



# The End of COVID-19 Emergencies and the Impact on Plan Sponsors and Participants

March 16, 2023

# Today's Presenters



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# Agenda

**What's Happening With the Public Health Emergency**

**Costs and the Transition Impact to Plan Sponsors and Participants**

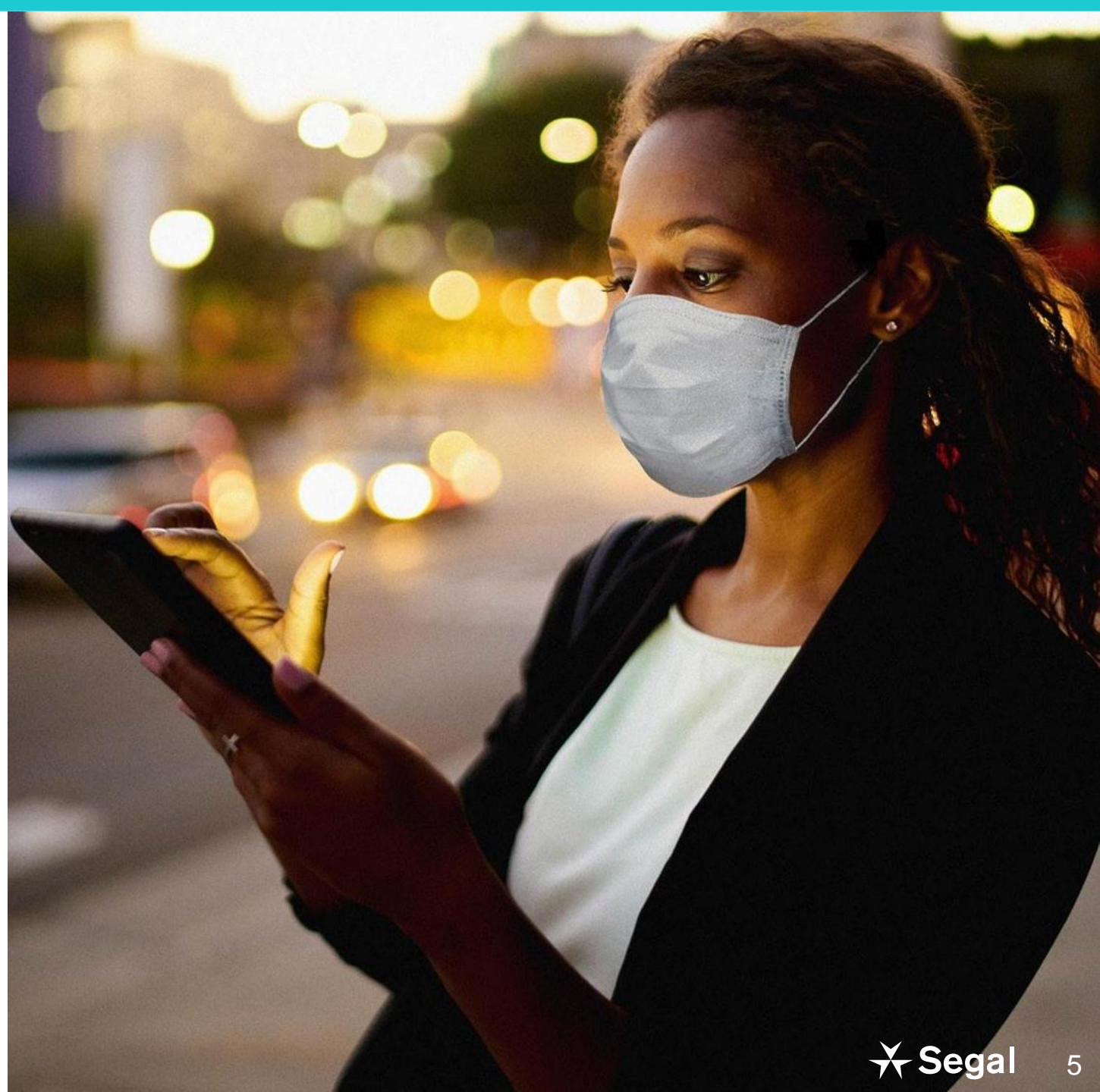
**Communication Requirements and Keeping Members Informed**

# What's Happening with the Public Health Emergency?



# COVID-19 Emergencies

- Public Health Emergency (PHE)
- Declared by HHS beginning January 31, 2020, for successive 90-day periods
- National Emergency (NE)
- Declared by the President beginning March 1, 2020, for one-year periods



