

Medication Adherence Improved After Employers Added Pre-Deductible Coverage in Response to Increased IRS Flexibility

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. [A 2021 Employee Benefit Research Institute \(EBRI\) survey of employers](#) collected information on their response to the 2019 guidance and found that many employers added pre-deductible coverage as a result of the IRS notice. A [recent EBRI report](#) based on claims data from about 2 million HSA-eligible health plan enrollees confirmed the expected findings from the 2021 EBRI survey: As a result of fewer enrollees in HSA-eligible health plans having deductibles for services impacted by the IRS notice, use of health care services increased for some of these services.

IRS Notice 2019-45

The U.S. Department of Treasury issued guidance on July 17, 2019, via IRS Notice 2019-45 to further increase the flexibility of HSA-eligible health plans to cover specific low-cost preventive services to prevent the exacerbation of chronic conditions on a pre-deductible basis.¹

Figure 1

Chronic Disease Management Services in the Expanded Safe Harbor	For Individuals Diagnosed With
Preventive Care Service	
Angiotensin-converting enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Antiresorptive 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

Source: <https://vbidcenter.org/initiatives/hsa-high-deductible-health-plans-2/>

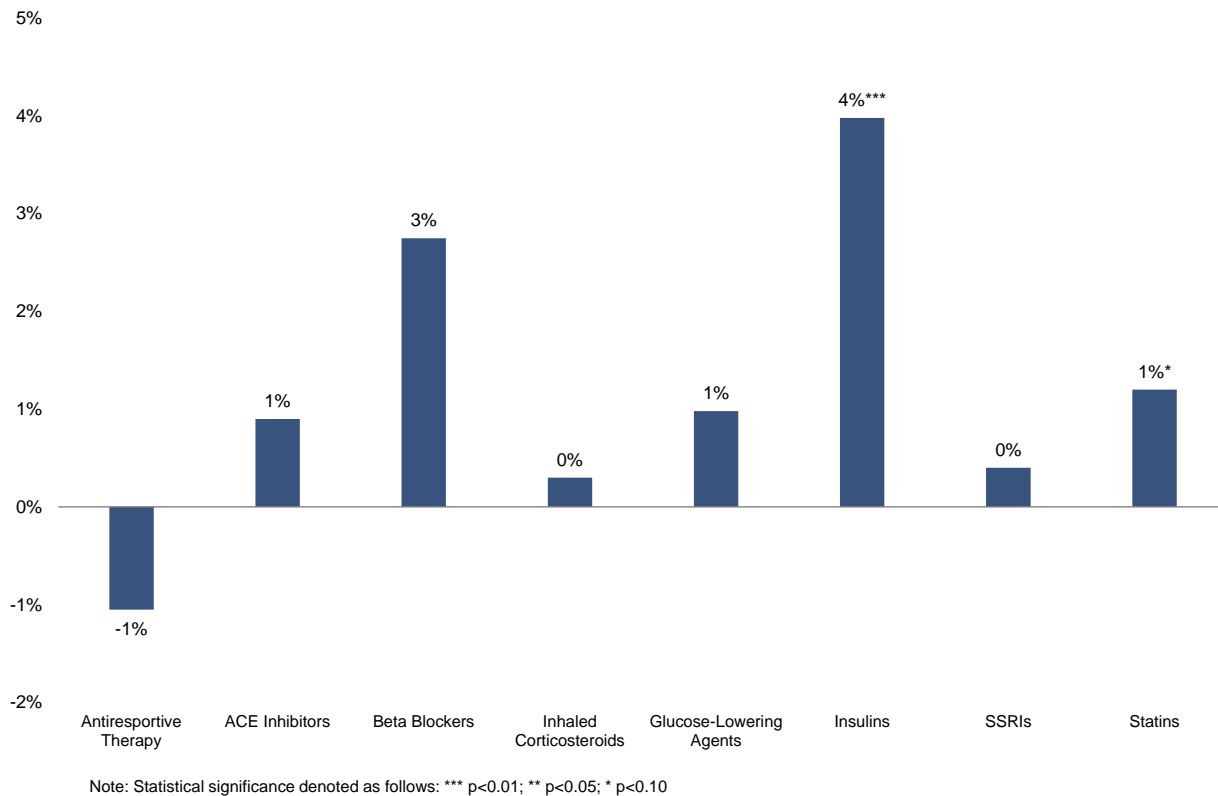
With IRS Notice 2019-45 in place, all HSA-eligible health plans are now able to adopt a more flexible benefit design offering more protection for certain medical services through a value-based insurance design (V-BID) plan structure.

¹ See <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>.

Key Findings From the Study:

- By 2022, there was evidence of a rebound in medication adherence. We found that the percentage of enrollees with diabetes using insulin increased 4 percentage points, and the percentage of enrollees with heart disease or diabetes using statins increased by 1 percentage point. While the magnitude of the effect may seem small, it is important to remember that when medication adherence fell as a result of the introduction of an HSA-eligible health plan, the magnitude of the declines was relatively small as well. Furthermore, the implied out-of-pocket elasticities of demand are closely aligned with previously published estimates.
- The lack of a large increase in medication adherence may also be due to the fact that adherence rates were already relatively high, averaging 77 percent to 89 percent, with the exception of inhaled corticosteroids, which are often used as a rescue medication and not necessarily filled in a way that would suggest that an enrollee was adherent.

Figure 2
Percentage Point Change in Medication Adherence, 2022



Our findings may be influenced by the ways in which employers implemented changes in response to the IRS notice. First, while the overall employer response to the notice seemed overwhelming, with three-quarters reporting that they expanded pre-deductible coverage for at least one of the 14 services, we would expect the largest impact on medication adherence for diabetes medications and beta blockers, as 66 percent and 54 percent added pre-deductible coverage for those services, respectively. Less than one-half added pre-deductible coverage for inhaled corticosteroids (43 percent), angiotensin-converting enzyme (ACE) inhibitors (39 percent), statins (38 percent), selective serotonin reuptake inhibitors (SSRIs) (35 percent), and anti-resorptive therapy (29 percent).

Similarly, it is not a surprise that the magnitude of the effects is small, as the majority of employers substituted copayments and/or coinsurance for deductibles when they expanded pre-deductible coverage. Whether employers moved from deductibles to no cost sharing whatsoever varied by the different medications. Statins were most likely to be covered in full, with 40 percent of employers reporting that they did not require any cost sharing as a result of the IRS notice, which may explain why statins were one of the two medications that experienced a rebound in adherence. In contrast, only one-quarter of employers exempted ACE inhibitors, SSRIs, or inhaled corticosteroids from any cost sharing.

The fact that we did not see a change in adherence for most of the medications examined is not surprising. Since 2021 was the first year that many employers expanded pre-deductible coverage, it may take time for enrollees to learn that their health plan has changed coverage for certain preventive services. They may not be aware of the change in plan design, despite employers' best efforts to inform enrollees of a plan design change that is considered an improvement in benefits.

About EBRI: The Employee Benefit Research Institute is a private, nonpartisan, and nonprofit research institute based in Washington, D.C., that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public and private organizations. For more information, visit www.ebri.org.

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