

## Employer Cost-Sharing Arrangements for Preventive Medications and Services in Response to Increased IRS Flexibility

[Recent research from the Employee Benefit Research Institute](#) (EBRI) explored how employers approached cost sharing for medications and services that IRS Notice 2019-45 now allows health savings account (HSA)-eligible health plans to cover. The research is based on findings from a 2021 EBRI survey of employers.

### IRS Notice 2019-45

The U.S. Department of Treasury issued guidance on July 17, 2019, via IRS Notice 2019-45 to further increase the flexibility of health savings account (HSA)-eligible health plans to cover specific low-cost preventive services to prevent the exacerbation of chronic conditions on a pre-deductible basis.<sup>1</sup>

With IRS Notice 2019-45 in place, all HSA-eligible health plans are now able to adopt a more flexible benefit design offering more protection for certain medical services through a value-based insurance design (V-BID) plan structure.

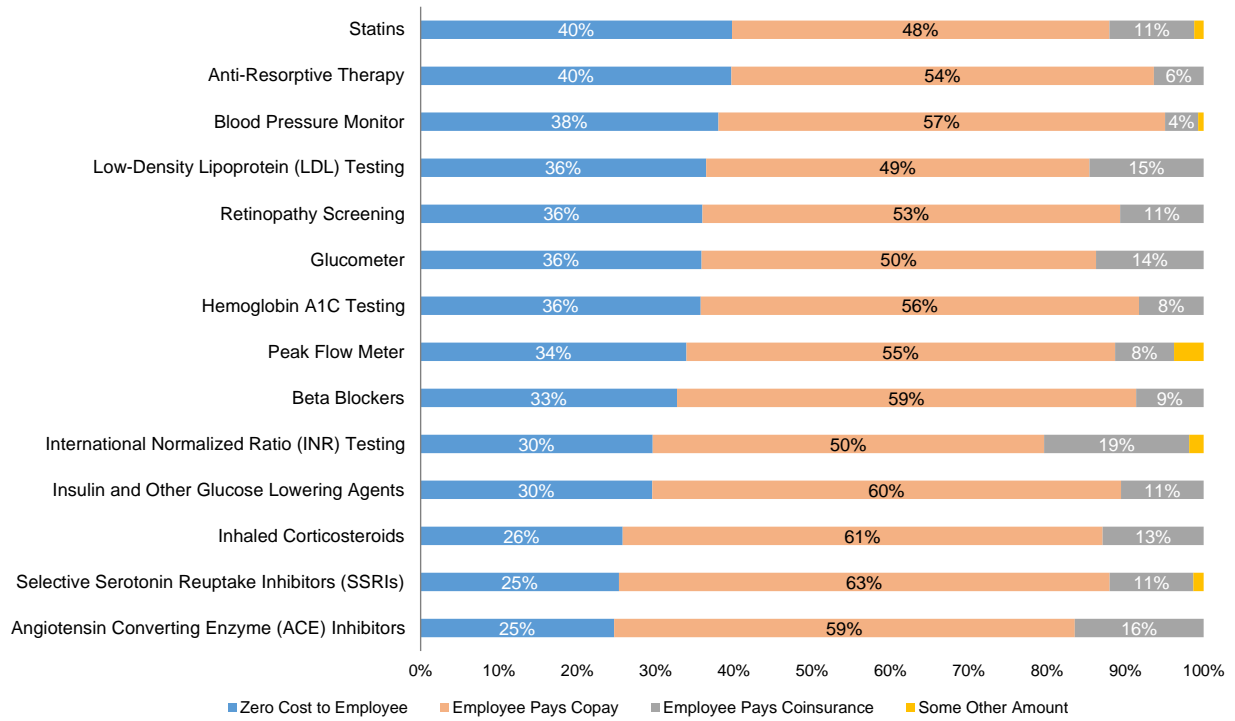
It found that some employers added pre-deductible coverage with no cost sharing, while others required some form of cost sharing. In addition, whether cost sharing was added in lieu of a deductible varied across the 14 medications and services. Among the medications that could be covered on a pre-deductible basis, some employers covered both brand-name and generic drugs, while others covered only generic drugs.

