

# Expanding the Generosity of HSA-Eligible Health Plans

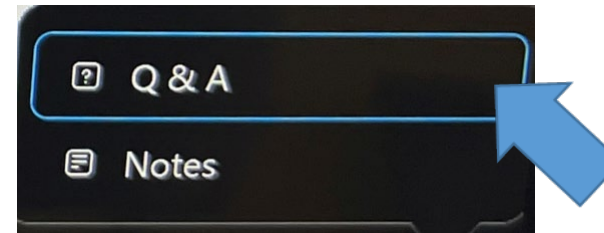
Monday, December 5, 2022

# TO ASK QUESTIONS

For most devices, the **Q & A function** can be found by clicking on the ellipses at the bottom of your screen on the far right.



Clicking on the ellipses will open a new menu, which will then allow you to click on **Q & A**.



- With the **Q & A** window open, type in your question and send to **HOST** or **Ashley Tait-Dinger**.
- There is a 512-character limit for questions.
- While we would like this to be interactive, we understand sometimes that is not possible.
- Please reserve the **Chat** function for technical questions to the **HOST**.



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- Director of Health Benefits Research at the Employee Benefit Research Institute (EBRI)
- Oversees the Center for Research on Health Benefits Innovation
- Serves on the National Advisory Board for the University of Michigan Center for Value-Based Insurance Design



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

Paul Fronstin, Ph.D.

Employee Benefit Research Institute

Presentation to the Florida Alliance for Healthcare Value

Dec. 5, 2022



# U.S. DEPARTMENT OF THE TREASURY

## PRESS RELEASES

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

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## 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                                      |

## **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*

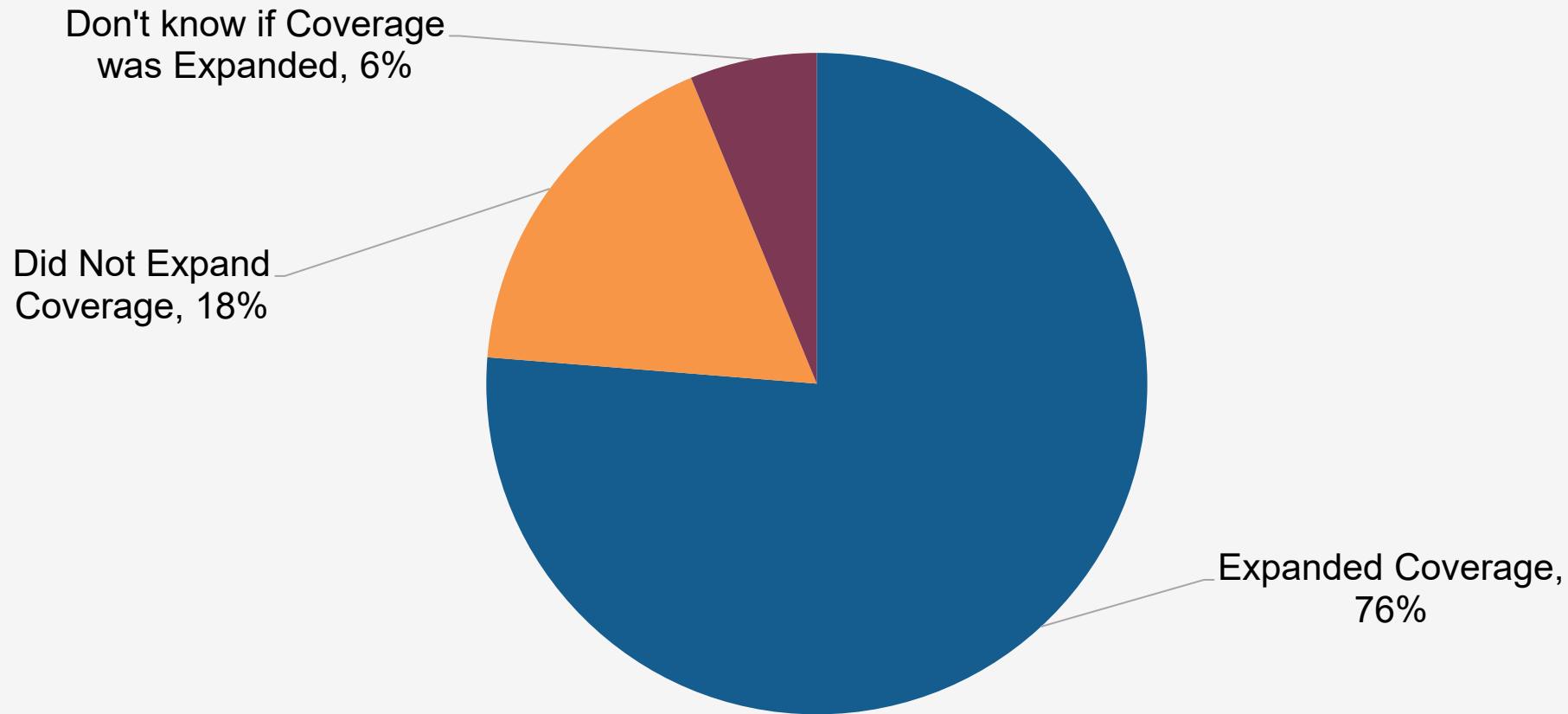
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### AT A GLANCE

