

Expanding Pre-Deductible Coverage in HSA-HDHPs Could Improve Lives and Save Dollars

High-Deductible Health Plans (HDHPs) with an attached Health Savings Account (HSA) can be improved

- Regulations defining HSA-HDHPs restrict plan flexibility to cover, pre-deductible, services used to treat an existing injury, illness or conditions (e.g., drugs and services to manage a chronic disease).
- Evidence suggests flexibility to cover these drugs and services pre-deductible would improve the health of those with chronic conditions, reduce financial risk for low-income individuals and families, and reduce the risk of downstream costs: all of which could mitigate long-term health care cost growth.

A major barrier to improving HSA-HDHPs by allowing HSA-HDHP chronic disease prevention coverage pre-deductible is a presumption about large costs to federal gov't

Report objectives: predict how enrollees would migrate after the introduction of an enhanced HDHP (HDHP+) in the employer and individual markets and the subsequent implications for federal tax revenue and expenditures, across different assumptions of employer behavior (Figure 1).

The report shows that the federal government is likely to save. *The paper predicts the introduction of an HDHP+ to the employer and individual market would result in enrollee migration across plan types that produces net federal savings (Figure 2) in most scenarios of employer behavior.*

Take-aways: *the budget impacts cluster around budget neutrality (Figure 2). Further, the total savings or costs are nearly insignificant compared to the entire commercial insurance market. The one scenario that does not technically save only shows a very small net cost, and the scenario itself (Scenario 3) is unlikely. A more realistic scenario (Scenario 4), the magnitude of which is similarly small, but still a saver.*

Conclusions: *The cost to the federal government of expanding the existing safe harbor to include chronic disease prevention would be close to zero, if not a small saver. Given the growing nature of the HSA-HDHP market, improvements to the law or regulation to allow pre-deductible coverage for secondary prevention could materially improve the lives of those living with chronic conditions in these plans.*

Figure 1. Scenarios of Employer Behavior

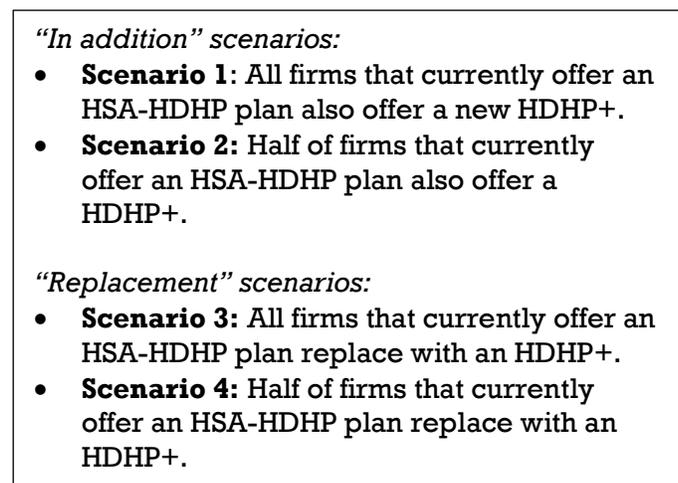


Figure 2. Net Budget Impact Across Scenarios

