

Employers Added Pre-Deductible Coverage for Preventive Services in Response to Increased IRS Flexibility

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. [Recent research from the Employee Benefit Research Institute](#) (EBRI) reported on findings from a 2021 EBRI survey of employers that collected information on their response to the 2019 guidance. The survey found that many employers added pre-deductible coverage as a result of the IRS notice. Furthermore, among employers not offering pre-deductible coverage, nearly all either planned to add such coverage or were considering doing so.

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.¹

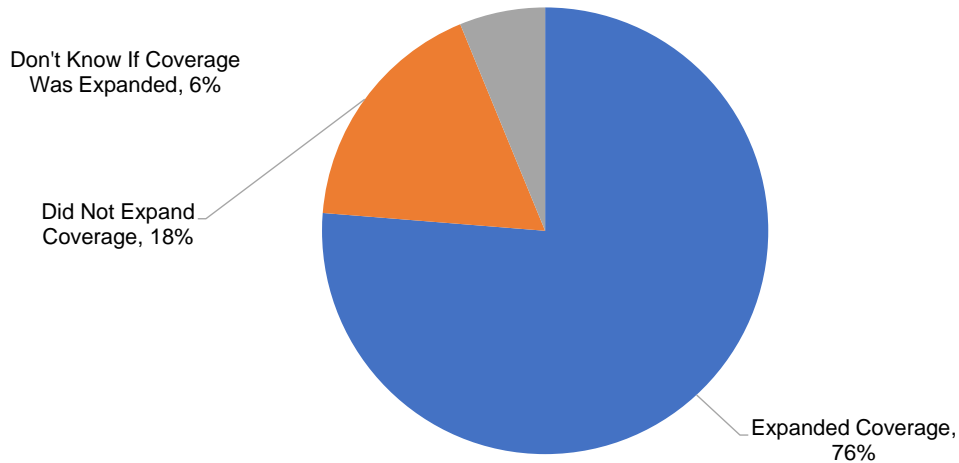
With IRS Notice 2019-45 in place, all HSA-eligible health plans are now able to adopt a more flexible benefit design offering more protection for certain medical services through a value-based insurance design (V-BID) plan structure.

Adding Coverage: Three in four employers (76 percent) said that they have added pre-deductible coverage as a result of IRS Notice 2019-45. Another 94 percent of employers not offering pre-deductible coverage reported that they planned to add such coverage or were considering doing so.

Types of Coverage Added: Pre-deductible coverage was often added for health care services related to heart disease and diabetes care. Two-thirds added pre-deductible coverage for blood pressure monitors and insulin/glucose lowering agents; 61 percent added coverage for glucometers; and 54 percent added coverage for beta-blockers. Health care services least likely to have pre-deductible coverage include peak flow meters and INR testing (25 percent, each respectively).

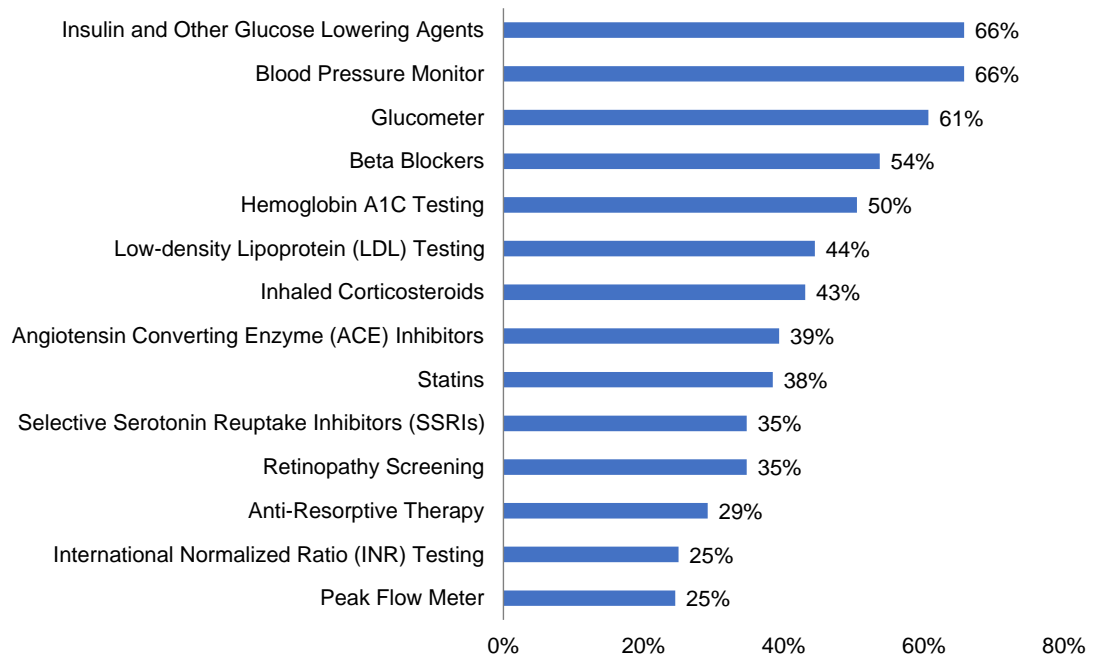
¹ <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>

Figure 1
Percentage of Employers That Expanded Pre-Deductible Coverage in HSA-Eligible Health Plans for Preventive Services Allowed Under IRS Rule 2019-45



Source: Employee Benefit Research Institute survey.

Figure 2
Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45



Source: Employee Benefit Research Institute survey.

Finally, most employers reported that they would add pre-deductible coverage for additional health care services if allowed by law.

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.

Appetite for Adding More Services: While a substantial amount of pre-deductible coverage has been added, there is an appetite among employers for adding more services if allowed by the IRS, and among policymakers as evidenced by The Chronic Disease Management Act, which was reintroduced in the U.S. Congress as recently as May 2021. This bipartisan, bicameral legislation would provide HSA-eligible health plans additional flexibility to provide pre-deductible coverage for services that manage chronic conditions.

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 or connect with us on [Twitter](#) or [LinkedIn](#).

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