



Insights Into the Expansion of New Preventive Care Benefits in HSA-Eligible Health Plans

EBRI Webinar

September 22, 2022

Speakers



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**Moderator:
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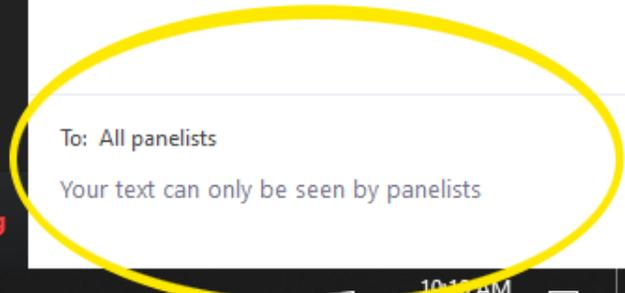
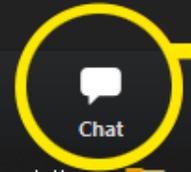
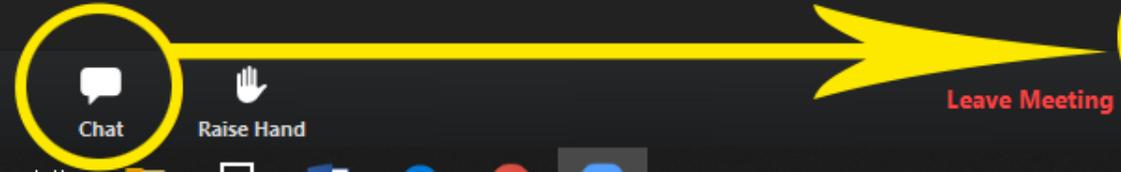
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The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Premiums

Paul Fronstin, Ph.D.

Employee Benefit Research Institute



U.S. DEPARTMENT OF THE TREASURY

PRESS RELEASES

Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions

E

List of Services and Drugs for Certain Chronic Conditions Classified as Preventive Care Under Notice 2019-45

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Anti-resorptive therapy	Osteoporosis and/or osteopenia
Beta-blockers	Congestive heart failure and/or coronary artery disease
Blood pressure monitor	Hypertension
Inhaled corticosteroids	Asthma
Insulin and other glucose lowering agents	Diabetes
Retinopathy screening	Diabetes
Peak flow meter	Asthma
Glucometer	Diabetes
Hemoglobin A1c testing	Diabetes
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

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Issue

BRIEF

October 14, 2021 • No. 542

Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

By Paul Fronstin, Ph.D., Employee Benefit Research Institute and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

In this *Issue Brief*, we report on the findings from a 2021 Employee Benefit Research Institute (EBRI) survey of employers that collected information on their response to the 2019 guidance. The survey examined not only whether employers added pre-deductible coverage as a result of Notice 2019-45, but also examined each of the allowed services individually; the type of cost sharing, if any, used in lieu of deductibles; and other relevant questions.

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Issue

BRIEF

May 19, 2022 • No. 558

The Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Premiums

By Paul Fronstin, Ph.D., Employee Benefit Research Institute; M. Christopher Roebuck, Ph.D., RxEconomics LLC; and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and other health services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible. There is limited evidence on the impact of expanding pre-deductible coverage on insurance premiums. In this *Issue Brief*, we use claims data to quantify the effect of expanded pre-deductible coverage of services and medications specified in IRS Notice 2019-45 on premiums.

