

# COVID-19

## Response and Financial Impact on Commercial Insurance

Department of Financial Regulation  
April 29, 2020



# Overview

- ❖ Overview of DFR's Emergency Actions Taken To Date
- ❖ Financial Impacts of COVID-19 on Health Insurers

# Collaborative & Thoughtful Process

- Since March 9, 2020 - DFR has held weekly stakeholder meetings to discuss policy and operational matters
  - Representatives from commercial insurance companies
  - Representatives from the provider community
  - Representatives from AHS, State Medicaid and DVHA
  
- Strong Legislative Support
  - H. 742 (Act 91) signed into law March 30, 2020
  - Provided DFR with emergency authority regarding telehealth, cost of treatment for COVID-19 and cost share regarding pharmaceuticals

# DFR Response to COVID-19

- **March 6, 2020:** Bulletin 209 - Access to COVID-19 Testing. Instructs all health insurers to cover any medically necessary COVID-19 testing performed by the Centers for Disease Control (CDC), the Vermont Department of Health (VDH), or a laboratory approved by CDC or VDH, with no co-payment, coinsurance, or deductible requirements for members.
- **March 16, 2020:** Bulletin 210 - COVID-19 Prescription Drug Refills. Requires health insurers and pharmacy benefit managers to make at least a 30-day supply of medication available to members refilling their prescriptions and encourages, but does not require, that insurers make available a larger-than-30-day supply when appropriate.
- **March 19, 2020:** DFR issues a memorandum to health insurers urging them to expand coverage and reimbursement of telemedicine services, including audio-only telephone, email, or facsimile where clinically appropriate.

# DFR Response to COVID-19

- **March 20, 2020:** Bulletin 211 - COVID-19 Suspension of Routine Provider Audits by Insurers. Directs health insurers to suspend all routine provider audits, with exceptions for audits to prevent and detect ongoing fraud or other current activities that may violate Vermont statutes or regulations.
- **March 20, 2020:** Emergency Rule H-2020-01-E - Suspension of Credentialing Verification Practices. Relaxes provider credentialing requirements in order to facilitate the reimbursement through commercial insurance during the State of Emergency for health care services provided by physicians or other health care professionals who hold an equivalent license in another State.
- **March 23, 2020:** DFR requests that that all insurance companies provide their policyholders with a reasonable grace period to pay insurance premiums to avoid policies being cancelled for nonpayment of premium due to the COVID-19 public health emergency.

# DFR Response to COVID-19

- **March 30, 2020:** Emergency Rule H-2020-02-E – Coverage of Health Care Services Delivered Through Telehealth, Telephone, or Store and Forward Means. Requires health insurers and workers' compensation insurance carriers to provide coverage for clinically appropriate health care services delivered remotely through telehealth or audio-only telephone on the same basis as in-person consultations. It also requires health insurers to cover telephone triage calls without member cost sharing, and temporarily waives compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) consistent with federal guidance.
- **April 14, 2020:** Emergency Rule H-2020-03-E – Coverage of Covid-19 Diagnosis, Treatment, and Prevention. Requires commercial insurers to waive cost-sharing requirements, such as co-payments, coinsurance or deductible requirements, for the diagnosis and treatment of COVID-19.
- **April 22, 2020:** Bulletin #213 – Payment for Out-of-Network Ambulance Services, clarifying that when an out-of-network ambulance service provides emergency medical treatment to a member, the Department's view is that Vermont law requires the health insurer to reimburse the ambulance provider directly for the cost of the services rather than sending payment to the member.
- **TBD:** Emergency Rule on Pharmacy Cost Sharing – continuing to discuss internally and with stakeholders. Anticipate resolution within a week.

# Financial Impacts

## Insurers Entered the Crisis in Strong Financial Positions

Major Health Insurers VT						
Financial Data as of 12/31/2019						
	BCBSVT Group		MVP Health Plan		Cigna H&L	
<b>Total Surplus</b>	\$	133,526,751	\$	403,986,260	\$	5,204,913,090
<b>Total Revenues</b>	\$	537,658,660	\$	2,672,502,710	\$	18,863,841,499
<b>Total Investments and Cash</b>	\$	139,800,000	\$	523,119,273	\$	8,401,757,924
<b>RBC Ratio</b>		Mid-high 500s		Mid-low 400s		Mid-500s

# Financial Impacts for Health Insurers

## **Pre-COVID-19 financial condition**

- COVID-19 claims – testing and treatment
- Investment portfolio performance
- Emergency regulations
- Eventual COVID-19 Vaccine considered “preventative service”
- Serological Tests no-cost share
- + Reduction in non-COVID-19 claims

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= **Current financial condition**



# Financial Impacts

## Impact of Covid-19 Claims

### Cost of COVID-19 Testing

- Centers for Medicare and Medicaid Services (CMS) published Medicare reimbursement payment rates of \$35.91 for Centers for Disease Control (CDC) tests and \$51.31 for non-CDC tests.
- Some national hospitals are changing commercial insurers \$150 to \$200 for a COVID-19 lab test.
- CARES Act requires insurers to cover in person services and screening associated with administering the test

