Post-Pandemic Preparation

Written By Bruce Shutan

Industry insiders anticipate impact of claims on actuaries, brokers, stop-loss carriers, TPAs, MGUs and captives

Employers are bracing for a possible surge in medical claims as long-delayed elective and routine procedures are scheduled amid loosening Covid-19 restrictions.

While it's anyone's guess what will actually happen, several executives across a broad spectrum of the self-insured community expressed both caution and optimism over post-pandemic work and life. They also sprang into action to ensure that their customers stay on track and lives were protected.

"Our clinical team really worked throughout the pandemic to monitor risk increases from delays in care," reports Pamela Coffey, executive vice president and chief clinical officer of HealthSmart, a TPA with internal care management solutions and clinics.

On the frontline of those efforts was an intensive oncology case management program to guide cancer patients who were immunosuppressed and, therefore, extremely vulnerable in terms of where, when and how they received their chemotherapy and radiation therapy during the pandemic.

That meant scouting alternate sites of care with so many hospitals at capacity or serving as breeding grounds for Covid-19. With lives hanging in the balance, it was clearly a top priority. She describes those actions as an opportunity to "minimize some of that backlog or bottleneck of procedures post-pandemic by addressing those needs in real time."

Bret Brummit

Overall, HealthSmart coordinated conservative care involving additional therapy, home-based services, pain control and other issues to avoid complications or exacerbated problems stemming from delays in surgery. In addition, members involved in cases where surgeries opened back up were given assistance in getting evaluated and rescheduled.

The need for prudence repeatedly came up during conversations with industry insiders. Bret Brummitt, founder of the Generous Benefits insurance brokerage, believes that self-insured health plans are cushioning some of the stop-loss or general premium numbers to buffer the unexpected.

As such, he doesn't expect a long-term spike of service or claims, "at least not in regions like Texas, or maybe others that have been a little bit more relaxed on the settings, just because there has been access for elective services at some level. I live and work predominantly in a market where there's just not a lot of empty capacity or people waiting around. I could see it being much different in either a less thriving economic region or a less populous region."

Mehb Khoja

CALCULATING ATTACHMENT POINTS

Forecasting claims for a post-pandemic world will not be easy. One leading stop-loss provider has found it rather challenging to calculate attachment points for self-insured health plans after a year of experience unlike any other on record.

"The biggest mistake you could do right now is looking at 2020 data and say, 'well, take that data and project it forward by 8% because that's what we expect in 2021, and another 8%, and that's what we expect for 2022,'" cautions Mehb Khoja, president of Medical Risk Managers, a wholly-owned stop-loss subsidiary of BCS Financial for whom he also serves as chief actuary. Unless stop-loss carriers are more thoughtful about making the right type of adjustments before projecting costs, he says "they're going to be severely off on the attachment points."

A lull in medical procedures led many self-insured health plans to hoard cash. The best possible practice was over-reserving insurance risk during the pandemic when most medical services were down, didn't return or shifted to lower-cost telemedicine, banking any difference between projected and actual costs, according to Khoja.

"My sense is most of those plans are holding onto those dollars, and what wasn't spent on health care in 2020 is being reallocated to 2021," he says. "We fully expect the large and jumbo employers to operate in that way. But as you go down market, it's just hard to know."

There was a recognition early on that some data variations or abnormalities would appear at the group level where many of the elective procedures "would normally come into the aggregate side of our business," reports Dan Boisvert, president and CEO of AccuRisk Solutions, LLC, an MGU. "So those implications were more about what the frequency around the claims activity was going to be, not necessarily the severity."

He has seen a dramatic decrease in diabetes maintenance costs from February 2020 through February 2021 that's going to have some implications on exposure to higher-level chronic condition claims around diabetes-type comorbidities.


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But that's just the tip of an iceberg. "I'm sure diabetes isn't the only thing," he says, surmising that a number of other diagnoses are likely going to follow that same pattern. "There's a lot of things that people have put off that could exacerbate their severity of claim going forward. People have avoided going in for just a normal kind of check-up on chronic conditions."


Sue Taranto

The main concern is exactly when, and how much, will there be a resurgence of medical trend, as well as both inpatient and outpatient services that were deferred or avoided during the pandemic, observes Sue Taranto, a principal and consulting actuary with Milliman, Inc.

