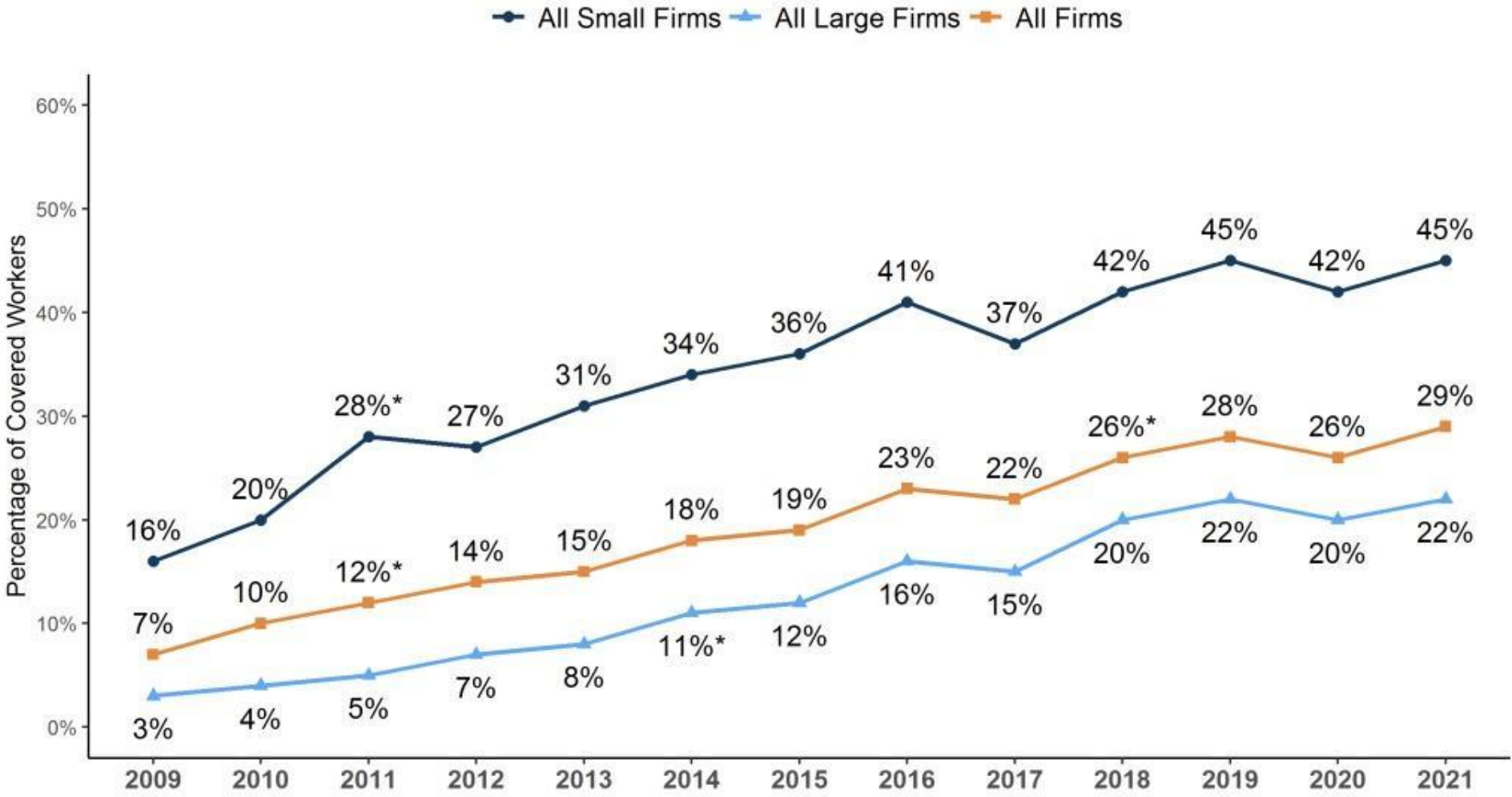


Percentage of Covered Workers Enrolled in a Plan With a General Annual Deductible of \$2,000 or More for Single Coverage, by Firm Size

