

May 23, 2017

The Honorable Orrin Hatch
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
United States Senate
Washington, DC 20510

The Honorable Patrick Toomey
United States Senate
Washington, DC 20510

The Honorable Debbie Stabenow
United States Senate
Washington, DC 20510

Dear Chairman Hatch, Ranking Member Wyden, Senator Toomey, and Senator Stabenow,

We understand that you are seeking input on a wide range of issues including policies to expand consumer-driven health savings accounts (HSAs). The Pacific Business Group on Health (PBGH) is a non-profit organization that leverages the strength of its 65 members—who collectively spend \$40 billion a year purchasing health care services for more than 10 million Americans—to drive improvements in quality and affordability across the U.S. health system.

Drawing lessons from our members' experience designing and implementing HSA-eligible high-deductible health plans (HDHPs) as part of a robust value-based insurance design, we urge you to ensure any expansion of HSAs includes:

- Increasing the availability of meaningful performance information for consumers to compare providers on price and quality; and
- Flexibility for individuals with chronic conditions to access the high-value services they need to manage their health.

Improving HSAs can help contain costs and empower consumers to choose high value providers and services. However, consumers alone do not have sufficient leverage to bend down the health care cost curve; consumer incentives must be used simultaneously with provider payment incentives that improve care delivery and health outcomes.

Several of our large employer members have had success using HSAs in high-deductible health plans (HDHPs) to promote consumer engagement and improve value for their employees. However, none of our members rely on HSAs, or any other benefit strategy, in isolation—the introduction and promulgation of HSAs is always complemented with efforts to increase the amount and utility of cost and quality information available to consumers.

HSA account holders need access to meaningful quality information and price calculators that include provider-specific total costs and expected out-of-pocket costs for common inpatient and outpatient procedures and conditions. For example, Wells Fargo uses a two-pronged strategy to empower employees their health care decision-making: first, by providing information on how price varies across

health care settings (e.g., ambulatory care centers, physicians' offices, outpatient clinics) and second, by offering price transparency tools that allow employees to compare specific facilities for common procedures and tests. In addition to price information, consumers need robust quality information that includes clinical outcomes of care, patient-reported outcomes of care, patient experience of care, and adverse events (e.g., avoidable readmissions, hospital-acquired infections).

Policymakers can address the need for more consumer information by providing sufficient funding for measure development to address high-priority measure gaps, including patient-reported outcomes and care coordination. In particular, additional funding is needed for federal measure development and measurement infrastructure beyond what has been made available by MACRA and HITECH. For more information, please consider the [top priority measure gaps](#) identified by the Measure Applications Partnership and in the CMS Measure Development Plan, as these priorities reflect the input of many health system stakeholders. Addressing measure gaps should remain an ongoing priority as part of the strategy to improve HSAs for consumers, as useful public information about cost and quality performance for common conditions and services requires a meaningful set of high-value measures.

In addition to efforts to increase consumer information and promulgate provider payment changes, policymakers must address the suitability of HSAs for consumers with chronic conditions. A serious limitation of the current HSA policy is that it requires consumers to pay for some high-value services out-of-pocket pre-deductible and prohibits employers from subsidizing these specific costs (e.g., co-pays) as part of their value-based insurance design strategy. We are supportive of the proposed [Access to Better Care Act of 2016](#), which aims to make HSAs work better for patients by offering 'first dollar' pre-deductible coverage within an HSA-qualifying HDHP for medical care that has the primary purpose of preventing the onset of, further deterioration from, or complications associated with a chronic condition or disease. Increasing the flexibility of pre-deductible exemptions will make HSAs more valuable to consumers with chronic conditions and more attractive as a tool for self-insured employers in their value-based insurance design strategies.

Lastly, we were encouraged by provisions in the proposed [Health Savings Act of 2016](#) to expand HSAs, specifically to:

- Allow individuals receiving Indian Health Services (IHS), tribal medical services, and TRICARE to contribute to an HSA account;
- Allow individuals who receive primary care services in exchange for a fixed periodic fee/payment to participate in an HSA; and
- Allow individuals who receive health care benefits from an onsite medical clinic of an employer to participate in an HSA.

As an important tool in value-based insurance design, HSAs have potential to control costs and promote consumer engagement, if consumers have access to meaningful performance information. Our recommendations, taken together, will increase the utility of HSAs for consumers and further enable



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purchasers to adopt HSAs as one component of a robust health care strategy. For more information about how HSAs fit into a comprehensive approach to improving the value of the health care system, please visit www.drivehealth.org. DRIVE Health Initiative is a campaign, led by the Pacific Business Group on Health and The ERISA Industry Committee, to accelerate economic growth by controlling costs and improving quality through the rapid adoption of value-based health care.

Thank you again for the opportunity to provide input on this important topic. Please contact me should you require any additional information or clarification.

Sincerely,

William E. Kramer
Executive Director for National Health Policy
Pacific Business Group on Health