EBRI

Issue

BRIEF

July 14, 2022 • No. 563

Premium Impact of Expanding Pre-Deductible Coverage to Chronic Disease Management Medications in HSA-Eligible Health Plans

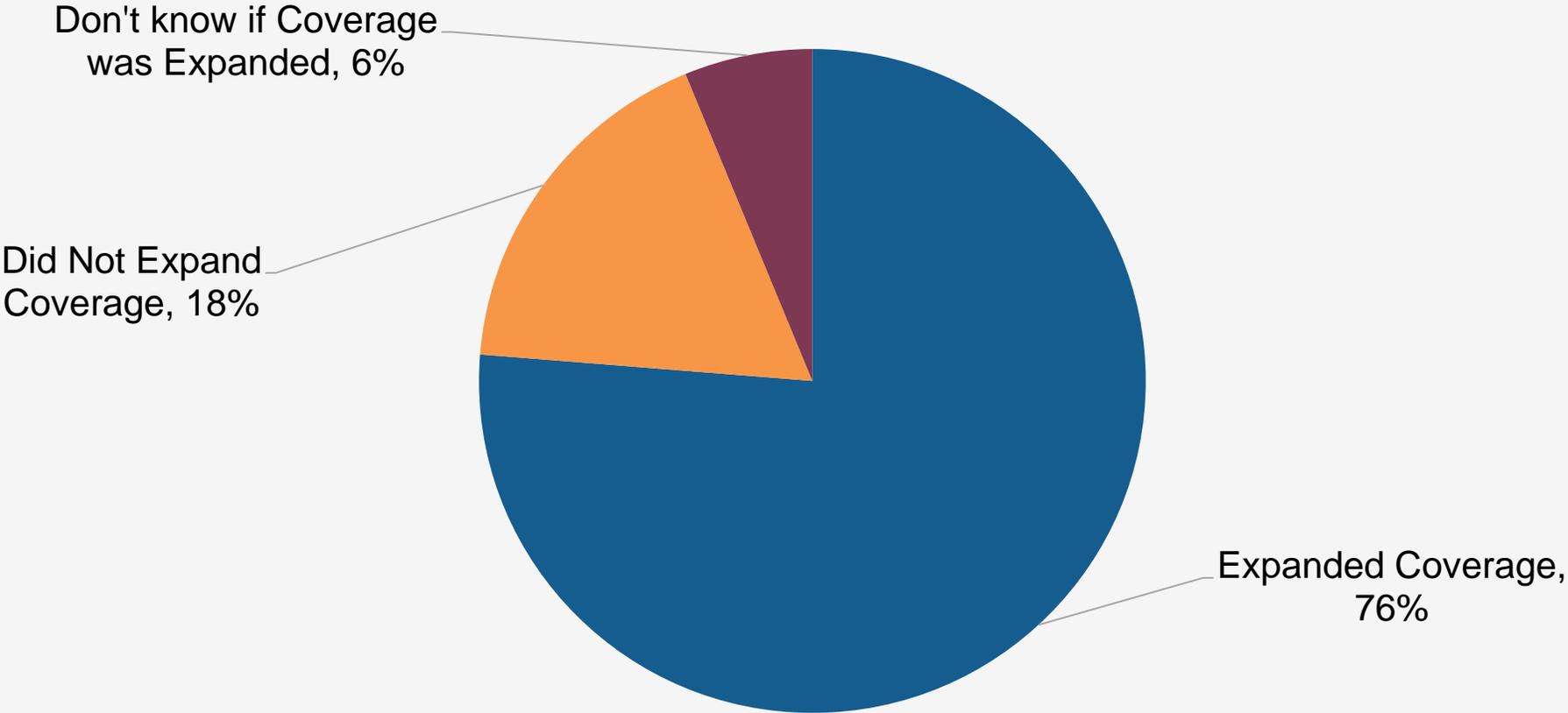
Paul Fronstin, Ph.D., Employee Benefit Research Institute; M. Christopher Roebuck, Ph.D., RxEconomics LLC; and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

