Smarter Health Care Coalition

December 4, 2024

Leader Schumer
United States Senate
Washington, D.C. 20510

Leader McConnell
United States Senate
Washington, D.C. 20510

Leader Schumer and Leader McConnell:

On behalf of the Smarter Health Care Coalition (the Coalition), we write to urge passage of the bipartisan *Chronic Disease Flexible Coverage Act* (S. 3224) before this Congress adjourns. The companion bill (H.R. 3800) passed the U.S. House by voice vote earlier this year and was reported out of the Committee on Ways & Means with a strong, bipartisan vote. The legislation codifies flexibility for health plans and employers to offer more chronic disease prevention before patients have met their deductibles[1]. This flexibility has already led to increased medication adherence for patients with diabetes and heart disease[2]. **We strongly urge you to advance this legislation and send it to the president for signature.**

The Coalition represents a broad-based, diverse group of health care stakeholders, including consumer and patient groups, employers, health plans, life science companies, provider organizations, and academic centers. A key area of focus for the Coalition is to ensure patients have access to high-value health care. Based on research conducted over several decades, many employers and health plans have changed their plan designs to remove cost-sharing for high-value drugs and services that treat chronic conditions. Unfortunately, legal barriers continue to inhibit employers and health plans from offering some of these value-based plan designs. Specifically, Health Savings Account-eligible plans have limited ability to offer services and medications to manage chronic conditions on a pre-deductible basis.

Chronic diseases place a high burden on Americans both in terms of their personal and financial health. Of the nation's $4.5 trillion in health care spending, 90 percent of spending is for people with chronic or mental health conditions.[3] With 68 percent of people using a Health Savings Account living in a zip code with a median average income of less than $100,000 a year, this legislation would help provide financial relief and ensure access to needed services and prescription drugs. This would be especially valuable for lower-income Americans. Further, 37% of Americans do not have $400 saved to cover a surprise expense.[4] In sum, the *Chronic Disease Flexible Coverage Act* could benefit over 61 million Americans.[5]

Notice 2019-45, issued by the Internal Revenue Service[6], was a critical step to grant more flexibility to employers and health plans to offer certain chronic disease prevention pre-deductible. The *Chronic Disease Flexible Coverage Act* would codify this guidance and ensure a future Secretary of Treasury may allow additional high-value drugs and services to be offered before a patient has met his or her deductible, as was recently the case with issuance of Notice 2024-75, which further expanded items that can be offered pre-deductible. The following statistics document the positive impact of IRS Notice 2019-45:

- An AHIP and Smarter Health Care Coalition survey from 2021 found that 75 percent of health insurance plans responding covered additional services pre-deductible in their fully insured products and 80 percent of plans covered additional services pre-deductible in their self-insured products, with a negligible impact on premiums.[7]

- An Employee Benefit Research Institute (EBRI) survey from 2021 of employers found three in four responding employers (76 percent) added pre-deductible coverage as a result of IRS Notice 2019-45. The vast majority of employers said they would add pre-deductible coverage for additional health care services if allowed by law.[8]
- Three years after the guidance was published, researchers demonstrated an increase in the percentage of health plan enrollees with diabetes using insulin and enrollees with diabetes or heart disease using statins.[9] Similarly, several studies show that pre-deductible coverage of high-value medications increase prescription fills, especially among underserved populations.[10]

Furthermore, voters strongly support greater coverage of chronic disease prevention pre-deductible. In a recent survey, 38 percent of respondents ranked as a top priority insurance covering more preventive services for chronic disease pre-deductible. Further, 43 percent of respondents selected this as one of their higher priority issues.[11] Importantly, the Joint Committee on Taxation stated the legislation has no effect on the federal budget.

The Smarter Health Care Coalition urges you to enact the Chronic Disease Flexible Coverage Act this year.

Sincerely,

Smarter Health Care Coalition Members
American Academy of Family Physicians
American Benefits Council
American Osteopathic Association
Breakthrough T1D
National Forum for Heart Disease & Stroke Prevention
Primary Care Collaborative
University of Michigan Center for Value-Based Insurance Design
U.S. Chamber of Commerce
Virta

CC: all members of the U.S. Senate

[1] https://www.jct.gov/getattachment/3f36cafe-cbb3-42bd-8dec-e1e11595632b/x-13-23.pdf
[2] https://www.ebri.org/content/the-impact-of-expanding-pre-deductible-coverage-in-hsa-eligible-health-plans-on- medication-adherence
[3] https://www.cdc.gov/chronic-disease/data-research/facts-stats/index.html
[4] https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022- expenses.htm
[5] https://www.devenir.com/research/2023-devenir-hsa-council-demographic-survey/
[6] https://www.irs.gov/pub/irs-drop/n-19-45.pdf
[7] https://static1.squarespace.com/static/5e583a2544d97f413cf8190e/t/62670d93fd7125390edf6e4e/1650920852746/202109-AHIP_HDHP-Survey.pdf
[8] https://www.ebri.org/docs/default-source/pbriefs/ebri_ib_542_hsaemployersur-14oct21.pdf?sfvrsn=73563b2f_6
[9] https://www.ebri.org/content/the-impact-of-expanding-pre-deductible-coverage-in-hsa-eligible-health-plans-on- medication-adherence
[10] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7676281/
[11] https://www.fightforhealthcare.com/_files/ugd/7fe67d_b4614bee10504fd8a2aba6ad04271588.pdf