

Better Value, Smarter Deductibles in HSA-HDHPs

February 15, 2022

12:00 p.m. – 1:15 p.m. ET

The image shows the cover of an "ACTION BRIEF" from the National Alliance of Healthcare Purchaser Coalitions. The title is "BETTER VALUE, SMARTER DEDUCTIBLES IN HSA-HDHPs" with the subtitle "IMPROVING HEALTH, EQUITY & ENGAGEMENT". The cover includes a blue header with the organization's name and logo, and a blue box on the left with "ACTION STEPS FOR EMPLOYERS:" and two numbered points. On the right, there is a photograph of a calculator, a piggy bank, and a stethoscope.

ACTION BRIEF 
Employer Strategies that Drive Health, Equity and Value

BETTER VALUE, SMARTER DEDUCTIBLES IN HSA-HDHPs
IMPROVING HEALTH, EQUITY & ENGAGEMENT

ACTION STEPS FOR EMPLOYERS:

1. Examine how your HDHP design affects employee health.
2. Expand pre-deductible coverage to include high-value care and prescription drugs.

More than 50% of the workforce nationwide¹ is enrolled in a high-deductible health plan (HDHP)—a growth of 43% over the past five years. The increasing prevalence of HDHPs has been somewhat successful in improving consumer engagement and lowering employer healthcare spending, but cheaper insurance premiums come with a worrisome and unintended consequence: lower utilization of needed care, resulting too often in poorer health outcomes. [Read the full report here.](#)



“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



From Part 1: Strategic Benefit Design Can Incentivize Value

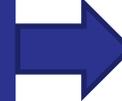


Gaye Fortner

Moderator

President & Chief Executive
Officer
*HealthCare21 Business
Coalition*

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



Cindy Dempsey
Director, Total Rewards
Genesco, Inc.



Building Better Benefits:
Genesco's Journey from "One Size Fits All" to Value-Based Benefits

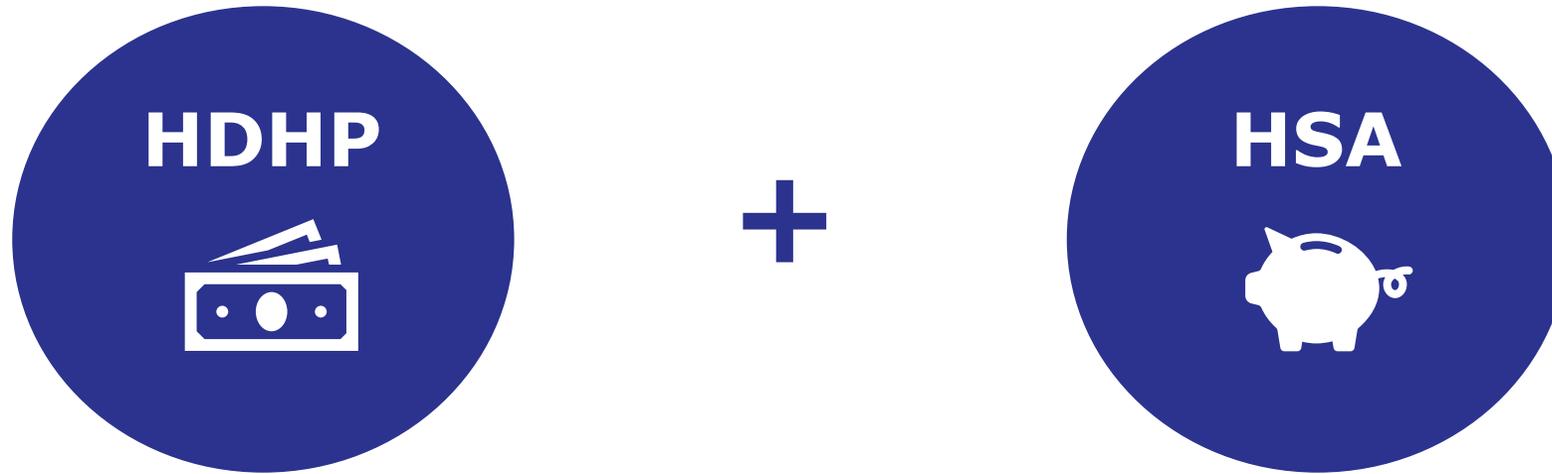


Cindy Dempsey, MHA
Director, Total Rewards
Genesco Inc
Email: cdempsey@genesco.com

High-Deductible Health Plans are an Increasingly Common Benefit Design



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.

ACTION BRIEF 
Employer Strategies that Drive Health, Equity and Value

BETTER VALUE, SMARTER DEDUCTIBLES IN HSA-HDHPs

IMPROVING HEALTH, EQUITY & ENGAGEMENT

ACTION STEPS FOR EMPLOYERS:

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.

More than 50% of the workforce nationwide¹ is enrolled in a high-deductible health plan (HDHP)—a growth of 43% over the past five years. The increasing prevalence of HDHPs has been somewhat successful in improving consumer engagement and lowering employer healthcare spending, but cheaper insurance premiums come with a worrisome and unintended consequence: lower utilization of needed care, resulting too often in poorer health outcomes and higher costs.

The deductible limits keep increasing. Maximum out-of-pocket costs in HDHPs are estimated to reach² \$7,050 for an individual plan and \$14,100 for a family plan by 2022, making it more difficult for people to afford out-of-pocket payments for critical health assessments and treatments for both acute and chronic diseases.

