March 6, 2023

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

The Honorable Tom Carper  
513 Hart Senate Office Building  
Washington, DC 20002

Dear Senators Thune and Carper:

On behalf of the Smarter Health Care Coalition (the Coalition), we are writing to express strong support for the reintroduction of the Chronic Disease Management Act (S. 655). 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. We commend you on your leadership in championing this critical legislation and we urge Congress to pass it this year.

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.

Guidance issued in 2019 by the Internal Revenue Service\(^1\) 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 (S. 655) 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.

To illustrate how helpful and well-received this additional flexibility has been, a 2021 AHIP and Smarter Health Care Coalition survey found that 75% of health insurance plans responding covered additional services pre-deductible in their fully insured products and 80% of plans covered additional services pre-deductible in their self-insured products, with a negligible impact on premiums. Similarly, a 2021 Employee Benefit Research Institute (EBRI) survey of employers found three in four responding employers (76%) added pre-deductible coverage as a result of IRS Notice 2019-45. Pre-deductible coverage was often added for health care services related to heart disease and diabetes care. Two-thirds added pre-deductible coverage for blood pressure monitors and insulin/glucose lowering agents, 61% added coverage for glucometers, and 54% added coverage for beta blockers. Most employers said they would add pre-deductible coverage for additional health care services if allowed by law. This is why your legislation is so important.

While Notice 2019-45 was a very helpful step forward, given the overwhelmingly positive response from health plans and employers, we urge you to do more to lower financial barriers to high-value care. Thus our longstanding support for the *Chronic Disease Management Act* (S. 655). The legislation would 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.

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*

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