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.

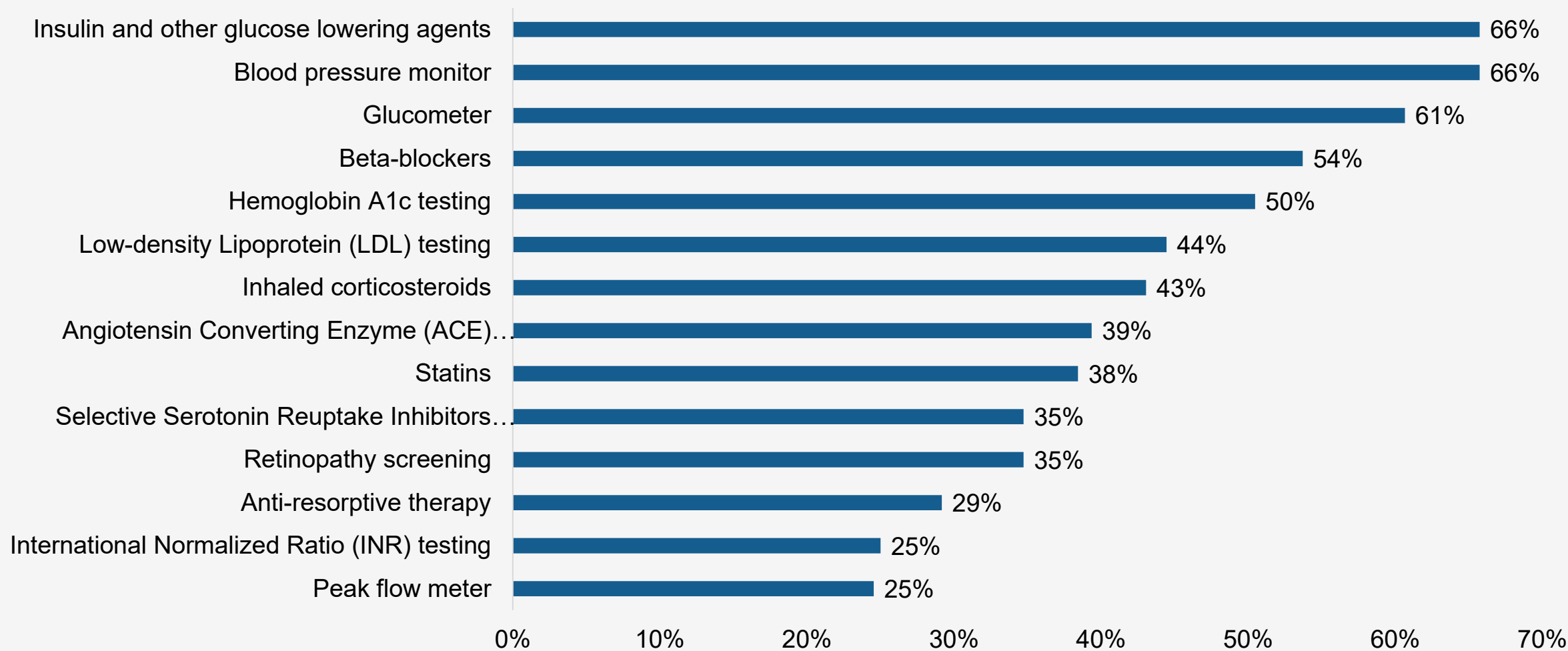
In this *Issue Brief*, we report on the findings from a 2021 Employee Benefit Research Institute (EBRI) survey of employers that collected information on their response to the 2019 guidance. The survey examined not only whether employers added pre-deductible coverage as a result of Notice 2019-45, but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

