

# Understanding COVID-19: How it Will Affect Your Medical Claims

April 23, 2020

Alaina Wagner, Director of Financial Analytics

Anticipating and planning for future medical claims is a delicate blend of art and science even during “normal” times. But it is especially so as we try to predict the effects of this pandemic. The Miller Group is working for you, with risk assessments today, detailed tracking as COVID-19 claims roll in, and risk-mitigation strategies to help you manage your plan in the future.

## An early reduction in claims

As you might expect, the quarantine itself and health care providers’ focus on preparing for the worst has resulted in an immediate reduction in baseline utilization. Health care providers have canceled most elective procedures, surgeries and visits. Consumers who are fearful of getting out may turn to less-expensive telehealth visits instead of urgent care or the ER.

## Maternity roller coaster

We also may anticipate an initial reduction in maternity-related claims. While baby booms often follow natural disasters, they do not necessarily correlate with deadly epidemics. According to The Economist, studies show similar virus outbreaks in other countries have reduced the number of births nine months out – as couples are perhaps reluctant to plan a new addition in times of uncertainty. However, birth rates tend to recover and exceed the normal curve, peaking about 18 months later. Also, most infertility treatments have been halted for now, so those claims and related births will be reduced.

## COVID-19 claims

Several factors can help you anticipate the potential risk for COVID-19 claims among your population, including:

- The number of active members in virus hot spots
- Age and gender predictors based on current trends with the virus
- Members who are out of compliance with recommended disease management measures for high-risk conditions such as diabetes, pulmonary disorders, cardiac conditions, and morbid obesity



*Alaina Wagner is The Miller Group’s Director of Financial Analytics. She uses data to develop insights that help clients develop well-informed risk management strategies.*

- *Baseline utilization is down for now*
- *Maternity claims are likely to dip, then exceed normal levels*
- *The average inpatient COVID-19 case costs may be \$20,000 to \$60,000*
- *Longer-term claims may increase for those with chronic conditions*
- *Identify employees in hot spots, reach out to those with chronic or underlying conditions, and make members aware of what resources are available, and how they can access them.*

- Members at higher risk because of diagnoses or ongoing treatment for conditions such as chronic lung disease, cancer, and chronic kidney or liver disease
- Those with risk scores that make them likely to have increased costs or an ER visit in the next 12 months
- People who are immunocompromised

We also are working to predict the financial impact of claims related to the treatment of COVID-19 cases. For now, we are looking at similar acute respiratory events that included an inpatient admission, such as rheumatoid lung disease, influenza with pneumonia and acute respiratory failure. Estimates for inpatient COVID-19 treatment range from \$20,000-\$60,000 for average cases, with the potential for claims to be over \$1,000,000 in extreme cases.

### **Related increases in risk**

The pandemic has the potential to create new risks and fuel a second wave of claims increases, too. Economic hardship, fear of exposure, and lack of access to health providers could affect people with chronic conditions. They may not pick up their maintenance medicines or may try to stretch them out. They could miss important monitoring and follow-up testing, as well. That could lead to exacerbated conditions and complications that will affect your claims experience later. We will likely also see a spike in medical claims once providers are able to perform non-emergent procedures. While some of this pent-up demand may never happen, other surgeries and procedures are just being delayed, and plans will pay for them at some point.

### **What you can do**

While you cannot reach too far into the living rooms of your employees to influence their behavior, you can take some actions to mitigate these risks:

- Identify employees in hotspots – both onsite and remote workers – even adult dependents. To the extent possible, take extra precautions in these locations to reduce the risk of exposure.
- Work with your carrier/TPA on case and disease management activities: Reach out to those with underlying conditions. Work with them on solutions that will help them stay compliant.
- Reach out to your members to let them know what resources are available, and how they can access them.