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Health care costs for 2020 likely to be below pre-pandemic expectations due to delayed care, experts say

Even accounting for unplanned expenses due to COVID-19 testing and treatment, overall health care costs are likely to be lower in 2020 than was projected prior to the pandemic, according to experts at a recent Segal webinar. Jason Jossie, associate actuarial consultant at Segal, and Kirsten Schatten, senior vice president and consulting actuary at Segal, noted that most plans are experiencing lower overall costs because of delayed and cancelled care from March through May.

Direct costs of COVID-19. According to Jossie, the direct costs of COVID-19 testing have averaged 1 percent to 4 percent of monthly medical expenses since March. He noted that there are “significant variations” from plan to plan, with some plans experiencing no COVID-19 expenses and some plans seeing monthly plan costs for coronavirus in the 30 percent to 40 percent range.

“Any particular plan’s experience is really contingent on a myriad of factors,” he said. “The biggest factor is location. Another factor is the population’s risk factors, and how many plan members have chronic conditions.”

Delayed care. Schatten explained the implication of delayed and cancelled care on overall health care costs in 2020. For claims paid January through June, total claims have been down approximately 11 percent, she noted.

“The big question is: what is the pent-up demand, or the long-term implications of the under-utilization of services?” she asked. “We are making assumptions that approximately half of the care that was delayed or canceled from March to May is expected to be rescheduled. We also think that some appointment. But the magnitude of this is definitely uncertain.”

The result. The indirect savings from delayed or cancelled care is expected to be approximately 3 percent to 7 percent, Jossie noted. “When we add in the direct costs for COVID-19 testing and treatment, health care expenses are expected to be about 1 percent to 5 percent lower than pre-pandemic expectations,” he said. “So, if your plan was expecting a 7 percent increase for 2020, now it might be more like 2 percent to 6 percent, depending on your region and the overall health of your population.”

Source: Segal webinar, *Projected Plan Cost of Impact of COVID-19.*

Additional FMLA, FFCRA FAQs issued as workplaces reopen amid COVID-19 pandemic

The Department of Labor has issued two new frequently asked questions (FAQs) regarding COVID-19 issues under the Family and Medical Leave Act (FMLA) and four new FAQs regarding the Families First Coronavirus Response Act (FFCRA). The DOL also has issued two new fact sheets for employers and employees covering the FFCRA's paid leave requirements.

FMLA. The DOL has confirmed that until December 31, 2020, telemedicine visits will be considered to be in-person visits, and electronic signatures will be considered signatures for purposes of establishing serious health condition under the FMLA. To be considered an in-person visit, the telemedicine visit must include an examination, evaluation, or treatment by a health care provider; be performed by video conference; and be permitted and accepted by state licensing authorities, the FAQ noted.

In addition, the DOL states that the FMLA does not prohibit an employer for requiring an employee who was out on FMLA leave to get a COVID-19 test before they come back to the office. The employer's requirement for testing cannot be related to the employee being out of leave, but if all employees are required to undergo testing to come back to the office, those returning from FMLA leave also can be required to get a test. The DOL notes that other laws might impose restrictions on the circumstances when an employer can require COVID-19 testing (see https://www.eeoc.gov/wysk/what-you-should-know-about-covid-19-and-ada-rehabilitation-act-and-other-eeo-laws for more information).

FFCRA. Two of the new FFCRA FAQs address timing issues in regard to using paid leave and an employee's furlough status. For instance, if an employee used 90 hours of paid sick leave under the FFCRA before being furloughed, they are not eligible for additional paid sick leave under the FFCRA after they go back to work. If they had used less than 80 hours of sick leave before being furloughed, the employee would be entitled to use the remaining hours after the furlough if they had a qualifying reason to do so.

Similarly, another FAQ states that if an employee had used four weeks of expanded FMLA before being furloughed, the employee would be eligible for eight additional weeks of leave after returning to work (since employees are entitled to 12 total weeks of expanded FMLA leave). However, the DOL notes that in both instances, employers can treat the post-furlough leave as a new leave request and ask the employee to provide the appropriate documentation for the reason they currently need leave.

Source: www.dol.gov

This information is no way intended to be legal or financial advice. Please consult with your legal or accounting firm.

SecureOne Benefit Administrators, Inc. | 678 Front Ave NW, Suite 420, Grand Rapids, MI 49504