### Key Findings From the Survey

The percentage of employers that eliminated cost sharing for various pre-deductible services ranged from a low of 25 percent to a high of 40 percent. Between nearly one-half and two-thirds required a copayment from employees, depending on the health care service.

<sup>1</sup> <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>

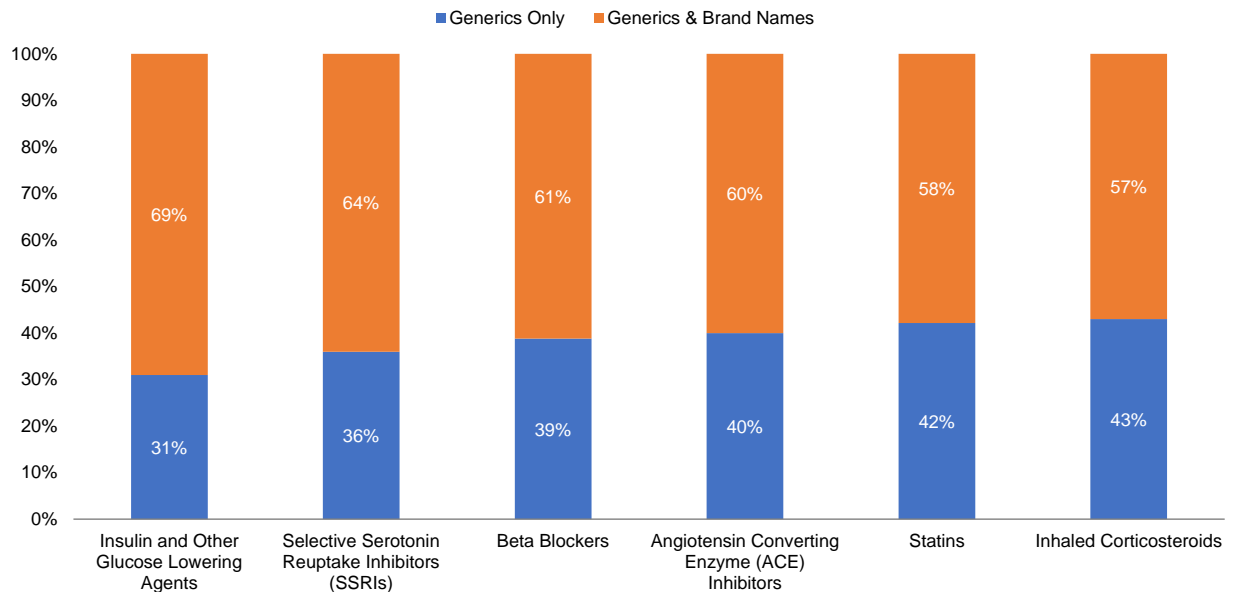
Figure 1  
**Cost-Sharing Arrangement as a Result of IRS Rule 2019-45**



Source: Employee Benefit Research Institute survey.

Between 57 percent and 69 percent provided pre-deductible coverage for both brand-name and generic drugs in the specified drug classes.

Figure 2  
**Tiers of Drug Covered Pre-Deductible as a Result of IRS Rule 2019-45**



Source: Employee Benefit Research Institute survey.

## Conclusion

In response to IRS Notice 2019-45, some employers added pre-deductible coverage with no cost sharing, while others required some form of cost sharing. While employers could have also limited pre-deductible coverage to generic drugs, a majority covered brand-name drugs as well. It is clear that these employers are concerned about preventing the exacerbation of chronic conditions. If patients avoid taking medications as a result of costs — whether they are generic or brand-name drugs — failing health could result in not only higher health care spending overall, but lower productivity as well.

### Data and Study Sample

The data for this study come from an online survey of benefits decision makers. A total of 354 large employers were surveyed, including 270 that made changes to pre-deductible coverage and 62 that did not. Not all respondents answered every question. The survey averaged 10 minutes. The research was conducted in July and August of 2021.

**About EBRI:** The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to [www.ebri.org](http://www.ebri.org) or connect with us on [Twitter](#) or [LinkedIn](#).

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