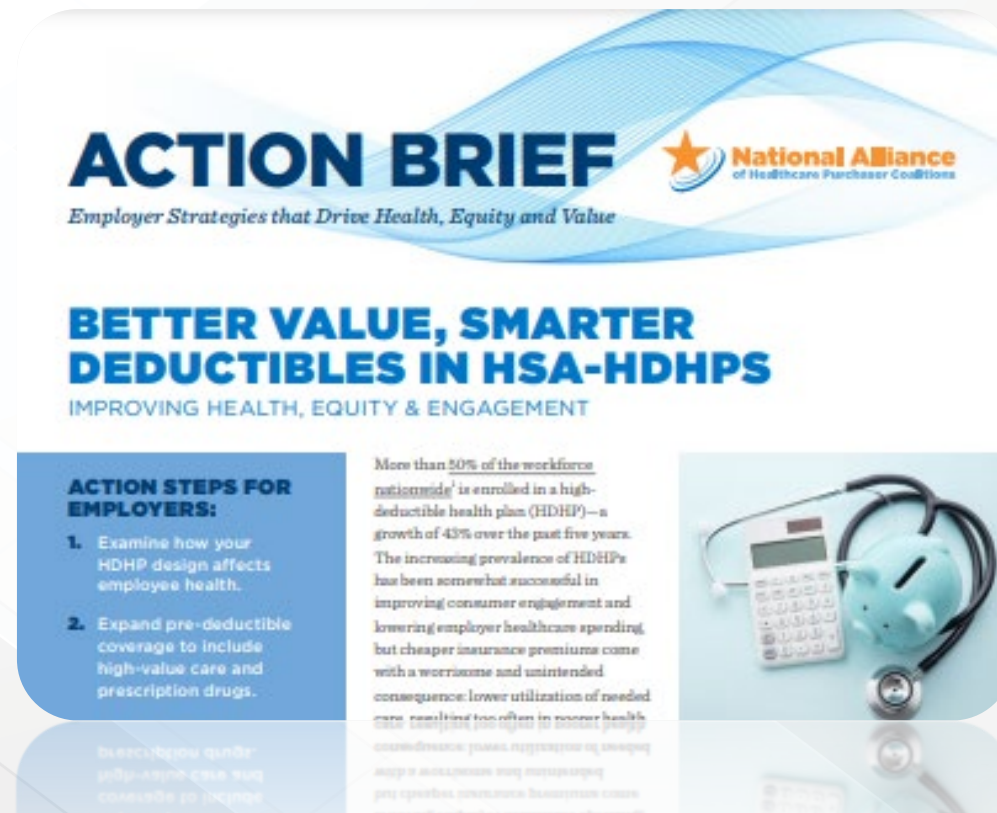


# Better Value, Smarter Deductibles in HSA-HDHPs

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



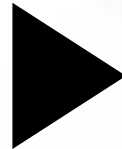
# Two-Part Webinar Series on Building Better Benefits

**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



# 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*

## Equality



## Equity



# 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



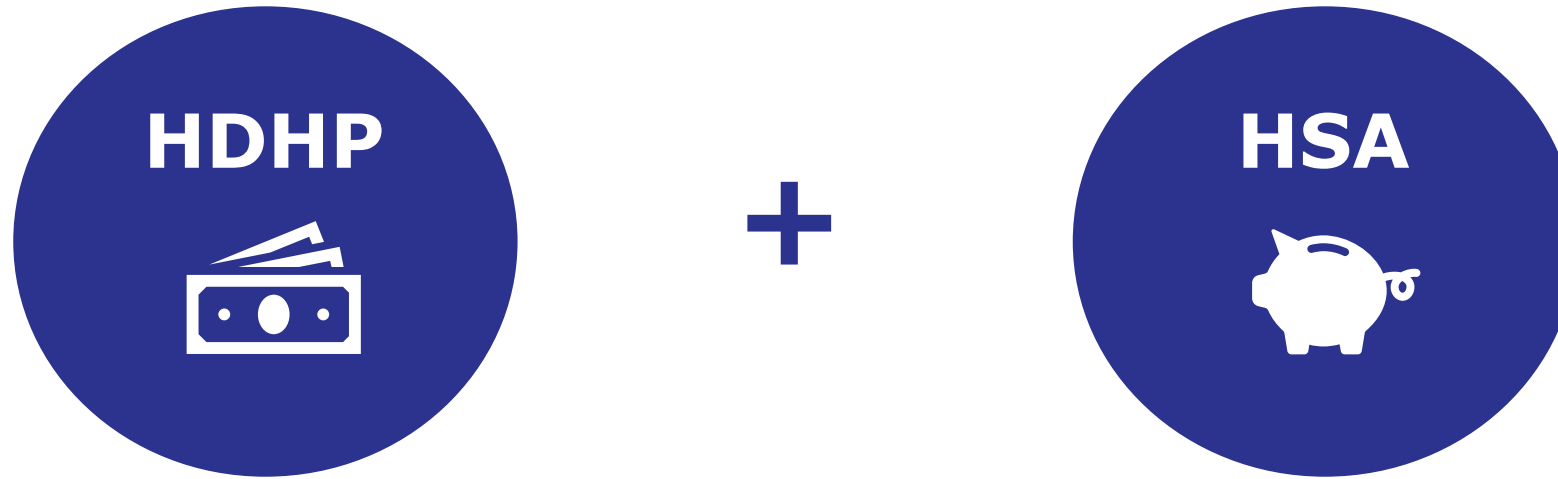
Cindy Dempsey, MHA  
Director, Total Rewards  
Genesco Inc  
Email: [cdempsey@genesco.com](mailto:cdempsey@genesco.com)



