

# Health insurance idea could help millions of Americans spend less

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Millions of Americans with chronic conditions could save money on the drugs and medical services they need the most, if their health insurance plans decide to take advantage of a new federal rule issued today.

And the idea behind that rule was born at the University of Michigan.

Today, the U.S. Department of the Treasury gave [health](#) insurers more flexibility to cover the cost of certain medications and tests for people with common chronic conditions who are enrolled in many high-deductible health plans.

The rule change came about in part because of research and over a decade of policy engagement by U-M professor A. Mark Fendrick and colleagues at the U-M Center for Value-Based Insurance Design.

About 43% of adults who get [health insurance](#) through their jobs have a high-deductible plan, which requires them to spend at least \$1,300 out of their own pockets before their insurance starts covering their care, or \$2,600 if they cover [family members](#).

People with high-deductible health plans typically have to pay the entire cost for services used to manage chronic conditions—such as inhalers for asthma, blood sugar testing and insulin for diabetes, and medicines to treat depression and high cholesterol—until they've reached their plan deductible.

More than half of them have access to a special kind of tax-advantaged health savings account to save money for their health costs, and some employers contribute to those accounts.

But until today, the federal tax code specifically barred high-deductible plans with health savings accounts, or HSA-HDHPs, from covering drugs and services for common chronic conditions until enrollees met their deductibles. Such coverage could reduce the chance that people with chronic conditions will skip preventive care because of cost, and improve their longer-term outcomes.

Meanwhile, the bipartisan Chronic Disease Management Act of 2019 was introduced in the Senate and House of Representatives last month with the same goal of lowering out-of-pocket costs for Americans with chronic conditions confronting high plan deductibles.

"As more and more Americans are facing high deductibles, they are struggling to pay for their essential medical care," said Fendrick, a professor at the U-M Medical School and School of Public Health. "Our research has shown that this policy has the potential to lower out-of-pocket costs, reduce federal health care spending, and ultimately improve the health of millions diagnosed with chronic medical conditions. We have actively advocated for this policy change for over a decade."

Fendrick is an internal medicine physician at Michigan Medicine and a member of the U-M Institute for Healthcare Policy and Innovation.

## **Specific coverage for specific enrollees**

The new rule designates 14 services for people with certain conditions that high-deductible health plans can now cover on a pre-deductible basis.

The list closely aligns with the one laid out by the V-BID Center in a 2014 analysis. That report, based on clinical evidence available at the time, shows that these tests and treatments could help people with chronic diseases manage their health, and detect or prevent worsening of their conditions, at low cost.

### **The list includes:**

- ACE inhibitor drugs for people with heart failure, diabetes and/or coronary artery disease
- Bone-strengthening medications for people with osteoporosis or osteopenia
- Beta-blocker drugs for people with [heart failure](#) and/or coronary artery disease
- Blood pressure monitors for people with hypertension
- Inhalers and peak flow meters for people with asthma
- Insulin and other medicines to lower the blood sugar of people with diabetes
- Eye screening, blood sugar monitors and long-term blood sugar testing for people with diabetes
- Tests for blood clotting ability in people with liver disease or bleeding disorders
- Tests of LDL cholesterol levels in people with heart disease
- Antidepressants called SSRIs for people with depression
- Statin medications for people with heart disease and/or diabetes

The new Treasury guidance also leaves the door open to allow high-deductible plans more flexibility in the future for coverage of other preventive services for people with these and other chronic conditions.

Fendrick and Harvard University professor Michael Chernew articulated the need for regulatory changes to level the playing field for people with [chronic conditions](#) in high deductible health plans in the *Journal of*

*General Internal Medicine* in 2007.

V-BID principles—based on the idea that the highest-value clinical services should cost the least to people who need them most—have also made their way into other kinds of health insurance plans.

For instance, Medicare Advantage plans, offered by private insurers to people over age 65 and with disabilities, are now able to offer plans with value-based co-pays. So are plans offered under TRICARE, the insurance program for military families, and private employer-sponsored plans without high deductibles.

The V-BID team has recently introduced V-BID X, a novel benefit design to expand options in the individual market by enhancing coverage of essential [medical services](#) and drugs, without increasing premiums or deductibles.

Provided by University of Michigan

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