EBRI FAST Facts
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Will Employers Introduce Cost Sharing for Preventive Services? Findings From EBRI's First Employer Pulse Survey

Introduction

A recent federal judicial opinion in Texas may put coverage for certain preventive services that are covered under the Patient Protection and Affordable Care Act (ACA) in question. If that happens, how might employers respond? To answer that question, the Employee Benefit Research Institute conducted a pulse survey of Human Resource decision makers asking how they might respond if they were allowed to re-introduce cost sharing on preventive services. The sample comprised mostly large employers. The survey was conducted online in early October 2022.

Background

By way of background, when the ACA passed in 2010, it included provisions requiring that employers and health plans cover certain preventive services in full.[1] The ACA requires coverage for preventive services without cost sharing if the U.S. Preventive Services Task Force (USPSTF) assigns a letter grade of "A" or "B" to the service. Similarly, Congress turned to the Advisory Committee on Immunization Practices (ACIP) for recommendations on routine immunizations and the Health Resources and Services Administration (HRSA) for recommendations on women's and children's preventive services. It is the recommendations from these three groups that determine the services that plan sponsors are prohibited from imposing any form of cost sharing (i.e., deductible, copayments, or coinsurance) on when members receive these services. These services include screenings for cancer and other health conditions, vaccinations, and birth control.

The U.S. Department of Health and Human Services has estimated that in 2020, 151.6 million people had access to free preventive care under the ACA.[2] This ACA provision is very popular, favored by 62 percent of Americans.[3] A recent review reported that removing cost sharing boosts the use of preventive services, reduces disparities, and saves lives (Norris et al. 2021).

However, a case before the U.S. District Court for the Northern District of Texas has challenged the requirement that employers must provide coverage for Pre-Exposure Prophylaxis (PrEP) medications that prevent human immunodeficiency virus (HIV) without cost sharing. The court concluded that the requirement to cover PrEP drugs violates the federal Religious Freedom Restoration Act.

Specifically, the decision refers to the part of the ACA that requires preventive services be covered in full related to USPSTF ratings. The USPSTF is a group the Agency for Healthcare Research and Quality (AHRQ) has been authorized by the U.S. Congress to convene since 1998. The USPSTF has given "A" or "B" ratings to over 50

[1] Grandfathered health plans are not required to comply with this provision.

[2] https://aspe.hhs.gov/sites/default/files/documents/786fa55a84e7e3833961933124d70dd2/preventive-services-ib-2022.pdf.

[3] https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-july-2019/.

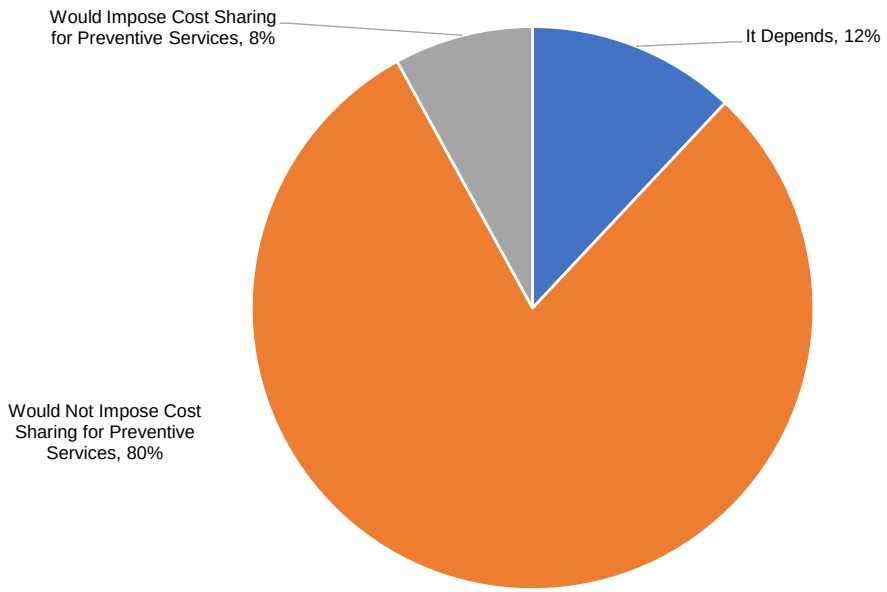
preventive services.[4] The judge ruled that recommendations from the USPSTF are unconstitutional because the task force is an independent, volunteer panel of national experts in prevention and evidence-based medicine and not appointed by the president and confirmed by the Senate.