# 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.



## 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

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# Methodology: Project Goal and Research Process

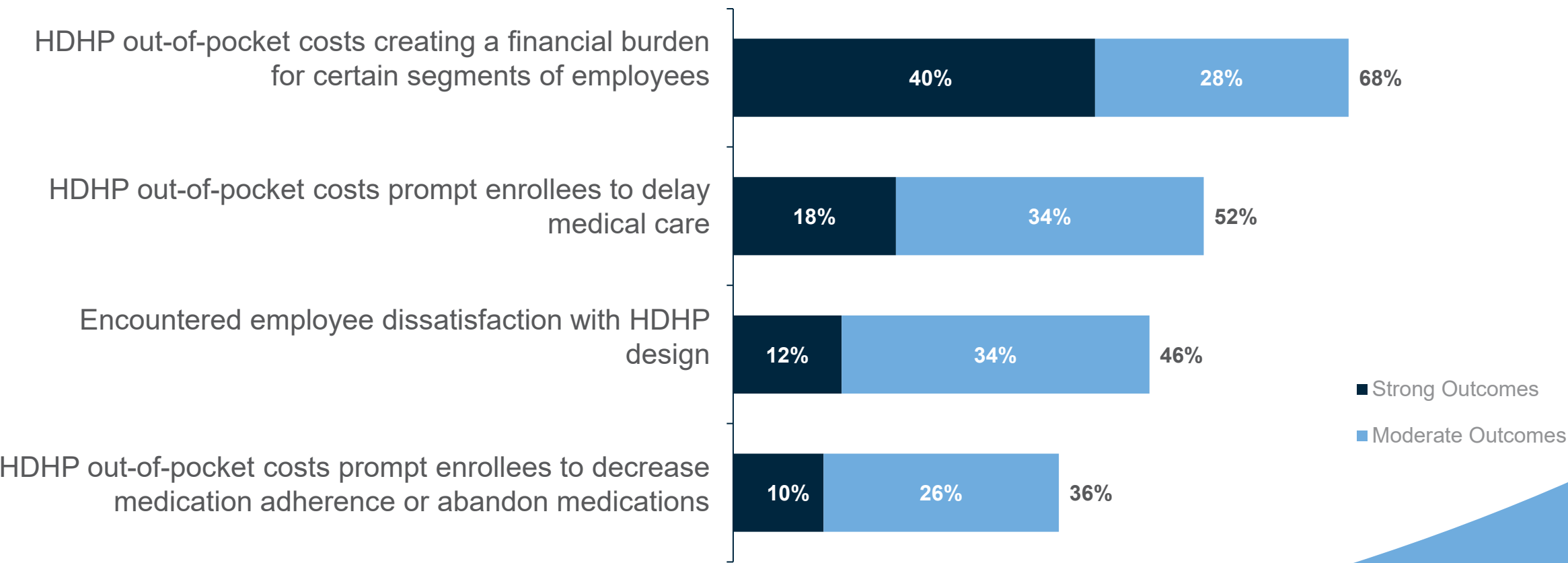
- Project explored the status of HDHPs almost 20 years after their inception
- Aimed to understand if consensus has emerged around HDHP benefit design “good practices”
- “Good practice” defined as: a design that consistently helps enrollees maximize the value of their benefits and navigate treatment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

