

Trends

News and Strategies for Health Plan Sponsors

Third Quarter 2020



Information about COVID-19

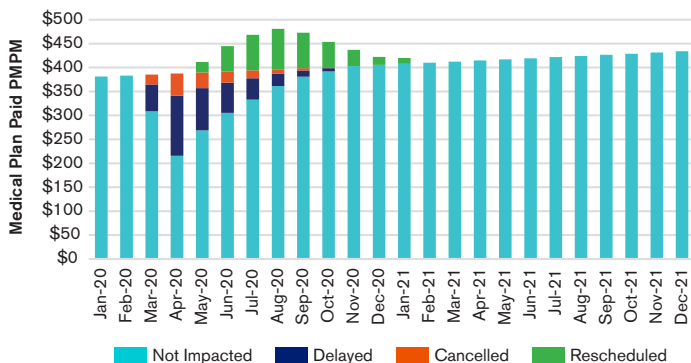
Segal is monitoring the status of COVID-19, and releasing publications to help keep clients informed. Read those insights [here](#).

Key statistics

COVID-19 medical plan projections

Overall medical trend is forecasted to be 1 to 4 percent lower than expected this year, according to Segal's projections. The projections are based on calculations that include both direct costs to test and treat COVID-19, as well as indirect savings from reduced utilization of non-essential care. Plan sponsors can anticipate reduced utilization of non-essential services for most of 2020, with the second quarter experiencing the largest percentage decrease. A majority of the delayed care will likely return in the second half of 2020 and the first half of 2021.

Projected Savings from Reduced Utilization of Non-Essential Care Due to COVID-19 Pandemic*

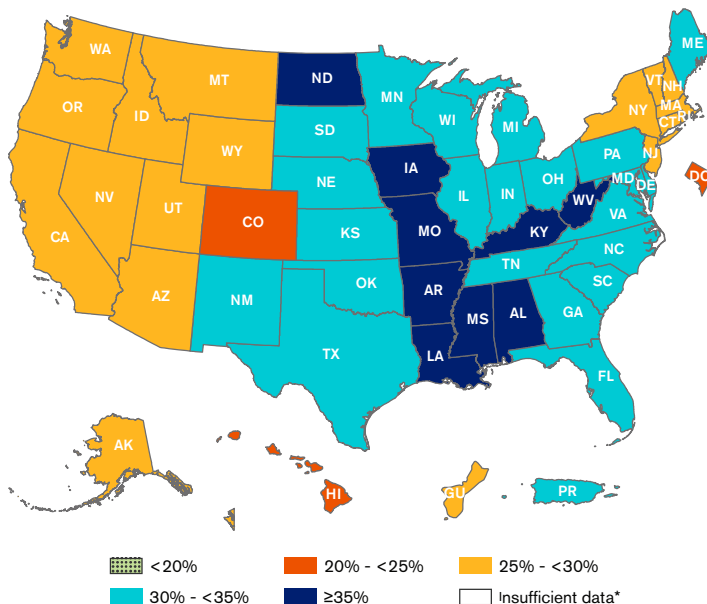


* Illustrated is the share of non-impacted, delayed, cancelled and rescheduled non-essential services based on aggregated data from SHAPE, Segal's data warehouse. Direct costs to test and treat COVID-19 are not included.

Almost half of American adults expected to be obese by 2030

Based on a study published by the *New England Journal of Medicine*, almost 50 percent of American adults are expected to be obese by 2030, up dramatically from 42 percent this year. The projected increase is alarming given that costs associated with obesity total \$147 billion per year, according to the Centers for Disease Control and Prevention.

Prevalence of Obesity by State, Self-Reported, 2018



Source: Behavioral Risk Factor Surveillance System. Division of Nutrition, Physical Activity, and Obesity, National Center for Chronic Disease Prevention and Health Promotion. <https://www.cdc.gov/obesity/data/prevalence-maps.html> (accessed May 17, 2020).

What plan sponsors are doing to manage plans: selected strategies

Emphasize primary care

According to a recent study published in *Annals of Internal Medicine*, primary care utilization decreased by almost 25 percent from 2008 to 2016. Research indicates that the number of individuals with a primary care provider (PCP) is decreasing, and that the use of higher-cost urgent care in place of primary care is increasing. Recent studies found that 45 percent of Gen Z (those born between 1997 and 2012) and 33 percent of millennials (those born between 1981 and 1996) do not have a PCP.

Delay in routine care due to COVID-19 exacerbated reductions in primary care utilization; PCP practices reported significant decreases in patient volume, ranging between 35 and 75 percent. While COVID-19 cases are declining, those without a PCP may be reluctant to establish a new provider relationship in the current environment. Evidence suggests that high-quality primary care improves health outcomes and can lower health costs by reducing avoidable inpatient admissions and emergency room visits. By selecting a PCP, patients will receive more effective treatment over time. As healthcare systems begin to reintroduce non-essential services, plan sponsors may wish to consider reviewing plan design and communication strategies to determine steps that can be taken to encourage care in high-quality primary care settings.

Consider wellness programs to tackle chronic conditions

The RAND Corporation reports that 60 percent of American adults have at least one chronic disease and that 90 percent of healthcare spending is attributable to these individuals. The current prevalence of hypertension, diabetes and obesity in the United States is 45.4 percent, 10.5 percent and 42 percent, respectively. Some patients have successfully controlled these conditions through lifestyle modifications. By 2030, the prevalence of diabetes and obesity is projected to reach 15 percent and almost 50 percent (as noted on page 1), respectively.

A recent [article](#) by Dr. Sadhna Paralkar, Segal's medical director, emphasizes the importance of wellness and chronic condition management, especially considering reports that individuals with chronic conditions are high risk for developing severe cases of COVID-19. Early studies reveal that obesity is the second strongest predictor of hospitalization to treat COVID-19, after age. Research also finds diabetes to be a strong indicator of adverse COVID-19 outcomes, noting that the mortality rate for diabetics hospitalized due to COVID-19 is four times greater than for those without the condition. In response to ample reports connecting chronic conditions with high severity COVID-19 cases, plan sponsors are evaluating whether their health benefits and wellness programs sufficiently target participants with chronic conditions, and are increasing efforts to engage these participants. Plan sponsors can consider plan design, digital health, and a communication strategy that will promote high participant engagement.

Compliance news

New model COBRA notices

The Department of Labor released new model COBRA notices that specifically ask individuals to consider Medicare options before choosing to elect COBRA coverage. This is due to restrictions regarding election of COBRA coverage and Medicare enrollment status.

Learn more about this topic in our [May 4, 2020 web post](#).

Deadlines extended for health and disability plans

In response to the COVID-19 outbreak, certain pre-established deadlines for plans and individuals have been extended. The extended deadlines are related to HIPAA special enrollment, COBRA election rights, and claims and appeals deadlines.

See more details in our [May 1, 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](#).

This *Trends* was published in early July 2020. To see previous issues or other Segal publications, [visit the insights page of our website, segalco.com](#).

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