

HDHPs can cover more preventive services

An ounce of prevention may be worth a pound of cure, but up until this point, high-deductible health plans have been boxed in regarding tax-free reimbursements for most preventive care services or items. *Reason:* With certain exceptions, HDHPs can't start reimbursing employees until they meet those high deductibles. The IRS recently added to the exceptions for preventive services. The IRS' guidance became effective July 17, 2019. (*Notice 2019-45, IRB 2019-32*)

Safe harbor becomes more inclusive. The IRS created a safe harbor, which is an exception to the rule that HDHPs can't reimburse employees for first-dollar coverage for preventive services or items. It's expanded the safe harbor's list of reimbursable preventive services in the past, and is doing so now. *IRS:* Due to cost barriers, employees who've been diagnosed with certain chronic conditions forgo care, which, in turn, only exacerbates their medical conditions.

New preventive treatments and services are covered for employees who've been diagnosed with congestive heart failure, diabetes, coronary artery disease, osteoporosis and/or osteopenia, hypertension, asthma, liver disease and/or bleeding disorders and depression.

CLICK IT: The IRS has listed the new services and items in an appendix to its notice. Point your browser to <https://tinyurl.com/irs45n> and scroll down to page 6.

These new services and items are treated as preventive care only when prescribed for the purpose of preventing an employee's chronic condition from getting worse or preventing an employee from developing a secondary condition. *Snag:* Services and items not on the IRS' list that are for secondary conditions or complications, which occur despite the preventive care items or services, aren't treated as preventive care.

JUST IN TIME FOR OPEN ENROLLMENT: High deductibles are a feature of HDHPs, not a bug. And those dollar amounts may discourage employees from signing on. To temper an HDHP's bite, they can be paired with health savings accounts. *Advantage:* Employees can contribute more on a pretax basis than they can put into flexible spending accounts.

2020 adjustments for group health plans set

The Department of Health and Human Services and the IRS have released their inflation-adjusted figures for group health plans for the 2020 calendar year.

- The maximum limits on out-of-pocket expenses for non-grandfathered, non-high-deductible health plans are \$8,150 for self-only coverage (\$7,900 for 2019) and \$16,300 for other than self-only coverage (\$15,800 for 2019). *Reminder:* The self-only annual limit on out-of-pocket expenses applies separately to each family member who's enrolled in a family plan.
- Employees with self-only high-deductible health plan coverage can contribute up to \$3,550 (\$3,500 for 2019) into their health savings accounts. The minimum annual deductible for an HDHP is \$1,400 (\$1,350 for 2019). The maximum amount of out-of-pocket expenses (i.e., deductibles, co-payments, etc.) is \$6,900 (\$6,750 for 2019).
- Employees with family HDHP coverage can contribute \$7,100 (\$7,000 for 2019) into their HSAs. The

minimum annual deductible for an HDHP is \$2,800 (\$2,700 for 2019). The maximum amount of out-of-pocket expenses (i.e., deductibles, co-payments, etc.) is \$13,800 (\$13,500 for 2019). (*Rev. Proc. 2019-25, IRB 2019-22*)

Employees with HDHPs more engaged in their care

Employees enrolled in high-deductible health plans are significantly more engaged in their health care than employees who have lower deductibles.

Because more of their own money is on the line, they are more likely to seek cost and quality information and to exhibit cost-conscious behavior, according to researchers at the Employee Benefit Research Institute.

EBRI found that HDHP enrollees are more likely to:

- Research doctors and hospitals
- Inquire about generic drug options
- Seek less costly treatment solutions
- Negotiate lower prices for services
- Ask questions about coverage for specific medications.

They are also more likely to create a budget for medical expenses, use online cost-tracking tools offered by health-care providers and take preventative measures to preserve their health, including enrolling in wellness programs.

According to EBRI's latest Consumer Engagement in Health Care Survey, the number of working-age individuals enrolled in high-deductible health plans increased from 17.4% in 2007 to 46% in 2018. It defined HDHPs as having deductibles of at least \$1,350 per plan year for individual coverage and \$2,700 for family coverage.