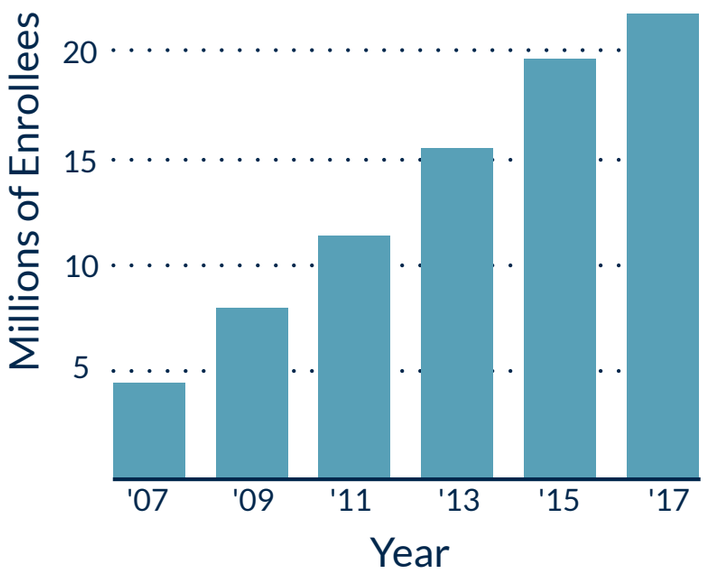
Smarter Deductibles, Better Value: Expanding Coverage in HSA-HDHPs

HSA-Eligible High-Deductible Health Plan enrollment and out-of-pocket expenses are growing

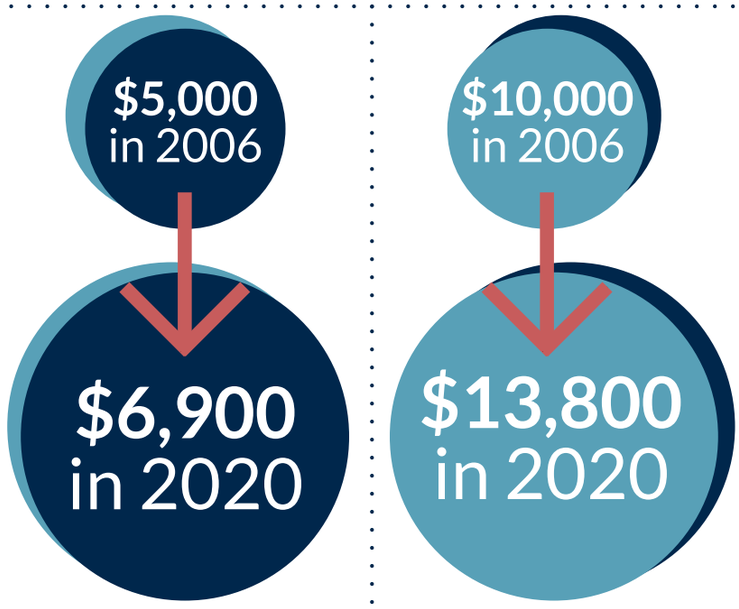
Enrollment

Millions of HSA-HDHP Enrollees by Year



Expenses

Maximum Out-of-Pocket Costs



https://www.ahip.org/wp-content/uploads/2018/04/HSA_Report_4.12.18.pdf
https://www.benefitnews.com/news/irs-announces-2020-hsa-limits
http://www.irs.gov/pub/irs-drop/n-04-2.pdf

IRS code allows HSA-HDHPs to cover select preventive services prior to satisfying the plan deductible, referred to as:

The Safe Harbor

Prior to July 2019, services treating chronic conditions were

EXCLUDED

from the safe harbor,

Requiring HSA-HDHP enrollees to pay

FULL PRICE OUT-OF-POCKET

for necessary care.

Higher out-of-pocket costs can result in:

- **lower care utilization**
- **poorer health outcomes**
- **higher overall costs**

http://www.ajmc.com/publications/issue/2013/2013-1-vol19-n12/medication-utilization-and-adherence-in-a-health-savings-accounteligible-plan

Expanding The Safe Harbor

IRS Guidance Notice 2019-45

On July 17, 2019 IRS code was amended to allow HSA-HDHPs the flexibility to provide **pre-deductible coverage** of select chronic disease management services

Chronic Disease Management Act of 2019

A proposed bipartisan, bicameral bill that, **if passed**, would add services used to manage **20 additional chronic conditions** to the safe harbor

Services Added To The Preventive Safe Harbor By The IRS Guidance

Statins
Insulin
Glucose lowering agents
Anti-Resorptive Therapy
Blood Pressure Monitors
Peak Flow Meters
Glucometers

