



HEFFERNAN
BENEFIT
ADVISORY
SERVICES

11th ANNUAL
HEALTH
CARE
TREND
REPORT

2020

TABLE OF CONTENTS

| | |
|----|--|
| 3 | Executive Summary |
| 4 | What is Trend? |
| 5 | Medical Trend Projections for 2021 |
| 6 | Historic and National Medical Trends |
| 7 | Dental and Vision Trend Projections for 2021 |
| 8 | COVID-19 and Health Care Legislation |
| 9 | Expansion of Telehealth Services |
| 11 | Mental Health |
| 13 | Health Care Trend Projections as a Result of COVID-19 Pandemic |
| 15 | Conclusion |

Definitions:

- Health Maintenance Organization (HMO) – plans that require a Primary Care Physician (PCP) gatekeeper referral for specialty services
- Preferred Provider Organization (PPO) – benefits paid at a specific level if patient seeks care for a preferred provider network, these plans do not require a PCP referral
- Point-of-Service (POS) – plans that require a PCP referral on the first tier, and offer a PPO type structure on the second and third tiers
- Consumer Directed Health Plans (CDHP) – plans that have high deductibles—tax-advantaged designed to encourage consumer engagement
- Dental HMO (DHMO) – a dental plan wherein a set group of dentists provides broad and affordable dental care at a low monthly premium
- Dental PPO - benefits paid at a specific level if patient seeks care through a preferred dental provider network
- Dental Indemnity – also known as traditional plan, services are paid on a fee for service basis, individuals can visit any dentist.

EXECUTIVE SUMMARY



Because health care trend is a critical component in determining an employer's benefits plan renewal increase, each year Heffernan Insurance Brokers surveys the medical, dental, and vision carriers in our key regions and summarizes their trend projections. Understanding where trend is heading in the upcoming year, however, is only the first step in planning for the upcoming renewals. It is equally important for employers to understand what factors are driving the trend projections, in order to find the most cost effective benefits package solution that meets the needs of the client. In our 11th Annual Trend Report, Heffernan Benefits Advisory Services shares where insurance carriers expect to see health care trend in the near future as well as reviews the key issues that are driving today's trend.

The COVID-19 pandemic is significantly changing the health care system in the United States from how patients access care, to how providers are reimbursed, and even how health plans are managed and regulated. What health care will look like post-pandemic is still unknown, but the industry will definitely be different. Technology, and in particular telehealth, has emerged as a shining star out of the COVID-19 pandemic as a lifeline for patients to continue to get safe and affordable care that might otherwise have not been available to them due to the crisis. The expansion of telehealth services, if able to continue to grow and develop, could help alleviate the rising health care costs that are on the horizon as a result of the pandemic.

Over the last five years, trend projections have been much lower than they were in the beginning of the decade. Despite the uncertainty of the health care industry due to the pandemic, on a national level insurance carriers are still expecting this downward trajectory in trend for the 2021 plan year. However, in the long term, the cost of health care as a result of the pandemic is likely to increase trend to the levels that we were seeing in the early 2000s. What remains uncertain is when these costs will hit the marketplace.



WHAT IS TREND?



In the large group market there is typically a high correlation between the required carrier increase and the health care trend rate, but trend is not the same as the renewal increase. However, because claims costs typically represent from 65% to 90% of the total health care premium, trend, which is defined as the change in health care costs, is the primary factor in determining a large group's required increase. Therefore it is important to understand not only what trend is, but also what factors influence trend. The primary components of trend are:

- *Price Inflation* – The average increase in the cost of goods and services such as medical supplies, equipment, staffing, and so on.
- *Utilization* – The usage of medical care and services.
- *Deductible Leveraging* – The cost added to a health plan as a result of increases to the cost of services while benefits, such as copays and deductibles, remain constant. For example:
 - Year One: A \$3,000 claim with a \$500 deductible costs the carrier \$2,500.
 - Year Two: The same \$3,000 claim trended at 10% now costs \$3,300.
 - With a \$500 deductible, this claim now costs \$2,800, which represents a 12% increase.
- *Technological Advancements* – The change in cost due to new procedures or equipment replacing older ones.

While trend is a key factor in determining where employer increases are headed, trend is not the only factor affecting the employer group renewal. An employer group's actual renewal increase may differ from the regional or national trend predictions due to plan design differences, demographics, the size of the group, regional cost variations, and health care taxes. Smaller groups may experience higher than trend increases due to compounded effects of deductible leveraging and adverse selection.

Health care trend is often looked at in two different ways: prospective health care trend and retrospective health care trend. Prospective health care trend is the prediction of where health care costs are expected to be in the future; whereas, retrospective health care trend is a measure of the actual change in health care costs experienced including any offsets from benefit reductions implemented by the employer. Insurance companies will look at their own book of business and determine what they expect their future costs to be. These are the projections used in developing renewals. While it is important for an employer group to understand both outlooks of trend, when predicting what types of renewal increases that an employer might be facing, the prospective health care trend is a better indicator of an upcoming renewal.

Heffernan's annual trend report surveys more than 50 health, dental, and vision providers, asking them what trend factors that they will be using to determine their upcoming 2021 renewals.