# Public Health Emergency Extended

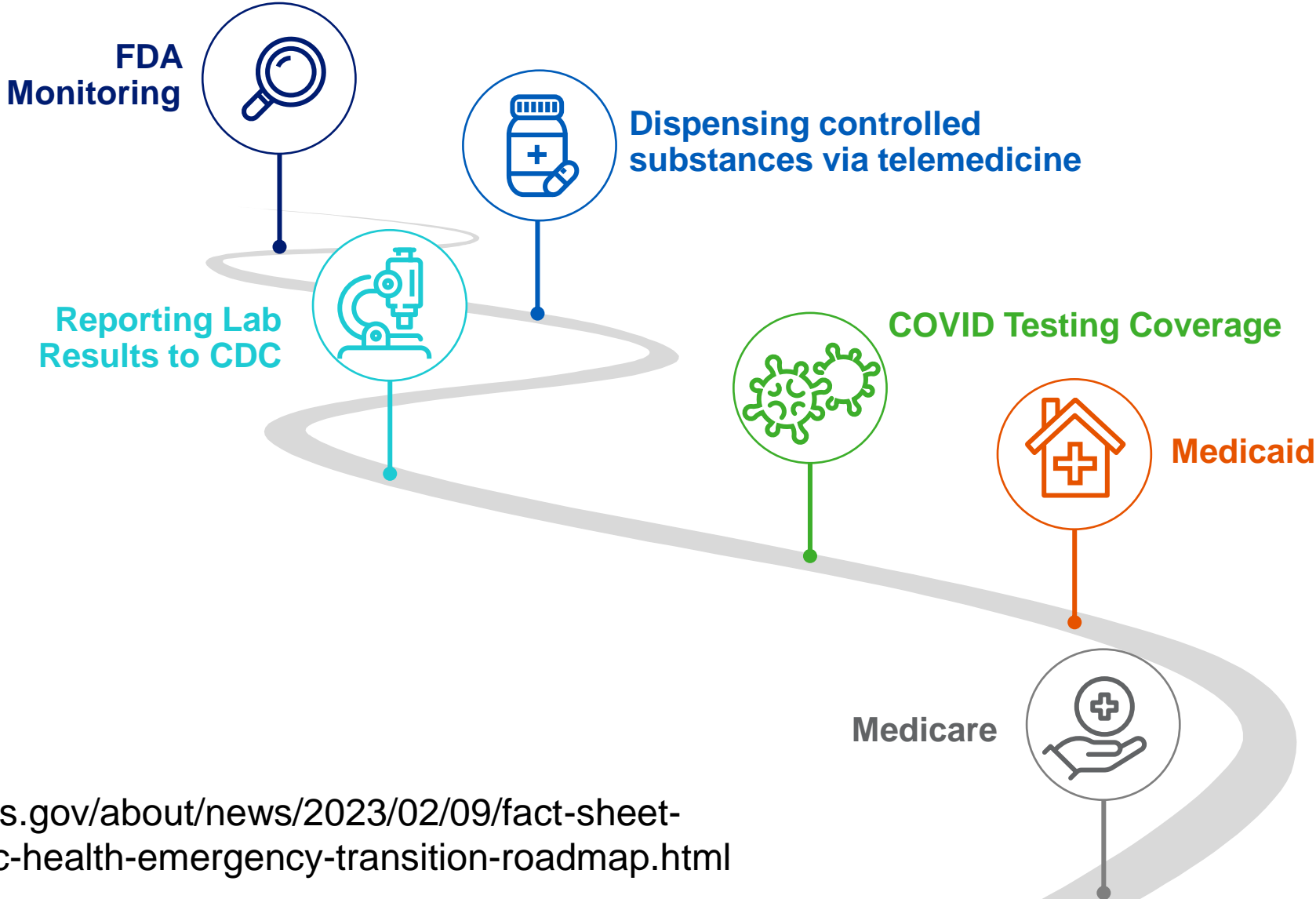
- White House announced January 30, 2023, that the Public Health Emergency will be extended until May 11, 2023, and then be lifted at that time
  - This declaration determines the period during which plans must pay for COVID-19 diagnostic tests and related services without cost-sharing as well as other items
- The Public Health Emergency is different from the National Emergency, which the White House has declared will also end May 11, 2023
  - Deadline extension requirements for COBRA, special enrollment, and claims and appeals are pegged to the National Emergency (and not the Public Health Emergency)

# Provisions Sunsetting with Elimination of PHE

Provisions sunsetting with the elimination of the PHE include:

- Covering COVID-19 tests without cost-sharing
- Free Over-the-Counter COVID-19 Tests (up to eight (8) per month)
- Coverage of preventive services and vaccines both in- and out-of-network by non-GF plans
- Expanded telehealth offerings to those not eligible for group health plan coverage
- Certain MHPAEA quantitative testing related to COVID coverage
- Ability to waive certain wellness standards related to COVID
- Medicaid eligibility redeterminations

# HHS Publishes Transition Roadmap



<https://www.hhs.gov/about/news/2023/02/09/fact-sheet-covid-19-public-health-emergency-transition-roadmap.html>



# COVID Coverage under the PHE and Afterward

## Group health plans:

- *Vaccines:* Non-grandfathered plans must cover COVID vaccines in and out of network without cost-sharing. When PHE ends, no obligation to cover vaccines out-of-network
- *Testing:* Laboratory-based and Over-the-Counter PCR and antigen tests must be covered without cost-sharing. OTC safe harbor required 8 free tests per month, with \$12 limit for out-of-network permissible. When PHE ends, coverage may be determined by plan.
- *Treatment:* Treatment coverage may be determined by plan.