## Research Process



# Some Employers Express Concern About Financial Burden with HDHPs

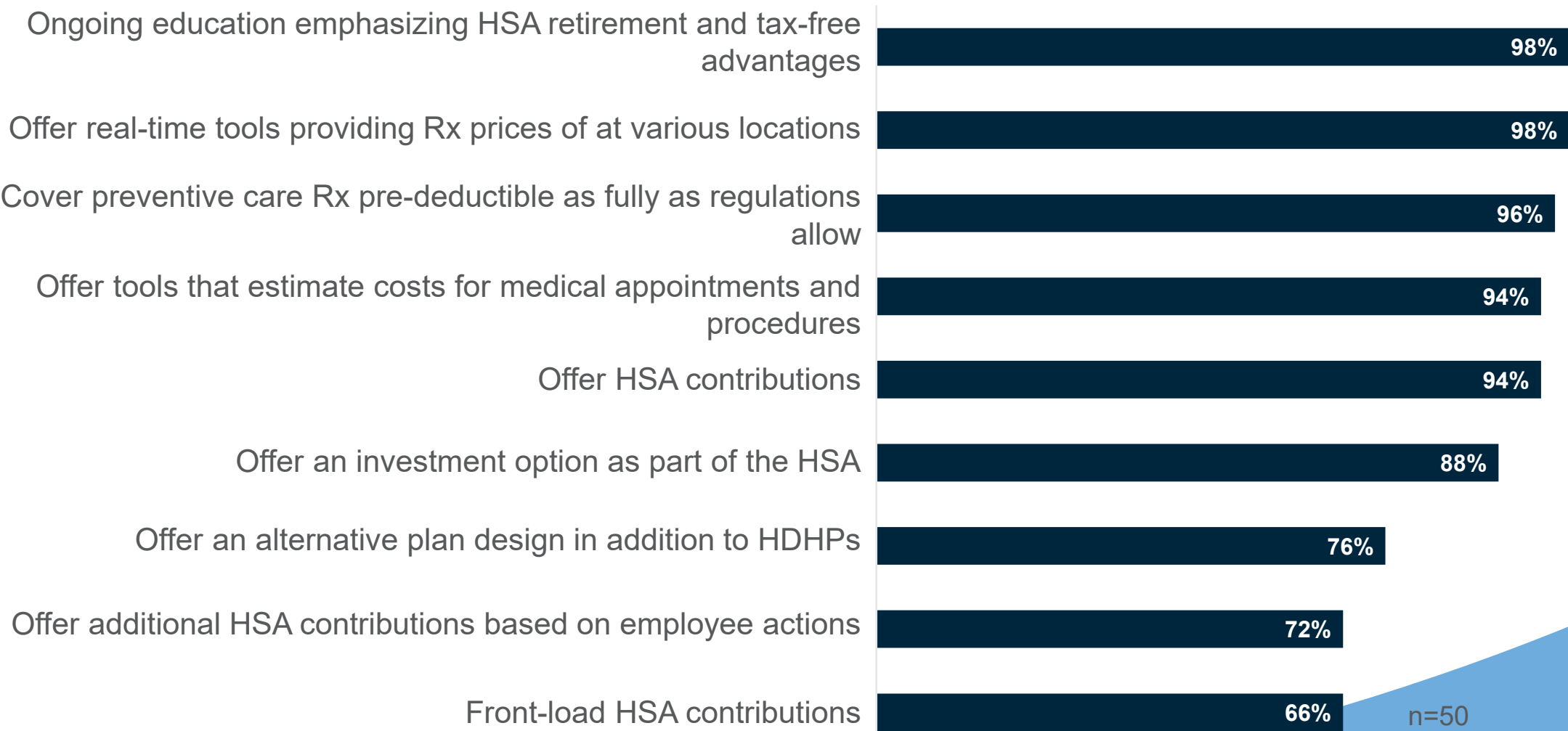
Use the scale below to indicate if your organization has experienced any of the potential outcomes associated with HDHPs.



n=50

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

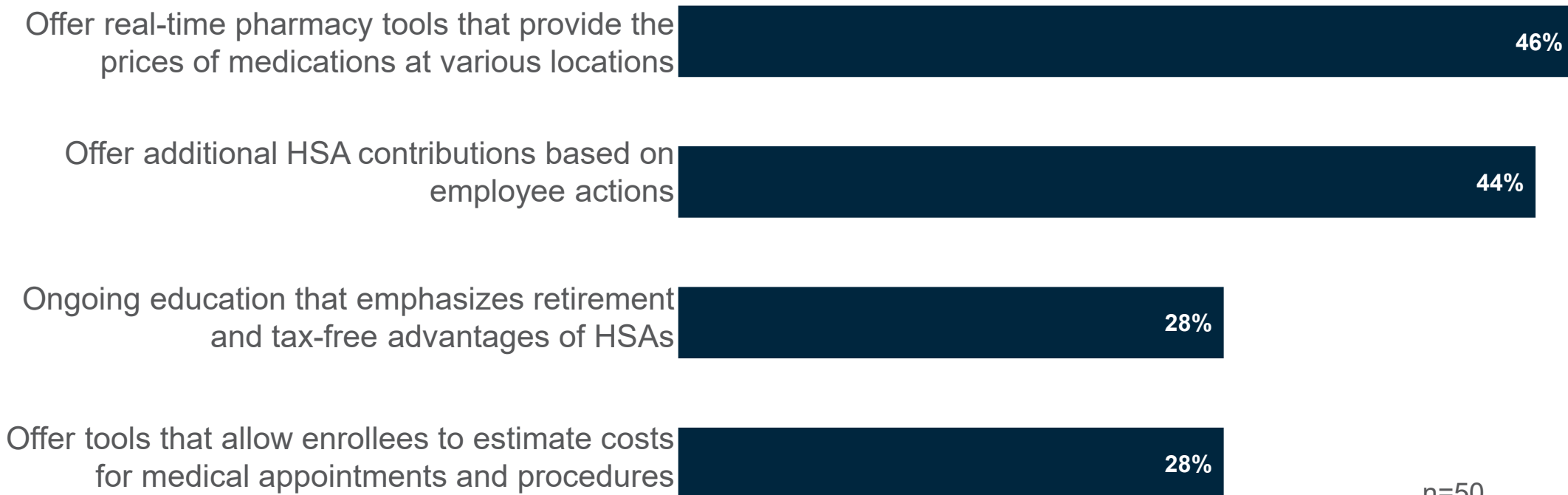
Respondents that agree/somewhat agree tactics are a good practice:



n=50

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

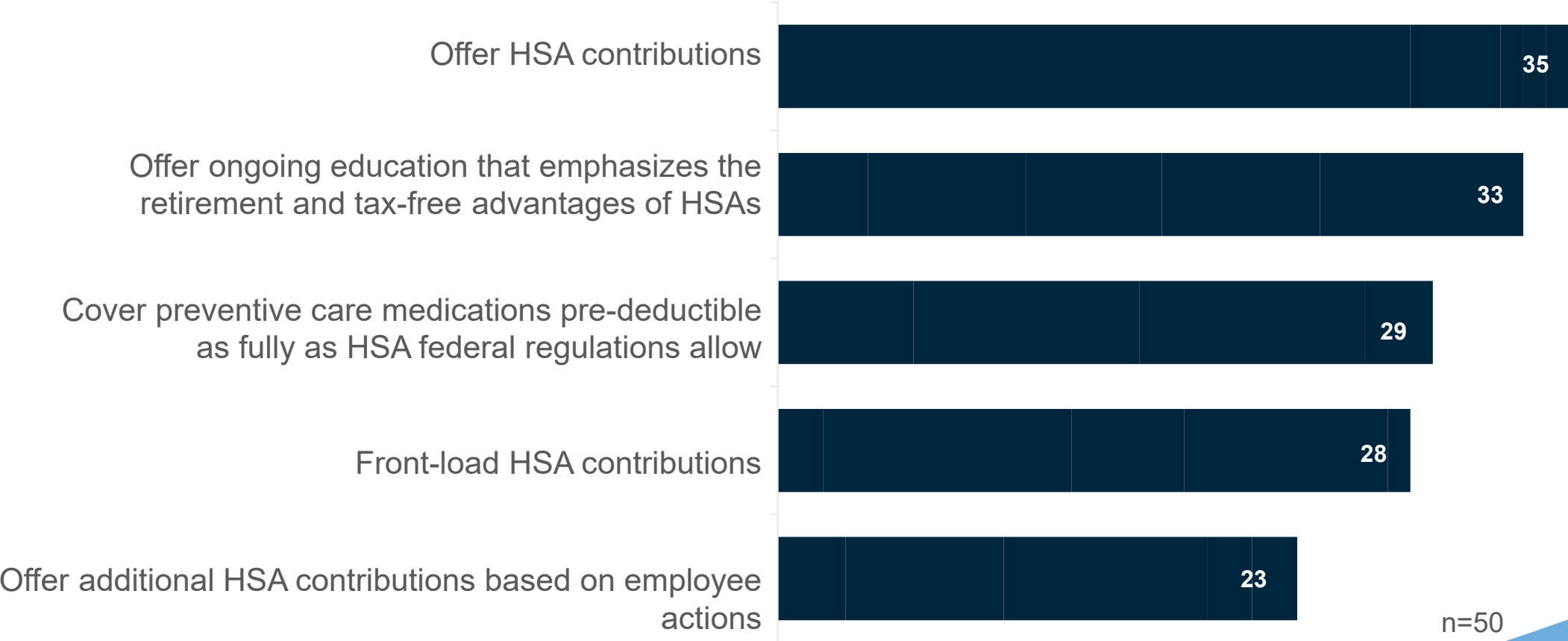
Notable gaps between the tactics that respondents currently implement and consider a good practice:



n=50

# Employers Recommend Prioritizing Five HDHP Good Practices

The five good practices respondents recommend as most impactful



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

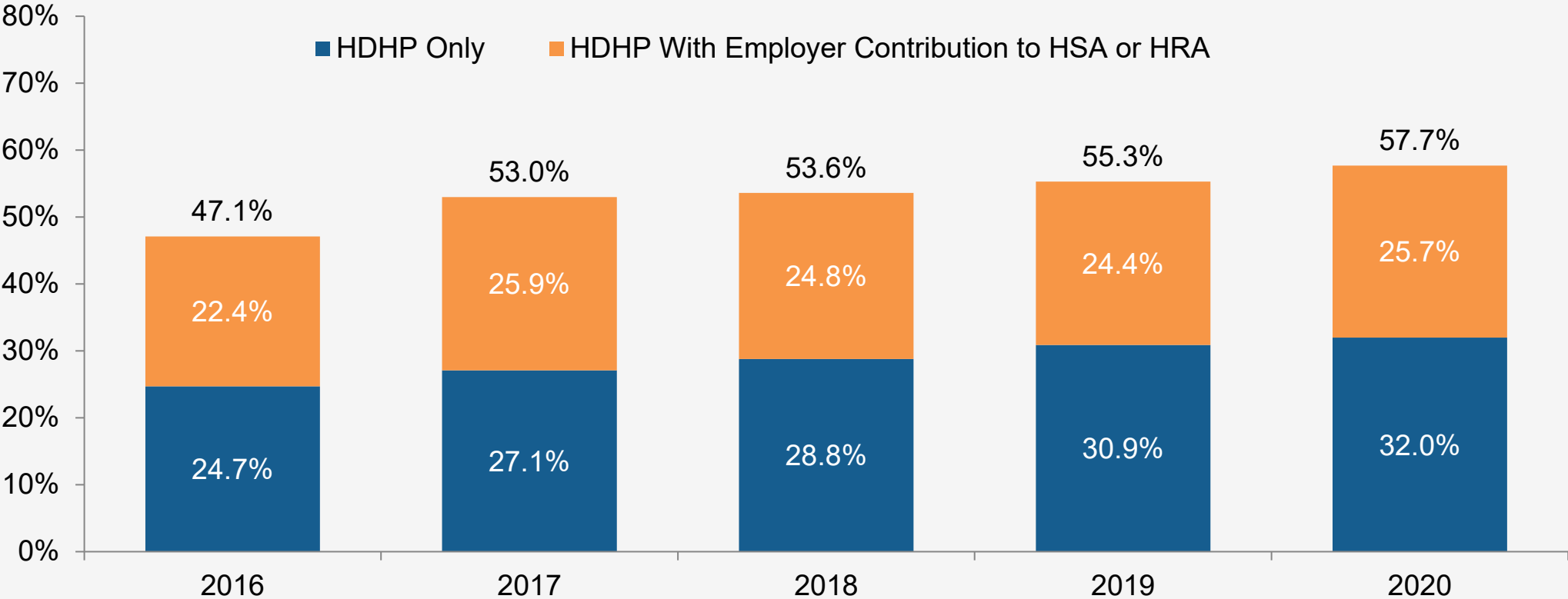


# **Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans**

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



\* 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*

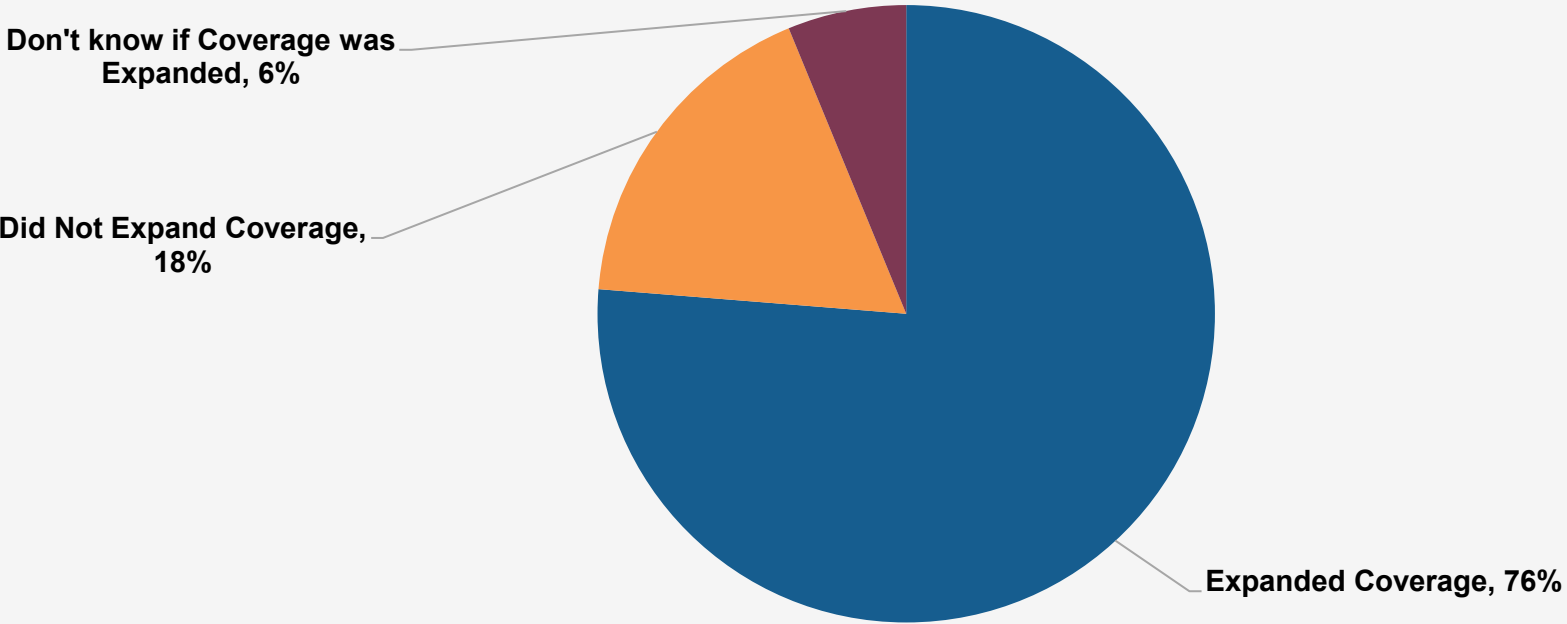
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### AT A GLANCE