Health, Dental, and Vision Plans that HIB Surveyed Include:

Aetna, AIG, Ameritas, Anthem Blue Cross, Beam Dental, Berkley Accident and Health, Berkshire Hathaway, Best Life and Health, Blue Shield of California, California Dental, Century Healthcare, Cigna, Coventry Health Care of Missouri, Dearborn National, Delta Dental, Emblem Health, Empire Blue Cross, Equitable, EyeMed, Guardian, Health Net of California, Health Net of Oregon, Humana, HCC Life, Kaiser Permanente of California, Kaiser Permanente of Oregon, Lincoln, Medical Eye Services, MetLife, Moda Health, Mutual of Omaha, PacificSource Health Plans, Premier Access, Principal, Providence, Regence Blue Cross Blue Shield of Oregon, Regence Blue Shield of Washington, Reliance, Sun Life Financial, Superior Vision, Sutter Health Plus, The Standard, Tokio Marine, United Concordia, United Healthcare, Unum, Versant Health, VSP, Western Health Advantage, Willamette Dental

MEDICAL TREND PROJECTIONS FOR 2021



2021 MEDICAL PLAN SURVEY RESULTS

| Plan Type | Northern California | Southern California | Northwest | Missouri | New York | National |
|-----------|---------------------|---------------------|-----------|----------|----------|----------|
| HMO w/RX | 5.8% | 6.3% | 8.4% | 7.4% | 8.9% | 6.0% |
| PPO w/RX | 9.0% | 9.0% | 8.2% | 7.8% | 8.5% | 8.3% |
| POS w/RX | 7.6% | 7.6% | 7.9% | 7.4% | 8.1% | 6.3% |
| CDHP w/RX | 8.1% | 8.1% | 8.4% | 7.8% | 8.5% | 6.7% |
| IND w/RX | 9.1% | 9.1% | 8.3% | 7.8% | 7.8% | 7.0% |

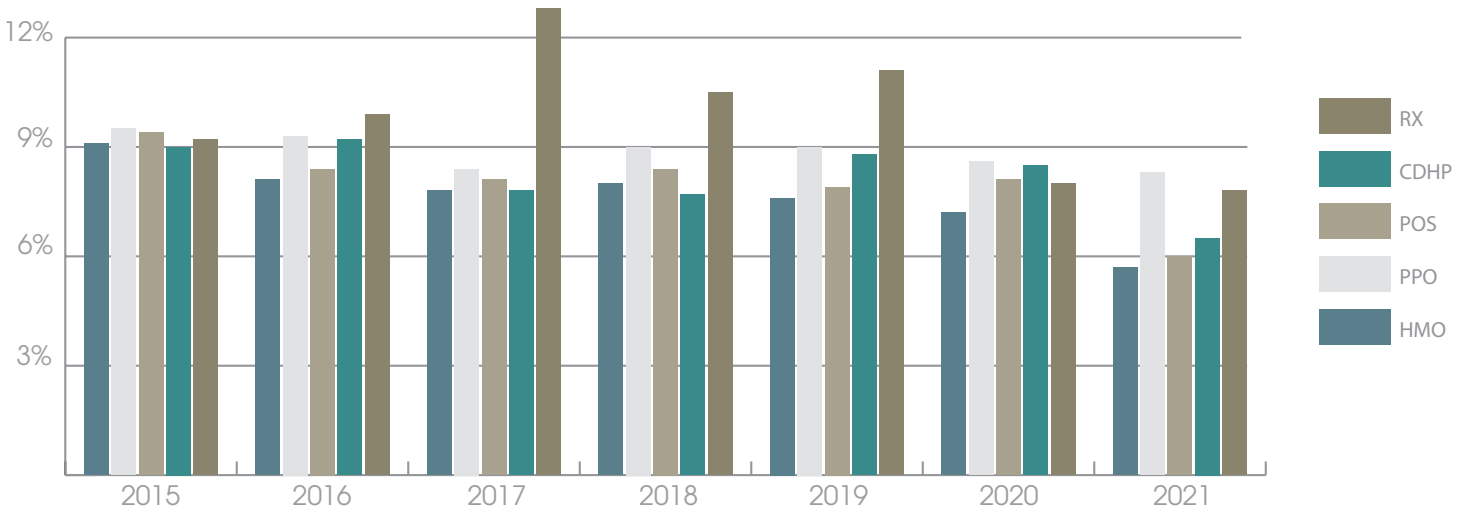
Summary of Medical Trend Results

- In California, the Northwest, and the New York marketplaces, Health Maintenance Organization (HMO) plans are seeing slightly higher trend projections for 2021 than in 2020. HMO plans represent 19% of the total market share by product.¹ Within the HMO market, the highest concentration of HMO plans are found in the West and the Northeast, which are the regions experiencing upticks in the HMO trends.¹
- Preferred Provider Organization (PPO) trends are increasing slightly in Northern California, Southern California, and New York, while the Northwest region trend projections for PPO plans are significantly higher than the 2020 projections. Nationally the PPO trend is more than a 0.5% lower trend than in the prior year. Missouri is also seeing a significant decrease to the PPO trend from the 2020 projections. PPO plans remain the highest utilized plans across the country with 44% of the market share.¹
- In almost all markets, except for the Northwest and New York areas, Consumer Driven Health Plans (CDHPs) are projecting a decrease to the trend rates from the prior year projections. CDHPs now represent the second highest type of health plan with 30% of the plan enrollment. CHDPs have grown tremendously in the last 10 years when they represented only 8% of the market share.¹
- In both Northern and Southern California the trend projections for 2021—while slightly higher for HMO and PPO plans, and slightly lower for Point of Service (POS)—CDHP and Indemnity plans are not significantly different from the 2020 projections. There is much uncertainty in the marketplace regarding the effect of COVID-19 on future health care costs. Carriers appear to be taking a conservative approach and are predicting fairly constant trend projections for the 2021 plan year. In the New York area, while 2021 trend projections are slightly higher than the trend for 2020, they are not significantly more.
- The Northwest region on the other hand is showing a significant increase in their trend projections for 2021 over 2020, with more than a 1% increase in all plans except Indemnity plans. Missouri trends for 2021, however, are almost 1% lower than they were for 2020. The variance in trend projections from one market to another across all products hasn't been this significant in the last 10 years, indicating that many carriers are looking at a variety of factors in determining their trend projections.
- For the second year in a row, national trends across all products are significantly lower than they were in prior year.