# COVID Coverage and Grandfathered Plans

- Grandfathered plans may have added benefits during the COVID emergency
- Grandfathered plans may generally eliminate COVID-19 benefits added during the duration of the PHE or NE without losing grandfathered status, but important to consult with legal counsel



# COVID-19 Financial Impact

- HHS announced August 30, 2022
  - More than three in four Americans have received at least one COVID-19 vaccine shot; therapeutics are available within 5 miles of 90% of Americans; and testing is readily accessible
- Cost implications
  - Federal government will transition responsibility to the private sector to pay for:
    - Vaccines (early 2023)
    - Therapeutics, including Lagevrio (early 2023) and Paxlovid (mid-2023)



# DOL Guidance on Timeframes

- DOL published guidance tied to the National Emergency 85 Fed. Reg. 26351 (May 4, 2020)
- Plan deadlines may be disregarded during the “Outbreak Period”
- Outbreak Period begins March 1, 2020, and ends the earlier of 1) one year from the date an individual is first eligible for the relief, or 2) 60 days after the announced end of the COVID-19 National Emergency
- Compliance was voluntary for governmental plans



# National Emergency Obligations Ending

Certain deadlines are tolled during the Outbreak Period: the earlier of one year from the date the deadline would have begun running for that individual or 60 days from the end of the NE (July 10, 2023)

- COBRA deadlines
- Claims and appeals deadlines
- External review deadlines
- HIPAA special enrollment
- Plan-related notices

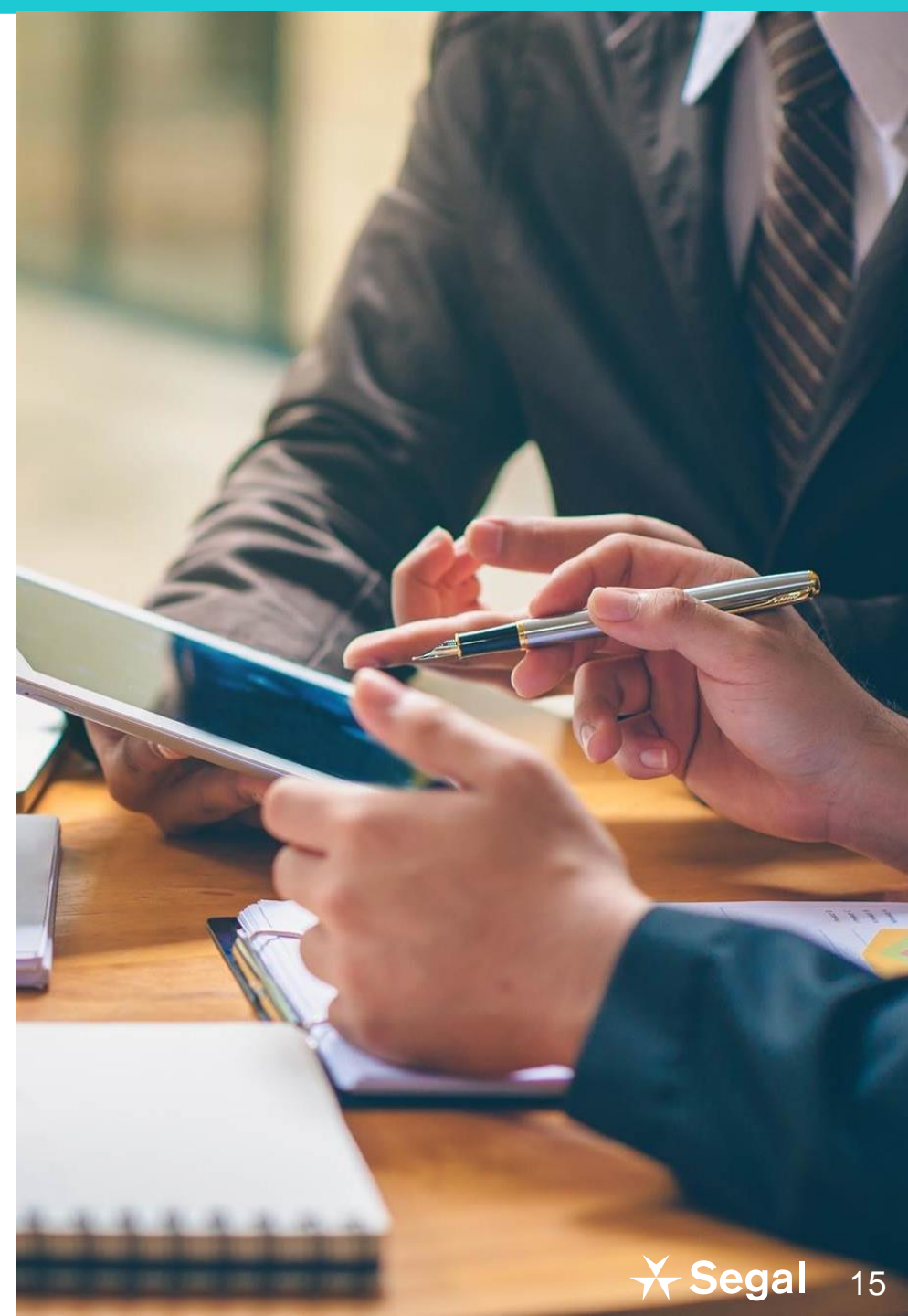
# Consolidated Appropriations Act '23

- Continued expansive coverage of telehealth under Medicare through 2024
- Extended first-dollar coverage of telehealth services for those with a High Deductible Health Plan (HDHP) in combination with a Health Savings Account (HSA) (under prior law, this provision expired at the end of 2022)
  - Continued through 2024, but language had gaps for non-calendar year plans



# High Deductible Health Plans and HSAs

- Plan sponsors with HDHPs and Health Savings Accounts can continue to cover vaccines before the deductible is met because they are a preventive service
- These plans can also cover tests and treatments before the deductible is met under IRS Notice 2020-15 (until further notice is provided)