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

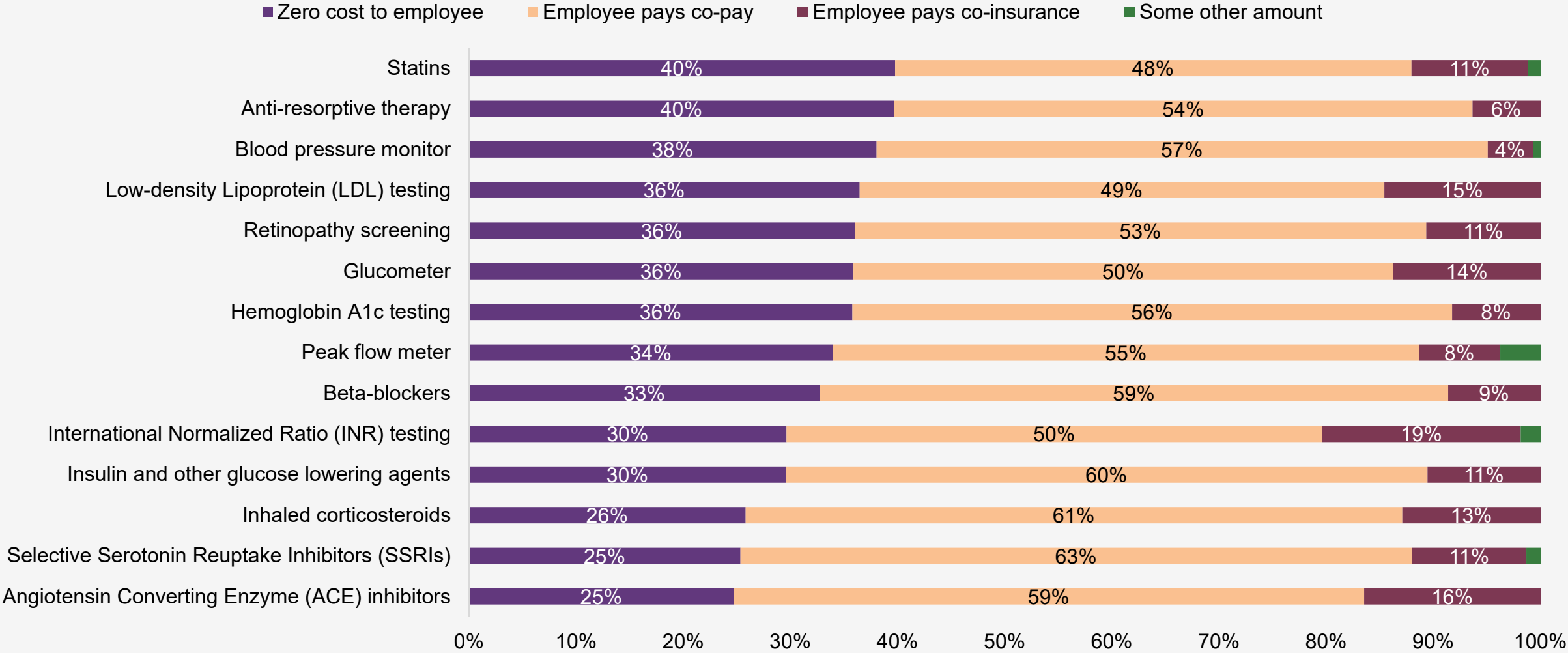




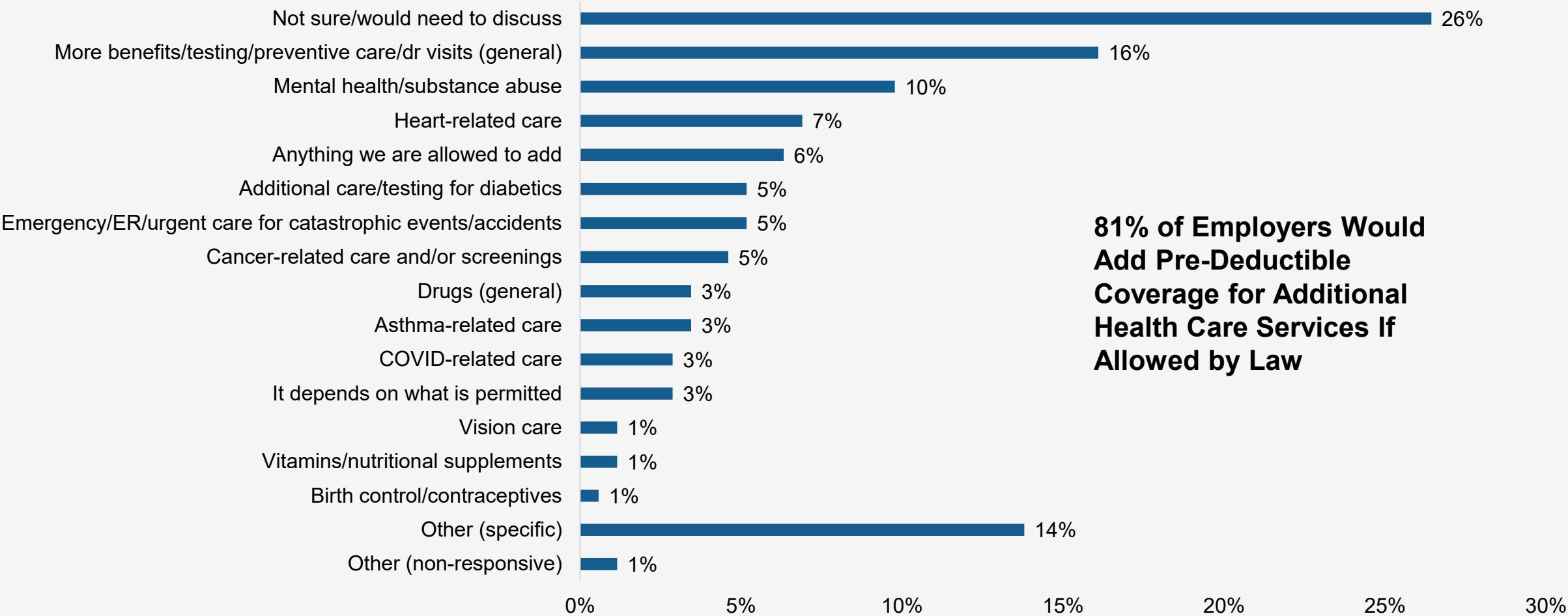
## Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45



