

New Research Analyzing the Effect of Expanded HSA-Eligible Health Plan Pre-Deductible Coverage Finds That Cost Sharing Shifted From Deductibles to Copayments and Coinsurance for a Number of Services

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(Washington, D.C.) – A new research report published today by the Employee Benefit Research Institute (EBRI) found that cost sharing shifted from deductibles to copayments and coinsurance among enrollees in HSA-eligible health plans for a number of services impacted by IRS Notice 2019-45. The report, “The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Employee Choice of Health Plan and Cost Sharing,” analyzed claims data to quantify the effect of expanding pre-deductible coverage on enrollee choice of health plan and cost sharing.

“In response to IRS Notice 2019-45, three-quarters of large employers and health plans offering HSA-eligible health plans expanded pre-deductible coverage for medications and services that prevent the exacerbation of chronic conditions. As a result, it is not surprising that when examining medical claims, cost sharing shifted from deductibles to copayments and coinsurance for enrollees in HSA-eligible health plans,” explained Paul Fronstin, Ph.D., director, Health Benefits Research, EBRI. “The percentage of cost sharing paid through deductibles fell for antidepressants, insulin and other glucose-lowering agents, statins, beta blockers and inhaled corticosteroids.”

Key findings in the research report include:

- Cost sharing shifted from deductibles to copayments and coinsurance among enrollees in HSA-eligible health plans for a number of services impacted by IRS Notice 2019-45. The same shift was not observed for enrollees in other types of health plans.
- IRS Notice 2019-45 appears to have had a negligible impact on overall cost sharing as a percentage of total spending on a number of services impacted by the notice. This may be due to the fact that employers were more likely to change cost sharing instead of eliminating it.
- Enrollment in HSA-eligible health plans among individuals with health conditions impacted by the IRS notice does not appear to have changed, as it was already trending in the direction of higher enrollment among individuals with health conditions prior to the issue of the notice.

“Employers moved toward covering services on a pre-deductible basis at a critical time. When the Affordable Care Act passed in 2010, it included provisions requiring that employers and health plans cover certain preventive services in full like cancer screenings, vaccinations and birth control. Plan sponsors have been prohibited from imposing any form of cost sharing on participants receiving these services. On September 7, 2022, Judge Reed O’Connor of the U.S. District Court for the Northern District of Texas found a key part of the preventive service provision unconstitutional. If this court decision is upheld, employers and health plans could impose some form of cost sharing for these preventive services. Yet, employers may continue to provide these services at no cost to members, as discussed in the report,” said Fronstin. “Overall, we found that employers would add additional services if allowed by the IRS. There is also bipartisan, bicameral legislation that has been introduced in the U.S. Congress that would provide additional flexibility to extend pre-deductible coverage to services that manage chronic conditions. Employers and policymakers have an appetite for more flexible plan designs or ‘smarter’ deductibles because rising health care spending has created serious fiscal challenges”.

To view the complete 20-page research report, “The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Employee Choice of Health Plan and Cost Sharing,” visit www.ebri.org/pre-deductible-coverage.

This study was conducted through the EBRI Center for Research on Health Benefits Innovation, with the funding support of Aon, Blue Cross Blue Shield Association, Independent Colleges and Universities Benefits Association, JPMorgan Chase & Co., Pfizer and PhRMA.

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. For more information, visit www.ebri.org.