The growing number of Americans facing thousands of dollars in out-of-pocket costs—in addition to premiums—raises concerns, as 40% of Americans³ have difficulty paying an unexpected bill of even \$400. Employees with chronic health conditions are hit hardest by HDHPs. According to the *Harvard Business Review*,⁴ chronic conditions drive roughly 80% of all healthcare spending, yet more than 30% of people with a chronic condition struggle⁵ to pay medical bills before hitting the deductible.

Some of these chronic diseases also impact racial and ethnic groups disproportionately. For example, compared to white people, African Americans are generally at higher risk for heart disease, stroke, cancer, asthma, influenza, pneumonia, diabetes, and HIV/AIDS, according to the *Office of Minority Health*.⁶

For employers and other plan sponsors, cost trends are going in the wrong direction. Savings on premiums for HDHPs are being offset by the added costs that self-funded plans face for chronic disease treatment, higher absenteeism, and lower productivity.



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

February 2022



Gallagher

Insurance | Risk Management | Consulting

© 2021 GALLAGHER RESEARCH & INSIGHTS

Methodology: Project Goal and Research Process

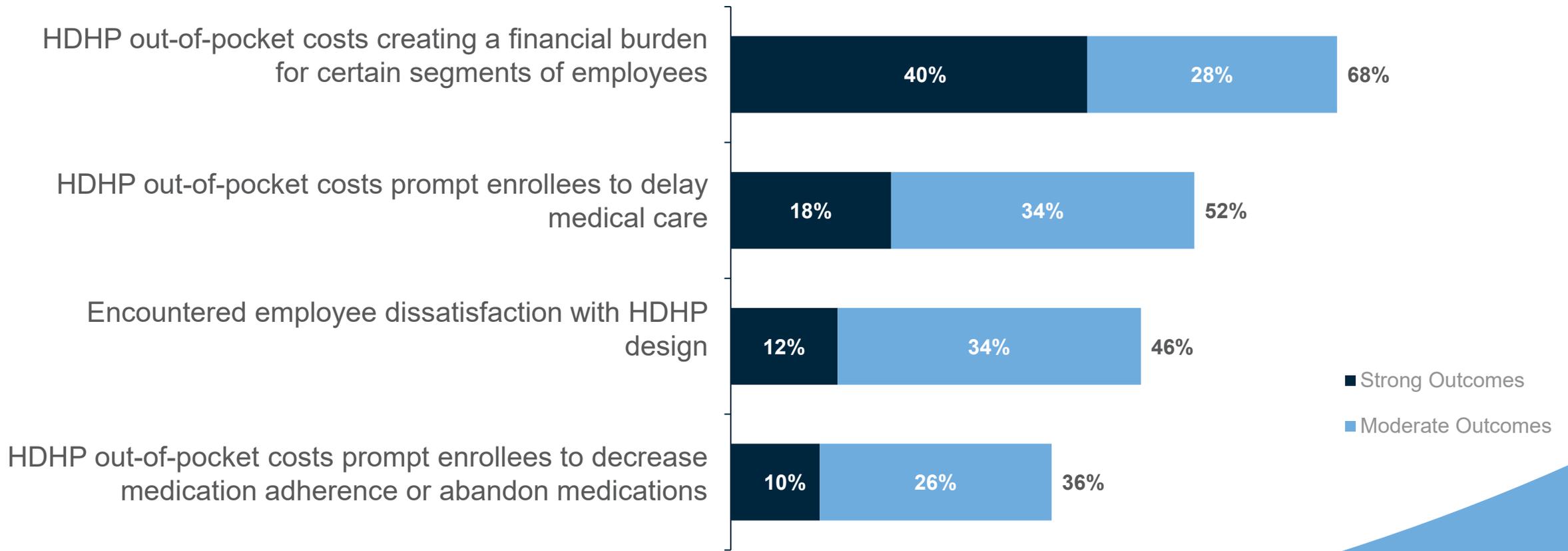
- Project explored the status of HDHPs almost 20 years after their inception
- Aimed to understand if consensus has emerged around HDHP benefit design “good practices”
- “Good practice” defined as: a design that consistently helps enrollees maximize the value of their benefits and navigate treatment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