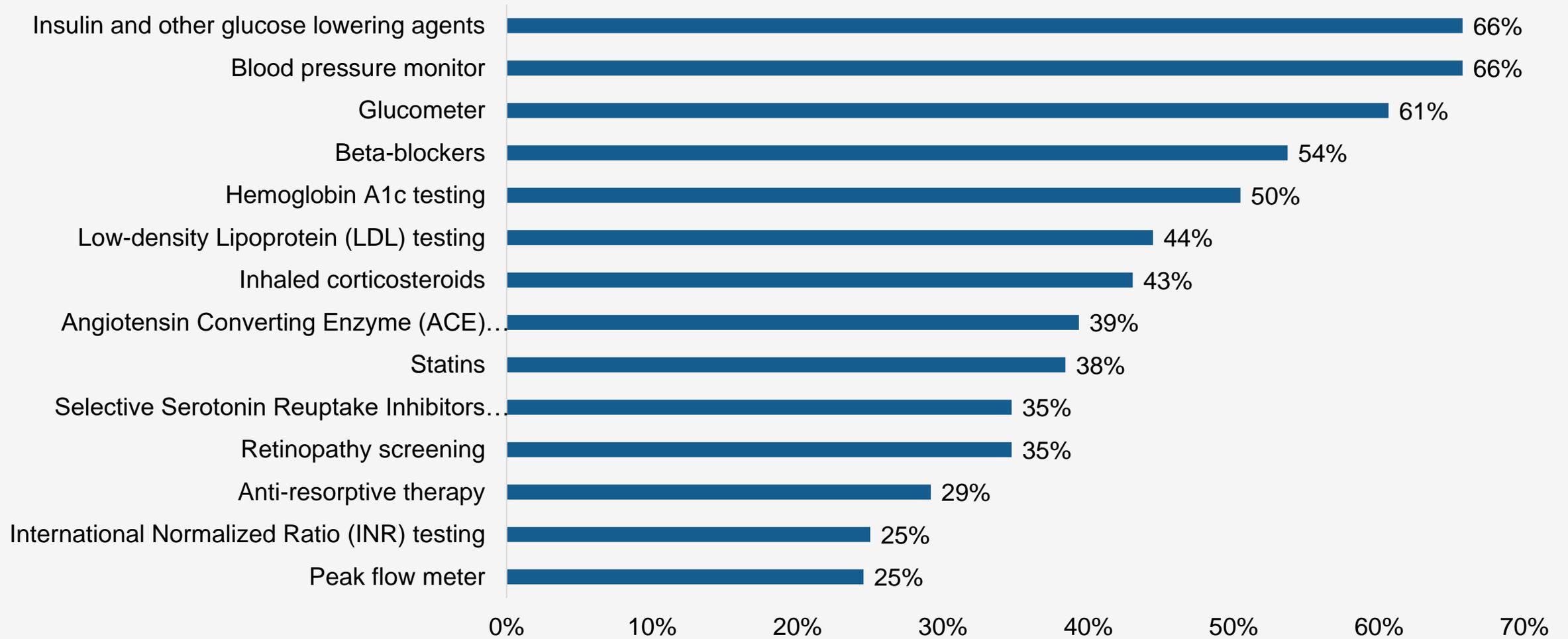
IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and other health services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