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

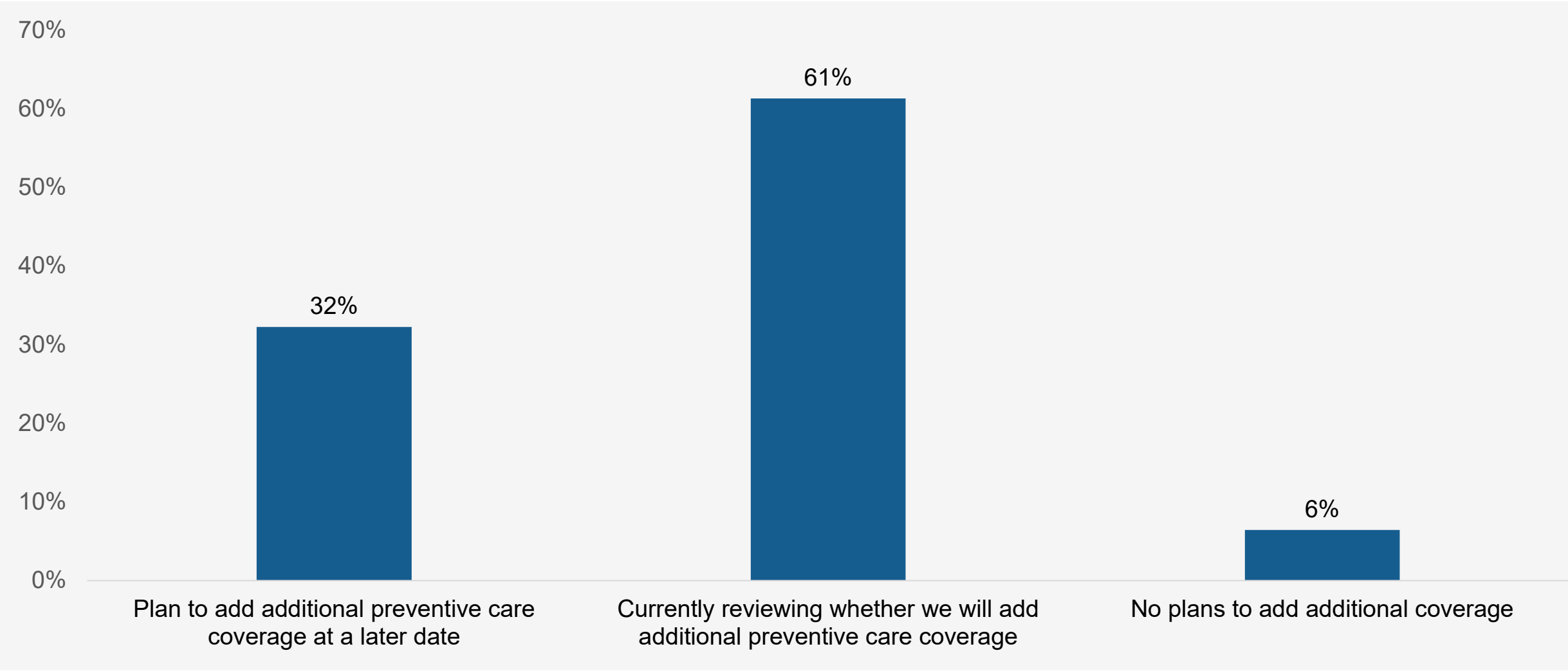


# Additional Pre-Deductible Coverage that Employers Would Like to Add (Based on Open Ended Question)



**81% of Employers Would Add Pre-Deductible Coverage for Additional Health Care Services If Allowed