HISTORIC AND NATIONAL MEDICAL TRENDS



HISTORIC NATIONAL MEDICAL TREND



In our 2021 Medical Plan Survey results, we show the projected trend in each region for each product blending in the trend for prescription drugs. However, when we look at the historic national medical trend, we are looking at the national trend projections for each type of plan with the RX trend as a separate component.

Summary of National Medical Trend Results

- The 2021 national trend projections for all medical products are lower than not only the prior year trend projections, but also lower than the previous five years. The most notable decreases in trend projections are for HMO and CDHP plans.
- Preferred Provider Organization (PPO) plans are the most widely offered plans across all marketplaces. The trend increases for PPO plans over the last five years have consistently been between 8% and 9%. However, the PPO trend projection for 2021, despite the uncertainty within the health care industry, is 8.3%, which is the lowest trend projection for almost a decade.
- Over the last couple of years, Health Maintenance Organizations (HMO) plans have typically been trending lower than other medical plans. The 2021 HMO trend projection is over 1.5% lower than the prior year. While enrollment in HMO plans has decreased over the last 10 years, the lower trends of HMO plans might become more attractive as employers look to reduce costs.
- Since the early 2000s, enrollment in Consumer Directed Health Plans (CDHPs) has steadily increased and has grown to be the second most popular plan with 30% of the population. The 2021 CDHP trend projection is 2% lower than the trend projection for 2020.

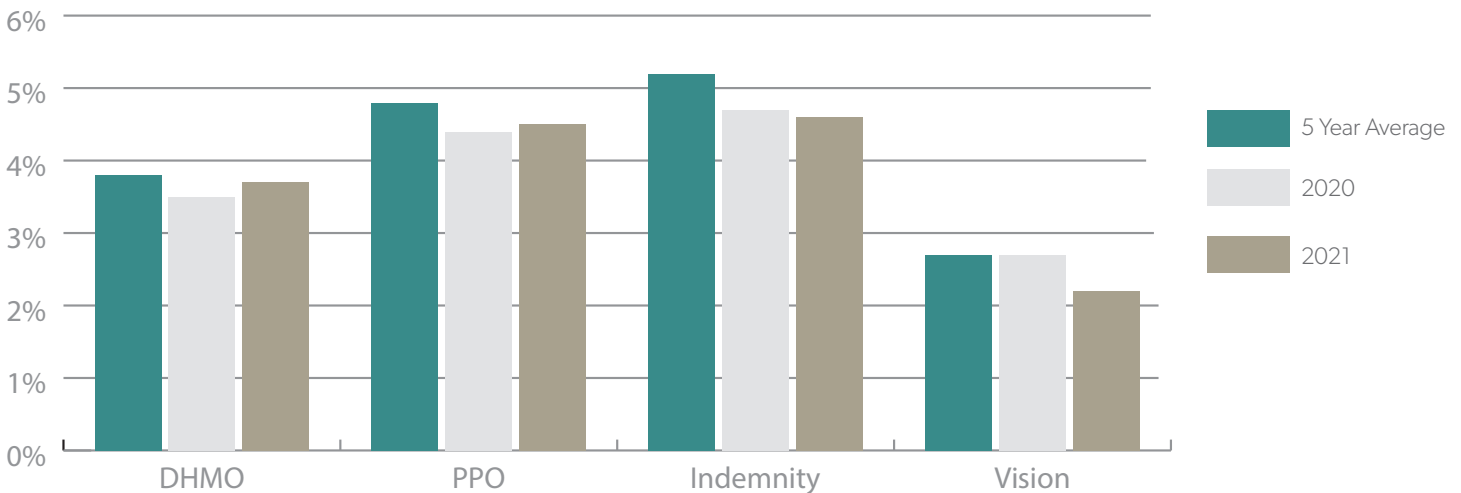
DENTAL AND VISION TREND PROJECTIONS FOR 2021



DENTAL AND VISION SURVEY RESULTS

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|------|------|------|------|------|
| DHMO | 3.6% | 4.3% | 3.8% | 3.5% | 3.7% |
| PPO | 5.3% | 5.2% | 4.5% | 4.4% | 4.5% |
| Indemnity | 5.4% | 6.2% | 5.0% | 4.7% | 4.6% |
| Vision | 2.9% | 3.0% | 2.9% | 2.7% | 2.2% |