If this court decision is upheld and the coverage mandate of USPSTF "A" and "B" rated services is invalidated, employers and health plans could impose some form of cost sharing for these preventive services. Given the uncertainty surrounding the ACA's preventive care coverage mandate, we conducted a small pulse survey[5] of targeted HR decision makers to better understand how employers might respond if they were allowed to reintroduce cost sharing on preventive services. In October 2022, EBRI connected with 25 employers representing 600,000 employees and 1.2 million covered lives. While our sample is not representative of all U.S. employers, one-half are Fortune 1,000 companies that are often perceived as benefits leaders.

Employers Are Likely to Continue Coverage

When asked in our pulse survey what actions they might take if allowed to reintroduce cost sharing on preventive services in the event of the court decision being upheld, 80 percent of HR decision makers who responded said they would continue to cover preventive services in full. This was true even if they were allowed to impose cost sharing. Eight percent would impose cost sharing for at least some preventive services, and 12 percent responded, "It Depends."

Percentage of Employers That Would Impose Cost Sharing for Preventive Services if Allowed by Law



Source: Employee Benefit Research Institute (EBRI) Pulse Survey of Health Benefits Decision Makers, n=25, representing over 600,000 employees.

[4] See https://www.uspreventiveservicestaskforce.org/uspstf/recommendation-topics/uspstf-a-and-b-recommendations.

[5] Pulse surveys are short surveys deployed quickly and efficiently. They are designed to solicit data in a way that is not overwhelming to the survey respondent. Pulse surveys can go deep into a specific topic with a few targeted questions, detect trends and sentiment early, and identify issues for further study.

Several Rationales Given for Employers' Position

Survey respondents gave several reasons for why they would continue to provide these services at no cost to members in a follow-up open-ended question. For example, a number of employers commented that covering preventive services in full incentivizes their use, promotes better health, prevents more serious conditions, is insignificant in costs, and saves money in the long term.

Even if the court decision is upheld and the coverage mandate of USPSTF "A"- and "B"-rated services is invalidated, employers may continue to provide these services at no cost to members for at least a few other reasons, including:

1. **Employers may not want to cut benefits during a time when unemployment is low** and recruitment and retainment of workers is of concern.

2. There is precedent for covering these services without cost sharing in the absence of the ACA. When health reimbursement arrangements (HRAs) were introduced in early 2000s, some employers provided first-dollar coverage for specific preventive services (Fronstin 2002). Comparable generous coverage was implemented when health savings account (HSA)-eligible health plans were introduced (Fronstin, Sepulveda, and Roebuck 2013). Similarly, recent research has found that when the IRS allowed employers and health plans to cover certain preventive services outside HSA-eligible health plan deductibles, about three-quarters of them chose to do so, often without cost sharing (Fronstin and Fendrick 2021).[6]

In addition to the potential negative clinical and equity effects of restoring cost sharing, from a financial perspective, recent evidence suggests that the implementation of out-of-pocket costs would have a minimal impact (less than one-half of 1 percent) on aggregate employer health care spending.[7] Moreover, imposing cost sharing for clinical services that were previously fully covered would reverse a growing movement among employers in recent years to expand coverage of clinically effective care without deductibles or copays. It also could hamper intensifying efforts to reduce health disparities for traditionally marginalized groups.

Data and Methods

We surveyed 25 HR executives, with job titles such as benefits director and vice president of HR, who had at least a moderate amount of decision-making power over the provision of benefits for their firm's employees. While the sample was small, conducting this survey provides a glimpse into how benefits executives may approach providing health benefits. Our respondents represented a diverse array of firms across a wide variety of industries, each with unique employee populations with their own attendant set of challenges and opportunities. Each of the firms we interviewed employed between 350 and 250,000 workers in the United States, and, in total, these firms accounted for an employee population of nearly 600,000 and covered over 1.2 million lives under their health insurance plans. Collectively, they spent over $5.7 billion on health benefits for their workers and dependents. Though we surveyed a wide cross section of employers, the views expressed by our respondents may not be representative of all firms. However, medium- and large-sized firms tend to be early adopters of changes that eventually propagate through the rest of the market.

[6] Also see https://ahiporg-production.s3.amazonaws.com/documents/202109-AHIP_HDHP-Survey.pdf and https://www.irs.gov/pub/irs-drop/n-19-45.pdf.

[7] See https://www.ebri.org/docs/default-source/fast-facts/ff-444-preventiveservices-20oct22.pdf.

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