by Law**

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



## **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*

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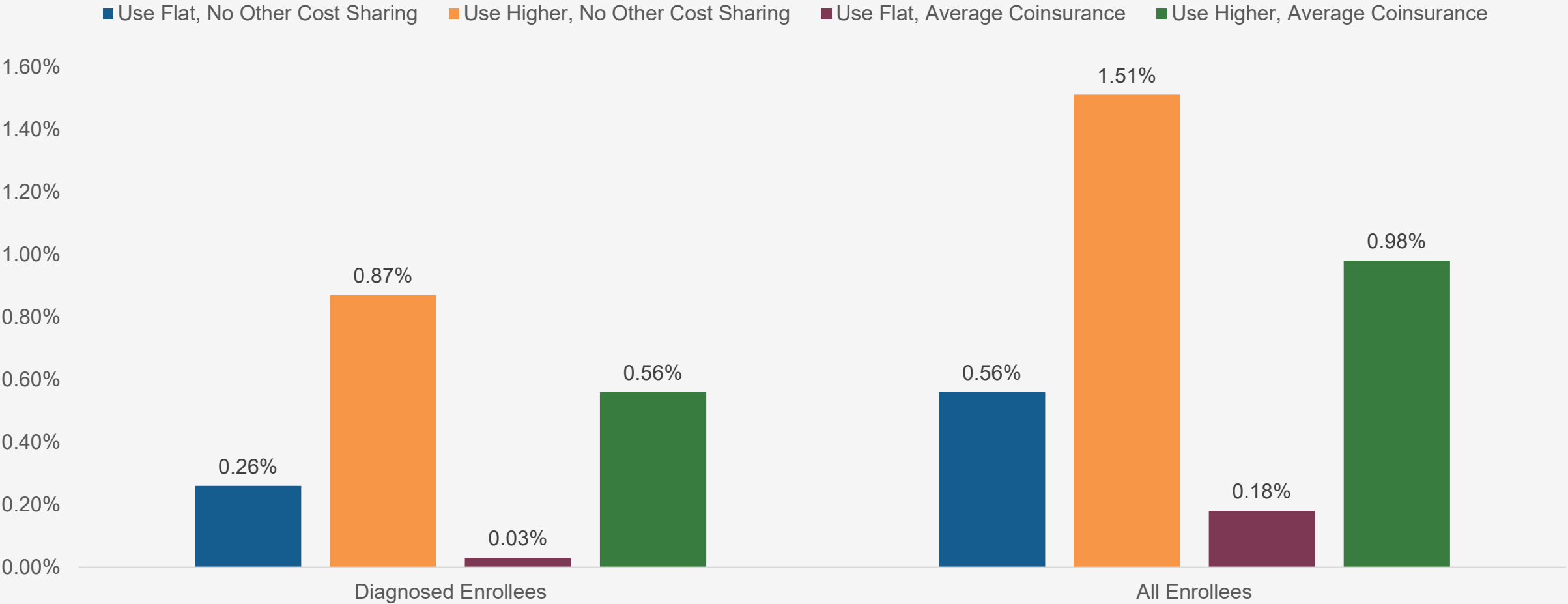
### **A T A G L A N C E**

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.

