds that expanding pre-deductible coverage to 116 drug classes used for chronic disease medication management has a small impact on premiums.

"In response to IRS Notice 2019-45, three-quarters of large employers and health plans offering health savings account-eligible (HSA) plans expanded pre-deductible coverage for medications and services that prevent the exacerbation of chronic conditions. The impact on premiums of expanding pre-deductible coverage for 14 services in HSA-eligible health plans as allowed in IRS Notice 2019-45 is small. In our new study, we found that expanding pre-deductible coverage to 116 drug classes that are used chiefly for chronic disease medication management also has a small impact on premiums," explained Paul Fronstin, co-author and director, Health Benefits Research, EBRI.

Key findings in the study include:

- The premium impact of expanding pre-deductible coverage to 116 drug classes related to chronic disease management medications in HSA-eligible health plans was driven by the amount of increased uptake of drugs because of enhanced coverage, elimination of all consumer cost-sharing or inclusion of coinsurance in lieu of the deductible and whether or not increased drug use led to offsets in spending on non-drug medical expenditures (e.g., preventable hospitalizations).
- Premiums increased the least (1.3 percent) when employers-imposed coinsurance instead of a deductible, when increased use of prescription drugs led to reduced use of other medical services by 20 percent and when utilization increased 12 percent.
- The most expensive scenario, an increase of 4.7 percent, occurred when increased prescription drug utilization led to no decrease in the use of other medical services, utilization increased 12 percent and employers did not impose any coinsurance (e.g., zero cost sharing).

"Our prior EBRI research demonstrated that a majority of employers would expand the list of services covered on a pre-deductible basis if allowed by the IRS. Reflecting this interest, bipartisan, bicameral legislation has been introduced in the U.S. Congress, that 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 University of Michigan Center for Value-Based Insurance Design. "It is our hope that the main finding – that expanding pre-deductible coverage to over a hundred drug classes has a very small impact on premiums – will inform ongoing policy deliberations on how more generous coverage for essential chronic disease services can enhance equity and improve patient outcomes."

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, "Premium Impact of Expanding Pre-Deductible Coverage to Chronic Disease Management Medications in HSA-Eligible Health Plans," can be viewed by visiting [https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri\\_ib\\_563\\_predeductible-14july22.pdf](https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_563_predeductible-14july22.pdf).

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