Research Process



Some Employers Express Concern About Financial Burden with HDHPs

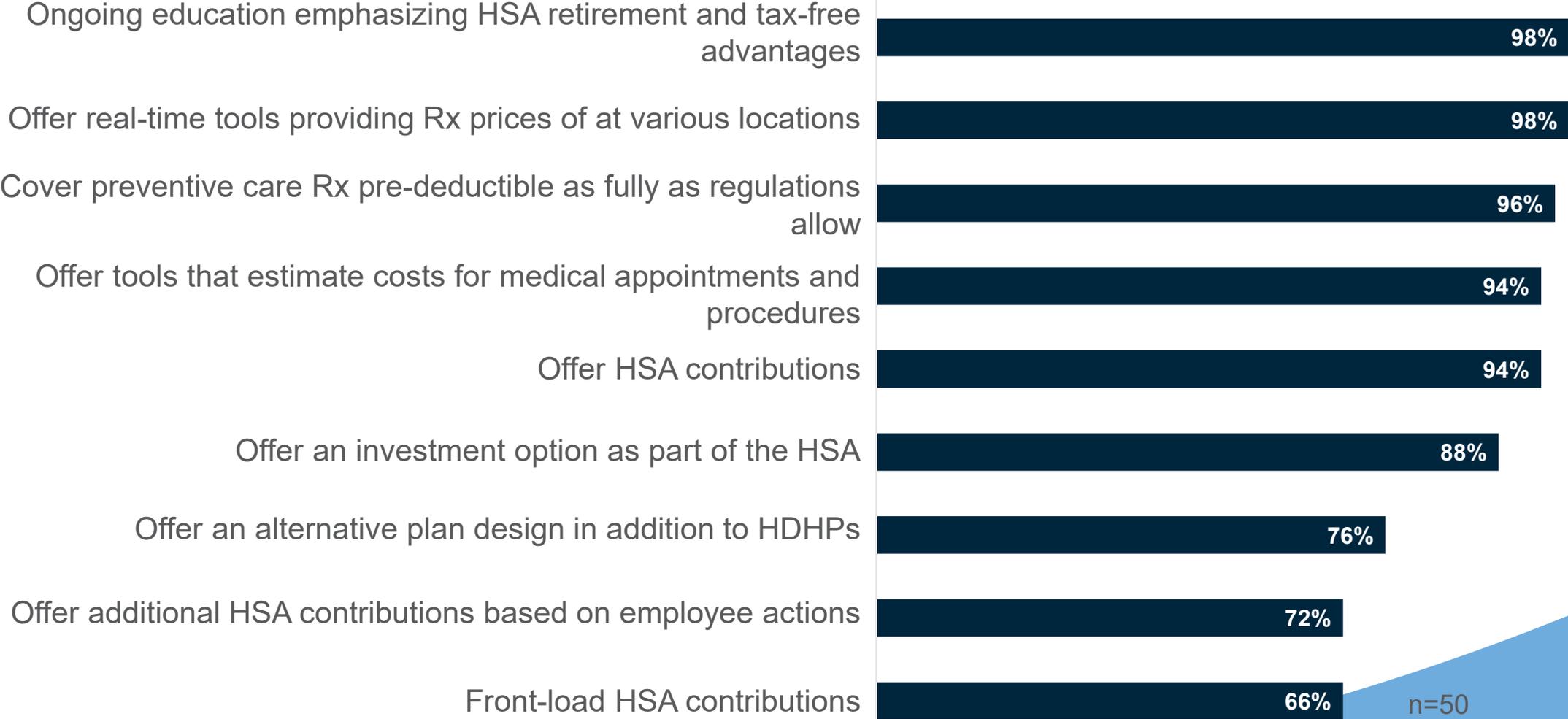
Use the scale below to indicate if your organization has experienced any of the potential outcomes associated with HDHPs.



n=50

Out of 11 HDHP Design Tactics, Two-Thirds or More of Employers Agreed on Nine as Good Practices

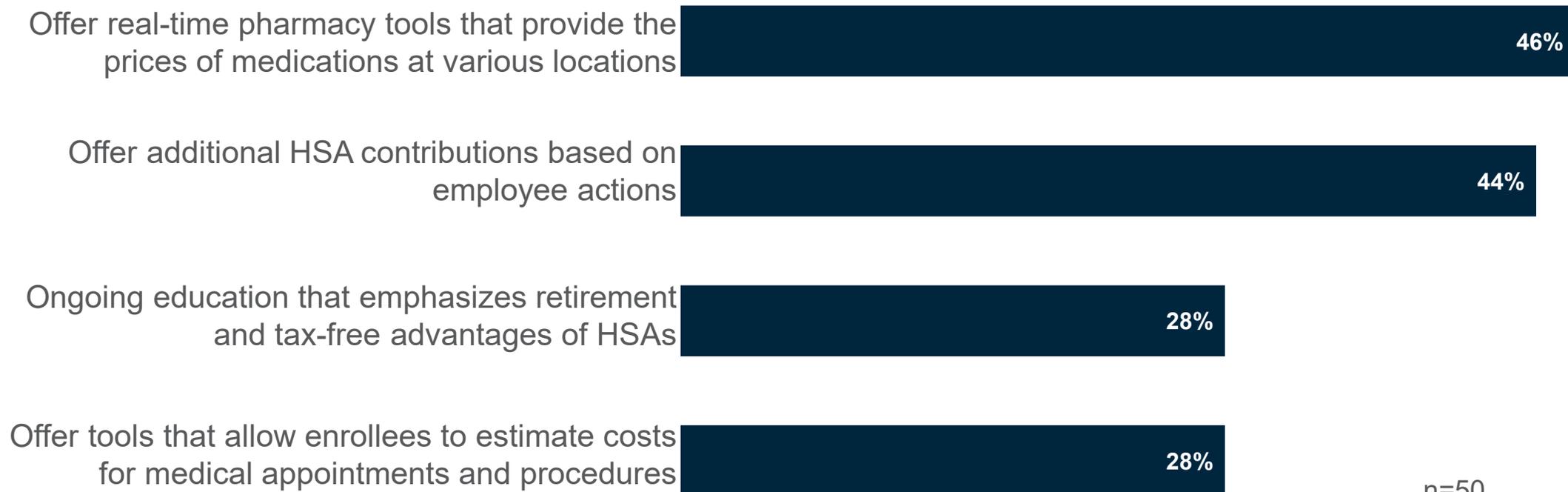
Respondents that agree/somewhat agree tactics are a good practice:



