Better Value, Smarter Deductibles in HSA-HDHPs

February 15, 2022
12:00 p.m. – 1:15 p.m. ET
“Practice” Poll Question

In honor of the “day after” Valentine’s Day, how much does the average Americans spend on candy, cards, flowers, and other romantic gifts?

1. $75
2. $125
3. $175
4. Oh no! Was Valentine’s day yesterday?
Speakers

Kimberly Westrich, MA
Moderator
Vice President, Health Services Research
National Pharmaceutical Council

Laura Rudder Huff
Vice President
Gallagher Research & Insights

Paul Fronstin, PhD
Director, Health Research & Education Program
Employee Benefit Research Institute (EBRI)

Mark Fendrick, MD
Professor of Internal Medicine, School of Medicine; Professor Health Management & Health Policy, School of Public Health
University of Michigan
Better Value, Smarter Deductibles in HSA-HDHPs

Kimberly Westrich, MA
Vice President, Health Services Research
National Pharmaceutical Council
Two-Part Webinar Series on Building Better Benefits

Part 1: Available on-demand, not a pre-requisite for Part 2

Building Better Benefits: Rethinking Value-Based Benefit Design

February 1, 2022
12:00 p.m. – 1:15 p.m. ET

National Alliance of Healthcare Purchaser Coalitions
Driving Health, Equity and Value
From Part 1: Strategic Benefit Design Can Incentivize Value

- Value-based design strategy
  - 66% of employers considering or already doing

- Expanded pre-deductible coverage of chronic condition management
  - 51% of employers considering or already doing

Source: National Alliance Pulse of the Purchaser Survey, March 2021
From Part 1: Opportunities Exist to Rethink Benefits to Address Equity Considerations

Bruce Sherman,
MD
Medical Director, Council Member
National Alliance of Healthcare Purchaser Coalitions
From Part 1: Genesco’s Journey from “One Size Fits All” to Value-Based Benefits

Building Better Benefits: Genesco’s Journey from “One Size Fits All” to Value-Based Benefits

Cindy Dempsey, MHA
Director, Total Rewards
Genesco Inc
Email: cdempsey@genesco.com
High-Deductible Health Plans are an Increasingly Common Benefit Design

HDHP
Qualified HDHPs Are Often Paired with a Health Savings Account
Employers Can Design Smarter Deductibles for Better Value in HSA-HDHPs

**EMPLOYER ACTION STEPS:**

1. Examine how your HDHP design affects employee health.
2. Expand pre-deductible coverage to include high-value care and prescription drugs.
3. Be intentional about health equity strategies.
4. Educate and motivate employees to use high-value pre-deductible healthcare.
Poll Question #1

Which of these HDHP good practices do you think is most impactful for maximizing value to enrollees?

1. Offering HSA contributions
2. Offering HSA-HDHP education
3. Covering preventive care pre-deductible
4. Front-loading HSA contributions
High-Deductible Health Plans: Good Practices for Employers
Methodology: Project Goal and Research Process

- Project explored the status of HDHPs almost 20 years after their inception
- Aimed to understand if consensus has emerged around HDHP benefit design “good practices”
- “Good practice” defined as: a design that consistently helps enrollees maximize the value of their benefits and navigate treatment options

Research Process

- Literature Review to Identify Potential HDHP Good Practices
- Interviews with 22 Health Care Stakeholders to Refine List of HDHP Good Practices
- Survey of 50 “Jumbo” Employers to Confirm HDHP Good Practices
Some Employers Express Concern About Financial Burden with HDHPs

Use the scale below to indicate if your organization has experienced any of the potential outcomes associated with HDHPs.

- HDHP out-of-pocket costs creating a financial burden for certain segments of employees: 68% strong outcomes, 28% moderate outcomes
- HDHP out-of-pocket costs prompt enrollees to delay medical care: 18% strong outcomes, 34% moderate outcomes
- Encountered employee dissatisfaction with HDHP design: 12% strong outcomes, 34% moderate outcomes
- HDHP out-of-pocket costs prompt enrollees to decrease medication adherence or abandon medications: 10% strong outcomes, 26% moderate outcomes

Chart combines responses on a 5-point Likert scale. Responses 1 and 2 = limited outcomes; 3 = moderate outcomes; 4 and 5 = strong outcomes.
Out of 11 HDHP Design Tactics, Two-Thirds or More of Employers Agreed on Nine as Good Practices

Respondents that agree/somewhat agree tactics are a good practice:

- Ongoing education emphasizing HSA retirement and tax-free advantages: 98%
- Offer real-time tools providing Rx prices of at various locations: 98%
- Cover preventive care Rx pre-deductible as fully as regulations allow: 96%
- Offer tools that estimate costs for medical appointments and procedures: 94%
- Offer HSA contributions: 94%
- Offer an investment option as part of the HSA: 88%
- Offer an alternative plan design in addition to HDHPs: 76%
- Offer additional HSA contributions based on employee actions: 72%
- Front-load HSA contributions: 66%

n=50
Considerable Gaps Exist Between What Employers Consider a Good Practice and What They Have Implemented

