Benefits Insights

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Benefits and Marketplace Trends Through the Lens of COVID-19

Even the most optimistic person will concede that the world won't be returning to exactly how it was before the coronavirus pandemic. The coronavirus and its disease, COVID-19, has killed tens of thousands, and infected hundreds of thousands more, forcing the majority of Americans to stay home—many without a paycheck. This pandemic has impacted nearly every aspect of life in the United States and beyond: Jobs have been lost, stocks have plummeted and no one is sure when a new "normal" will arrive.

Despite these and other uncertainties, employers have an opportunity to assess the current benefits landscape and take stock of improvement areas. In other words, what's changing and how might that impact the marketplace down the road?

This article will examine how drastically things have shifted during the coronavirus pandemic and what shake-ups to expect in the future.

Cost Increases

A primary development in the near future will be cost increases. This is unsurprising, given the bloated health care system and the drastic uptick in patients. While many health care providers are waiving fees associated with COVID-19 testing right now, those costs will likely trickle down in the long run.

Actuaries at Willis Towers Watson predict up to a 7% increase in health care premiums in 2021 for both self-funded and fully insured employers. Their prediction model varies based on how many Americans become infected with COVID-19, as more patients will mean higher rate hikes. The current average annual health premium increase is around 6%.

While this premium increase seems inevitable, fully insured employers have the luxury of not feeling the squeeze until renewal time. Self-insured employers aren't so lucky. Instead, these organizations must choose whether to continue cost sharing (e.g., copays) for charges associated with COVID-19 testing or entirely cover those costs themselves, like major carriers are doing. This adds even more strain to situations that may already involve furloughs, layoffs and reduced productivity.

Expansion of Virtual Health Care

Virtual health care—or telehealth—is the practice of communicating electronically with a physician, typically via telephone or video chat. The medium has risen in popularity over the past few years, but the coronavirus pandemic has proven just how viable it can be. Many insurers are already covering telehealth under their plans, and it's a safe bet that others will do the same.

Many doctor's offices are using telehealth to screen patients for COVID-19. In fact, official guidance from the Centers for Disease Control and Prevention (CDC) implores individuals who suspect they may be infected with COVID-19 to call ahead to their doctor before showing up unannounced. This is just one example of how telehealth is becoming part of mainstream medicine.

Adding to the appeal, telehealth is typically much more affordable (for employers and employees) than traditional doctor visits—even outside of a pandemic.

Changes to HSA Marketplace

Health Savings Accounts (HSAs) remain some of the most popular plan designs, but will that change after the coronavirus pandemic? Already, the IRS has adopted regulations to make it easier to pay for expenses related to COVID-19 testing.

However, it's unclear whether these lower barriers will remain a few months from now. If the influx in HSA use by employees is significant enough, employers may need to consider restructuring their cost-sharing structures.

For instance, employees may want to use telehealth every week during the coronavirus pandemic. This may create an undue burden for employers with generous cost-sharing arrangements—especially for employers with reduced revenue streams.

Plan Designs

Beyond HSAs, employers may be considering restructuring their entire benefits arrangements. No plan design is guaranteed to shelter employers during the coronavirus pandemic—it comes down to unique circumstances.

For instance, some self-funded employers may be covering significantly more costs now than what they're used to. These organizations may consider going fully insured to make more predictable payments.

On the other hand, some fully insured groups may feel restricted by their locked-in premiums or may predict much higher costs in 2021, so self-funding could appeal to them.

Some organizations may wish to restructure even further, using reference-based pricing or other plan designs aimed at shifting costs away from the employer.

There is no one-size-fits-all plan design when it comes to mitigating COVID-19-related costs. Employers will need to evaluate their unique circumstances and consider whether they need to shift some of their cost-sharing burden with a new plan design.

Remote Enrollment Opportunities

With such a huge portion of Americans working from home, many question whether all those people will ever go back to the office. The coronavirus pandemic has shown that remote workers can be productive and adaptable, so what if they wish to continue working from home when the coronavirus clears up? Employers must consider this possibility and all the changes it may bring. Chief among them: open enrollment.

Open enrollment is traditionally done in the office during a specific time frame. Many organizations hold town hall meetings and pepper employees with near-daily communications—mixing necessary administration with personal touches.

For remote workers, this structure doesn't actually need to change much. Some organizations are already successfully holding virtual open enrollments. Instead of meetings, employees receive video messages and instructions. For personal touches, HR may even send out individual reminder texts or emails about the enrollment period.

Conclusion

The coronavirus is reshaping society and everything that comes with it. Benefits and the insurance marketplace will evolve in the future, but that's always been the case. Together, we can ensure that tomorrow's landscape will be even brighter.

Speak with Alper Services, LLC to discuss benefits strategies for your organization.