2020 AND 2021 DENTAL AND VISION TRENDSs COMPARED TO FIVE-YEAR AVERAGE



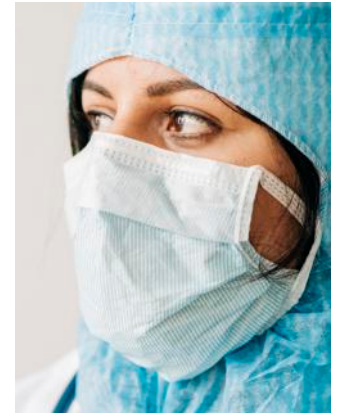
Summary of Dental and Vision Trend Results

- Over the last five years, both dental and vision trends have remained fairly consistent. Among the three main types of dental plans, Dental HMO plans have the lowest trend projection at 3.7%. However, Dental HMOs make up less than 10% of all dental plans.
- Dental PPO plans are the most common of the dental plans. For the last three years, there has been less than a 0.1% variance in the dental trend projections. The Dental PPO trend projection for 2021 is 4.5%. Dental indemnity plans, though less available than PPO plans, still represent 10% of dental enrollment and are trending at just above the Dental PPO plans at 4.6%.
- Through most of the last 10 years, vision trends averaged around 3%, however the 2021 vision trend projection has dropped down to 2.2%. The low utilization rates of Vision plans in the Spring of this year due to the COVID-19 pandemic may be driving that low increase.
- About 70% of employers at least partially sponsor their dental plans —only 30% of dental plans being offered are voluntary only. The split among Vision plans is more even, with 48% of employers sponsoring a Vision plan and the majority of plans, 52%, are available on a voluntary basis.

COVID-19 AND HEALTH CARE LEGISLATION



In the spring of 2020, two major pieces of legislation regarding the health care industry were signed into law due to the COVID-19 pandemic. On March 18, 2020, the Families First Coronavirus Response Act (FFCRA) was signed into law, which provided employees of companies with fewer than 500 employees with paid leave for reasons related to the coronavirus (COVID-19) pandemic. While not specifically related to health care, the FFCRA greatly expanded the current FMLA provisions and also provided tax credits to employers to help cover the cost of the leave for their employees. The FFCRA also required health plans to cover COVID-19 testing at no charge. Furthermore, the IRS advised that high deductible health plans (HDHPs) can pay for COVID-19 testing and treatment before plan deductibles have been met without jeopardizing their status. The emergency leave benefits for workers provided under the Act will expire on December 31, 2020.



On March 27, 2020, Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) to provide \$2.2 trillion in federal funding to address the COVID-19 crisis. In addition to providing direct financial assistance to Americans and clarifying the leave provisions in the FFCRA, the CARES Act also made some significant benefits provisions. In 2010, the Affordable Care Act changed the previous allowance for the use of FSA and HSA funds for over-the-counter drugs. The ACA required a prescription in order for individuals to use these pre-tax funds for such purchases. The CARES Act now changes the law on these purchases back to pre-ACA times, allowing individuals enrolled in these pre-tax accounts to pay for OTC drugs without a prescription. It also appears this is a permanent change that will not expire at the end of 2020. High deductible health plans that are HSA eligible have traditionally not been able to reimburse out-of-pocket costs until the deductibles were satisfied. The CARES Act temporarily allows telehealth visits to be paid by the HDHP without being subject to the deductible, while not impacting HSA eligibility.

In addition to some of the relief that the CARES Act and FFCRA provided, in May 2020, the IRS published Notices 2020-23, 2020-29, and 2020-33, which, among other things, increased the flexibility for midyear plan changes and increased the limit for FSA rollovers. While optional for employers to implement, these notices allowed employees to make some midyear elections to their health coverage, health FSA, and dependent care for changes necessitated by the pandemic. The IRS and Employee Benefits Security Administration (EBSA), in light of the incredible circumstances facing employer and employees, also extended many key deadlines, which included those applicable to COBRA. Deadlines to initially elect COBRA, pay an initial premium payment, and to make ongoing COBRA payments are essentially “paused” during the ongoing outbreak period. Once the federal emergency is declared to have ended, individuals will have 60 days to make any outstanding elections, and 30 days to make any outstanding premium payments.