Notable gaps between the tactics that respondents currently implement and consider a good practice:

<table>
<thead>
<tr>
<th>Tactical Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer real-time pharmacy tools that provide the prices of medications at various locations</td>
<td>46%</td>
</tr>
<tr>
<td>Offer additional HSA contributions based on employee actions</td>
<td>44%</td>
</tr>
<tr>
<td>Ongoing education that emphasizes retirement and tax-free advantages of HSAs</td>
<td>28%</td>
</tr>
<tr>
<td>Offer tools that allow enrollees to estimate costs for medical appointments and procedures</td>
<td>28%</td>
</tr>
</tbody>
</table>
Employers Recommend Prioritizing Five HDHP Good Practices

The five good practices respondents recommend as most impactful:

- Offer HSA contributions: 35
- Offer ongoing education that emphasizes the retirement and tax-free advantages of HSAs: 33
- Cover preventive care medications pre-deductible as fully as HSA federal regulations allow: 29
- Front-load HSA contributions: 28
- Offer additional HSA contributions based on employee actions: 23

n=50
Poll Question #2

If you offer an HSA-qualified HDHP, did your organization expand pre-deductible coverage for chronic conditions in the past two years?

1. Yes
2. No, but considering in next 1-2 years
3. No, and not considering
4. Don’t know
Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

Paul Fronstin, Ph.D.
Employee Benefit Research Institute
Percentage of Persons Enrolled in a High-Deductible Health Plan (HDHP), by Employer Contribution to HSA or HRA,* Among Those With Private-Sector Health Coverage and Employee-Only Coverage, 2016–2020

<table>
<thead>
<tr>
<th>Year</th>
<th>HDHP Only</th>
<th>HDHP With Employer Contribution to HSA or HRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>22.4%</td>
<td>47.1%</td>
</tr>
<tr>
<td>2017</td>
<td>27.1%</td>
<td>53.0%</td>
</tr>
<tr>
<td>2018</td>
<td>28.8%</td>
<td>53.6%</td>
</tr>
<tr>
<td>2019</td>
<td>30.9%</td>
<td>55.3%</td>
</tr>
<tr>
<td>2020</td>
<td>32.0%</td>
<td>57.7%</td>
</tr>
</tbody>
</table>

*HSA = health savings account, HRA = health reimbursement arrangement.

Source: Medical Expenditure Panel Survey - Insurance Component (MEPS-IC).
List of Services and Drugs for Certain Chronic Conditions Classified as Preventive Care Under Notice 2019-45

<table>
<thead>
<tr>
<th>Preventive Care for Specified Conditions</th>
<th>For Individuals Diagnosed with</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angiotensin Converting Enzyme (ACE) inhibitors</td>
<td>Congestive heart failure, diabetes, and/or coronary artery disease</td>
</tr>
<tr>
<td>Anti-resorptive therapy</td>
<td>Osteoporosis and/or osteopenia</td>
</tr>
<tr>
<td>Beta-blockers</td>
<td>Congestive heart failure and/or coronary artery disease</td>
</tr>
<tr>
<td>Blood pressure monitor</td>
<td>Hypertension</td>
</tr>
<tr>
<td>Inhaled corticosteroids</td>
<td>Asthma</td>
</tr>
<tr>
<td>Insulin and other glucose lowering agents</td>
<td>Diabetes</td>
</tr>
<tr>
<td>Retinopathy screening</td>
<td>Diabetes</td>
</tr>
<tr>
<td>Peak flow meter</td>
<td>Asthma</td>
</tr>
<tr>
<td>Glucometer</td>
<td>Diabetes</td>
</tr>
<tr>
<td>Hemoglobin A1c testing</td>
<td>Diabetes</td>
</tr>
<tr>
<td>International Normalized Ratio (INR) testing</td>
<td>Liver disease and/or bleeding disorders</td>
</tr>
<tr>
<td>Low-density Lipoprotein (LDL) testing</td>
<td>Heart disease</td>
</tr>
<tr>
<td>Selective Serotonin Reuptake Inhibitors (SSRIs)</td>
<td>Depression</td>
</tr>
<tr>
<td>Statins</td>
<td>Heart disease and/or diabetes</td>
</tr>
</tbody>
</table>
What Happened Since 2019?

• By the time 2019 guidance came out, likely too late for many employers to add coverage for 2020.

• Kaiser Family Foundation found that 29% had added coverage in 2020.

