

Healthcare Industry Updates – March 2021

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In the News

Few Employers Think COVID-19 Vaccines Should Be Mandatory for Workers

- Few employers believe vaccines should be mandatory before employees return to the workplace, according to a new survey from Willis Towers Watson
- WTW surveyed 446 employers between late February and mid-March and found just 10% believe workers should be required to get a vaccination for COVID-19 as a condition of employment
- That said, nearly a quarter (23%) said a vaccine should be required before workers return to the office, according to the survey
- Most employers said they view expanding access to vaccines as key to kick-starting the economy and bringing their workplaces back to normal, the survey found. Eighty percent said immunization is central to establishing a new normal for their employees, and 84% said it's crucial to getting the economy back on track
- As such, 60% said they have communicated with workers about the importance of vaccines, and 35% said they are planning to do so or considering it
- Thirty-five percent said they've developed policies to make it easier for their workers to get a vaccine, and 50% said they're considering similar moves. Nearly a quarter (23%) said they're boosting access by obtaining vaccines for their employees themselves or facilitating the vaccines through a third party
- Two in 10 of the surveyed employers said they're offering incentives to workers to encourage them to get vaccinations, with 29% saying they're planning to do so. Among these offerings are extra leave time or vacation to get vaccinated, offered by 39%, and additional leave for workers who may have negative reactions or get sick due to the vaccine
- One in 10 of those aiming to incentivize workers to get vaccinated said they're offering cash or other financial rewards
- Just over half (55%) said they believe their workforce will be fully vaccinated by the end of the year, while only 30% expected the entire working population in the U.S. to be vaccinated by the end of 2021

'Real World' Study by CDC Shows Pfizer and Moderna Vaccines Were 90% Effective

- A new study suggests the messenger RNA vaccines produced by Moderna and the Pfizer-BioNTech partnership appeared to be 90% effective in preventing Covid-19 infection in a real-world setting
- The study was released Monday in Morbidity and Mortality Weekly Report, an online journal published by the Centers for Disease Control and Prevention
- The study followed nearly 4,000 health care workers, first responders, and other essential workers in eight U.S. locations as the first Covid vaccines were rolled out starting in December. Participants were tested weekly to look for all cases of Covid infection, even asymptomatic ones
- In the period from Dec. 14, 2020, to March 13, 2021, nearly 75% of the workers in the cohort received at least one dose of one of the mRNA vaccines. Both are given in a two-dose schedule
- There were 161 Covid infections in the unvaccinated workers, compared with 16 in workers who had received only one dose by the time of their infection and only three infections in people who had received both doses and were two weeks out from their second dose. The vaccine effectiveness following two doses was 90% — roughly in line with the 95% and 94% that the Pfizer and Moderna vaccines showed, respectively, in the clinical trials that supported their emergency use authorizations
- The study was not conducted in such a way as to allow the researchers to estimate effectiveness measures for each of the vaccines
- The study suggested that even the first dose of vaccine was 80% effective at preventing infection, starting from two weeks after receipt of that dose. That estimate, however, only applies to the brief period until the second dose was administered. The study was not designed to test how well the vaccine works if an individual does not receive the second dose
- The majority of infections — 58% — detected in the study were found because participants were tested weekly to look for infections; 42% of the infections were identified when study participants were tested after developing symptoms. Most of the people who tested positive in the study had some Covid-related symptoms, though 10.7% had none. Only 23% of the people who became infected needed medical care and only two were hospitalized. There were no Covid deaths in the study

White House Sees No Federal Mandate for COVID-19 Vaccine Verification

- The White House said it expected the private sector to take the lead on verification of COVID-19 vaccines, or so-called vaccine passports, and would not issue a federal mandate requiring everyone to obtain a single vaccination credential
- The Biden administration was reviewing the issue and would make recommendations, White House press secretary Jen Psaki said on Monday, but she added, "We believe it will be driven by the private sector."
- Japan is gearing up to issue digital health certificates to citizens who have been vaccinated against the novel coronavirus, joining China, the European Union and others that have adopted similar measures aimed at opening up overseas travel, the Nikkei reported on Saturday
- Psaki said the White House was leading an inter-agency process looking at these issues, and would provide guidance in line with several key principles:
- "There are a couple key principles that we are working from. One is that there will be no centralized universal federal vaccinations database, and no federal mandate requiring everyone to obtain a single vaccination credential," she said
- "Secondly, we want to encourage an open marketplace with a variety of private sector companies and nonprofit coalitions developing solutions. And third, we want to drive the market toward meeting public interest goals."
- Psaki said the Biden Administration would work to ensure that all vaccination credential systems met key standards such as universal accessibility, affordability and availability, both digitally and on paper