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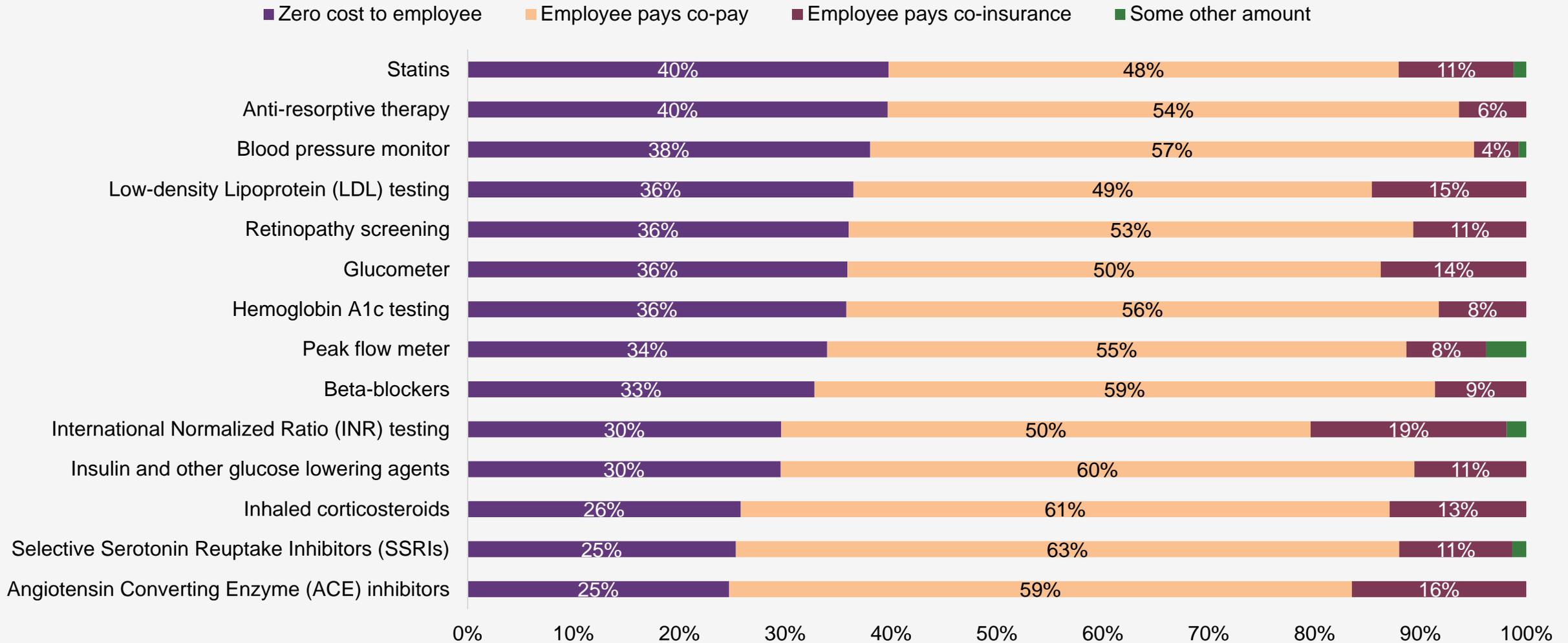
Percentage of Employers Who Expanded Pre-Deductible Coverage in HSA-Eligible Health Plan for Preventive Services Allowed Under IRS Rule 2019-45