• Goals of EBRI survey:
  • To provide more recent data – 2021 – after employers had more time to respond to the rule.
  • To provide more granularity around the 14 services
  • To examine cost sharing for additional pre-deductible coverage
Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

By Paul Fronstin, Ph.D., Employee Benefit Research Institute and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

In this Issue Brief, we report on the findings from a 2021 Employee Benefit Research Institute (EBRI) survey of employers that collected information on their response to the 2019 guidance. The survey examined not only whether employers added pre-deductible coverage as a result of Notice 2019-45, but also examined each of the allowed services individually; the type of cost sharing, if any, used in lieu of deductibles; and other relevant questions.
Percentage of Employers Who Expanded Pre-Deductible Coverage in HSA-Eligible Health Plan for Preventive Services Allowed Under IRS Rule 2019-45

- Expanded Coverage, 76%
- Did Not Expand Coverage, 18%
- Don't know if Coverage was Expanded, 6%
<table>
<thead>
<tr>
<th>Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulin and other glucose lowering agents</td>
</tr>
<tr>
<td>Blood pressure monitor</td>
</tr>
<tr>
<td>Glucometer</td>
</tr>
<tr>
<td>Beta-blockers</td>
</tr>
<tr>
<td>Hemoglobin A1c testing</td>
</tr>
<tr>
<td>Low-density Lipoprotein (LDL) testing</td>
</tr>
<tr>
<td>Inhaled corticosteroids</td>
</tr>
<tr>
<td>Angiotensin Converting Enzyme (ACE) inhibitors</td>
</tr>
<tr>
<td>Statins</td>
</tr>
<tr>
<td>Selective Serotonin Reuptake Inhibitors (SSRIs)</td>
</tr>
<tr>
<td>Retinopathy screening</td>
</tr>
<tr>
<td>Anti-resorptive therapy</td>
</tr>
<tr>
<td>International Normalized Ratio (INR) testing</td>
</tr>
<tr>
<td>Peak flow meter</td>
</tr>
</tbody>
</table>
### Cost Sharing Arrangement as a Result of IRS Rule 2019-45

<table>
<thead>
<tr>
<th>Service</th>
<th>Zero cost to employee</th>
<th>Employee pays co-pay</th>
<th>Employee pays co-insurance</th>
<th>Some other amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statins</td>
<td>40%</td>
<td>48%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Anti-resorptive therapy</td>
<td>40%</td>
<td>54%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Blood pressure monitor</td>
<td>38%</td>
<td>57%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Low-density Lipoprotein (LDL) testing</td>
<td>36%</td>
<td>49%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Retinopathy screening</td>
<td>36%</td>
<td>53%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Glucometer</td>
<td>36%</td>
<td>50%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Hemoglobin A1c testing</td>
<td>36%</td>
<td>56%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Peak flow meter</td>
<td>34%</td>
<td>55%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Beta-blockers</td>
<td>33%</td>
<td>59%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>International Normalized Ratio (INR) testing</td>
<td>30%</td>
<td>50%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Insulin and other glucose lowering agents</td>
<td>30%</td>
<td>60%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Inhaled corticosteroids</td>
<td>28%</td>
<td>61%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Selective Serotonin Reuptake Inhibitors (SSRIs)</td>
<td>25%</td>
<td>63%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Angiotensin Converting Enzyme (ACE) inhibitors</td>
<td>25%</td>
<td>59%</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>
Additional Pre-Deductible Coverage that Employers Would Like to Add (Based on Open Ended Question)

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

- Not sure/would need to discuss (26%)
- More benefits/testing/preventive care/dr visits (general) (16%)
- Mental health/substance abuse (10%)
- Heart-related care (7%)
- Anything we are allowed to add (6%)
- Additional care/testing for diabetics (5%)
- Emergency/ER/urgent care for catastrophic events/accidents (5%)
- Cancer-related care and/or screenings (5%)
- Drugs (general) (3%)
- Asthma-related care (3%)
- COVID-related care (3%)
- It depends on what is permitted (3%)
- Vision care (1%)
- Vitamins/nutritional supplements (1%)
- Birth control/contraceptives (1%)
- Other (specific) (14%)
- Other (non-responsive) (1%)

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Plans to Add Pre-Deductible Preventive Coverage, Among Employers Who Have Not Added Such Coverage

- Plan to add additional preventive care coverage at a later date: 32%
- Currently reviewing whether we will add additional preventive care coverage: 61%
- No plans to add additional coverage: 6%
Tiers of Drug Covered Pre-Deductible as a Result of IRS Rule 2019-45

- Insulin and other glucose lowering agents: 31% Generics Only, 69% Generics & Brand Names
- Selective Serotonin Reuptake Inhibitors (SSRIs): 36% Generics Only, 64% Generics & Brand Names
- Beta-blockers: 39% Generics Only, 61% Generics & Brand Names
- Angiotensin Converting Enzyme (ACE) inhibitors: 40% Generics Only, 60% Generics & Brand Names
- Statins: 42% Generics Only, 58% Generics & Brand Names
- Inhaled corticosteroids: 43% Generics Only, 57% Generics & Brand Names
Poll Question #3

Do you support broadening the services and treatments that HSA-qualified plans are allowed to cover pre-deductible?

1. Yes

2. No

3. Unsure
https://vbidcenter.org/nahp-npc-webinar/
Questions

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THANK YOU!

https://www.nationalalliancehealth.org/www/resources-new