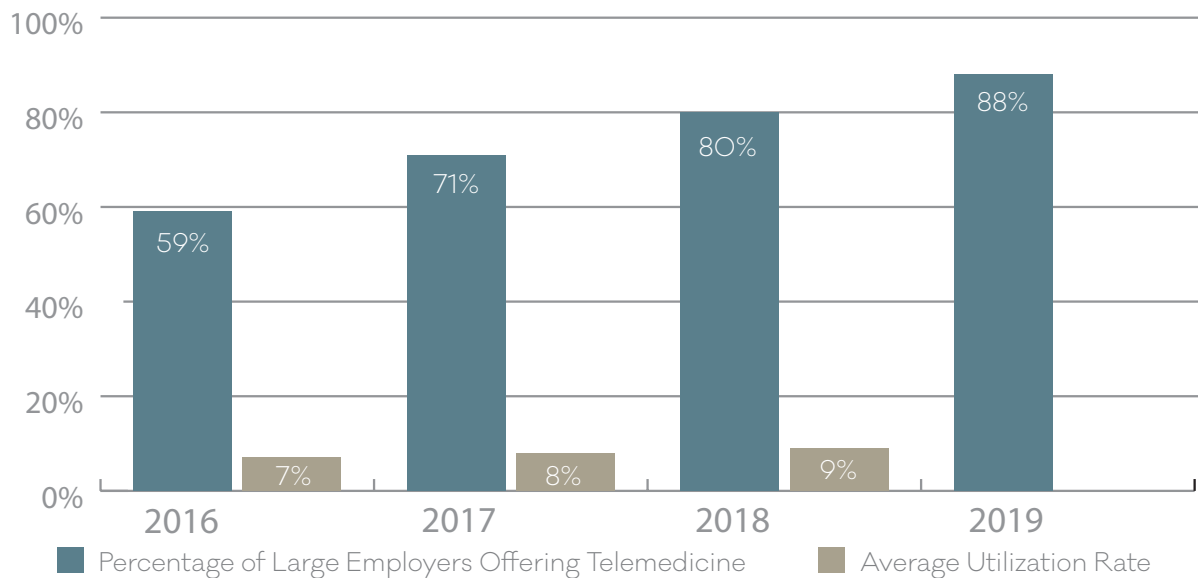
Since the onset of the COVID-19 pandemic, the focus of health care legislation has been on dealing with the effects of the coronavirus from both an economic and access-to-care standpoint. Ten years ago, the comprehensive health care reform law, the Affordable Care Act (ACA) was signed into law. In 2017, when Congress reduced the penalty for not having individual coverage down to \$0, officials in Texas and 17 other states argued that this rendered the law unconstitutional. The brief on behalf of the U.S. House of Representatives was filed on May 6, 2020, and the Supreme Court is expected to hear oral arguments in the coming months. It is too early to tell whether the ACA will be ruled unconstitutional, but either way, the ruling will have a huge impact on the future of the health care industry.

EXPANSION OF TELEHEALTH USAGE



Telemedicine allows patients to communicate and interact with health care professionals outside of the traditional office structure. Over the last decade, the number of employer groups that offer telemedicine either through an outside vendor or through their health plan has steadily increased. Employers and insurance carriers have long seen the value of telemedicine and its potential for reducing costs and absenteeism, but employee usage has not increased much over the last few years despite the increased access and the expressed interest by employees to have telemedicine included in their benefits offerings.²

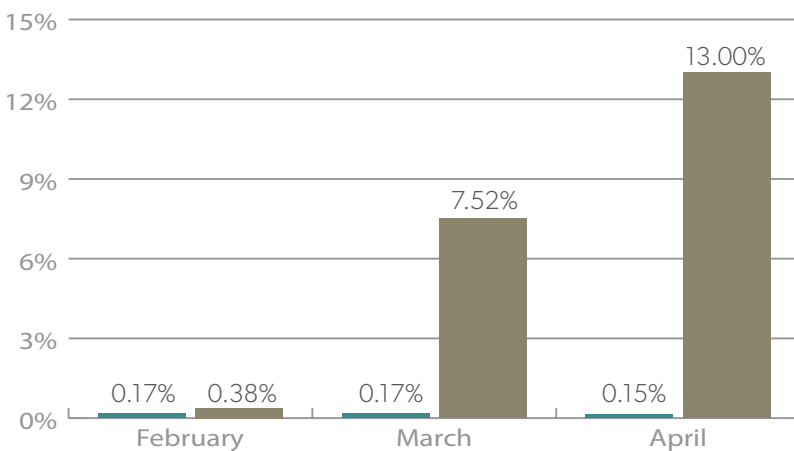
TELEMEDICINE AVAILABILITY AND USAGE



National Survey of Employer-Sponsored Health Plans, 2016-2019, Mercer Report

The growth in the usage of telemedicine services since March and the beginning of the COVID-19 pandemic has been exponential. According to the Fair Health Monthly Telehealth Regional Tracker, the percentage of medical claim lines in April 2020 rose to 13.00% compared to 0.15% in April 2019. This represents a percentage change of 8335.51%.³

VOLUME OF CLAIM LINES, 2019 VS 2020



| | |
|-------------------------|----------|
| Percent Change February | 121.33% |
| Percent Change March | 4346.94% |
| Percent Change April | 8335.51% |

2019
2020

**Fair Health Monthly Telehealth Regional Tracker*

EXPANSION OF TELEHEALTH USAGE



Before the COVID-19 pandemic, there was very little change in the usage by consumers of telemedicine, but in March, as statewide shut-downs began to require people to shelter at home, telemedicine usage increased almost 2000% from the prior month and over 4000% more than in March of the prior year. In April 2020, telemedicine usage doubled again, which reflects over an 8000% increase from April 2019.³ The increase in telemedicine usage is not only a result of the stay-at-home orders and people's inability to access traditional health care, but also a result of legislative changes around telemedicine services.

In early March, the presidential administration and the Centers for Medicare and Medicaid Services (CMS) temporarily broadened access to Medicare telehealth services through the use of the 1135 Waiver Authority and the Coronavirus Preparedness and Response Supplemental Appropriations Act.⁴ The primary benefits of the emergency Medicare expansion of telehealth include:

Telehealth visits to be considered the same as an in-person visit and reimbursed at the same rate.

Medicare would now pay for office and hospital visits via telehealth from patient's places of residency. Prior to the 1135 waiver, access to telehealth through Medicare was more limited and not allowed from a place of residence except in certain rural conditions.

Increased flexibility in waiving cost-sharing for some telehealth visits.

Relaxation of HIPAA rules related to privacy to allow use of platforms such as Zoom, Skype, and FaceTime to conduct virtual visits.