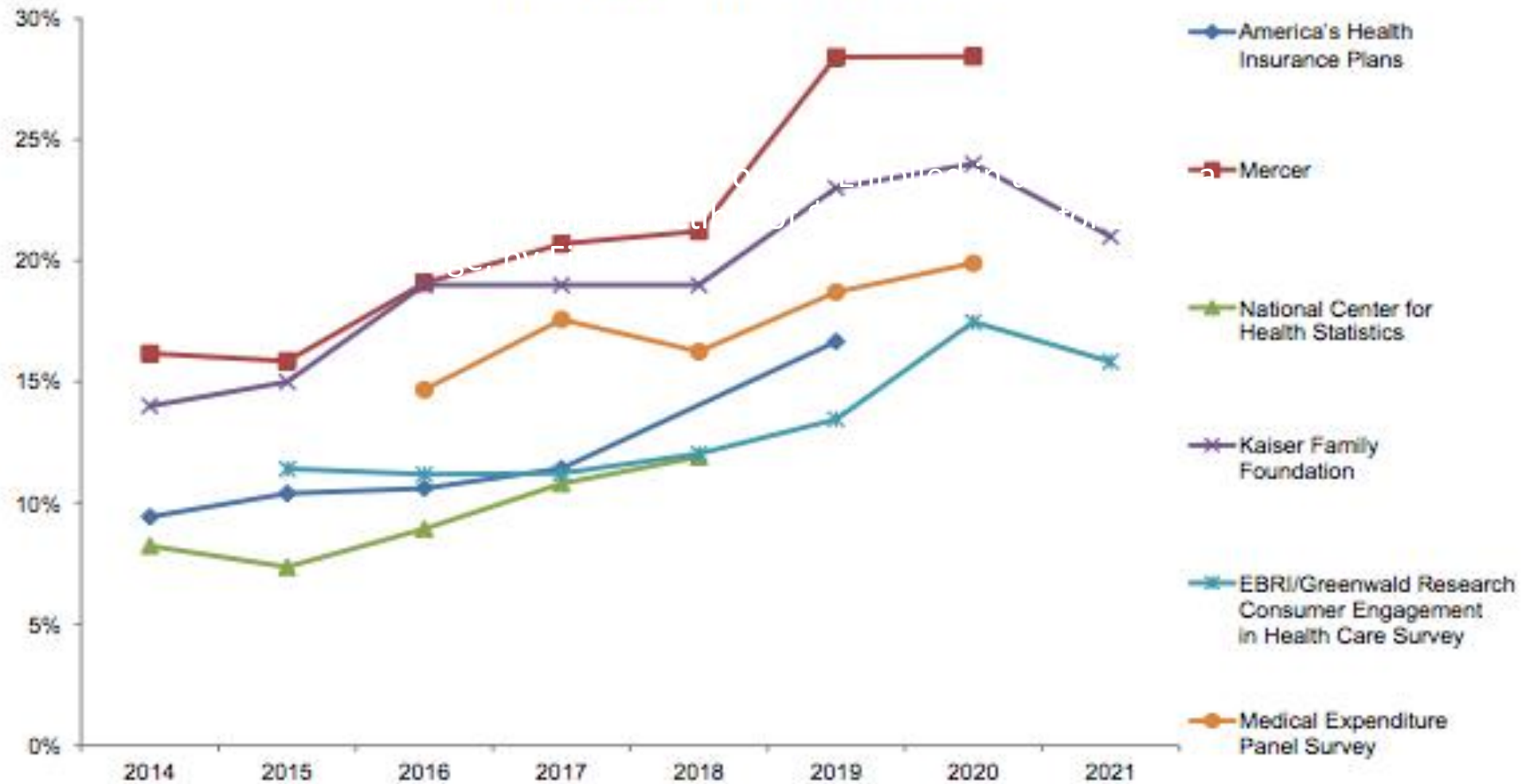


Source: Kaiser Family Foundation Employer Health Benefits Survey. 2021 Employer Health Benefits Survey - Summary of Findings. 10 Nov 2021. Accessed at: <https://www.kff.org/report-section/ehbs-2021-summary-of-findings/attachment/figure-e-33/>.



