

Trends

News and Strategies for Health Plan Sponsors

Second Quarter 2020



COVID-19 update

Currently, the healthcare system is over-burdened with individuals in need of hospitalization due to severe respiratory issues caused by the coronavirus disease (COVID-19). Individuals aged 65 and older, those with chronic conditions, and/or those who are immunocompromised are at high risk of developing a severe case of COVID-19. As a result, participants are discouraged from seeking face-to-face care unless it's emergent or critical to their health. Plan sponsors should promote telehealth for all non-emergent care, provide mental health support to participants, and monitor drug developments to treat COVID-19.

While it's too soon to project how COVID-19 will impact long-term healthcare cost trends, Segal has designed a cost-modeling tool to estimate the impact of COVID-19 testing and treatment on your plan.

As claims experience matures, Segal will monitor how the current delay of preventive care, regular check-ups and other non-emergent services may impact your plan's future population health, cost and utilization.

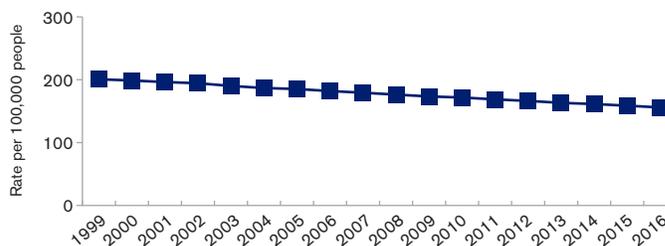
To help keep clients informed about COVID-19 developments, Segal is updating our website regularly. All of those insights can be accessed from the COVID-19 page on our website, [segalco.com](https://www.segalco.com).

Key statistics

Cancer mortality rate drops

A report recently released by the American Cancer Society (ACS) reveals significant declines in cancer mortality rates between 1991 and 2017, the latest year reported. The most notable decline in death rates for all cancers in one year (2.2 percent) occurred from 2016 to 2017. (The chart shows cancer mortality rates per 100,000 people from 1999 through 2016). The ACS attributes improvements in overall cancer mortality rates to fewer lung cancer deaths, driven by an all-time low smoking rate in the U.S., and more effective lung cancer treatments.

Cancer Mortality Rates, 1999–2016



Source: U.S. Cancer Statistics Working Group. U.S. Cancer Statistics Data Visualizations Tool, based on November 2018 submission data (1999-2016); U.S. Department of Health and Human Services, Centers for Disease Control and Prevention and National Cancer Institute; www.cdc.gov/cancer/dataviz (accessed March 23, 2020).

What plan sponsors are doing to manage plans: selected strategies

Promote telehealth

Telemedicine offers the potential to expand access to care and improve health outcomes for plan participants, as well as to lower costs for plan sponsors. COVID-19 underscores the ability of telehealth to expand access to care, as telemedicine allows physicians to provide remote care to patients via technology. It can be a preliminary screening tool for directing participants to the appropriate level of care. Additionally, telehealth can enhance chronic disease management through increased clinical support. This type of service has also expanded to include behavioral health, which can help improve access to care by offering a larger pool of therapists in a geographic region than may otherwise be available. Plan sponsors should consider evaluating telemedicine options and integrating telehealth into plan design. When implementing a telemedicine benefit, it's important to consider how it will interact with an HSA-qualified high-deductible health plan or an on-site clinic. For optimal utilization, the plan should implement low telemedicine participant cost-sharing and educate participants about the benefit. There are new laws outlining telehealth coverage guidelines as related to COVID-19 testing and treatment; read about these guidelines on our COVID-19 [webpage](#).

Manage orphan drugs

Orphan drugs are treatments for rare diseases, and diseases are defined as rare if fewer than 200,000 people are impacted by the condition. In 1983, the Orphan Drug Act was passed to give pharmaceutical companies an incentive to focus R&D efforts on treatments for rare conditions. Within the past decade, orphan drug approvals notably increased, and are projected to account for about 40 percent of all drug approvals in 2020. Approximately 10 percent of the U.S. population has a rare condition, and treatment is expensive for both participants and plan sponsors. On average, orphan drugs cost \$147,000 per participant per year, so it's crucial to determine if eligible individuals will benefit from orphan drug treatment. Plan sponsors can implement specialty pharmacy management programs where trained clinical support can help improve health outcomes for participants and reduce costs for plan sponsors.

Consider encouraging use of biosimilars

Biosimilars have the promise of being less expensive alternatives to their biologic brand-name counterparts, which represent the majority of specialty drug costs and are a leading driver of overall rising prescription drug cost trends. Although biosimilars have existed in the U.S. for several years, biosimilar uptake remains slow due to barriers that include lack of understanding by both patient and physician, contracting concerns and no interchangeability (in contrast to the generic version of a brand counterpart). The ERISA Industry Committee (ERIC) established an initiative to better understand biosimilars' potential to lower specialty drug costs. ERIC partnered with Segal to learn about different strategies that plans can implement to increase the adoption of biosimilars. Segal identified several opportunities, including plan design strategies, creative PBM contracting and promotion of biosimilar education, which are discussed in a [paper that ERIC recently released](#).

ERIC also partnered with lead researchers at Johns Hopkins Bloomberg School of Public Health to retrospectively study the cost savings potential of biosimilar substitution based on information provided by ERIC member companies. One key eye-opening finding was that if one of the two biosimilars for Remicade[®], which mainly treats inflammatory and auto-immune conditions like rheumatoid arthritis, were used instead of the brand reference biologic, the average plan sponsor savings would have been \$1.53 million in the 2018 plan year.

Compliance news

Spending bill extends tax credit

An update to the health provisions of spending bill HR 1865 extends the Health Coverage Tax Credit (HCTC) through 2020. The program was scheduled to expire at the end of 2019, so plan participants were notified to find alternative insurance; however, these individuals can reinstate with their HCTC program as a result of this update.

Learn more about the HCTC extension in our [Update](#).

Latest ACA legal challenge

In December 2019, the U.S. Court of Appeals for the Fifth Circuit ruled that the ACA's individual mandate was unconstitutional. The U.S. Supreme Court has agreed to hear arguments that will challenge this ruling.

We discussed this news in our [March 2, 2020 web post](#).

To discuss the implications for your plan of anything covered here, contact your Segal consultant or [get in touch via our website, segalco.com](#).

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