Commercial plans also relaxed some of their restrictions on telemedicine. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020, allows telehealth and other

remote care services to be covered under a high deductible health plan (HDHP) before the deductible is met, without affecting the HDHP's compatibility with Health Savings Accounts (HSAs).

During the pandemic, the easing of some of the restrictions on telemedicine have made it easier for patients to continue their care and access treatment while limiting the spread of infection for both the patient and the health care providers. The benefits of telemedicine exist even outside of the COVID-19 pandemic by making it easier and quicker for a patient to see a health care professional, keeps non-emergencies out of the hospitals, allows for shorter visits, reduces cost, and facilitates the monitoring of care.

The easing of government restrictions regarding telehealth services, as a result of the pandemic and the demand for alternative ways to continue to access care while minimizing the risk to patients, unnaturally accelerated the telemedicine usage beyond what some providers may be able to sustain. The growth experienced in telemedicine over the last several months can only be sustained if providers have a better understanding of how telehealth services will be treated in the long run. Both the expansion to telehealth under Medicare and the CARES Act's treatment of telehealth for HDHPs were temporary provisions that may be removed after the national emergency is over. Providers have to decide whether to invest in upgrading their technology to better meet the demands of the various telehealth services without knowing if they will continue to be reimbursed at the same rate as treating their patients in person. While it is unlikely that the utilization rates of telehealth services will remain at the same level as they have been during the first months of the pandemic, telehealth will be an integral part of the health care system in the future.

MENTAL HEALTH

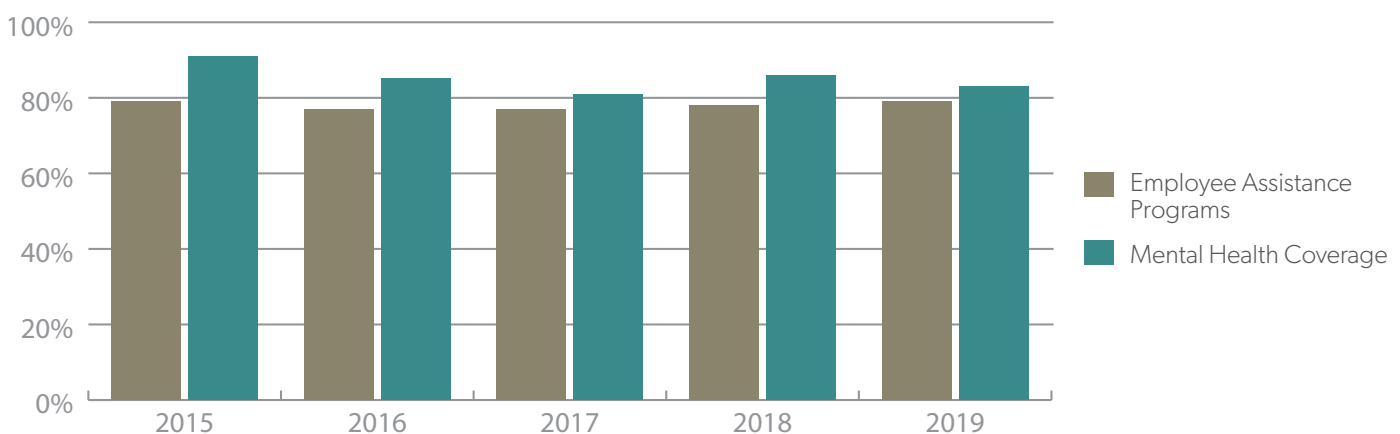


More than 1 in 5 U.S. adults have diagnosable mental disorders at some point in their lives, yet not even half of those individuals receive professional mental health treatment.⁵ Even though depression and other mental health conditions are common and treatable, they remain a significant occupational health challenge for employers. Medical utilization costs for individuals with mental health conditions are significantly higher than for those without them, and they have been linked to a greater use of medical services rather than psychiatric services. Employers are still overwhelmingly underestimating the indirect costs of absenteeism, poor productivity, faulty products, and flawed decision-making that are associated with mental health disorders.

The expansion of access to mental health services has been a priority for employers for a number of years. Health plans must comply with the Mental Health Parity and Addiction Act (MHPAEA) of 2008, which prohibits group health plans and health insurance issuers that provide mental health and substance use disorder benefits from imposing less favorable benefit limitations on those benefits than what they impose on surgical and medical care. In addition, under the Affordable Care Act (ACA), non-grandfathered health plans in the individual and small group markets are required to cover mental and behavioral health treatments as one of the 10 essential health benefits. As a result, mental health benefits are generally provided under most insured group health plans, but employees may still not be seeking the care that they need.

In addition to the mental health benefits built into the core medical plan, most employers also offer Employee Assistance Programs (EAPs) to give their employees and their dependents additional mental health resources. For the last five years, 77% to 79% of employers have consistently offered their employees an EAP program. EAP programs have been a great option to help employees manage during the crisis by offering counseling, digital resources to reduce anxiety, and even childcare resources for families.