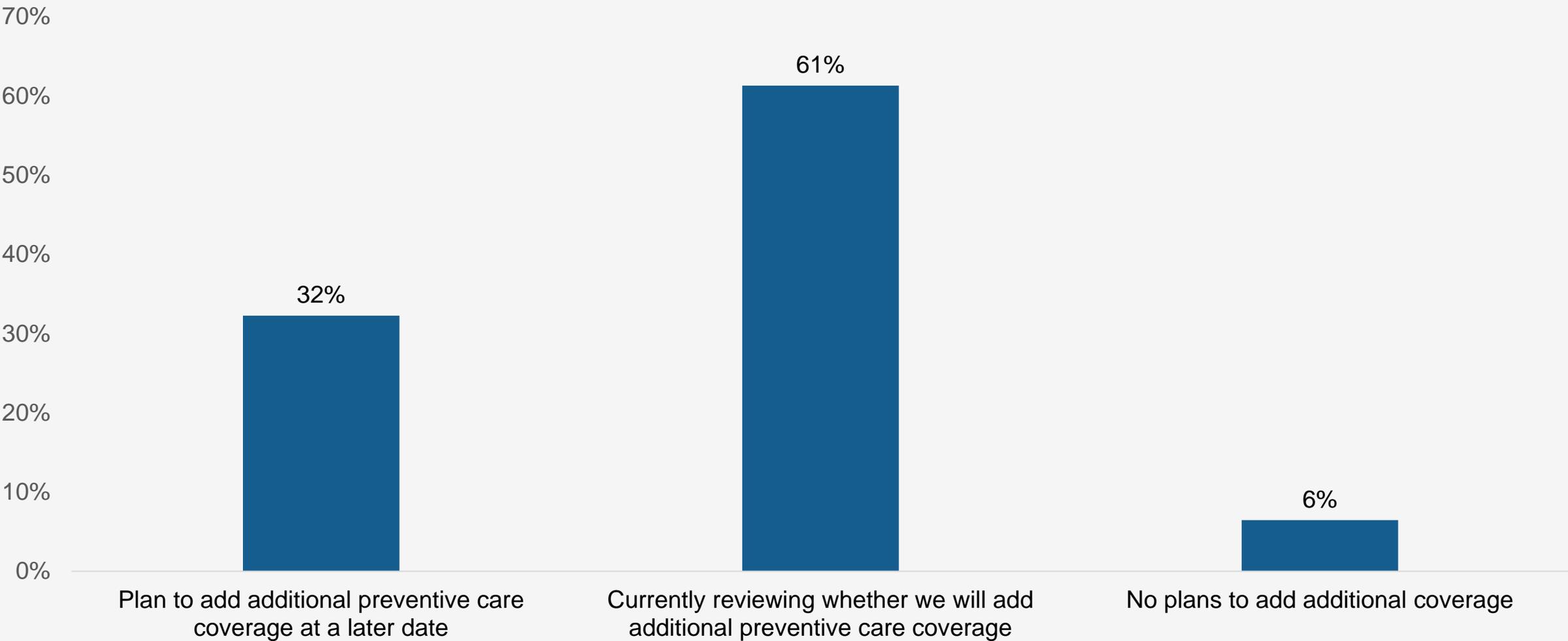
Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45



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



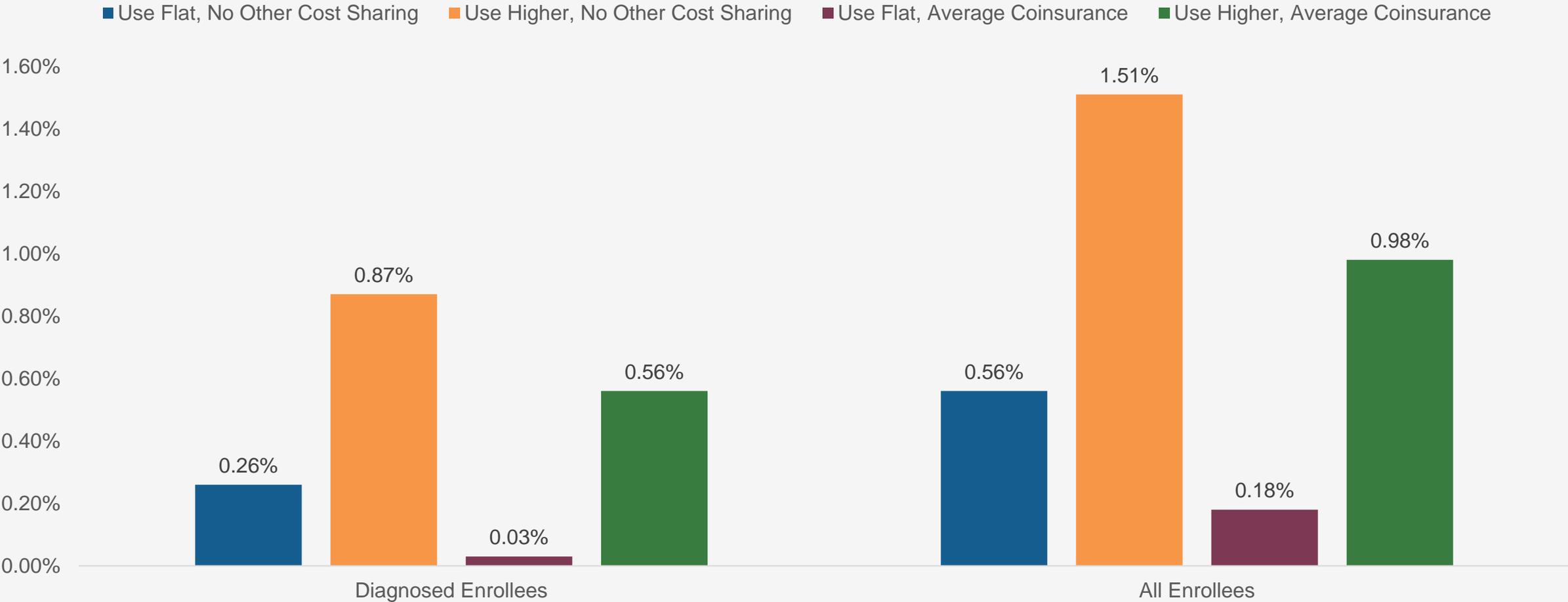
Plans to Add Pre-Deductible Preventive Coverage, Among Employers Who Have Not Added Such Coverage