### Cost of COVID-19 Treatment

- FAIR Health estimates a per-patient cost of \$38,772 for inpatient treatment with a length of stay of six days – other estimates list the total cost of a COVID-19 hospital stay at over \$70,000

# Financial Impacts

## Investment Portfolio

<b>Major Health Insurers VT</b>							
<b>Financial Data as of 12/31/2019</b>							
	<b>BCBSVT Group</b>		<b>MVP Health Plan</b>		<b>Cigna H&amp;L</b>		
<b>Total Investments and Cash</b>	\$	139,800,000		\$	523,119,273	\$	8,401,757,924
<b>Investments composed of:</b>							
Bonds	\$	96,800,000	69%	\$	268,148,522	51%	\$ 5,218,203,069 62%
Equities	\$	28,600,000	20%	\$	34,781,841	7%	\$ 456,297,724 5%
Mortgage loans on real estate			0%			0%	\$ 635,390,809 8%
Cash and Cash Equivalent	\$	14,400,000	10%	\$	103,668,637	20%	\$ 606,987,849 7%
Other Invested (Schedule BA) SEE SHEET 3			0%			0%	\$ 1,462,349,480 17%
Investments in Affiliates			0%	\$	116,504,477	22%	0%

# Financial Impacts

## YTD Bond Performance Mixed

## Investment Portfolio

	CLOSE	% CHG	YTD TOTAL RETURN	52-WK % CHG
<b>Broad Market Bloomberg Barclays Indices</b>				
U.S. Government/Credit	2611.69	0.28	5.69	12.26
U.S. Aggregate	2234.86	0.23	4.94	10.80
<b>U.S. Corporate Indexes Bloomberg Barclays Indices</b>				
U.S. Corporate	3185.04	0.30	1.38	9.85
Intermediate	2905.10	0.20	0.48	6.16
Long-term	4680.15	0.47	2.89	17.12
Double-A-rated (AA)	666.27	0.31	3.96	10.85
Triple-B-rated (Baa)	819.57	0.27	-1.23	7.66
<b>High Yield Bonds ICE Data Services</b>				
High Yield Constrained*	417.93	0.13	-10.51	-5.99
Triple-C-rated (CCC)	344.58	-0.11	-21.29	-21.76
High Yield 100	2839.68	0.18	-11.08	-6.53
Europe High Yield Constrained	296.93	0.25	-9.64	-5.78
Global High Yield Constrained	377.87	0.17	-10.35	-5.52

### S&P 500 INDEX

(CME:Index and Options Market:INX)

[Add to Watch List](#) [Set Alert](#)

**2,863.39**

Delayed Data  
As of 5:10pm ET

**↓ -15.09 / -0.52%**  
Today's Change

2,192 **TODAY** 3,394  
52-Week Range

**-11.37%**  
Year-to-Date

## YTD Equity Performance Down



# Financial Impacts

## Financial Impact of Emergency Actions

**April 14, 2020:** Emergency Rule H-2020-03-E – Coverage of Covid-19 Diagnosis, Treatment, and Prevention. Requires commercial insurers to waive cost-sharing requirements, such as co-payments, coinsurance or deductible requirements, for the diagnosis and treatment of COVID-19.

## Requirements under the CARES Act

Eventual COVID-19 Vaccine considered “preventative service”

