

# Smarter Health Care Coalition

April 28, 2021

The Honorable John Thune  
511 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Tom Carper  
513 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Thune and Senator Carper:

On behalf of the Smarter Health Care Coalition (the Coalition), we are writing to express strong support for the bipartisan *Chronic Disease Management Act of 2021*. We urge Congressional leadership to include this critical legislation in any moving legislation. The Coalition represents a broad-based, diverse group of health care stakeholders, including consumer groups, employers, health plans, life science companies, provider organizations, and academic centers.

A key area of focus for the Coalition is ensuring patients have access to high-value health care services. Based on research conducted over several decades, many employers and health plans have changed their plan designs to remove cost-sharing for high-value drugs and services that treat chronic conditions. Unfortunately, regulatory and legislative barriers continue to inhibit some of these value-based plan designs. Specifically, Health Savings Account (HSA)-eligible plans have limited ability to offer services and medications to manage chronic conditions on a pre-deductible basis. Your bill will solve this problem by granting health plans and employers more flexibility to vary their benefit designs and offer high-value care pre-deductible.

The rapid expansion of plans with high deductibles, in conjunction with the global COVID-19 pandemic, makes enacting this policy even more timely and important. The Kaiser Family Foundation's 2020 Employer Health Benefits Survey shows that the percentage of employers offering high deductible health plans (HDHP) with an HSA grew from about 2 percent to 20 percent between 2005 and 2020, and the percentage of employees covered by HSA-HDHPs over the same period grew from about 2 percent to 24 percent.<sup>1</sup>

Additionally, chronic disease management and the prevention of further complications is an essential component of a comprehensive COVID-19 recovery for medically vulnerable populations. As you know, the chronically ill – representing approximately 6 out of 10 Americans – are at higher risk for severe illness related to COVID-19 as well as long-term complications associated with COVID-19.<sup>2</sup> Further, studies show that these individuals have been postponing

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<sup>1</sup> <https://www.kff.org/report-section/ehbs-2020-section-8-high-deductible-health-plans-with-savings-option/>

<sup>2</sup> <https://www.cdc.gov/coronavirus/2019-ncov/hcp/underlying-conditions.html>

the management of their chronic disease because of the risks associated with contracting COVID-19 at their site of care or other reasons.<sup>3</sup>

Guidance issued in 2019 by the Internal Revenue Service<sup>4</sup> was a helpful step in granting more flexibility to employers and health plans to offer certain chronic disease prevention pre-deductible, but more work remains. The *Chronic Disease Management Act of 2021* builds on and expands the flexibility included in Notice 2019-45. The guidance outlined the Treasury Department's and the IRS's determination that certain medical services and items, including prescription drugs, could be considered preventive for someone with a chronic condition. The legislation codifies the three criteria the Treasury Department and the IRS outlined to determine if a medical item or service could be covered pre-deductible:

- The service or item is low-cost;
- There is medical evidence supporting high cost efficiency (a large expected impact) of preventing exacerbation of the chronic condition or the development of a secondary condition; and
- There is a strong likelihood, documented by clinical evidence, that with respect to the class of individuals prescribed the item or service, the specific service or use of the item will prevent the exacerbation of the chronic condition or the development of a secondary condition that requires significantly higher cost treatments.

The 2020 Kaiser Family Foundation Employer Health Benefits Survey<sup>5</sup> found overwhelming uptake by plans of the flexibility provided in Notice 2019-45. Since the 2019 guidance to expand what may be considered preventive by HSA-qualified health plans, 29 percent of employers with 200 or more employees say they expanded pre-deductible coverage. Further, 48 percent of employers with more than 5,000 employees say they expanded pre-deductible coverage. These important results underscore how much interest exists among health plans and employers to make it easier for their enrollees and employees with chronic conditions to access high-value health care that will prevent exacerbation of their conditions.

While Notice 2019-45 is a very helpful step forward, given the response from health plans and employers in combination with the COVID-19 pandemic, it is more important than ever to provide additional flexibility. The *Chronic Disease Management Act of 2021* would do just that. The legislation could provide more relief to lower out-of-pocket costs by providing employers and health plans additional flexibility to expand the list of drugs and services not subject to plan deductibles. **Given the strong response to Notice 2019-45, it is very likely this legislation could lead to millions of Americans receiving additional high-value care with lower out-of-pocket costs.** This could lead to better health and fewer unnecessary emergency care visits and hospitalizations, to the benefit of patients and our health care system overall.

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<sup>3</sup> <https://www.cdc.gov/mmwr/volumes/69/wr/mm6936a4.htm>

<sup>4</sup> <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>

<sup>5</sup> <https://files.kff.org/attachment/Report-Employer-Health-Benefits-2020-Annual-Survey.pdf>

The Smarter Health Care Coalition greatly appreciates your leadership and work to make it easier for the 6 out of 10 Americans with chronic conditions to access the care they need to stay healthy. We stand ready to work with you to advance this important legislation.

Sincerely,

Andrew MacPherson, Ray Quintero, and Katy Spangler  
*Co-Directors, Smarter Health Care Coalition*

CC:

Senate HELP Committee Chairwoman Patty Murray  
Senate HELP Committee Ranking Member Richard Burr  
Senate Finance Committee Chairman Ron Wyden  
Senate Finance Committee Ranking Member Mike Crapo  
House Energy and Commerce Committee Chairman Frank Pallone, Jr.  
House Energy and Commerce Committee Ranking Member Cathy Rodgers  
House Ways and Means Committee Chairman Richard E. Neal  
House Ways and Means Committee Ranking Member Kevin Brady  
House Education and Labor Committee Chairman Robert C. "Bobby" Scott  
House Education and Labor Committee Ranking Member Virginia Foxx