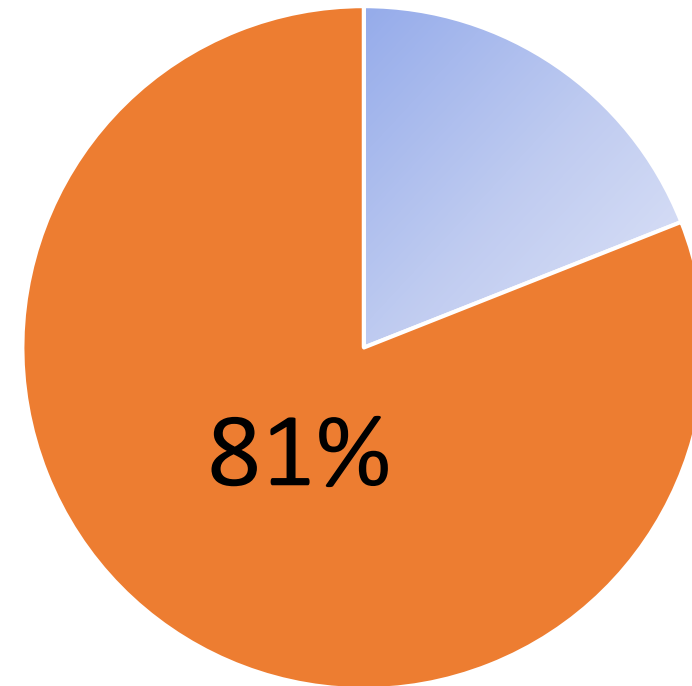
Be Careful What You Wish For...

Percentage of Enrollees in HSA-Eligible Health Plans, 2014–2021



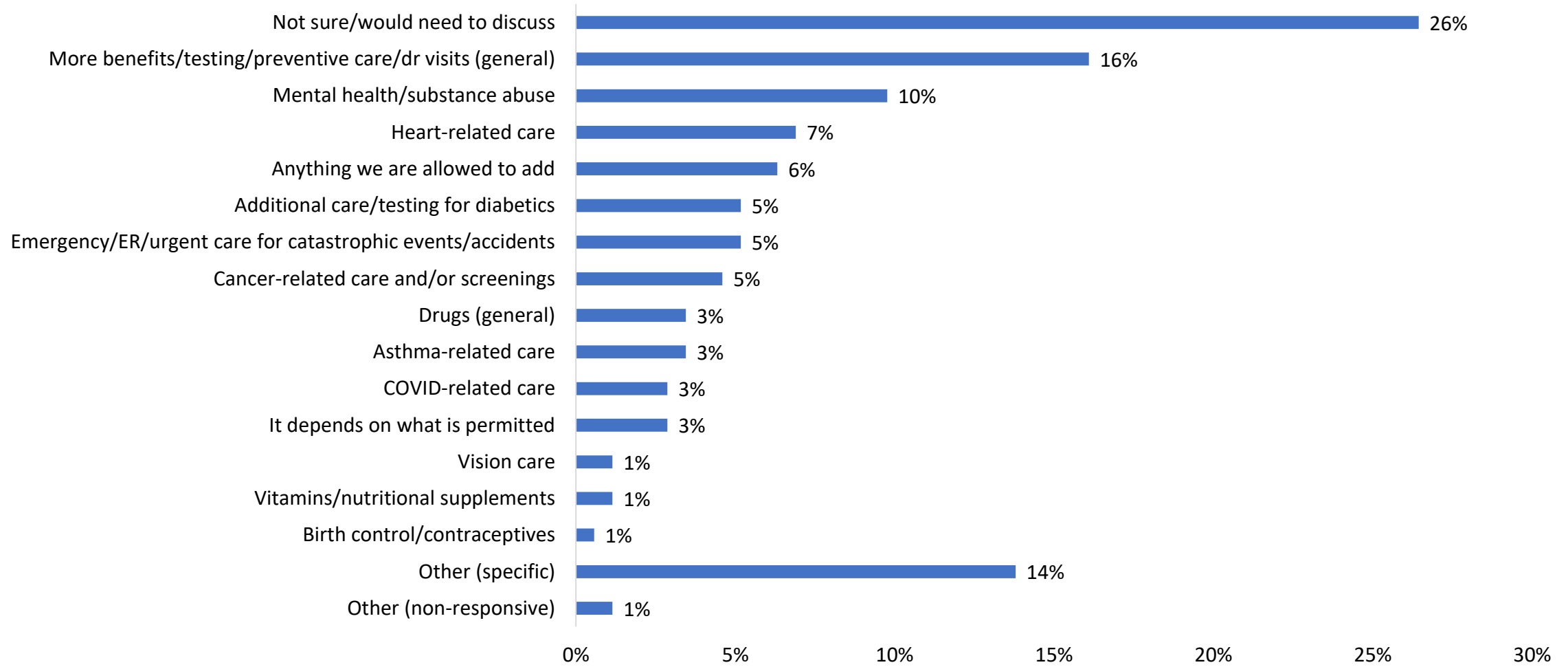
Make HSA-HDHPs More Attractive by Making Deductibles ‘Smarter’