# What kind of Notices should Plan send?

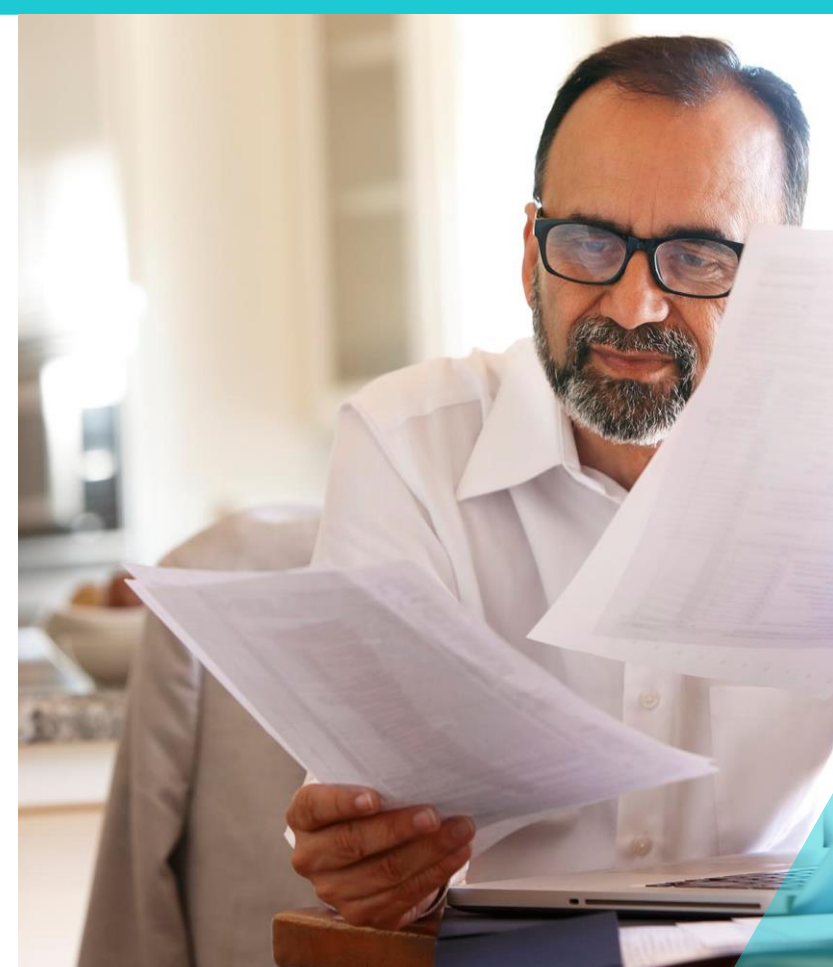
FAQ 43, Q&A 13 Plan may revoke the COVID-19 coverage changes upon the expiration of the PHE without satisfying the 60-day SBC advance notice requirement, as long as it had previously notified participants of the general duration of the changes (e.g., lasting through the end of the PHE or the Outbreak Period under the NE) or notifies the participant, beneficiary, or enrollee of the general duration of the additional benefits coverage or reduced cost sharing within a reasonable timeframe in advance of the reversal of the changes.

<https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-43.pdf>



# Plan Amendments

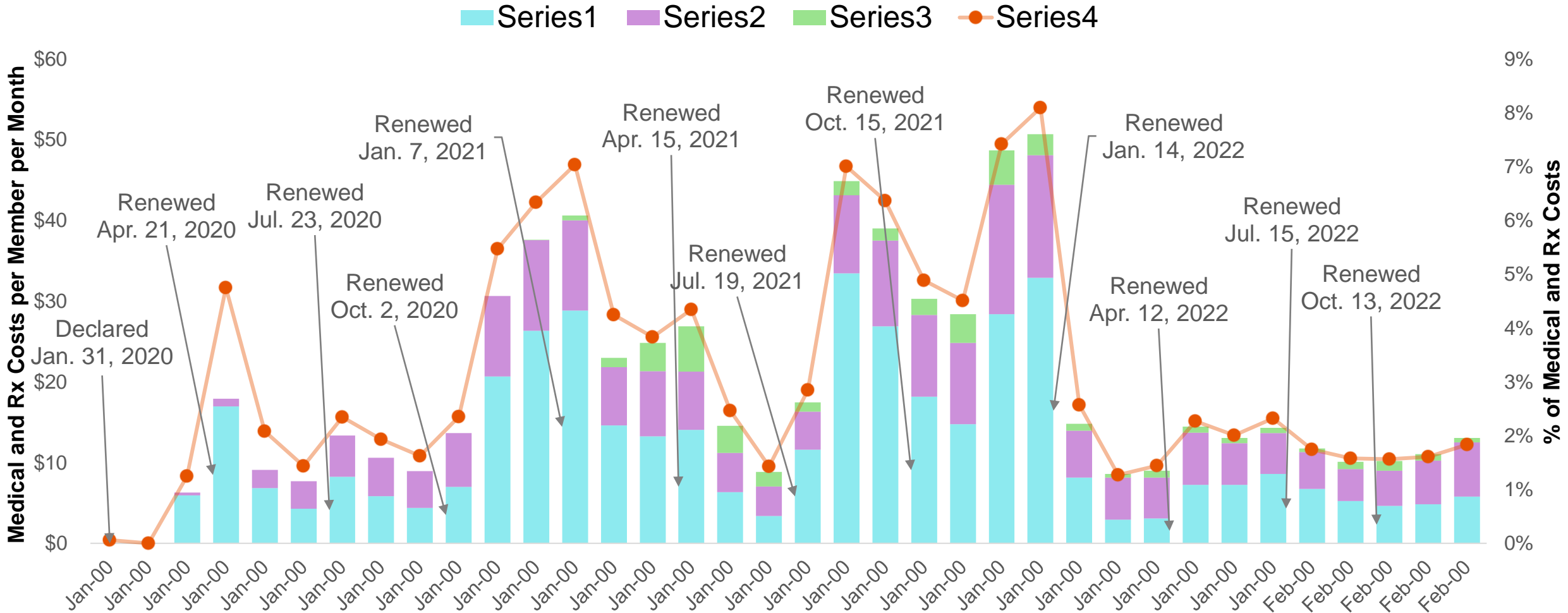
- Review documents implementing COVID-19 changes beginning in March 2020 to determine whether the plan must be amended or whether the terms of the amendment are self-limiting
- For example, did the amendment to cover testing include a termination date or event? Or was the amendment open-ended?
- Choices about plan amendments will be individual to each plan