Estimating the Impact of Expanded Coverage on Premiums – Items to Consider

- Are services subject to cost sharing?
 - If yes, we assume same cost sharing imposed pre-deductible and post-deductible.
 - If no, we assume first dollar coverage throughout the year.
- Does utilization increase?
 - Model no increase and 20% increase.
- Do employers follow requirement that claimant has an associated diagnosis (ie, diabetes for people taking insulin)?
 - May be difficult to adjudicate, especially because pharmacy claims do not diagnosis field.
- Is the deductible recovered?
 - Deductible is often recovered because users of these 14 services are high users of other health care services (ie average spend is \$16,900).

Impact of Expanding Pre-Deductible Coverage in HSA-Eligible Health Plans on Premiums



Premium Increases are Low Because....

- Prevalence is low.
- Average use of health care services is relatively low.
- Cost is relatively low, with exception of insulin.
- 25-50% of users affected already reach deductible.

Prevalence of Diagnoses Pertaining to IRS Notice 2019-45 and Percentage of Diagnosed Users Meeting Deductible

Diagnosis	% of Enrollees with Diagnosis
Heart Disease	7%
Hypertension	5%
Depression	4%
Diabetes	3%
Asthma	1%
Osteoporosis	0.3%
Bleeding Disorder	0.1%

Preventive Care Service	% of Diagnosed Enrollees Meeting Their Deductible
Beta Blockers	25-37%
Statins	20-26%
ACE Inhibitors	19-25%
LDL Testing	17-25%
Blood Pressure Monitor	41-46%
SSRIs	23-30%
Glucometer	33-34%
Retinopathy Screening	22-28%
Insulin	24-26%
HbA1c Testing	20-25%
Inhaled Corticosteroids	21-29%
Peak Flow Meter	21-27%
Antiresorptive Therapy	28-30%
INR Testing	39-42%

Chronic Disease Management Act of 2021

117TH CONGRESS
1ST SESSION

S. 1424

To amend the Internal Revenue Code of 1986 to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan deductible.