n=50

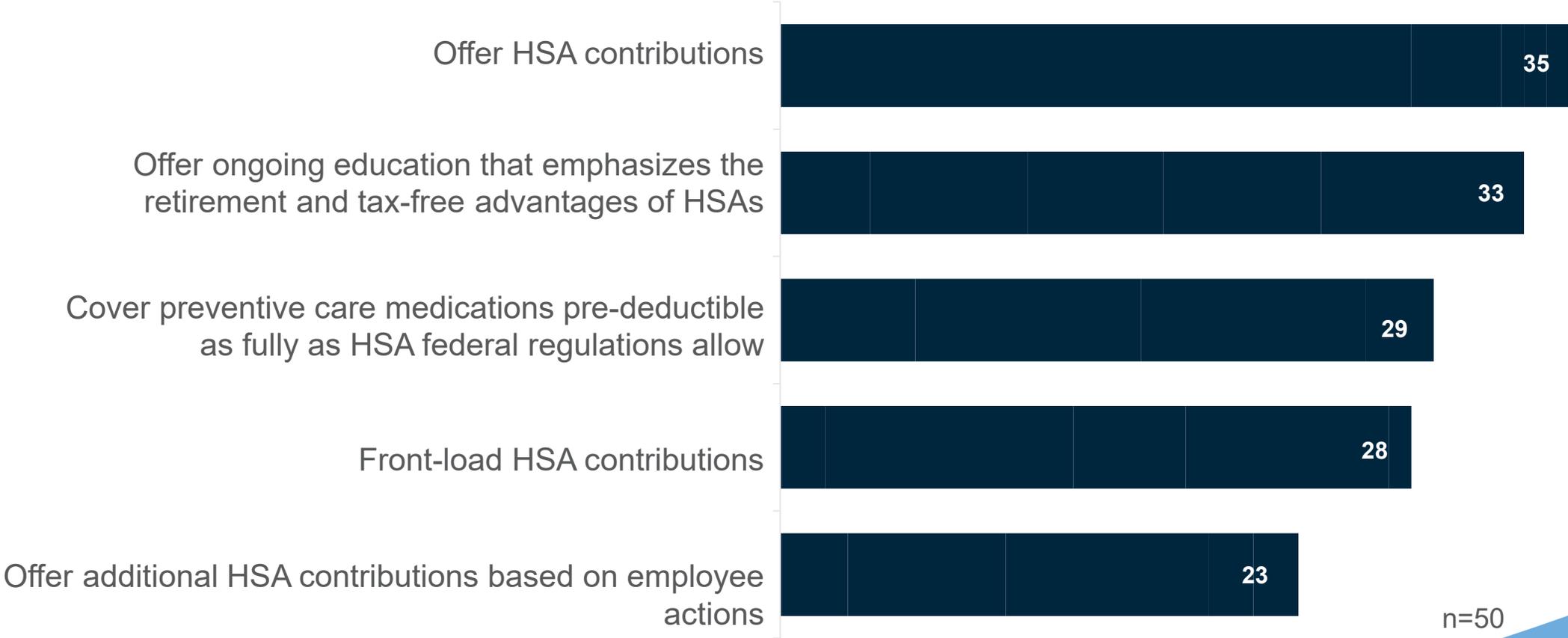
Considerable Gaps Exist Between What Employers Consider a Good Practice and What They Have Implemented