"There are already backups for elective-type surgeries in many markets in the country," she says, adding that a return to higher utilization will be driven to some extent by demographics and geography. Data, however, can be mined to understand just how bad the Covid-19 infection rate was and sick people were, she says, as well as longer-term impacts, and whether risk scores and morbidity will increase.

Another bright spot is that encountering significantly fewer medical procedures during the pandemic has borne fruit for employers with captive insurance. Mike Schroeder, president of Roundstone, reports that the $4.2 million pro rata cash distribution to roughly 150 employers in his July captive was 17.5% of stop-loss premium, which is about twice what it normally is runs.

Moving forward will be tricky.


Mike Schroeder

"Our underwriters understand that we've got to fund this to the right level," he says. "The claims are going to be different than they were over the last 12 months." Since Roundstone serves midsize employers, he explains that the stop loss features "a pretty low attachment point."


Pamela Coffey

BACK TO THE FUTURE?

While no one has a crystal ball, predictive modeling can be "an excellent tool to identify multiple types of risk," Coffey notes. Key areas include determining whether patients are receiving adequate provider oversight and care in both inpatient and outpatient settings, as well as spotting redundant medications or the need to refills scripts. Moreover, many individuals who were on maintenance drugs were able to use mail-order, which improved adherence, "and we could monitor that compliance through our predictive modeling," she adds.

A telling metric for predictive modeling would be if more imaging claims emerge from an employee population, which Brummitt says could be a precursor of surgical claims to follow. "But you don't have a lot of leading indicators on that because those are typically done in 30- to 90-day windows," he explains.