ACE Inhibitors
Beta-Blockers
Anti-Depressants
Inhaled Corticosteroids
Retinopathy Screening
Hemoglobin A1cTesting
INR Testing
LDL Testing

Expanding Coverage in HSA-HDHPs Can Be Cost-Saving

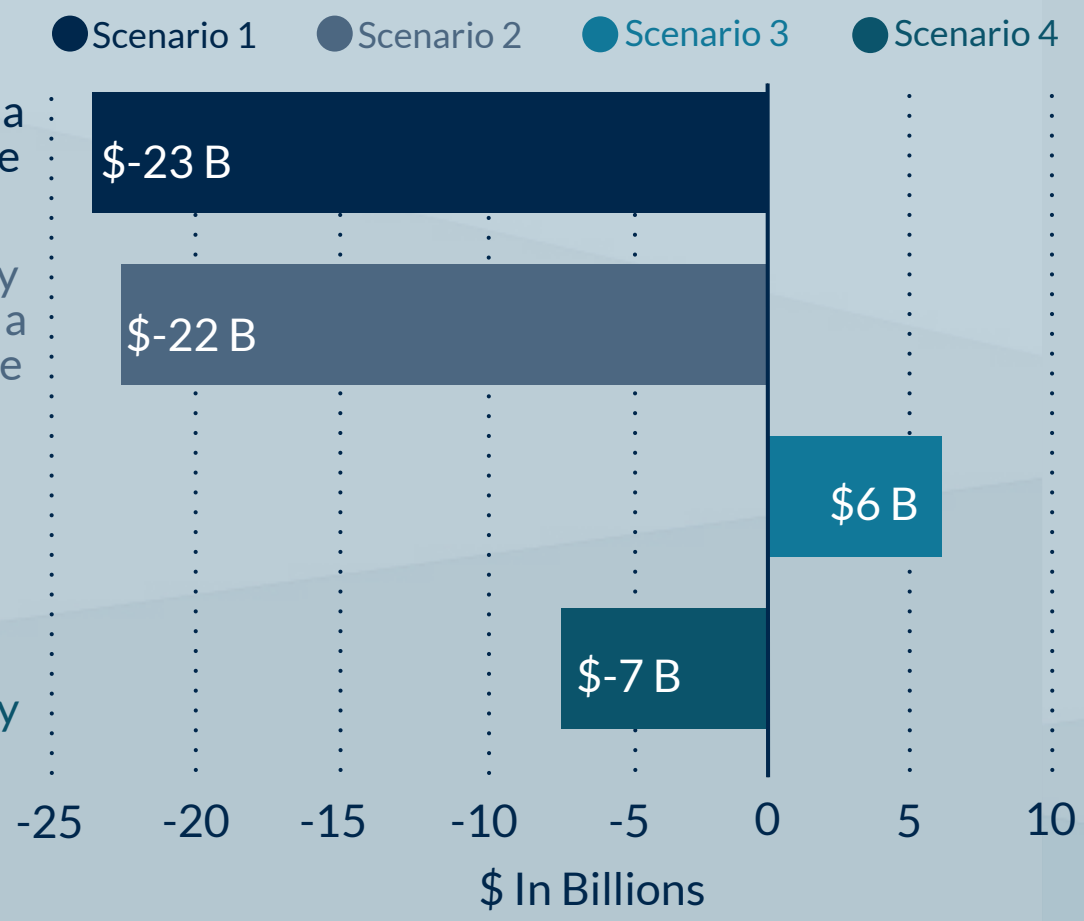
Federal Budget Impact of Expanding the Safe Harbor

Scenario 1 All firms that currently offer an HSA-HDHP offer a plan with an expanded safe harbor in addition

Scenario 2 Half of firms that currently offer an HSA-HDHP offer a plan with an expanded safe harbor in addition

Scenario 3 All firms that currently offer an HSA-HDHP replace it with a plan with an expanded safe harbor

Scenario 4 Half of firms that currently offer an HSA-HDHP replace it with a plan with an expanded safe harbor



Source: http://vbidcenter.org/wp-content/uploads/2014/08/HDHP-white-paper-final.pdf

Expanded High Deductible Health Plans

- Cover additional evidence-based services prior to meeting the plan deductible to enhance clinical outcomes
- Align with provider payment reform incentives
- Lower premiums than most PPO and HMO plans
- Produce cost-neutrality or savings on federal health care expenditures
- Provide millions of Americans with a plan option that better meets their clinical and financial needs

http://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2596004

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