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



Employers Recommend Prioritizing Five HDHP Good Practices

The five good practices respondents recommend as most impactful



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

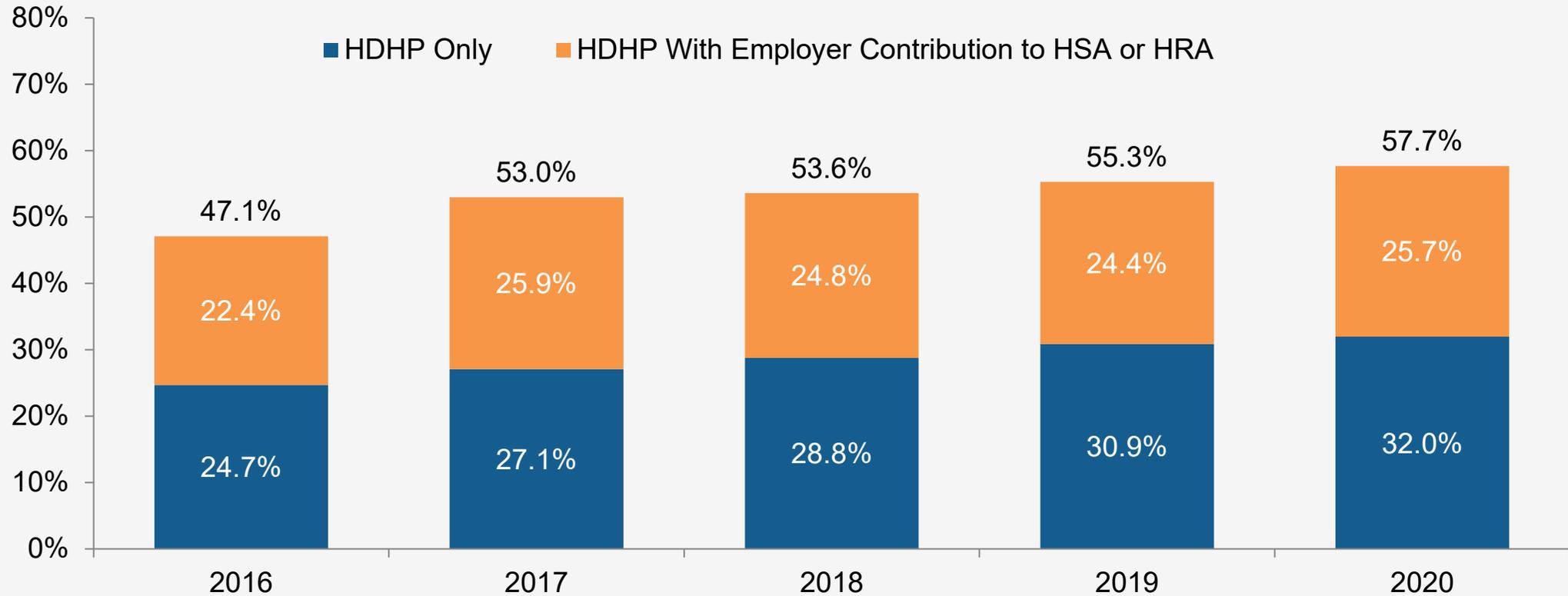


Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

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



* 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

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

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

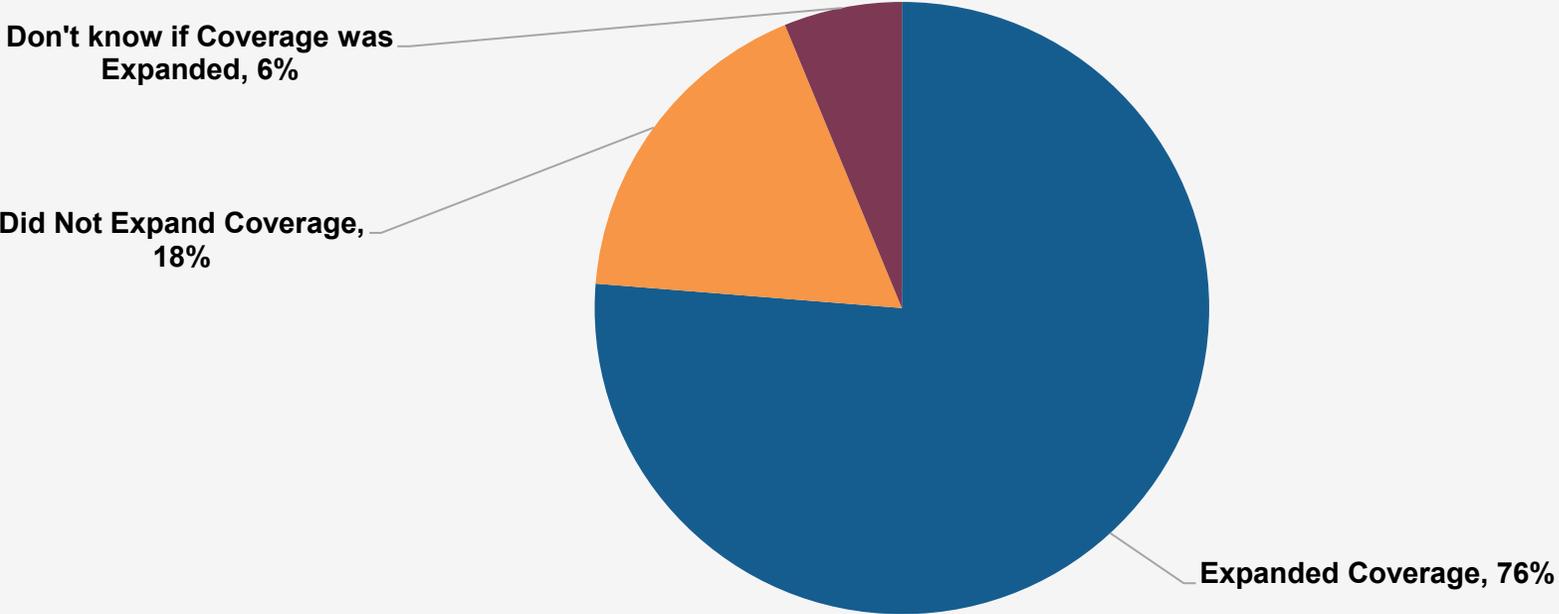
By Paul Fronstin, Ph.D., Employee Benefit Research Institute and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