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2021

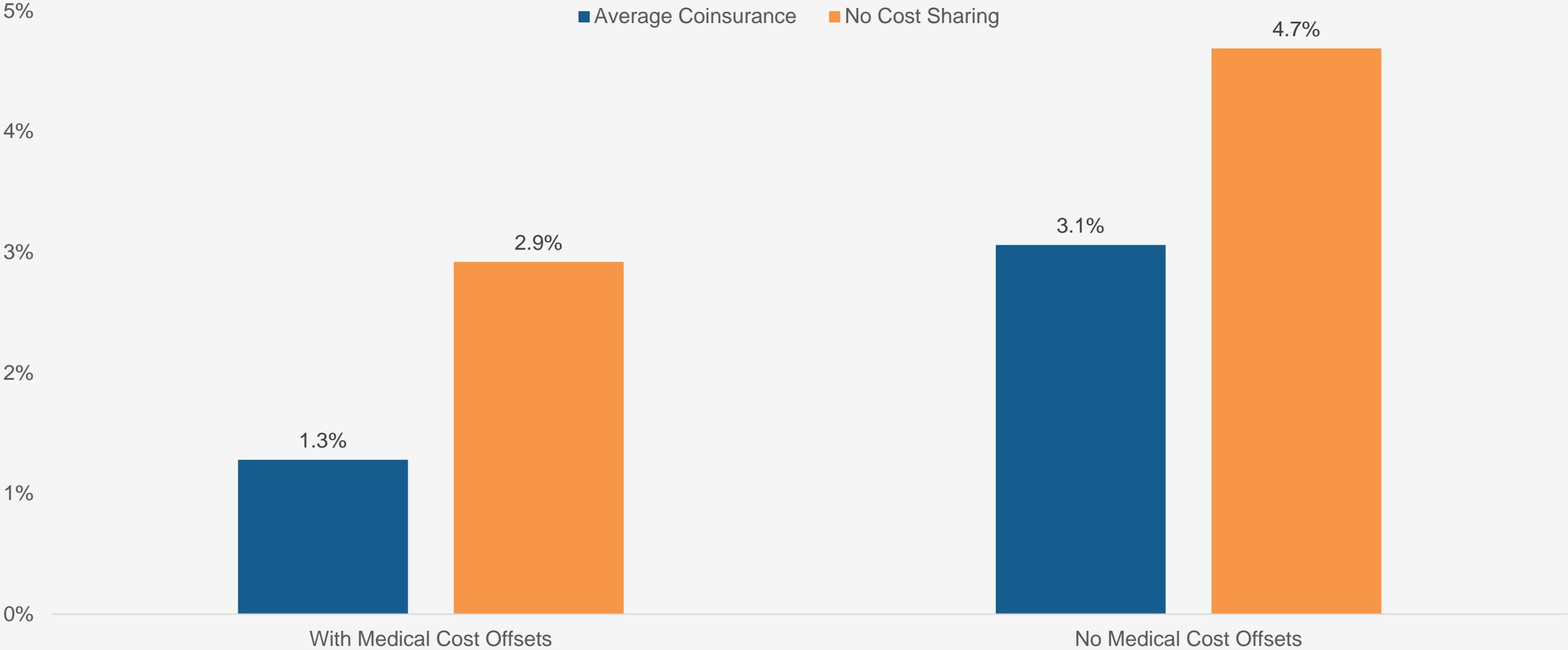
Mr. THUNE (for himself and Mr. CARPER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan deductible.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Impact on Premiums of Expanding Pre-Deductible Coverage to Chronic Disease Management Medications in HSA-Eligible Health Plans



Deductible Recoupment Illustration – Rheumatic Drugs

	No Services Covered Pre-Deductible	Rheumatic Drugs Covered in Full	Rheumatic Drugs Covered With Coinsurance
Plan Design			
Deductible	\$3,000	\$3,000	\$3,000
Coinsurance	10%	10%	10%
Total Spending	\$52,000	\$52,000	\$52,000
Pre-Deductible Coverage	\$0	\$34,000	\$34,000
Deductible	\$3,000	\$3,000	\$3,000
Coinsurance	\$3,650	\$1,500	\$3,650
Total OOP	\$6,650	\$4,500	\$6,650
Change in OOP		-\$2,150	\$0
% of Sample With Condition		0.43%	0.43%
Cost Share Shift Percentage of Total Spend		0.2%	0%

Q&A



Upcoming Events

September 28 — Members-Only Research Round-Up webinar

September 29 — 2022 Financial Wellbeing Symposium

December 1 — 2022 Retirement Summit



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