# Costs and the Transition Impact to Plan Sponsors and Participants



# COVID-19 PHE Timeline



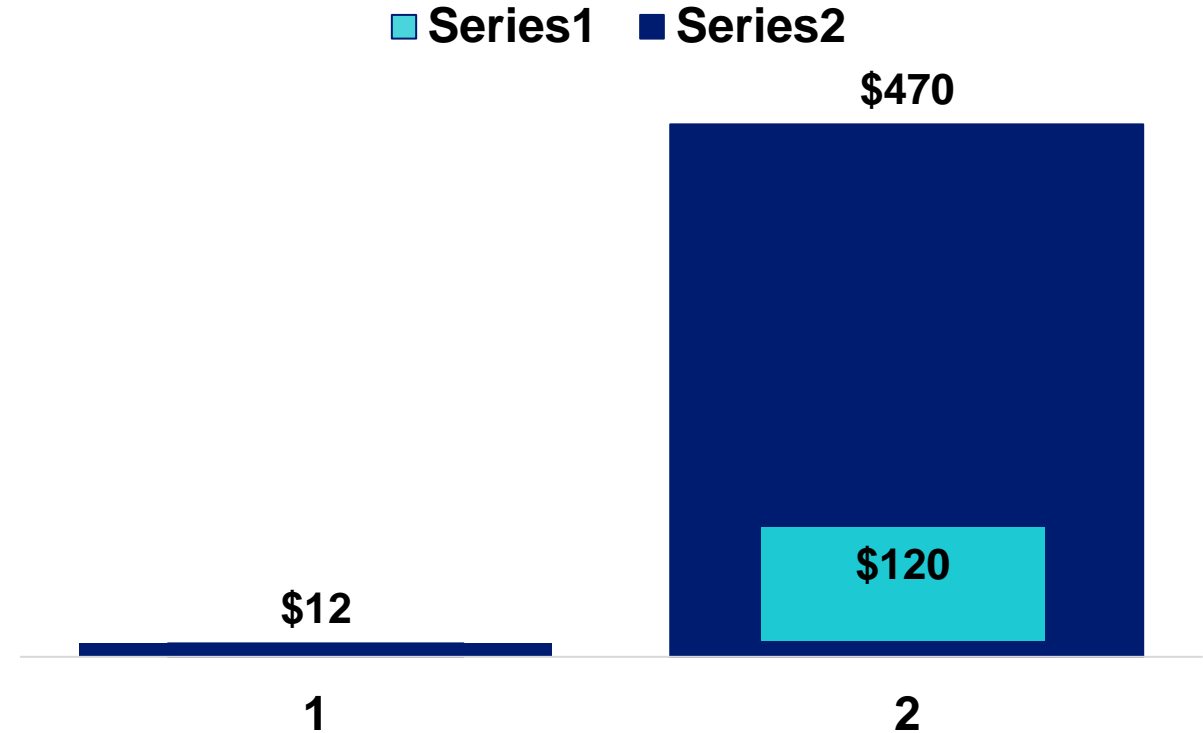
The Public Health Emergency (PHE) was first declared on January 31, 2020. It has since been renewed 13 times.