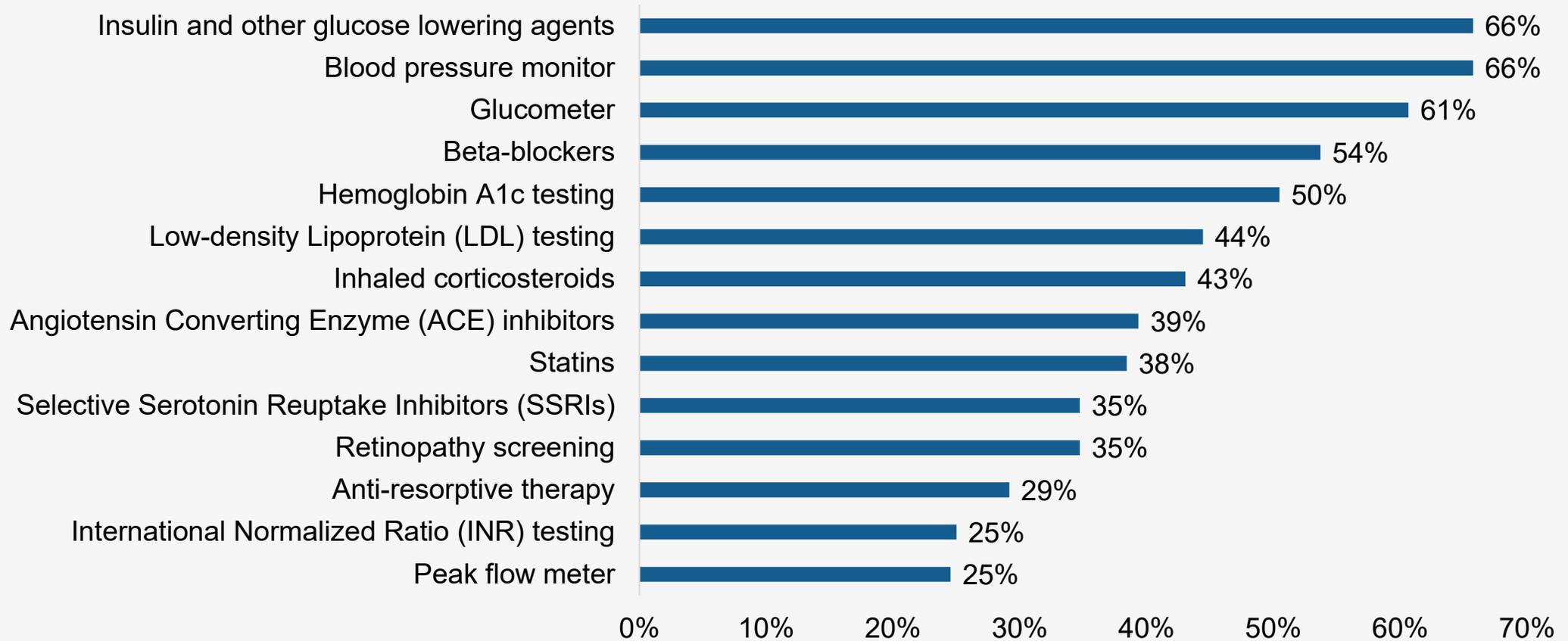
IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

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.

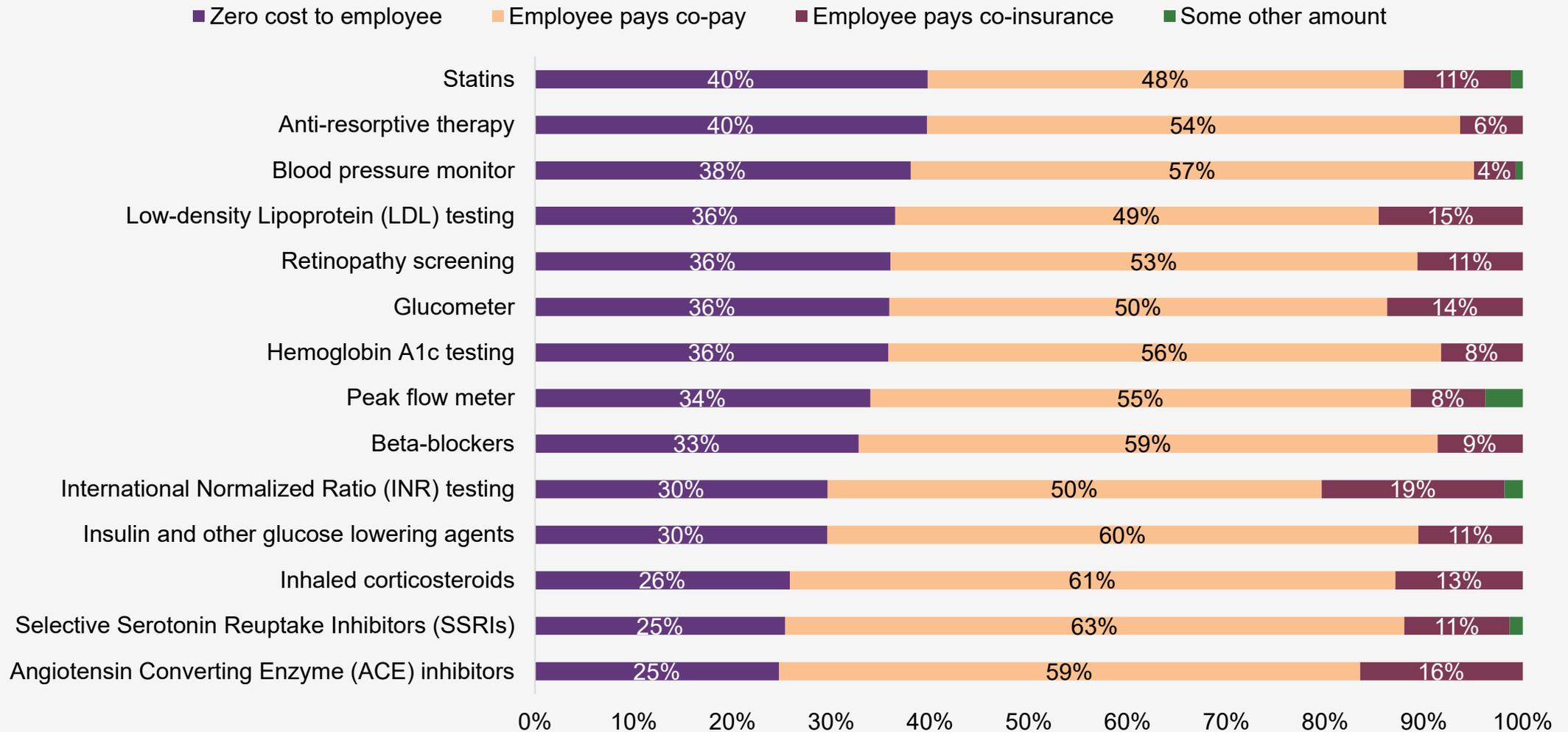
Percentage of Employers Who Expanded Pre-Deductible Coverage in HSA-Eligible Health Plan for Preventive Services Allowed Under IRS Rule 2019-45