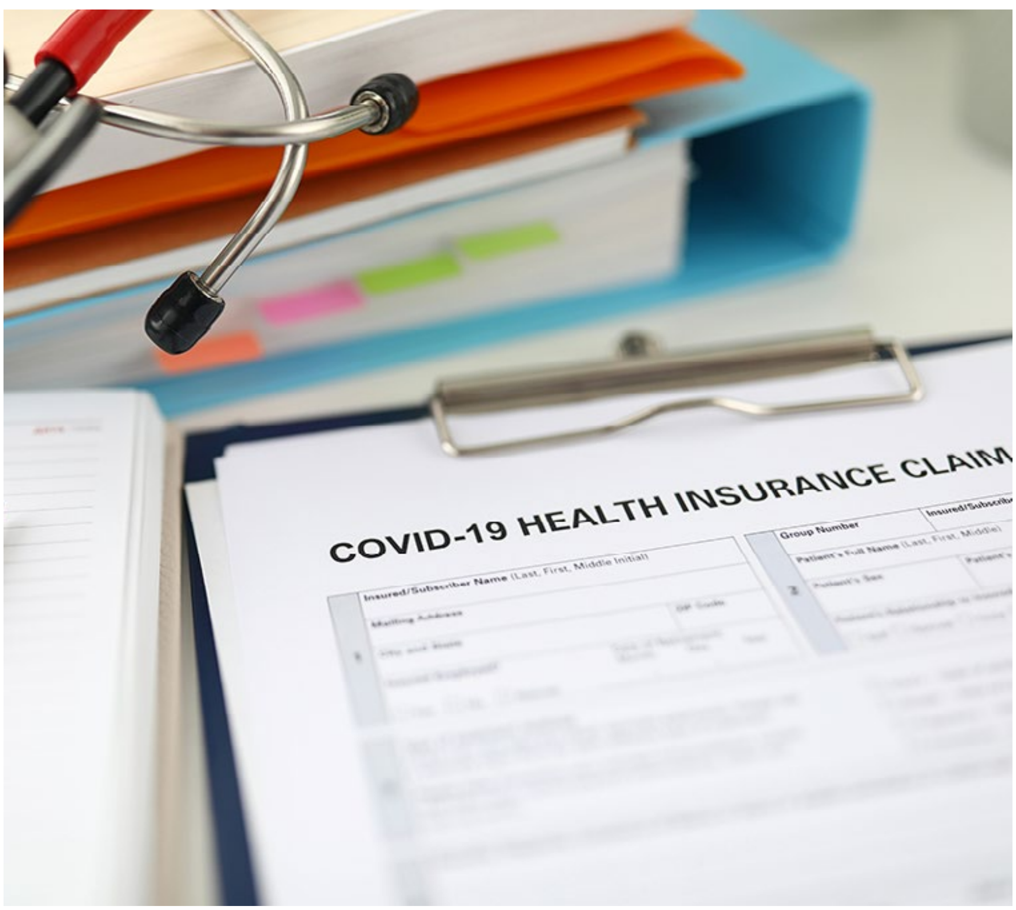
Dan Boisvert

The bottom line is that data gathering needs to be done in real time in order "to put through the algorithms that will be successful in predicting impact," Taranto suggests. Complicating matters is that "services have been suppressed and the data gathering hasn't happened to the same extent it might otherwise," she notes.

But the endgame is to use data mining to effectively communicate with potential high-risk patients so they can change their behavior, which she says will eliminate the need for emergency room visits.

One fear is that deferred care has the potential to drive health plan costs higher for years to come. The Partnership to Fight Chronic Disease projects that the number of people with three or more chronic diseases will swell to 83.4 million by 2030 from $30.8 million in 2015 – a prediction that was made even prior to Covid-19. Another concern is the deadly toll it may take.

For example, the National Cancer Institute has warned that there will be an additional 10,000 deaths over the next decade from breast and colorectal cancer alone due to Covid-19.



BALANCING TELEHEALTH WITH IN-PERSON CARE

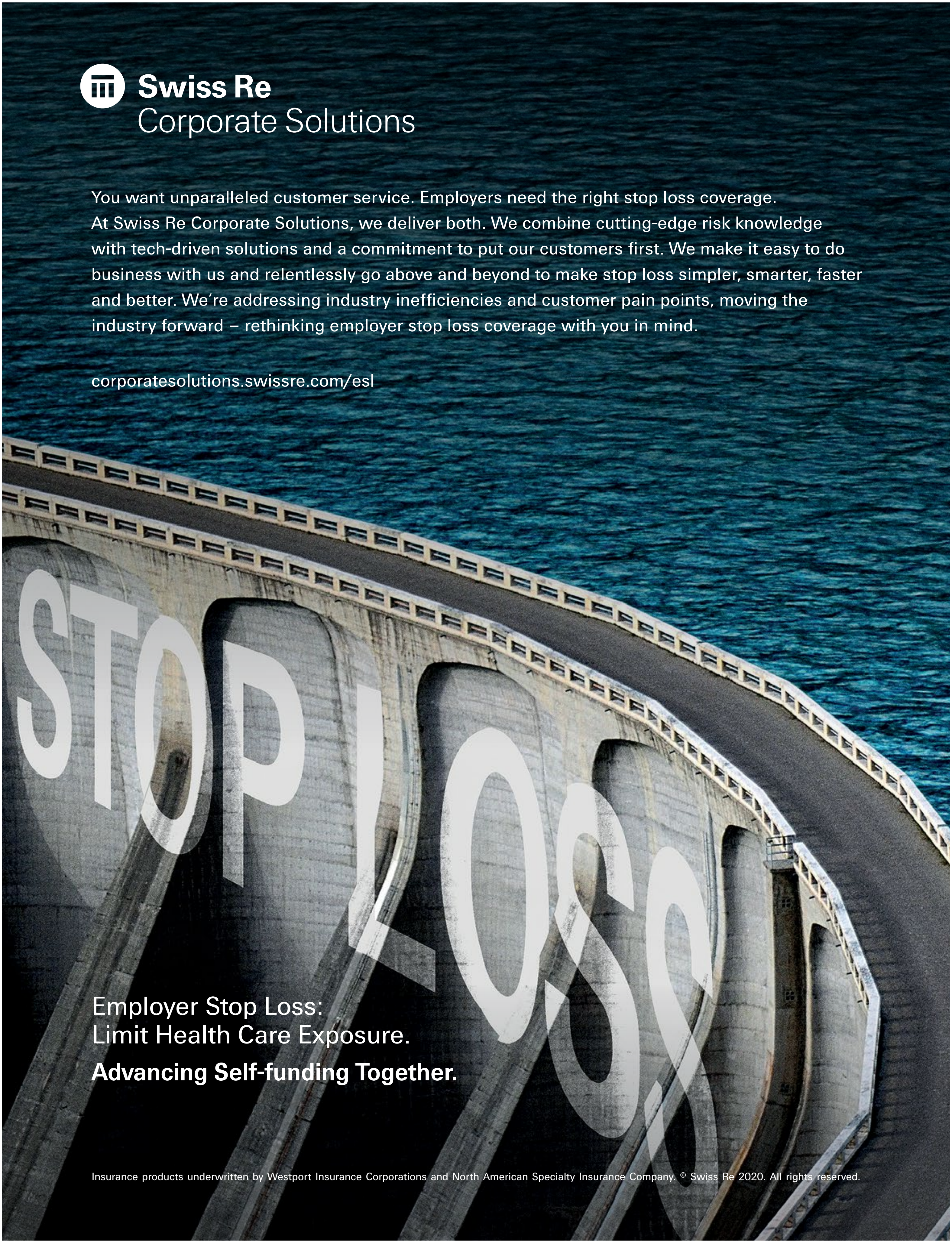
But there are also silver linings in the dark cloud that has hung over everyone for more than a year. One such positive development is growing acceptance of telehealth to treat both physical and mental ailments, which is helping broaden the scope of digital solutions.