COVID to Extract Double-Digit Hit to Health Plans

- The total cost of COVID-19—apart from the hundreds of thousands of deaths caused by the virus—are beginning to emerge. For health plan sponsors, it is not a pretty picture
- A new survey of health plan members who contracted the virus during 2020 offers a look at the trendline of plan costs incurred by survivors of the plague
- The research was published by analytics firm ExlService, which examined health plan data of patients "using a sample commercial healthcare insurance population with continuous eligibility between Jan 2020 and Oct 2020."
- The study compares reported gaps in routine care and frequency of chronic conditions over a two-year period to determine whether a COVID diagnosis in 2020 was linked to increased diagnosis of chronic conditions following recovery from the virus. The study noted any increases in gaps of care reported in 2020
- The highlights (or lowlights) of the research included:
 - **COVID and no pre-existing conditions:** The average per member per month insurance cost of \$179 "jumps to and stays elevated, at an average of \$470 per month for the next five months, an increase of 163%
 - **COVID and one pre-existing condition:** Per member per month insurance cost jumps from \$369 to \$624 for the next five months, a 69% increase. "For people with two or more preexisting conditions, the average per member per month insurance cost is \$1,541 for the five months following a COVID-19 diagnosis
 - **Gaps in routine care/screening during 2020:** Utilization of basic primary care services and annual check-ups by those with chronic conditions "declined sharply during 2020 across a wide range of diagnosis codes," the study reported. "Pre-hypertension screening, for example, fell 7.23% and lipid panel testing fell 6.85%." Perhaps not surprisingly, many patients postponed colonoscopies
 - **Projected cost of COVID plus routine care gaps:** The study estimates that, as a result of this combination of COVID plus gaps in care, health plans will experience an increase in their "cost of care avoidance" expectations of about 18%. In other words, plans should brace for about one-fifth higher costs, at least over the short term, due to this one-two punch to employee health

Pfizer Vaccine 97% Effective against Symptomatic COVID-19, Study Shows

- Pfizer-BioNtech's coronavirus vaccine offers more protection than earlier thought, with effectiveness in preventing symptomatic disease reaching 97%, according to real-world evidence published Thursday by the pharma companies
- Using data from January 17 to March 6 from Israel's national vaccination campaign, Pfizer-BioNtech found that prevention against asymptomatic disease also reached 94 percent
- An earlier real-world study had showed effectiveness at preventing symptomatic disease at 94% and asymptomatic illness at 92%. That study said "the efficacy of the vaccine is preserved in every age group," particularly a week after the second dose of the vaccine

Employers Cut Health Costs with Incentives for Patients, Doctors

- Employers can cut their health-care expenses by paying top medical providers a flat rate for a bundle of related services while offering incentives to the patients who use them, a study suggests
- The study, published Monday in the journal Health Affairs, found that employers using a flat-rate approach run by Carrum Health saved about 11% overall on procedures including joint replacements, spinal fusions and

bariatric surgeries. The average prices when people used Carrum providers were between 6% to 41% lower compared with other providers

- The Carrum program, described by the company as a sort of warranty on care, works with employers to contract with select doctors at well-known hospitals
- The providers get a fixed sum determined ahead of time to cover the procedure and any follow-up care or complications that occur, even if the patient has to return to the hospital after surgery. Employers, meanwhile, encourage patients to choose doctors in Carrum's program by waiving out-of-pocket costs like deductibles that they would otherwise have to pay
- The health plan isn't limiting patients' choices. Instead, it's giving them an incentive to choose doctors that have been selected for superior performance. In turn, the providers get paid directly, rather than having to bill insurance companies. They also get a higher volume of patients, though at discounted pricing
- To evaluate the impact of the program, researchers from The RAND Corp. and Carrum Health looked at medical claims data from eight large employers and purchasing groups, including public and private sector entities. They compared costs for more than 2,000 surgeries over five years, both before and after Carrum's program was implemented
- Christopher Whaley, a RAND researcher who ran the study, called Carrum the rare program that saves money without "burdening patients, providers or employers."
- Carrum, a seven-year-old South San Francisco company, is among a number of companies that offer employers programs to steer patients to better quality doctors. More than half of employers use such an approach, called centers of excellence, according to a survey last year of almost 400 firms from benefits consultant Willis Towers Watson
- New models like bundled payments have also been tested in Medicare, the federal health insurance program for people 65 and older, with mixed results. The Rand-Carrum research is the first to evaluate them in a commercial market, where prices vary more widely than they do in Medicare