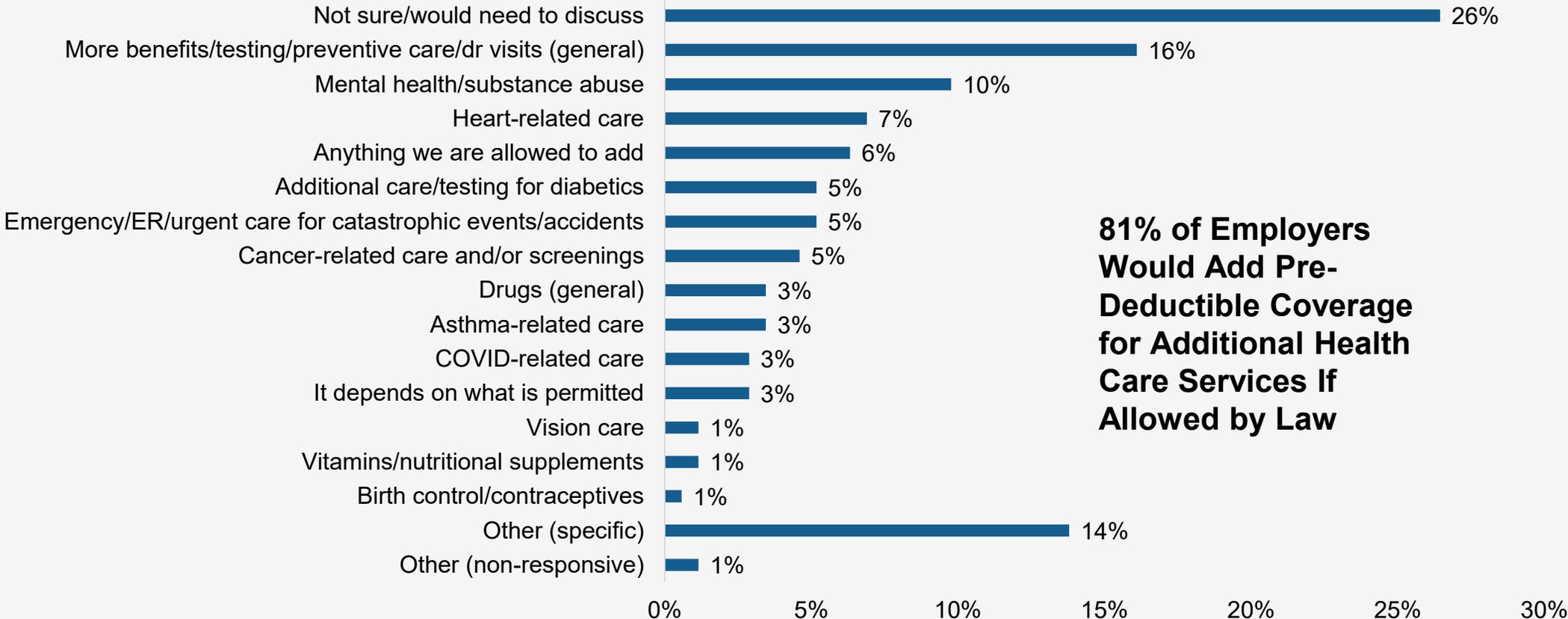
Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45