While telehealth has its limitations, it's convenient for members and was a lifeline during the pandemic, according to Coffey who says "that alone drives improvement in compliance."

Virtual care not only helped reduce ER and urgent-care visits, but also managed an increase in behavioral health needs stemming from pervading isolation and despair. In addition, it helped remove the stigma of showing up at a psychiatrist's office and makes it much easier and affordable to support members, she notes. Her hope is that self-insured health plans strike a reasonable balance between telehealth and brick-and-mortar provider visits.

Placing too much stock in virtual care is risky business. The danger of misdiagnosing someone during a telehealth call, for example, could lead to additional absenteeism because the severity of that condition is worsened, Boisvert warns.

Supplementing in-person care with telehealth and finding synergistic partnerships obviously will be a major strategic objective in the months and years ahead. "One of the things we're watching closely," Schroeder reports, "is the merger of primary care and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telehealth, and how much of these capitated direct primary healthcare products can be delivered in tandem with a really good telehealth strategy. We think there's some real opportunity there. There seems to be a pretty strong traction as it relates to mental health."

Apart from national telehealth providers like Teladoc, Schroeder notices that more virtual care is being delivered by provider systems, "so the local hospitals all have telehealth services." It's now increasingly common for in-person primary care visits to end with a telehealth visit being scheduled for six months later, he says. The result is a better experience for the patient.

Covid-19 appears to have bolstered the use of digital health tools at a time when some people double-downed on exercise to break their isolation, while others fell into sedentary lifestyles. "Every time you turn around, there's something that tells you how many steps you've took," Schroeder says. "Google has this thing called Heart Points, based on your movement. Clearly, folks are starting to subscribe to these things, whether it's a watch or it's on your phone, where you're being told you're moving and living in a healthy way from an activity point of view."

Patients will likely gravitate toward a telehealth-first model post-pandemic with local touchpoints pre-built into those arrangements, Brummitt notes, adding that "something like a Crossover Health fits the future model that got ushered in a lot faster than the standalone service." He also sees more embedding of virtual care for mental health. "Having that access, whether it is a true phone call with a provider or an artificial-intelligence app, is going to be very helpful," he says.

INCENTIVIZING WELLNESS

The upshot of this pandemic is that self-insured employers and their vendor partners will need to keep a closer watch on their health plan participants moving forward. "We're going to have to up our game a little bit to get members back into the routine of improving their health," according to Boisvert. For those with chronic conditions, he says it's often a matter of making sure medication is being taken as prescribed and renewing prescriptions.

The best hope for motivating health plan members, he says, is offering financial incentives for healthy behaviors in the form of lower copays, coinsurance or deductibles.

Boisvert is hopeful that people will be much more responsible about their health post-pandemic, especially given how so many Americans became sedentary or depressed during their isolation from others. "Mental health is a really big part of that," he adds, noting a tendency to ignore or underestimate its impact. As such, he says it's important to find incentives to pull people out of the "behavioral malaise" that set in during the pandemic.

Coffey's favorite method is reward money for pursuing healthy behaviors and limiting care gaps that can be placed into a flexible spending account or health savings account "so it actually has to be spent on health care expenses." ■

Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 30 years.