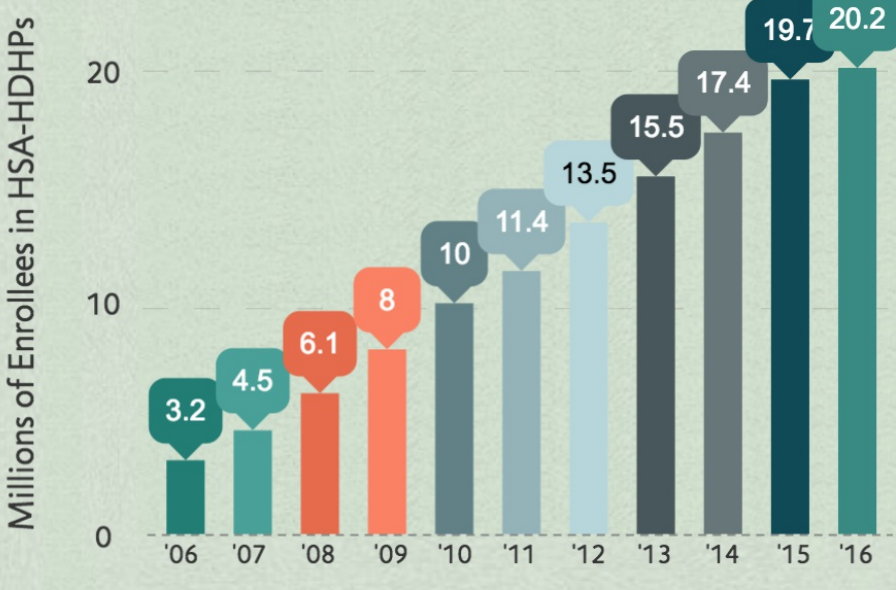


Increasing Flexibility to Expand Safe Harbor Coverage in HSA-HDHPs

HSA-HDHP enrollment and out-of-pocket expenses continue to grow



Maximum Out-of-pocket expense 2006 to 2018

individual: \$5,000 to \$6,650

family: \$10,000 to \$13,300

<https://www.ahip.org/health-savings-accountshigh-deductible-health-plans-providing-high-quality-coverage-to-19-7-million-people/>

<http://kff.org/report-section/ehbs-2015-section-eight-high-deductible-health-plans-with-savings-option/>
<http://www.irs.gov/pub/irs-drop/n-04-2.pdf>

IRS Safe Harbor Guidance allows zero consumer cost-sharing for specific preventive services

INCLUDING:

- ✓ periodic health evaluations/screenings
- ✓ routine prenatal and well-child care
- ✓ child and adult immunizations
- ✓ tobacco cessation programs
- ✓ obesity weight-loss programs

www.irs.gov/pub/irs-drop/n-04-23.pdf

However, IRS guidance requires that services used to treat "existing illness, injury or conditions" are not covered until the minimum deductible is met



office visits



diagnostic tests



drugs

As HSA-HDHP enrollees with existing conditions are required to pay out-of-pocket for necessary services, they utilize less care, potentially resulting in poorer health outcomes and higher costs

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

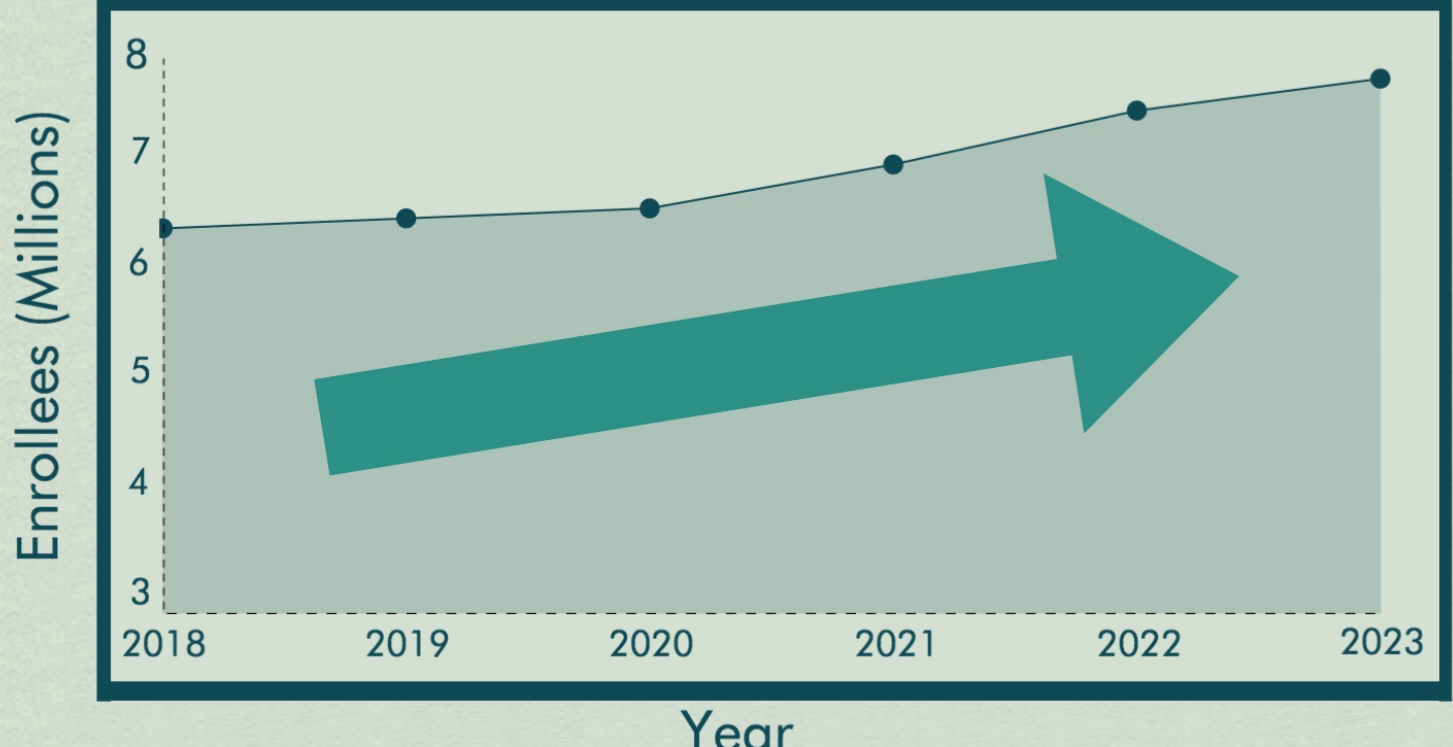
Potential Solution:

High-Value Health Plan

Flexibility to expand IRS "Safe Harbor" to allow coverage of additional evidence-based services prior to meeting the plan deductible



Projected HVHP Uptake in the Employer Market



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

H.R. 5652: "Access to Better Care" Act Introduced in 2016

114TH CONGRESS 2D SESSION **H. R. 5652**

IN THE HOUSE OF REPRESENTATIVES

Bipartisan legislation amends IRS Code to allow HDHPs the flexibility to provide coverage for services that manage chronic disease prior to meeting the plan deductible.

High-Value Health Plan "Smarter Deductibles, Better Value"

- Coverage of additional evidence-based services prior to meeting the plan deductible enhances clinical outcomes
- Aligns with provider payment reform incentives
- Lower premiums than most PPO and HMO plans
- Substantially reduces aggregate health care expenditures
- Provides millions of Americans a plan option that better meets their clinical and financial needs

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