Cost Sharing Arrangement as a Result of IRS Rule 2019-45

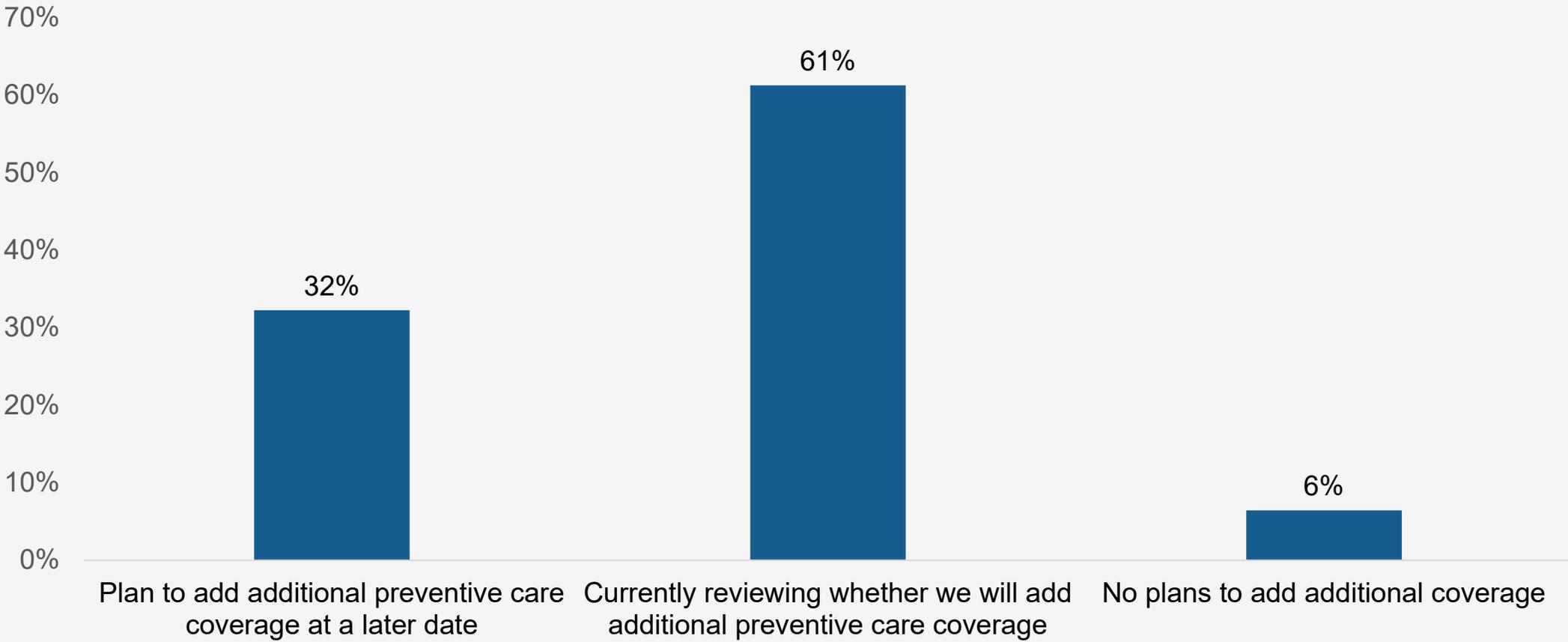


Additional Pre-Deductible Coverage that Employers Would Like to Add (Based on Open Ended Question)

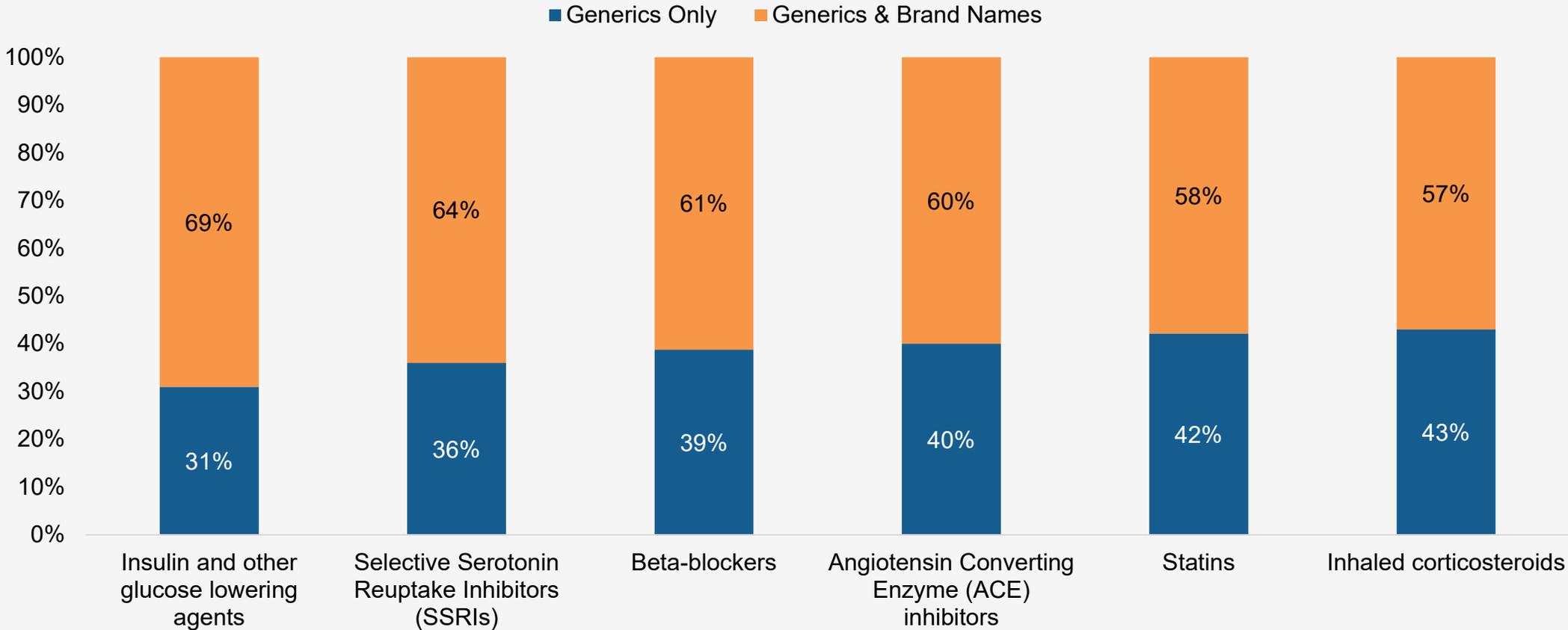


**81% of Employers
Would Add Pre-
Deductible Coverage
for Additional Health
Care Services If
Allowed by Law**

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



Tiers of Drug Covered Pre-Deductible as a Result of IRS Rule 2019-45



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

Mark Fendrick's Presentation

<https://vbidcenter.org/nahp-npc-webinar/>



Questions



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

THANK YOU!

Better Value, Smarter Deductibles in HSA-HDHPs



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