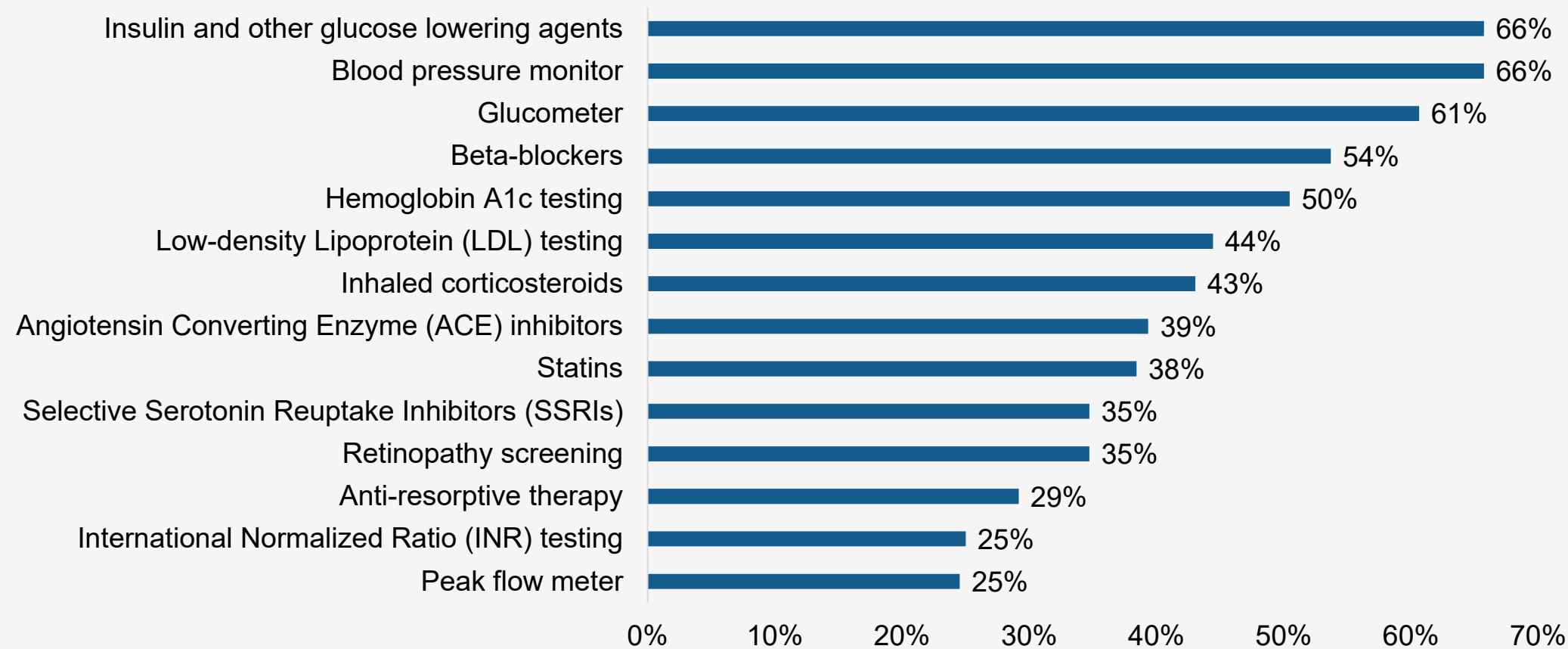
IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

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.

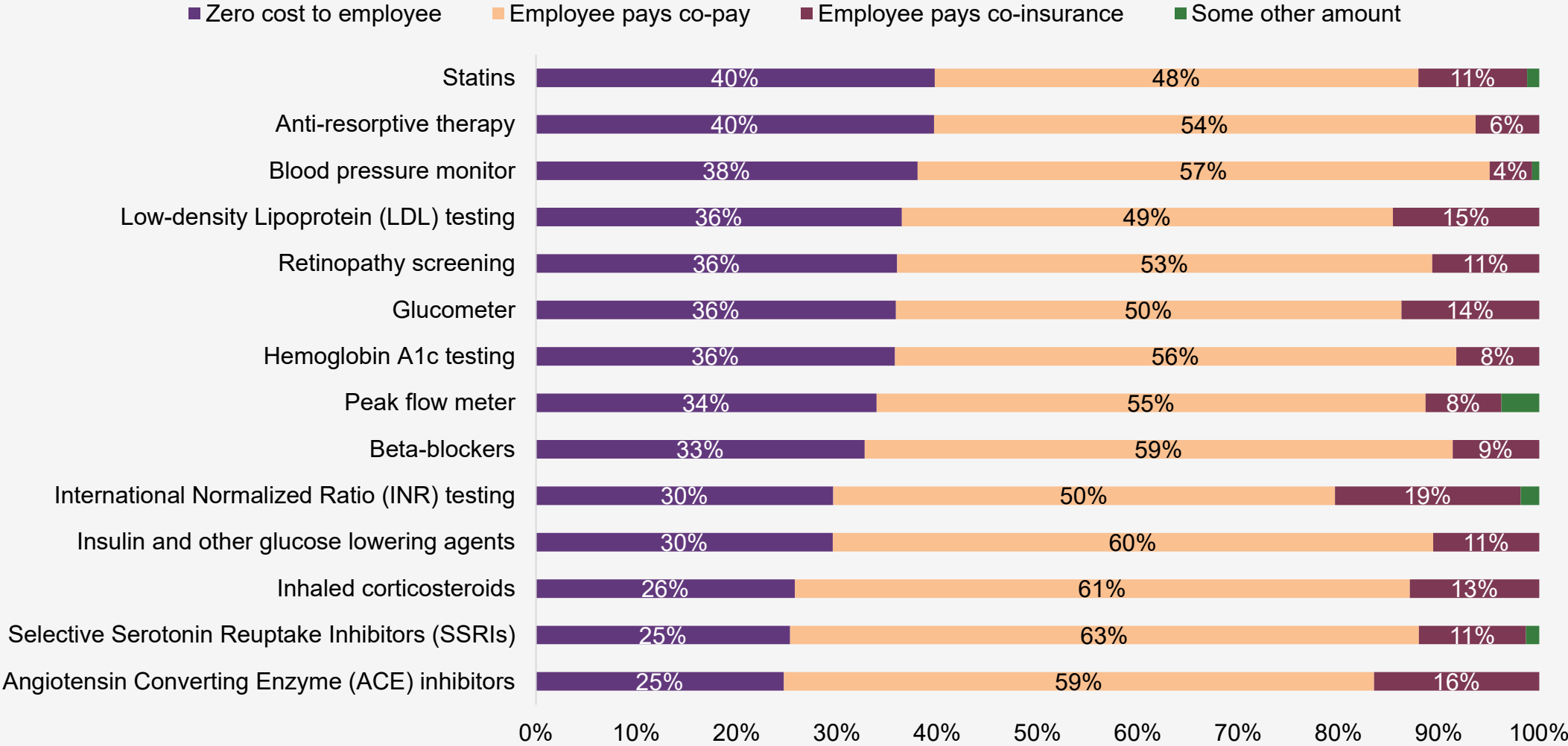
# Percentage of Employers Who Expanded Pre-Deductible Coverage in HSA-Eligible Health Plan for Preventive Services Allowed Under IRS Rule 2019-45