CMS Moves to Stop COVID-19 Testing Denials, Cost Sharing in Private Plans

- CMS has issued guidance to stop private group health plans from denying COVID-19 testing through the use of medical screening criteria for asymptomatic individuals with insurance coverage
- Congress required comprehensive health plans to cover COVID-19 tests without cost sharing, prior authorization or medical management last year, only for guidance to create uncertainty about the rules. President Joe Biden sought to clarify the situation in an executive order shortly after taking office
- CMS has built upon the order with guidance that details when testing needs coverage. American Clinical Laboratory Association, a laboratory trade group representing Quest Diagnostics and LabCorp, praised the move as "decisive action" that takes "critical steps to close coverage gaps" and protect patient access to COVID-19 testing
- The guidance states plans and issuers cannot use "medical screening criteria to deny (or impose cost sharing on) a claim for COVID-19 diagnostic testing for an asymptomatic person who has no known or suspected exposure to COVID-19." CMS said the unequivocal statement clarifies an older declaration about asymptomatic testing
- The confusion arose from CMS' position on the coverage of testing for surveillance or employment purposes. Such screening is excluded from the legislative requirement to cover COVID-19 tests. Yet, in explaining that exclusion, CMS introduced confusion about the coverage of asymptomatic people. The new guidance separates out surveillance and employment tests to clarify the situation
- Other parts of the new document state that insurers have to cover point-of-care tests and COVID-19 diagnostic tests provided through state- or locality-administered sites. No cost sharing is permitted

Federal & State Exchange Updates

States Are Saying Bye to HealthCare.gov and Setting Up Their Own ACA Exchanges

- A growing number of states are weaning themselves off of the federal ACA exchange, Healthcare.gov, and establishing their own state-based exchanges, according to the Center on Health Insurance Reform (CHIR) at Georgetown's Health Policy Institute
- Kentucky, Maine, New Mexico and Virginia currently have hybrid programs that are state-based but use the federal platform. Those four states are scheduled to start their own platforms soon, Rachel Schwab and Nia Gooding wrote in a CHIR blog post last week

- According to the Kaiser Family Foundation, in 2021, six states have hybrid programs (Arkansas and Oregon are the other two) while 14 states and the District of Columbia have “pure” state-based exchanges (often called a marketplaces)
- The 14 states operating state-based exchanges are California, Colorado, Connecticut, Idaho, Massachusetts, Maryland, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and Washington
- States are setting up their own exchanges because of greater autonomy, potential cost savings and possible innovations, wrote Schwab and Gooding in their March 24 post. But they also caution that “building up the necessary infrastructure and running a marketplace is no small undertaking.”

Some Health Insurers Fudged MLR Numbers: Researchers

- About 14% of U.S. health insurers suppressed their Affordable Care Act medical loss ratio rebate bills before 2016 by exaggerating how much they spent on health care, according to a new accounting research paper
- But this fudging the numbers problem was smaller than health insurance companies had estimated, and insurance regulators have good tools they could use to control any data fudging, the researchers say in the new paper
- In 2013, it was estimated that 20% of health insurers were fudging health spending numbers to cut rebates
- The researchers — Evan Eastman of Florida State University, David Eckles of the University of Georgia and Andrew Van Buskirk of Ohio State University — are on track to have their paper appear in The Accounting Review
- The MLR provision requires health insurers spend a minimum amount of their revenue on health care, fraud detection and quality improvement efforts or else send cash back to the customers. The minimum MLR ratios are 85% for large group plans and 80% for individual and family policies and small group plans
- The researchers analyzed health insurers’ tendency to overestimate health care spending, to reduce rebate spending, by comparing insurers’ original claim spending estimates and the revised figures the same insurers put in later minimum MLR filings in later years
- About 49% of all of the insurers in the data overestimated health care spending, the researchers found. However, 63% of for-profit, publicly-traded insurers, or those with a stronger incentive to increase their earnings, appeared to be overestimating health care spending, the researchers report
- “Thus, we infer that approximately 14% percent of firms with the incentive to manipulate do so,” the researchers write. “We view this frequency as informative, considering that prior research is largely silent on the estimated rate of accounting manipulation in general.”
- The researchers say regulators should be able to control any problems with bias in health care spending reporting, by clawing back any rebate savings when insurers appear to be overestimating their spending to decrease rebate payments