# COVID-19 Test Cost Comparison

## OTC COVID-19 Tests are significantly more cost effective than non-OTC tests

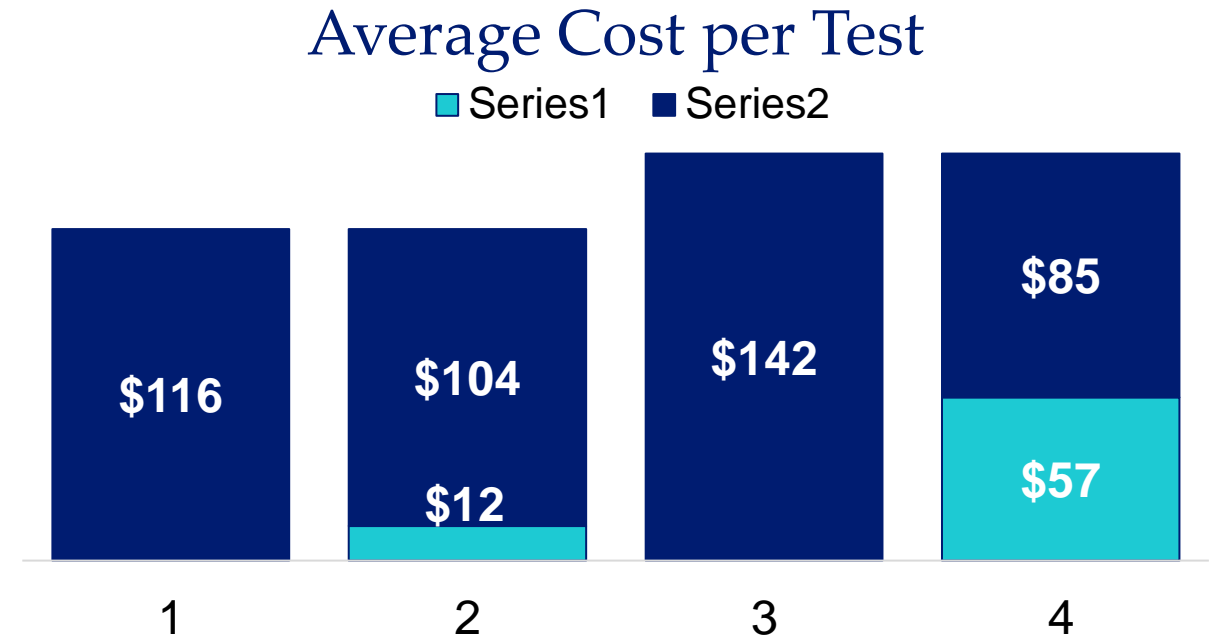
- The average cost for OTC COVID-19 tests is approximately \$12 compared to \$120 for non-OTC tests.
  - When factoring in the total cost for non-OTC tests, including office/facility charges and other lab tests, the average cost for non-OTC tests increases to \$470.



# COVID-19 Non-OTC Tests Post-PHE

## Following expiration of the PHE, member cost-sharing for COVID-19 tests may be implemented

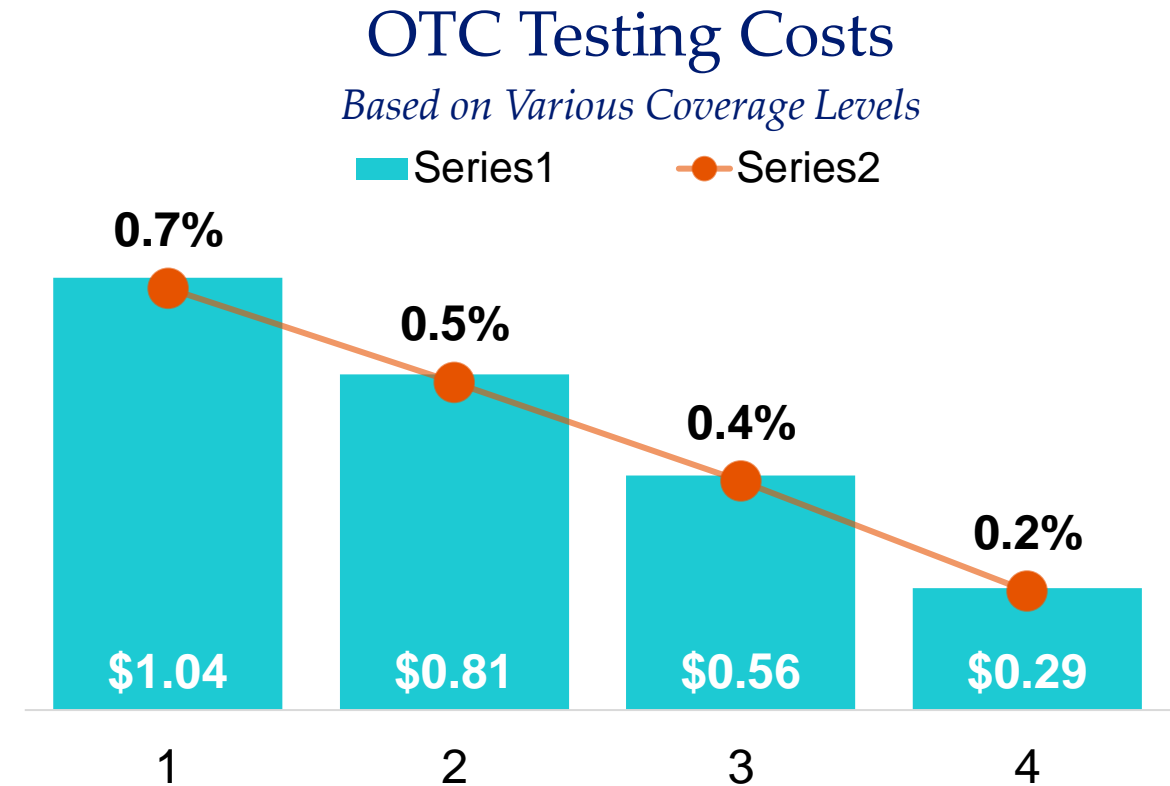
- Introducing member cost-sharing is expected to reduce the average cost of COVID-19 tests to Plans from \$120 to \$98.
  - Based on assumption of 10% cost-sharing in-network, 40% cost-sharing out-of-network and network utilization of 84%.
  - Does not include other costs associated with the tests that members may now be charged a copayment for (e.g., office visit, other labs, etc.)



# COVID-19 OTC Tests Post-PHE

**Following expiration of the PHE, Plans may choose to cover or not cover OTC COVID-19 tests and may limit the number of tests members can purchase each month, with or without cost-sharing.**

- At the current limit of eight tests per member per month, OTC COVID-19 tests are expected to cost \$1.04 PMPM in 2023.
  - Lowering the limit to six tests per month is estimated to reduce costs to \$0.81 and lowering the limit to two tests per month is estimated to reduce costs to \$0.29. Adding member cost-sharing would reduce costs further.