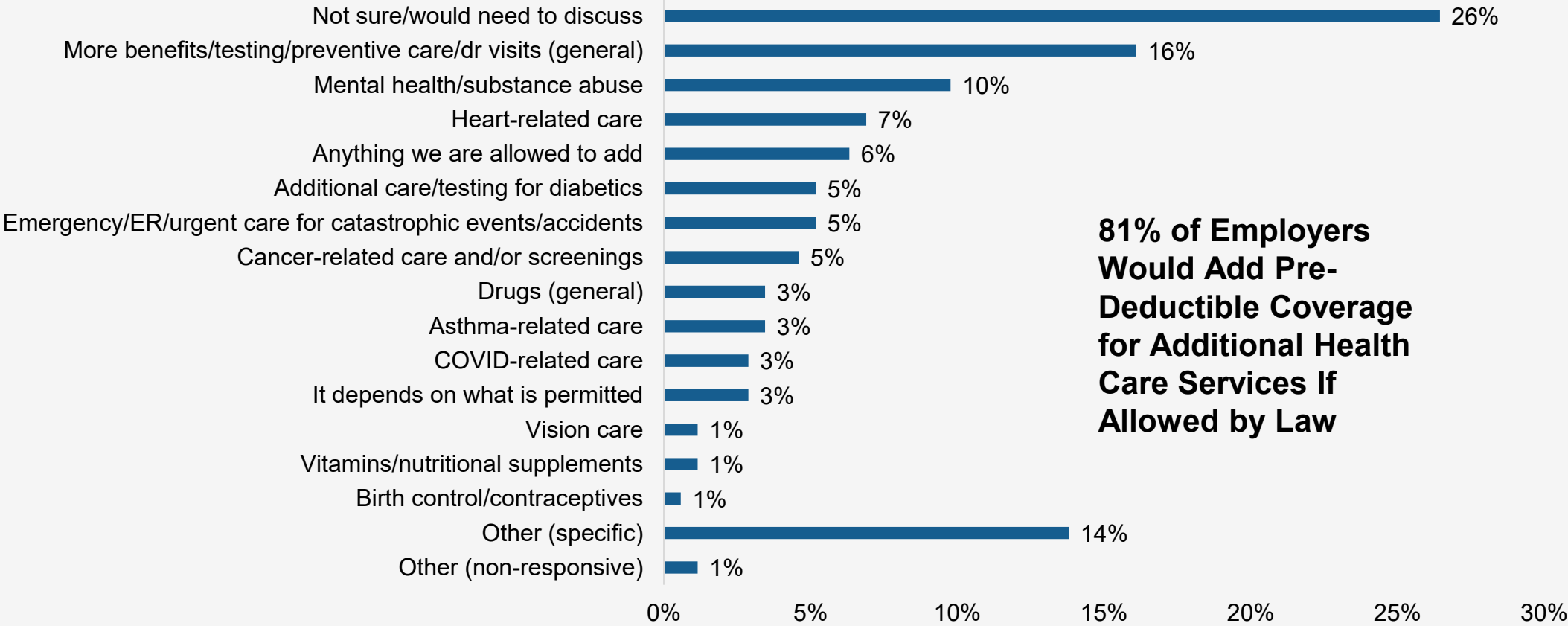
# Preventive Care Measures Covered on a Pre-Deductible Basis as a Result of IRS Notice 2019-45