Obamacare Enrollment Period Extended beyond May as New Insurance Subsidies Kick In

- The Biden administration is extending for three more months a special opportunity for people to sign up for government-subsidized health insurance through the federally run marketplace
- Instead of ending May 15, the special enrollment period will run through Aug. 15 to give people more time to take advantage of the expanded subsidies included in the recently passed \$1.9 trillion stimulus package
- The package increased the subsidies already available to people who don't receive health insurance from an employer or through a government plan like Medicare or Medicaid. And it made the subsidies newly available for people earning more than four times the federal poverty level, which is about \$51,520 for a single person
- The savings are available starting April 1
- People who already have insurance through an exchange can either apply the new subsidies to their existing plan to lower their monthly payments or can switch plans. Switching could allow someone to buy a plan with a much lower deductible, with the higher subsidy covering that plan’s higher premium
- The expanded subsidies, available through both the federal and state-run exchanges, last for two years

COVID-19 ‘Mucked Up’ Insurance Marketplace, Analyst Says

- “COVID-19 has mucked up the insurance marketplace as a whole – including private employer-provided plans,” said Michael Giusti, InsuranceQuotes.com analyst
- Giusti outlined a number of key takeaway for health insurance in 2021 in a recent report for Insurancequotes.com
- First, he said, the pandemic made setting premiums especially challenging. Premiums are set based on the previous year’s claims data. Because 2020 was marked by a combination of huge intensive care costs, but almost no preventative care costs, that model was flipped on its head. As a result, median health premium edged up just a percent or two in 2021

- But many in the insurance industry are holding their collective breath as things get back to normal, he noted. A major worry is that deferred care will come crashing through the system by this summer, representing a flood of claims once people are willing to see a doctor again
- The other question is what will be the long-term effect of having so many people defer care, Giusti said. Will a year of deferred cancer screenings, diabetes screenings, hip replacements, and so on, lead to worse long-term health, and ultimately higher health costs? And how long into the future will those increased costs haunt the industry?

Biden Administration Provides Slim Increase in Help for ACA Insurance Coaches

- The Biden administration is providing a modest amount of additional help to community groups coaching consumers to sign up for Affordable Care Act health plans during the 2 1/2 months remaining in an extended shopping period for such insurance
- The \$2.3 million, announced Monday by the Centers for Medicare and Medicaid Services (CMS), is being delivered after some of the groups, known as navigators, complained they had little money left after a regular enrollment season ended late last year. They had no way to anticipate that President Biden would order HealthCare.gov, the federal online ACA insurance marketplace, to reopen for an unprecedented extra shopping time — a decision prompted by the economic dislocation imposed by the coronavirus pandemic
- Navigators have been trying to do their work the past few years with shriveled government grants after the Trump administration sliced funding from \$62.5 million a year to \$10 million. Trump health officials contended that the enrollment helpers were not cost-effective and fostered few sign-ups — a view contrasting markedly with that of their successors in the Trump administration
- Still, the \$2.3 million is “nowhere near what they need,” said Karen Pollitz, a senior fellow at the Kaiser Family Foundation, a health-policy research group, who focuses on health reform and consumer protections. She said federal rules constrain how much the government can quickly alter the existing financial agreements for the groups
- CMS said in its announcement that it intends to “increase funding significantly” for navigators for the regular ACA enrollment period that starts in the fall, without indicating the amount

State Updates

Arizona

- Arizona Senate revokes mask mandate after governor’s action ([link](#))

Colorado

- Colorado opens the door to public option ([link](#))

Illinois

- Illinois health care reform bill headed for Gov. Pritzker’s desk ([link](#))
- Illinois residents now have until Aug. 15 to sign up for health insurance through Obamacare ([link](#))

Maryland

- Maryland extends health insurance special enrollment period until Aug. 15 ([link](#))

Massachusetts

- Mass. healthcare spending increases, premiums, cost-sharing slow ([link](#))

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