PERCENTAGE OF EMPLOYERS OFFERING COVERAGE



SHRM Employee Benefits 2019, Healthcare and Health Services⁶

However, since 2015, the percentage of employers offering mental health coverage has decreased from 91% to 83%. The COVID-19 crisis has increased the demand for mental health services due to the anxiety, social isolation, and job loss caused by the pandemic. The Kaiser Family Foundation conducted a poll in April of 2020 on the impact of coronavirus on life in America. It found that 45% of adults reported that their mental health had been negatively affected by the pandemic.⁷

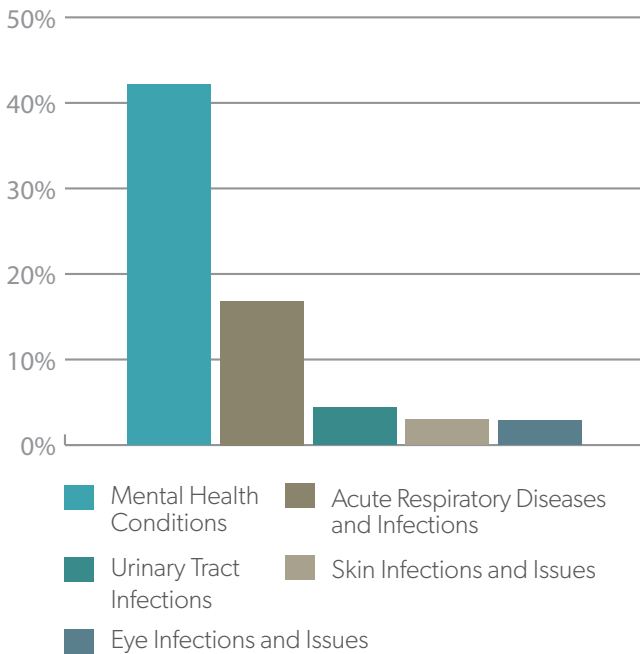
MENTAL HEALTH



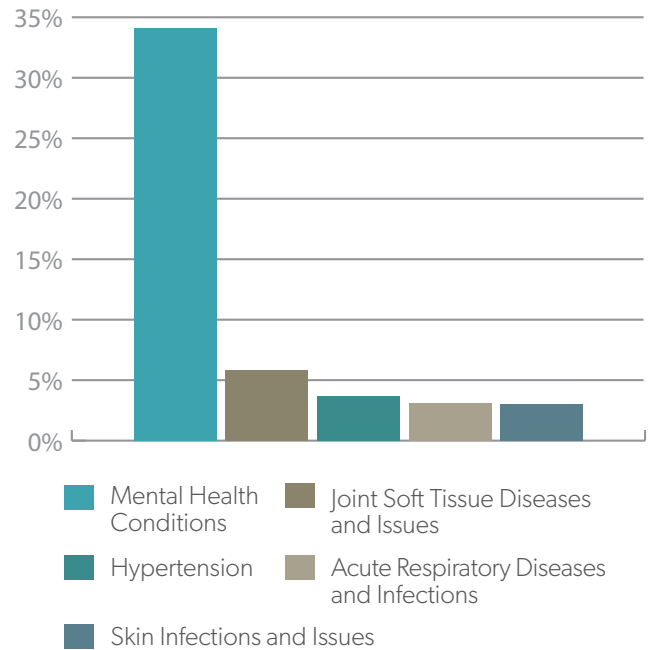
Pre-pandemic, mental health services had the highest usage of telehealth services. Despite the widespread expansion of telehealth during the COVID-19 pandemic for all medical services, mental health continues to be the leading diagnosis for telehealth encounters during the crisis as well.³

TOP FIVE TELEHEALTH DIAGNOSES, 2019 VS 2020

APRIL 2019



APRIL 2020



*Fair Health Monthly Telehealth Regional Tracker

In addition to increasing the usage of telehealth services for treatment of mental health conditions, technology—in particular wellness apps,—has been a key resource during the pandemic to alleviate the feelings of self-isolation, stress, and anxiety.⁸ Many of the more popular apps are releasing free content that help users to deal with stress, lack of sleep, and even suggest activities to deal with anxiety. Connection and community are critical to maintaining a healthy life balance; technology has been a vital resource during the crisis to keep people feeling connected and healthy.

HEALTH CARE TREND PROJECTIONS AS A RESULT OF THE COVID-19 PANDEMIC

Predicting where health care costs will be in 2021 is very difficult for analysts, insurance carriers, and employers because there are a number of drivers that would both inflate and deflate trends for 2021. The uncertainty about the length and full impact of the COVID-19 pandemic will also have a large effect as to where health care costs will be in the upcoming year.

The most immediate impact of the pandemic has been the direct costs of COVID-19 related diagnoses and treatments. While group health plans are covering the cost of testing for COVID-19 at \$0 cost share to members, treatments are often not fully covered. "The average cost of a coronavirus treatment is around \$30,000, but it could go much higher, particularly for patients in need of a ventilator for an extended period of time."⁹ The full impact of the direct costs of COVID-19 are still unknown and would depend on the length and depth of the pandemic.

During the first few months of the pandemic, utilization of medical benefits for non-COVID related conditions decreased dramatically. Whether because of the shelter in place orders, fear of spreading or contracting the virus, or a desire to conserve health care resources, many people were not seeking treatment for non-emergency services including routine health checks and maintenance care. According to a May 2020 survey of health care professionals, 93.97% of physicians are concerned that some of their patients may be foregoing routine or acute medical care because they are afraid of exposure to COVID-19 in an office or other clinical setting.¹⁰

While the use of telehealth services has greatly increased from the pre-pandemic levels, overall medical utilization is still much lower than it was before. It is expected that elective procedures during the pandemic would be rescheduled until the fear of contracting coronavirus has lessened, but providers and insurance carriers are also seeing a decrease in preventive and wellness checks. Despite the increase in direct costs tied to the testing and treatment of COVID-19, medical costs are much lower as a whole. Many insurance carriers have even given or are planning on giving premium rebates because medical utilization is so low.