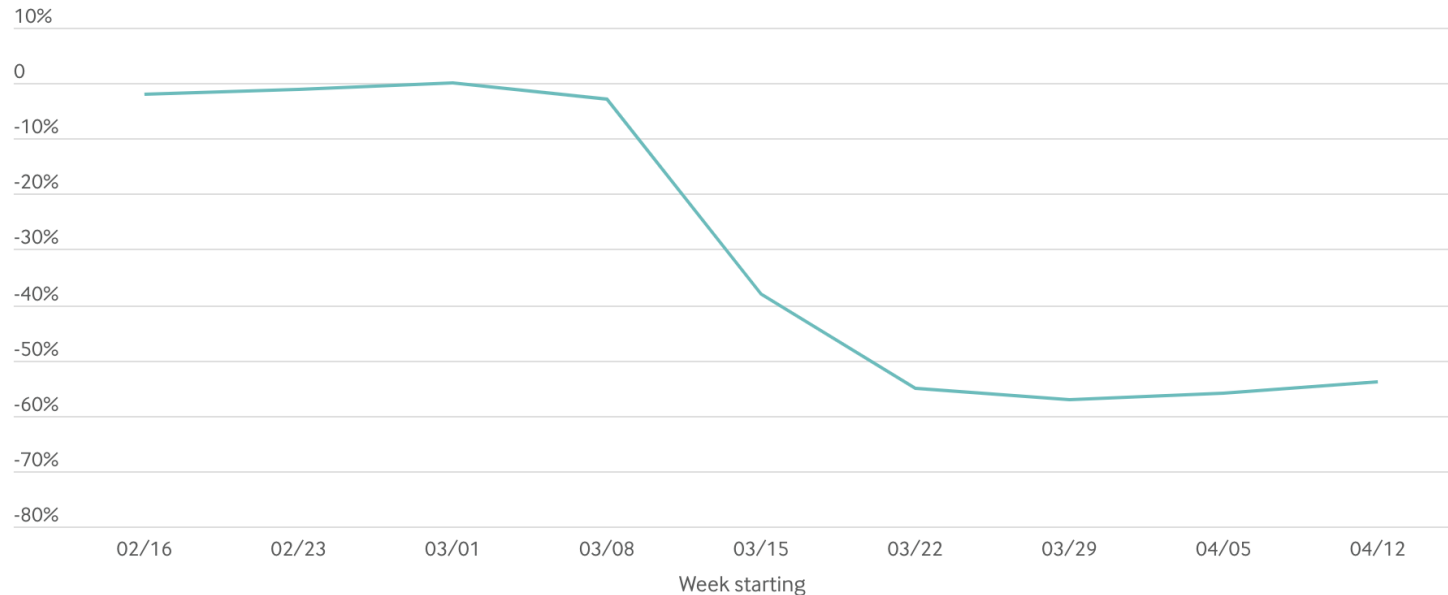
Serological Tests no-cost share

# Financial Impacts

## Impact on Non-Covid-19 Claims

**The number of visits to ambulatory practices declined nearly 60 percent in mid-March and has remained low through mid-April.**

*Percent change in visits from baseline*

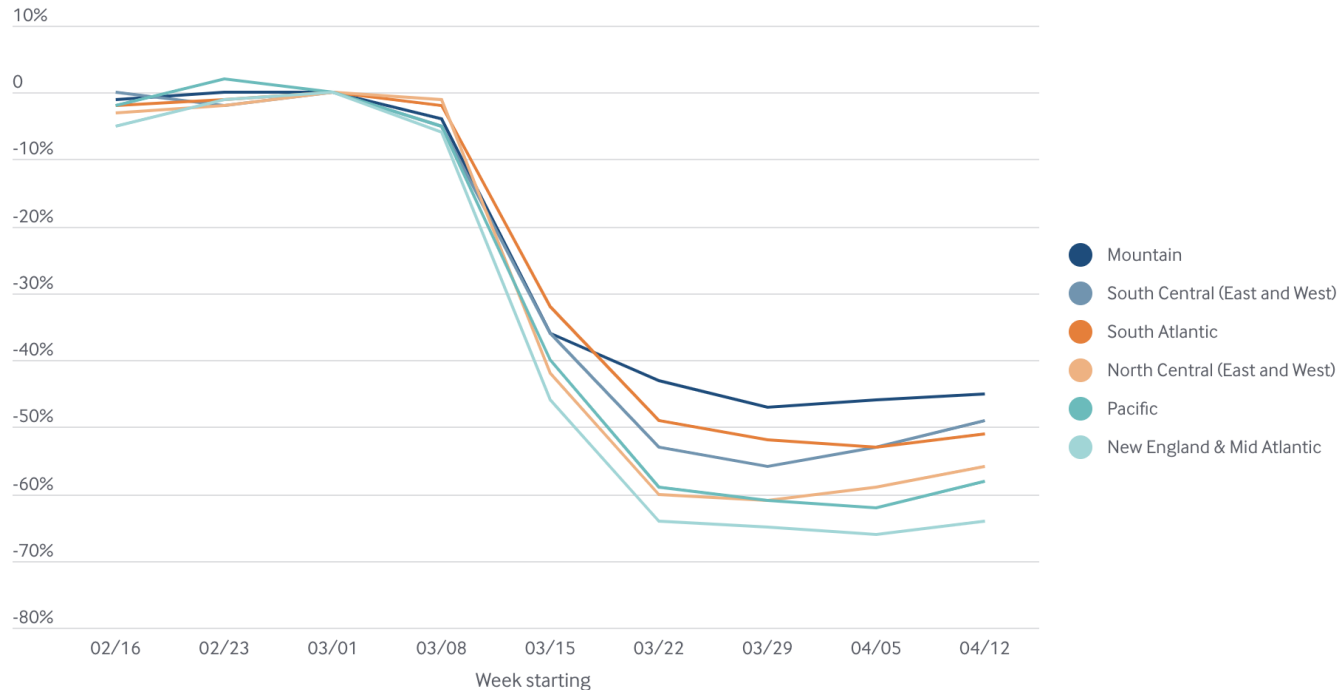


# Financial Impacts

## Impact on Non-Covid-19 Claims

**Dramatic declines in the number of visits, observed in all regions of the U.S., were greatest in New England and the Mid-Atlantic states.**

Percent change in visits from baseline



# Financial Impacts

## Impact on Non-Covid-19 Claims

**As the number of in-person visits dropped, telehealth visits increased. But the increase in telehealth visits only partially offset the drop in in-person visits.**

The decline among in-person visits is steeper than the decline among visits of any type (telemedicine and in-person).

Percent change in visits from baseline