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



SOURCE: Fronstin, Paul, and A. Mark Fendrick, “Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans,” EBRI Issue Brief, no. 542 (October 14, 2021).

Services Employers Would Cover on Pre-deductible Basis if IRS Notice 2019-45 were Expanded



SOURCE: Fronstin, Paul, and A. Mark Fendrick, "Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans," EBRI Issue Brief, no. 542 (October 14, 2021).

Expand list of services under IRS 2019-45

Additional Preventive Care Benefits Permitted to be Provided by a High Deductible Health Plan Under § 223

NOTICE 2019-45

PURPOSE

This notice expands the list of preventive care benefits permitted to be provided by a high deductible health plan (HDHP) under section 223(c)(2) of the Internal Revenue Code (Code) without a deductible, or with a deductible below the applicable minimum deductible (self-only or family) for an HDHP.

BACKGROUND

Section 223 of the Code permits eligible individuals to establish Health Savings Accounts (HSAs). Among the requirements to qualify as an eligible individual under section 223(c)(1) is that the individual be covered under an HDHP and have no disqualifying health coverage. Only eligible individuals under section 223(c)(1) are allowed to make contributions to an HSA or to receive contributions from an employer to their HSA. An HDHP is a health plan that satisfies certain requirements with respect to minimum deductibles and maximum out-of-pocket expenses.

Generally, under section 223(c)(2)(A), an HDHP may not provide benefits for any year

minimum deductibles and maximum out-of-pocket expenses.

minimum deductibles and maximum out-of-pocket expenses.

IRS Notice 2019-45: Characteristics of services classifiable as preventive

- 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.

IRS Notice 2019-45: Comment Letter

November 29, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Secretary Yellen and Commissioner Rettig:

The [Smarter Health Care Coalition](#) (the Coalition) appreciated working with the Department and the Service as you considered and finalized [Notice 2019-45](#), which allows more flexibility for health plans and employers to cover certain chronic disease prevention drugs and services pre-deductible in Health Savings Account-eligible plans. We remain grateful for the broadened preventive care safe harbor detailed in IRS Notice 2019-45, and we write to provide very encouraging data about the number of health plans and employers that have changed their plan benefit designs in response to the guidance. **As a result of this overwhelming, positive response, we urge you to expand the list of items and services that may be covered under the preventive care safe harbor to include additional high-value, low-cost drugs and services used to prevent complications of other chronic conditions, especially those that would prevent exacerbation of mental and behavioral health conditions, helping millions of Americans improve their mental and physical health.**

Policy Options:

Legislation to amend Sec 223(c)(2) of the IRS Code

...to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan deductible.

Chronic Disease Management Act of 2021

117TH CONGRESS
1ST 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.

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

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,