## 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


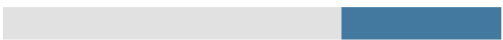

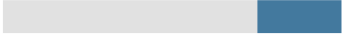
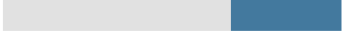

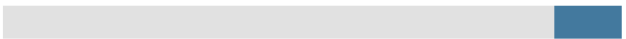





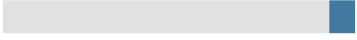
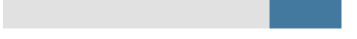









## Premium Increases are Low Because....

- 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  | Preventive Care Service | % of Diagnosed Enrollees Meeting Their Deductible  |
|-------------------|--|-------------------------|--|
| Heart Disease     |  7%     | Beta Blockers           |  25-37%   |
|                   |  | Statins                 |  20-26%   |
|                   |  | ACE Inhibitors          |  19-25%   |
|                   |  | LDL Testing             |  17-25%   |
| Hypertension      |  5%     | Blood Pressure Monitor  |  41-46%   |
| Depression        |  4%     | SSRIs                   |  23-30%   |
| Diabetes          |  3%     | Glucometer              |  33-34%   |
|                   |  | Retinopathy Screening   |  22-28%   |
|                   |  | Insulin                 |  24-26%   |
|                   |  | HbA1c Testing           |  20-25%   |
| Asthma            |  1%    | Inhaled Corticosteroids |  21-29%  |
|                   |  | Peak Flow Meter         |  21-27% |
| Osteoporosis      |  0.3% | Antiresorptive Therapy  |  28-30% |
| Bleeding Disorder |  0.1% | INR Testing             |  39-42% |

## Average Spending on Health Care Services Pertaining to IRS Notice 2019-45 is Low When Spread Across All Enrollees

| Medications                               | Spending Per Enrollee With Diagnosis | Spending Per Enrollee | Proportion of Total Spending |  | Medical Services       | Spending Per Enrollee With Diagnosis | Spending Per Enrollee | Proportion of Total Spending |
|---|--------------------------------------|-----------------------|------------------------------|--|------------------------|--------------------------------------|-----------------------|------------------------------|
| Antiresorptive Therapy                    | \$634                                | \$0.68                | 0.01%                        |  | Blood Pressure Monitor | \$71                                 | \$0.004               | 0.0001%                      |
| ACE Inhibitors                            | \$37                                 | \$0.50                | 0.01%                        |  | Peak Flow Meter        | \$38                                 | \$0.01                | 0.0003%                      |
| Beta Blockers                             | \$126                                | \$0.49                | 0.01%                        |  | Glucometer             | \$310                                | \$0.40                | 0.01%                        |
| Inhaled Corticosteroids                   | \$960                                | \$7.25                | 0.1%                         |  | Retinopathy Screening  | \$262                                | \$1.23                | 0.02%                        |
| Insulin and Other Glucose Lowering Agents | \$3,627                              | \$98.33               | 2%                           |  | HbA1C Testing          | \$38                                 | \$1.12                | 0.02%                        |
| SSRIs                                     | \$104                                | \$1.85                | 0.04%                        |  | INR Testing            | \$82                                 | \$0.16                | 0.003%                       |
| Statins                                   | \$126                                | \$4.65                | 0.1%                         |  | LDL Testing            | \$34                                 | \$1.78                | 0.04%                        |

## Deductible Recoupment Illustration -- Insulin

|  | No Services Covered Pre-Deductible | Insulin Covered Pre-Deductible for Diabetics |
|--|------------------------------------|--|
| Plan Design                                |                                    |  |
| Deductible                                 | \$3,000                            | \$3,000                                      |
| Coinsurance                                | 10%                                | 10%  |
| Total Spending                             | \$16,900                           | \$16,900                                     |
| Pre-Deductible Coverage                    | \$0                                | \$3,600                                      |
| Deductible                                 | \$3,000                            | \$3,000                                      |
| Coinsurance                                | \$1,390                            | \$1,030                                      |
| Total OOP                                  | \$4,390                            | \$4,030                                      |
| Change in OOP                              |                                    | -\$360                                       |
| % of Sample With Condition                 |                                    | 3%   |
| Cost Share Shift Percentage of Total Spend |                                    | 0.2%   |