# COVID-19 Vaccines

**Government funding for COVID-19 vaccines is expected to run out in summer/fall 2023. Subsequently, Plans will be liable for cost of the vaccines.**

- From the perspective of most consumers, vaccines will still be free.
- Currently, Plans pay approximately \$40 per dose for administration. The cost once government funding runs out has not been finalized but is estimated at \$110 (low) to \$130 (high) per dose.
  - Cost estimate is based on 2022 utilization, which was similar to historical flu vaccine utilization.

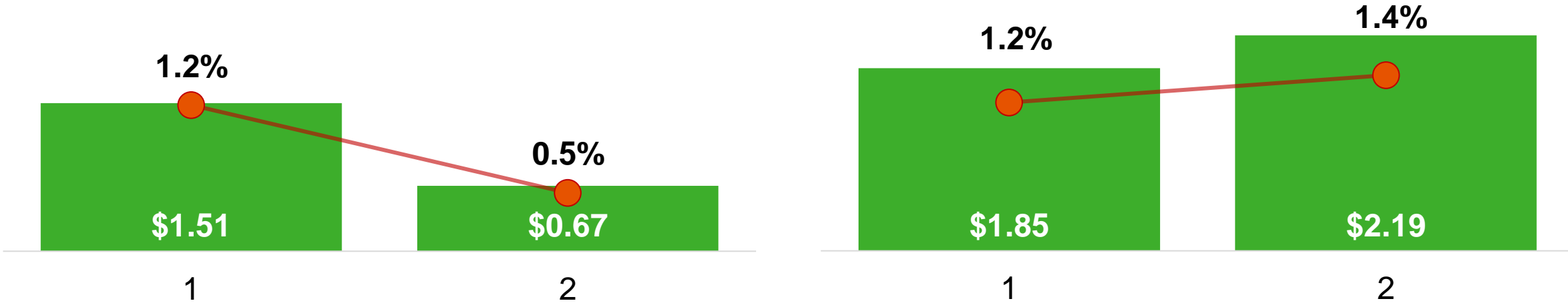




# COVID-19 Vaccine Costs

## Government Funded

## Plan Funded



 = Cost PMPM

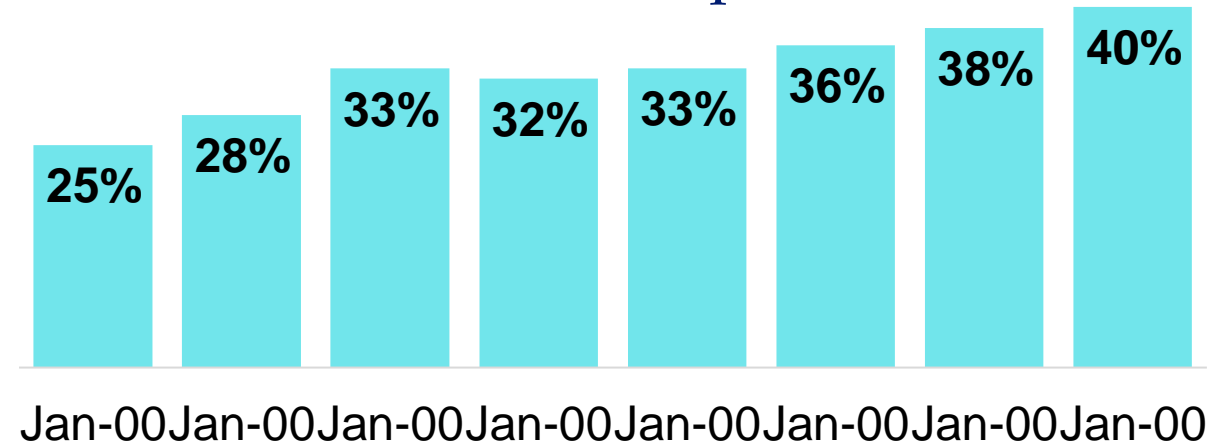
 = % of Prescription Drug Expenses

# COVID-19 Therapeutics

**Two COVID-19 oral treatments, Paxlovid and Lagevrio, became widely available by May 2022.**

- According to the CDC, the oral treatments cut the risk of hospitalization in about half.
  - The average cost of a hospitalization due to COVID-19 is \$40,000 - \$50,000.
- As of December 2022, Approximately 40% of confirmed COVID-19 cases are being treated with one of the two oral treatments, with Paxlovid accounting for about 90% of the total and Lagevrio the remainder.