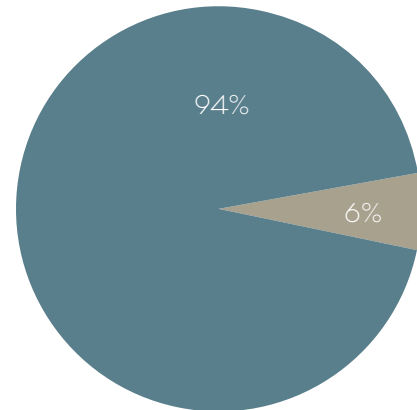
Recent statistics indicate that the COVID-19 pandemic will last through the rest of 2020, which makes it much harder to predict where future health care costs might be. Delayed and canceled treatments, might keep health care costs well below the normal rate of rate of increase in the immediate future, but these delays in treatment may also cause much larger than average spikes when the deferred costs result in higher utilization and likelier costlier claims than what might have been realized if treatment had been provided right away. Another factor that is likely to drive up health care costs is the increased costs of operation for providers and hospitals due to the pandemic. While seeing a loss of revenue because of decreased utilization for routine and elective care, providers are also having to increase their personal protection equipment and sanitary practices all of which would further drive up costs.



HEALTH CARE TREND PROJECTIONS AS A RESULT OF THE COVID-19 PANDEMIC

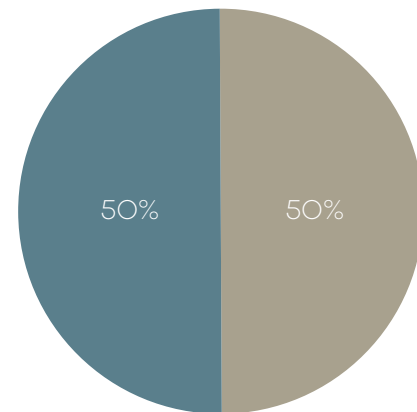
Are you concerned that some of your patients may be foregoing routine or acute medical care because they are afraid of exposure to COVID-19 in an office or clinical setting?

- Yes
- No



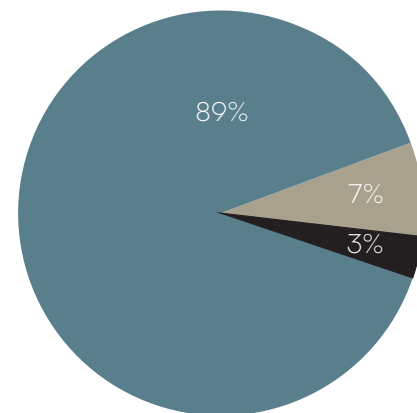
Are you aware of any patients who have experienced a health crisis or deterioration of a chronic condition that could have been prevented by routine follow-up care or contact with health care services?

- Yes
- No



How are your patient volumes now, compared to before the pandemic?

- I'm seeing more patients
- I'm seeing fewer patients
- I'm seeing the same number of patients



Medical Economics, Exclusive data: How COVID-19 is affecting physicians and their practices, May 13, 2020

CONCLUSION



The low trend projections for 2021 indicate that insurance carriers are reluctant to increase costs for employers while direct medical costs during the COVID-19 pandemic remain lower than average levels. However, knowing that once the crisis lessens that health care costs are expected to increase, gives employers time to develop strategies that will better prepare them for managing costs in the future. Over the last decades, telemedicine has increasingly been offered as a benefit in most employer group plans, but the utilization of these services except for mental health purposes has remained low. The pandemic has exponentially accelerated the use of telemedicine, which has allowed patients to continue to receive care for services that might otherwise been neglected. It is unknown whether the changes in how members accessed care, how that care was delivered by providers, and how services were regulated during the crisis will remain in place when the pandemic has ended. What is known is that the health care industry has irrevocably been changed, the hope is that these changes will improve the quality of care.

SOURCES



1. *KFF Employer Health Benefits Survey, 2019*
2. *Mercer National Survey of Employer-Sponsored Health Plans 2019*
3. <https://www.fairhealth.org/states-by-the-numbers/telehealth>
4. <https://www.cms.gov/newsroom/fact-sheets/medicare-telemedicine-health-care-provider-fact-sheet>
5. *National Institute of Mental Health*, <https://www.nimh.nih.gov/health/statistics/mental-illness.shtml>
6. *SHRM Employee Benefits 2019, Healthcare and Health Services, June 2019*
7. *KFF Health Tracking Poll – Early April 2020: The Impact of Coronavirus on Life in America*, <https://www.kff.org/coronavirus-covid-19/report/kff-health-tracking-poll-early-april-2020/>
8. <https://www.stress.org/using-technology-to-mind-your-mental-health-during-covid-19-epidemic>
9. <https://qz.com/1853315/the-cost-of-coronavirus-care-depends-on-where-americans-live/>
10. <https://www.medicaleconomics.com/view/exclusive-data-how-covid-19-affecting-physicians-and-their-practices>

Heffernan Insurance Brokers
1350 Carlback Avenue • Walnut Creek, CA 94596
800.234.6787 • heffins.com
License #0564249