# Chronic Disease Management Act of 2021

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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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

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## 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,*

# EBRI

July 14, 2022 • No. 563

# Issue

BRIEF

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

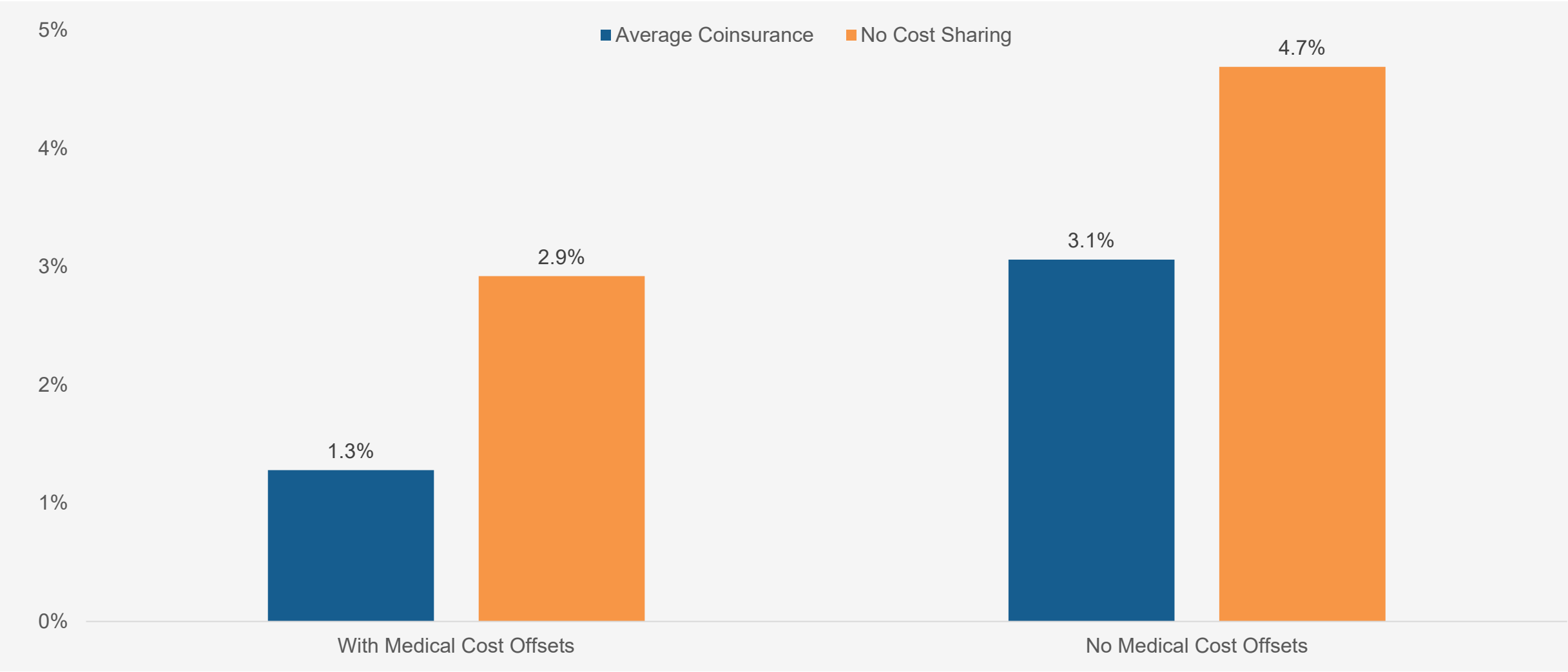
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### AT A GLANCE

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 expanding pre-deductible coverage to 116 drug classes used to manage chronic conditions.

# 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<br>Pre-Deductible | Rheumatic Drugs<br>Covered in Full | Rheumatic Drugs Covered<br>With Coinsurance |
|---|---------------------------------------|------------------------------------|---|
| Plan Design<br>Deductible<br>Coinsurance      | \$3,000<br>10%                        | \$3,000<br>10%                     | \$3,000<br>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<br>Total Spend |                                       | 0.2%                               | 0%  |

# Q&A