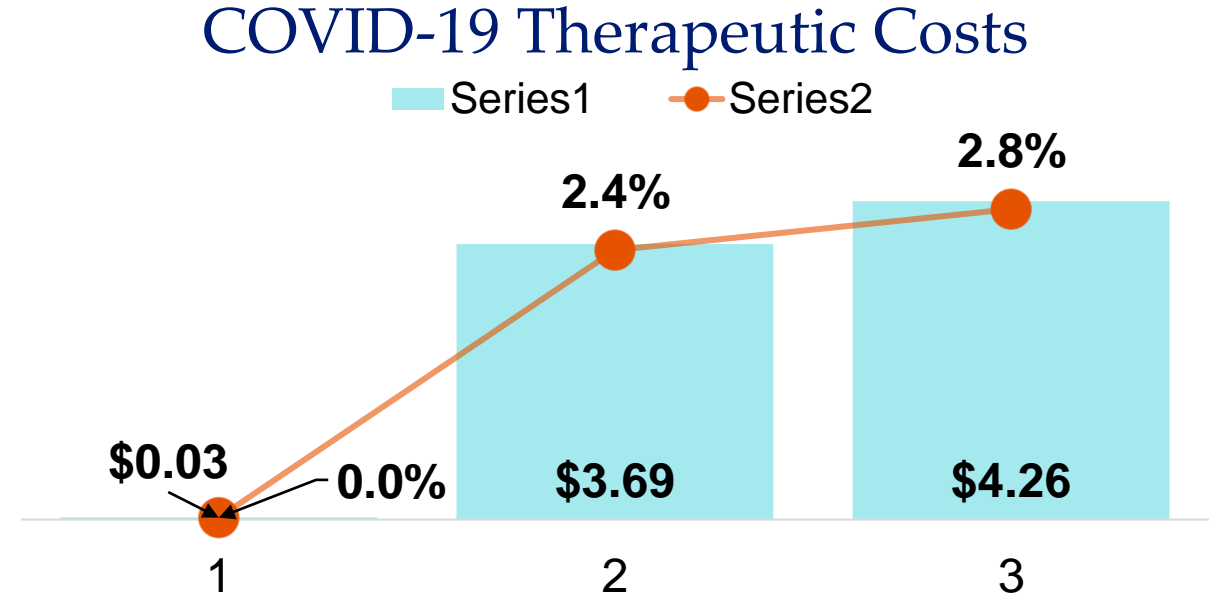
**% of COVID-19 Patients Treated with Therapeutics**



# COVID-19 Therapeutics

**Funding for COVID-19 prescription drug treatment is expected to run out in 2023 and Plans will then be liable for the costs.**

- Plans may decide to cover the full cost of the drugs or to implement member cost-sharing.
- Currently, plans pay a dispensing fee of approximately \$10 per course of treatment for Paxlovid and Lagevrio. The cost once government funding runs out has not been finalized but at least one PBM has estimated it at \$1,300 (low) to \$1,500 (high) per course of treatment before discounts.



# Making the Decisions

*What should plans cover?*

- Vaccines
  - Costs for OON, GF plans?
- Testing
  - Have consistent approach to OTC and in-office testing
  - OTC and in-office testing
    - E.g., 2-4 OTC per month
    - Determine whether to waive cost-sharing
- Treatment
  - Anti-viral medications
  - Determine cost-sharing



# Communication Requirements and Keeping Members Informed



# Your Participants Will Benefit from an Update (Even if There's No Requirement to Communicate)



# Communicating During Times of Change

## **COVID-19 is still a reality for a lot of people**

- COVID-19 is still causing disruptions
- People are still getting sick from COVID-19
- Employees may need to take sick time to care for themselves or sick family members
- People are still anxious, nervous, and need guidance
- Accurate, timely, and consistent messaging is important

# Your People Want—and Need—to Hear From You



**Communicate frequently**



**Be transparent about what's known and unknown**



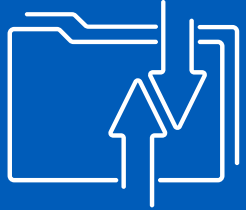
**Respond to questions and concerns**



**Leverage your managers/field**



# Make Information Easily Accessible



**Focus on ease of access and ease of updating**



**Centralize information**



**Make sure you can reach spouses/family members with benefits messages**

# What to Communicate Right Now



✓ **How health and prescription drug plans work, especially if you are making changes**

✓ **How time off and leave policies work**

✓ **How to access the appropriate source of care, and how much it costs**

✓ **Self-care tips on managing stress and anxiety**

✓ **Helping people address chronic/ongoing medical needs**

✓ **Acknowledge evolving financial needs**

# Consider Your Audiences

- Where your people are located
- The best way to reach them
- Things they might be concerned about
- Needs of family members
- Consider targeted messages to specific cohorts, as needed

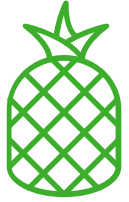


# Don't Forget the Human Element!



- Focus on what employees need to do—and acknowledge what they're going through
- Have empathy
- Make your communications relatable
- Recognize that employees are still juggling family, work, and health concerns, and some work arrangements are shifting into hybrid arrangements for the first time since being remote
- Recognize the importance of self-care to take care of mental, physical, and financial health—in addition to getting work done

# Make Physical and Mental Well-Being a Priority



## Food

- Start the day with a healthy breakfast
- Keep healthy foods on hand and unhealthy foods out of reach
- Prep your lunch and snacks ahead of time
- Place healthier options close at hand
- Set reminders for snacks, water, etc.
- Keep a water bottle on your desk



## Breathing & Mindfulness

- Start your day in a calm state and set reminders to decompress
- Deep breathing and meditation are effective — and portable! — ways to calm your mind and body
- Use mindfulness apps
- Keep calming images on your desk/screen



## Staying Active

- Use your “commute” time for physical activity
- Do an at-home exercise routine or watch a video during breaks or before/after work
- Get a walking/running/biking partner and adhere to local social distancing rules
- Set reminders and use mobile apps

# Questions

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# Thank You

Visit our homepage at [segalco.com](http://segalco.com) to register for our upcoming webinar “SECURE 2.0: What Plan Sponsors Need to Know” on March 21