Data and Evidence on the HDHP-HSA Telehealth Safe Harbor
October 2022

Background

Section 3701 of the CARES Act created a temporary safe harbor that allowed employers and health plans to provide pre-deductible coverage of telehealth services for individuals with a high deductible health plan coupled with a health savings account (HDHP-HSA). The safe harbor allowed individuals with these plans to access telehealth services before their annual deductible was met, ensuring that employers and plans could support patients that were leveraging virtual care to access a range of critical health care services during the pandemic. This provision has increased health care access for many individuals that otherwise would have avoided care due to out-of-pocket costs.

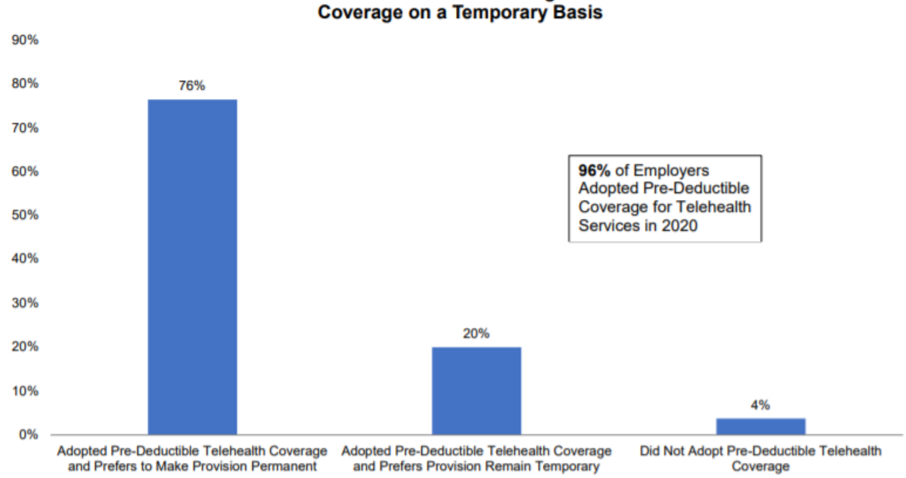
Unfortunately, Congress did not anticipate that the COVID-19 public health emergency would last this long, and only provided for this access until December 31, 2021. While this safe harbor expired at the end of 2021, Congress acted to renew this flexibility for telehealth services from March 31, 2022 – January 1, 2023 through the Consolidated Appropriations Act, 2022. However, the lapse that occurred between January 1, 2022 – March 31, 2022 led to confusion and uncertainty for patients and employers. New action is needed to ensure Americans do not lose access to these important telehealth benefits again come 2023.

This document presents data on the use of this provision and its impact on access to health care during the COVID-19 pandemic.

Adoption of CARES Act Provision

- According to a survey by the Employee Benefit Research Institute (EBRI), 96 percent of employers adopted pre-deductible coverage for telehealth services as a result of the telehealth safe harbor enacted as part of the CARES Act. Of these employers, about 76 percent would like to see this provision made permanent, while about 20 percent would prefer the provision to remain temporary (see Figure 11 below).

Figure 11
Point of View on CARES Act Provision Allowing Pre-Deductible Telehealth Coverage on a Temporary Basis



Source: Employee Benefit Research Institute survey.

Data on Demographics and Income Levels of Individuals with HDHP-HSAs

- Participation in HSA-eligible high deductible health plans is largely even across wage groups. According to unpublished data from EBRI based on zip code mapping out of 10 million HSA records, over half (54 percent) are owned by people in zip codes with median household incomes below $75,000.
    - Distribution by median household income at the zip code level showed:
        - 16 percent had median household incomes below $50,000;
        - 38 percent had median household incomes between $50,000 and $74,999;
        - 25 percent had median household incomes between $75,000 and $99,999; and
        - 21 percent had median household incomes $100,000 or more.
- The 2021 Devenir & HSA Council Demographic Survey found that HSAs are utilized across the income spectrum – 78 percent of health savings accountholders had a household income of less than $100,000. Other key findings include:
    - Over 67 million individuals were covered by the 32.5 million HSAs as of December 31, 2021;
    - Younger consumers have embraced HSAs, with about 1 in 5 Americans in their 30s having an HSA;
    - Individuals aged 50 years or older held almost $53 billion in HSA accounts at the end of 2021, with an average balance of $4,758.

General Data on Companies Offering HDHP-HSAs

- There are currently over 32 million people in the employer market who have a high deductible health plan that is HSA eligible, which means they have high out of pocket costs before employers can subsidize their care.
- According to Kaiser Family Foundation, 26 percent of firms that offered health benefits to employees offered an HDHP coupled with a health reimbursement arrangement (HRA), an HSA-qualified HDHP, or both as of October 2020. Among these firms, 20 percent offered HDHP-HSAs.
    - Enrollment in HDHPs with a coupled savings plan has increased over the past five years to 31 percent of covered workers in 2020. About 24 percent of covered workers were enrolled in HDHP-HSAs in 2020.
    - The percentage of covered workers enrolled in a HDHP plan with a savings options is higher in large firms (33 percent) compared to small firms (25 percent).
- A January 2021 analysis by LendingTree found that 51 percent of the workforce nationwide was enrolled in a HDHP in 2019. This marked a 43 percent growth in enrollment in such plans over the previous five years. The analysis offers two maps, the first showing the state-by-state percentage of employed workforce enrolled in a HDHP in 2019 and the second showing the five-year growth rate of HDHP enrollment by state.
- A March 2022 study by AHIP on telehealth coverage during the COVID-19 pandemic found that 40 percent of the nearly 180 million Americans with employer-sponsored coverage are covered by an HDHP-HSA plan. The vast majority of HDHP-HSAs elected to cover telehealth services on a pre-deductible basis (83 percent of plans offering fully insured products, 81 percent of plans offering self-insured products).
    - Of the plans covering telehealth services pre-deductible, none of them excluded any services that could be safely delivered via telehealth.

Support for Telehealth

- A recent AHIP and Smarter Health Care Coalition survey on HSA-eligible HDHPs asked participants which additional services would most likely improve patient satisfaction if covered pre-deductible. The permanent ability to offer telehealth services pre-deductible garnered 64 percent support. The survey also found that permanently covering telehealth services pre-deductible would have minimal impact on premium costs.
- According to a recent poll sponsored by the Alliance to Fight for Health Care, 71 percent of insured adults feel it is important they are able to access telehealth services under their current health plan and 89 percent rated their or their family member's previous telehealth visit(s) as good or excellent.
    - The poll also found that mental health is the second most common use of telehealth services behind primary care, and that 62 percent of insured adults would be willing to receive mental health care virtually. Additionally, 20 percent reported using telehealth for mental health services over the past year.
- An AHIP study from March 2022 found that nearly every HDHP-HSA leveraged the CARES Act flexibility to cover more mental and physical health care services through telehealth without a patient having to first meet a deductible. Key findings include:
    - Services provided via telehealth that were most commonly covered included primary care (95 percent), mental health care (95 percent), chronic care (89 percent), acute/urgent care (89 percent), and substance use disorder care (84 percent).
    - The most common types of services delivered via telehealth pre-deductible included primary care engagements such as evaluation and management visits, psychotherapy, speech and language therapy, medication management, and medical nutrition therapy.
    - Behavioral health care services together were the form of care most frequently accessed via telehealth pre-deductible in 2020. About 52 percent of pre-deductible telehealth claims were for mental and behavioral health services.