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

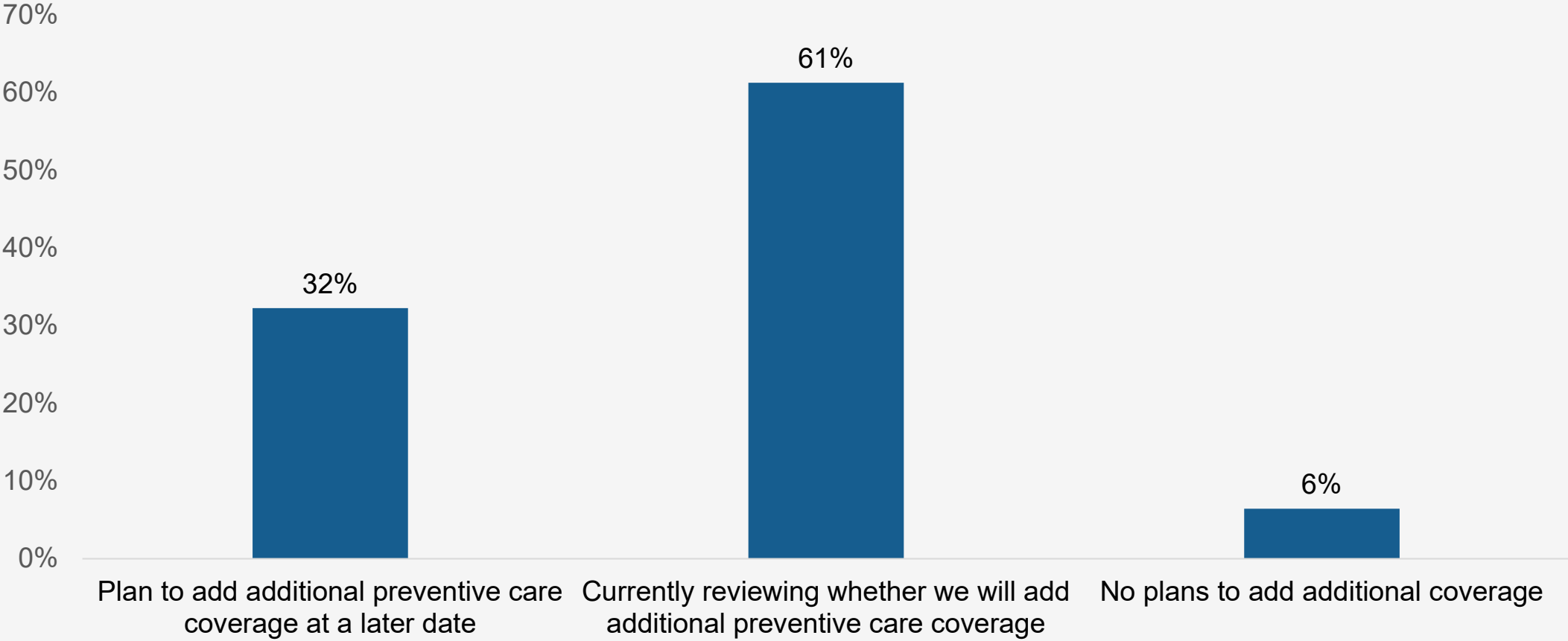


# Additional Pre-Deductible Coverage that Employers Would Like to Add (Based on Open Ended Question)

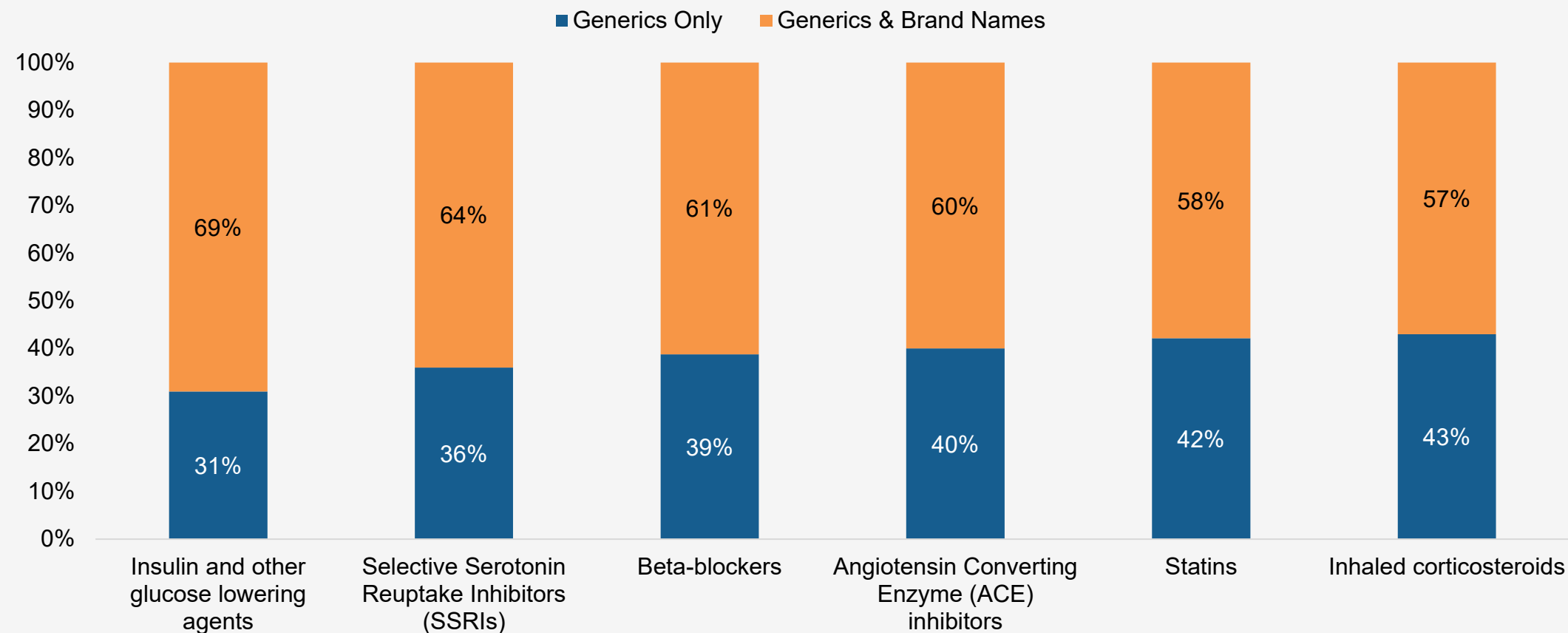




# Plans to Add Pre-Deductible Preventive Coverage, Among Employers Who Have Not Added Such Coverage



# 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*



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*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

