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On June 24, 2019, the President issued an Executive Order directing the Department of the Treasury and the IRS to issue guidance that expands the ability of HSA-qualifying high-deductible health plans (QDHPs) to cover low-cost preventive care that helps maintain health status for individuals with chronic conditions before the statutory minimum deductible for QDHPs has been met. In response, on July 17, 2019, the Treasury Department and IRS issued Notice 2019-45 expanding the list of preventive care benefits.

Briefly, the following services and items are treated as preventive care when:

- prescribed to treat an individual diagnosed with the associated chronic condition (as specified in the IRS guidance), and
- prescribed for the purpose of preventing the exacerbation of the chronic condition or the development of a secondary condition.

| 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   |

| Preventive Care for Specified Conditions        | For Individuals Diagnosed with          |
|---|---|
| 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           |

Services and items not listed here that are for secondary conditions or complications that occur notwithstanding the preventive care are not treated as preventive care for this purpose.

Any items or services that constitute preventive care under earlier guidance, continue to be treated as preventive care. Further, nothing in Notice 2019-45 affects the definition of preventive care under the ACA and the services and items included on this list are not treated as ACA mandated preventive care.

The IRS will review the list of preventive care services and items every 5-10 years to determine whether additional items or services should be added or removed.

This guidance is effective July 17, 2019.

## Why is this Helpful?

In order to preserve HSA eligibility, individuals must satisfy the statutory minimum deductible before the QHDHP can pay for non-preventive medical services or items. While the QHDHP is permitted to cover preventive care items and services before satisfaction of the required deductible, the list of permitted preventive care is narrow and only includes preventive services and items:

- as required to be covered by non-grandfathered plans under the ACA; and
- as described in IRS Notice 2004-23, which includes:
  - periodic health evaluations, such as annual physicals (and the tests and diagnostic procedures ordered in conjunction with such evaluations);
  - routine prenatal and well-child care;
  - immunizations for adults and children;
  - tobacco cessation and obesity weight-loss programs; and
  - screening devices.

Importantly, under this definition, preventive care does not include any service or benefit intended to treat an existing illness, injury, or condition. Thus, many individuals with certain chronic conditions must satisfy the minimum deductible before the plan would pay for services and items associated with their condition.

This new guidance allows individuals diagnosed with certain chronic conditions (as described in the IRS list) to have certain services and items treated as preventive care by the QHDHP when prescribed for the purpose of preventing the exacerbation of the chronic condition or the development of a secondary condition.

## Employer Action

- **Fully insured QHDHPs.** The insurance carrier will determine when to expand the definition of preventive care as permitted under this guidance. Carriers may wait until the next policy year to make this change or may make the change mid-year.
- **Self-funded QHDHPs.** Plans may be amended to adopt this expanded definition of preventive care for individuals with chronic conditions mid-year or wait until the next plan year. Any change is subject to approval by the TPA and stop loss carrier.

