



POLICY BRIEF

Expanding the IRS Preventive Care Safe Harbor for HSA-Eligible High-Deductible Health Plans

Protecting Workers with Chronic Conditions from Coverage Gaps

~60M

adults 45–64 with employer-sponsored coverage

~50%

of HDHP enrollees have a chronic condition or a family member with one

33%

of chronically ill HDHP enrollees delay or forgo care due to cost

THE CHALLENGE: Chronic Disease Meets High-Deductible Coverage

More than 33 million Americans aged 45–64 are enrolled in employer-sponsored HSA-eligible HDHPs — a plan type that has grown from 3% of covered workers in 2007 to 33% today. While HDHPs lower premiums, they create a coverage gap for enrollees with chronic conditions: under current IRS rules, many chronic disease management services are not considered “preventive care” and must be paid out-of-pocket until the deductible is met.

This matters because:

- Nearly half of all HDHP enrollees have a chronic condition themselves or a family member who does (KFF, 2019).
- Adults 45–64 bear the highest burden of cardiovascular disease, diabetes, hypertension, and COPD.
- HDHP enrollees with chronic conditions are 22% less likely to receive guideline-recommended medications than those in traditional plans (JAMA Network Open, 2025).
- One-third of chronically ill HDHP enrollees report delaying or avoiding necessary care because of cost (KFF, 2017).
- Adults 45–64 with chronic conditions face elevated risk from acute respiratory illnesses including influenza and COVID-19. Antiviral treatments proven to reduce hospitalization and complications are not currently covered pre-deductible under HSA-eligible HDHPs, compounding the clinical and financial burden for this population.

THE OPPORTUNITY: Expand the IRS Preventive Care Safe Harbor

In 2019, the IRS issued Notice 2019-45, which allowed HSA-eligible HDHPs to cover 14 specific chronic disease management services on a pre-deductible basis. This was a significant step forward. The policy works: following its issuance, 76% of large employers and 75–80% of HSA-eligible plans expanded pre-deductible chronic disease coverage (EBRI, 2021). Medication adherence among enrollees with chronic conditions improved measurably (EBRI, 2024).

However, Notice 2019-45 has limitations the IRS should address:

- The list of covered services is narrow — only 14 items are eligible. Hundreds of evidence-based, high-value drug classes used for chronic disease management remain prohibited from being covered pre-deductible.

- The guidance is administrative, not statutory, leaving it vulnerable to revision or reversal.
- Employers would exclude additional preventive services if allowed by the IRS, according to EBRI's Survey results (EBRI, 2024).
- Research confirms that expanding pre-deductible coverage to over 116 drug classes for chronic disease management has a minimal impact on premiums (EBRI, 2022).
- 64% of HDHP enrollees say they would be more likely to choose an HDHP if it covered preventive care for chronic conditions before the deductible (V-BID Center, University of Michigan).

LEGISLATIVE MOMENTUM: Bipartisan Action Underway

The Chronic Disease Flexible Coverage Act (H.R. 919, 119th Congress) passed the House with unanimous bipartisan support via voice vote on March 4, 2025, and is currently pending before the Senate Finance Committee. The bill would codify IRS Notice 2019-45 into law and ensure the list of covered chronic disease services can be updated over time. The bill has broad stakeholder support from the National Federation of Independent Business, the American Benefits Council, the American Academy of Allergy, Asthma and Immunology, the Primary Care Collaborative, and others.

POLICY RECOMMENDATIONS

- 1. Pass H.R. 919 (Chronic Disease Flexible Coverage Act).** Codify Notice 2019-45 into statute and ensure the safe harbor list can be updated to reflect evolving clinical evidence.
- 2. Encourage the IRS to expand Notice 2019-45.** Broaden the list of covered services to include all clinically proven, high-value chronic disease management for drug classes and services — research shows negligible premium impact. This should include antiviral medications for respiratory illnesses such as influenza and COVID-19, which reduce hospitalizations and complications, particularly in adults 45–64 with underlying chronic conditions.
- 3. Prioritize workers aged 45–64.** This age group carries the highest chronic disease burden among working-age adults while representing a growing share of the HDHP-enrolled workforce. Pre-deductible chronic care coverage is especially critical for this population as they approach Medicare eligibility.
- 4. Periodic review of the safe harbor list.** Establish a formal mechanism for HHS and IRS to update covered services based on clinical guidelines, ensuring coverage keeps pace with evidence.

Key Sources: CDC/NCHS National Health Interview Survey (2024); KFF Employer Health Benefits Survey (2025); EBRI Issue Briefs (2021, 2022, 2024); JAMA Network Open (2025); JAMA (2024); KFF/Los Angeles Times Survey of Adults with Employer Health Benefits (2019); V-BID Center, University of Michigan; GovTrack H.R. 919 (119th Congress).