



COMPLIANCE CONNECTION

Additional Preventive Care Benefits Permitted for High Deductible Plans

In Executive Order 13877, issued in June 2019, the Treasury Department and the IRS were directed to consider ways to expand the use and flexibility of HSAs and HDHPs consistent with the provisions of section 223 of the Internal Revenue Code (Health Savings Accounts), and the appropriate standard for preventive care under Section 223(c)(2)(C).

In prior guidance, the Treasury Department and the IRS have stated that preventive care generally does not include any service or benefit intended to treat an existing illness, injury, or condition. However, in response to the Executive Order, the Treasury Department issued guidance on July 17, 2019 that lists newly identified preventive care items and services that may be covered by a high deductible health plan (HDHP) even before the deductible is satisfied, and which are used to treat conditions. The Treasury Department and the IRS, in consultation with HHS, determined that certain medical care services received and items purchased, including prescription drugs, for certain chronic conditions should be classified as preventive care for someone with that chronic condition.

Link to Guidance: <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>

According to the guidance, the Treasury Department and the IRS consider the following benefits for services and items (set forth in the Appendix to the guidance) as preventive care for purposes of section 223(c)(2)(C):

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

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These specified services and items are treated as preventive care only when prescribed to treat an individual diagnosed with the associated chronic condition specified in the Appendix, and only when prescribed for the purpose of preventing the exacerbation of the chronic condition or the development of a secondary condition. If an individual is diagnosed with more than one chronic condition, all listed services and items applicable to the two or more conditions are preventive care. However, services and items not listed in the Appendix that are for secondary conditions or complications that occur notwithstanding the preventive care are not treated as preventive care for purposes of section 223(c)(2)(C).

Action Steps

The guidance became effective when issued on July 17, 2019. HDHP sponsors should review the new guidance promptly. For some HDHPs, plan sponsors may seek to expand the list of preventive care items and services covered under the HDHP. For other HDHPs, which already treated certain chronic care expenses as preventive, plan sponsors will need to consider whether changes to that list of preventive items and services are now necessary or appropriate.

Employers are not required to add these preventive care benefits based on the new rule. Employers may add these benefits to the list of preventive care benefits permitted to be provided by a high deductible health plan (HDHP) without a deductible, or with a deductible below the applicable minimum deductible (self-only or family) for an HDHP.

The IRS notice does not change the PHSA's definition of preventive care for purposes of items that must be provided without cost-sharing. This means that the employer can require the employee to pay toward the cost of the benefit such as co-pays and coinsurance (if the plan requires coinsurance before the deductible is met).

If you have any questions regarding these additional benefits, please contact your Innovative Benefit planning account manager.

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