

Trends

Statistics and Strategies for Health Plan Sponsors

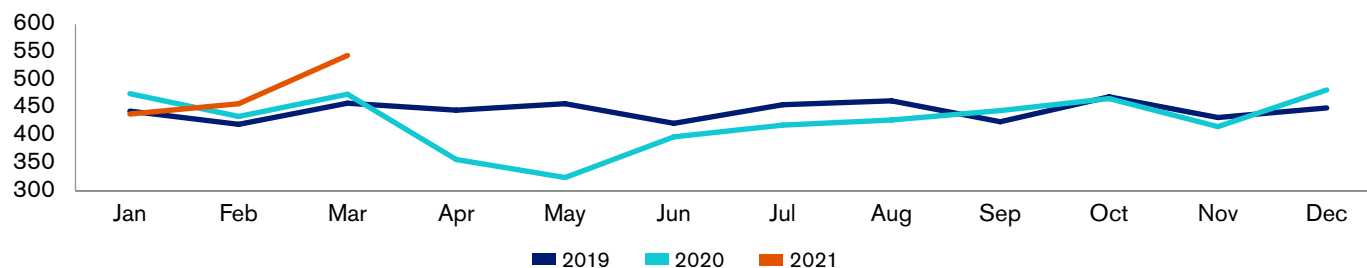
Third Quarter 2021

Key statistics

Changes in medical trend

Medical cost trend (increase in allowed per capita claims cost) notably declined during the early months of the pandemic, but rebounded by the end of 2020, as shown by the graph below. Overall, medical costs in 2021 are expected to trend at similar rates observed pre-pandemic as people become more comfortable going to the doctor and catching up on delayed care.

Medical Allowed Per Member Per Month



Source: Segal SHAPE database

Preventive cancer screenings declined during the pandemic

The pandemic had an adverse impact on preventive cancer screening rates, as the graphs below illustrate. (To enlarge a graph, click on it.) It remains to be seen what this lack of screening will mean for the severity of cancer cases in 2021 and beyond.

■ 2019 ■ 2020 ■ 2021

Source: Segal SHAPE database

What plan sponsors are doing to manage plans: selected strategies

Promote preventive care

Preventive care is critical for maintaining and improving population health. The pandemic negatively affected utilization of preventive services. Consistent with the SHAPE data on the previous page, JAMA reported that 29 percent of U.S. adults missed a preventive visit during the first four months of the pandemic.

The deficit of preventive care is expected to cause long-term health consequences. Most notable is an increase in the number of conditions and diseases identified in later stages of progression. This could contribute to poorer health outcomes, higher morbidity and mortality rates and higher healthcare costs for plans.

Even prior to the pandemic, preventive services were underutilized. For example, although lung cancer is the leading cause of cancer death in the U.S., and despite evidence that lung cancer screening improves prognosis, it is estimated that compliance with lung cancer preventive screening is in the single digits.

Plan sponsors should ensure that their preventive benefits align with the most up-to-date recommendations. For example, the United States Preventive Services Task Force recently updated its lung cancer and colorectal cancer screening recommendations, both of which expand the eligible population. Additionally, plan sponsors should educate participants about the benefits of preventive services and consider implementing wellness benefits that incentivize use of preventive care. Lastly, plan sponsors should promote the use of virtual care as a point of access to preventive services.

Compliance reminders

Prepare to comply with the No Surprises Act

The No Surprises Act, which includes provisions to protect patients from surprise billing by out-of-network providers, will be implemented starting January 1, 2022. Plan sponsors

should work with their vendors to ensure that their health plans are compliant with the law's new requirements.

Read our July 14 [insight](#) for details.

Change in interpretation of nondiscrimination requirements

The Biden administration recently announced that Section 1557 of the ACA, which prohibits group health plans from discriminating on the basis of sex, includes prohibiting discrimination on the basis of sexual orientation and gender identity. This reverses the Trump administration's interpretation.

See details in our May 12 [insight](#).

Update on paid leave tax credits

COVID-19 legislation enacted in 2020 includes tax credits for some employers who voluntarily provide paid sick and family leave for COVID-19-related reasons. The IRS recently released guidance on how these tax credits work.

Learn more about this in our April 28 [insight](#).

Guidance for employers on COVID-19 vaccination

The Equal Employment Opportunity Commission released guidance that addresses whether employers are allowed to inquire about employees' vaccination status and offer incentives to employees to get vaccinated. Federal equal employment law does not prohibit employers from requiring employees who are physically returning to the workplace to be vaccinated. Employers may also offer non-coercive incentives to obtain a vaccination.

Read more about COVID-19 vaccine guidelines in our December 15 [insight](#).

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

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