



Health Plans and Covid-19: Immediate Actions to Take to Ensure Future Sustainability

April 29, 2020

Agenda

1. Introductions and Overview
2. Covid-19 Impact on Health Plans: Major Market Forces and Challenges
3. Regulatory Context: Bracing for Uncertainty
4. What Health Plans Need to Do to Be Successful
5. Case Study: Bright Health's Response to Covid-19 Crisis
6. Questions & Answers (Q&A)

Introduction and Overview

Introducing Our Facilitator and Presenters

Facilitator



Allen Miller
Principal and
Chief Executive Officer
COPE Health Solutions

Panelists



Cindy Ehnes, Esq.
Principal
COPE Health Solutions



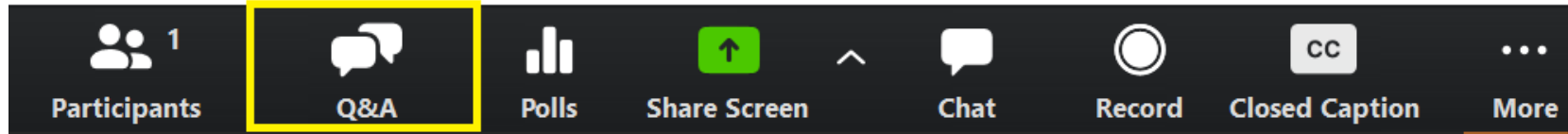
Carla D'Angelo
Vice President
COPE Health Solutions



Jeremy Dressen
Senior Vice President of
Health Plan Administration
Bright Health Plan

Housekeeping

- Please enter questions through the Q&A feature in Zoom (screenshot below), and we will answer questions at the end
 - You may also email questions directly at info@copehealthsolutions.com



- Attendees will receive a PDF copy of the presentation, a link to the recording and a written Q&A
- After the presentation, COPE Health Solutions will send out a brief survey—we'd greatly appreciate you sharing any comments or feedback!

Covid-19 Impact on Health Plans: Major Market Forces and Challenges

A Covid-19 Market: Disruptive Forces

The Covid-19 epidemic has resulted in mass attrition from employer-sponsored health insurance, with real localized impacts on market dynamics



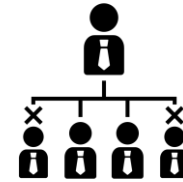
Rising Unemployment Levels

There have been 26 million applications for unemployment from the past five weeks, as of April 18th, peaking at 6.6 million claims in the final week of March. The previous weekly record was 695,000 claims in October of 1982.



Increased Demands for COBRA/Exchange/Medicaid

Enrollees losing coverage from employer sponsored health insurance will be moving to COBRA, Exchange and Medicaid products.



Reduced Demand for Commercial Employer

Closed businesses, layoffs and furloughs suppress demand for employer health insurance.

Risk, Uncertainty, and Network Performance

Plans are operating in a sea of unknowns



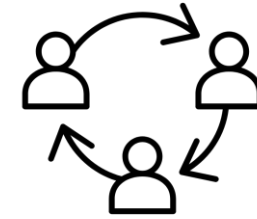
Behavior of SARS-CoV-2 virus

The behavior of the virus is still unknown. Factors like post-infection immunity, seasonality and cyclicity remain to be seen, and timing of a vaccine is unknown.



Federal, State, and Local Policy

Each locality is experiencing a different prevalence of Covid-19 positive cases, with varying responses, creating local variation in layoffs and business closures.



Provider Network

A drop in elective surgery has left many hospitals low on cash. Low ambulatory volumes challenge outpatient providers, with some potentially exiting the market.

Five Realities Health Plans Must Face






As with other health care organizations, health plans are facing their own unique challenges brought on by the Covid-19 pandemic

- 1 A New Competitive Landscape
- 2 Elevated Risk and Uncertainty
- 3 Shifting Utilization Patterns
- 4 Erratic Network Performance
- 5 Evolving Consumer Expectations

Regulatory Context: Bracing for Uncertainty






How the Federal Government Has Responded

The crisis has created challenges across the board for patient access and coverage, health plan operations, and payor and provider solvency – all which need to be addressed

	 Network Adequacy	 Financial Solvency	 Quality of Care	 Licensing (M&A)	 Member Access & Coverage
CMS Announced	Relaxed telehealth regulations	Disproportionate Share Hospital Payments & Upper Payment Limit (Uncompensated Care)	Reduced reporting burden	Federal exchange declined special enrollment period/state exchanges created SEPs	Cost-sharing waived for testing services
	Relaxed rules on practicing across state lines				
Potential Next Steps	Telehealth for broader visits	Waive mandates to move to downside risk and cost/quality benchmark penalties	Consider pay for reporting for 2020	Pressure may mount on the Centers for Medicare and Medicaid Services (CMS) and non-expansion states	Cost-sharing waivers for treatment/vaccines
	Hospital finances				

How States Have Responded

In the absence of a cohesive national response, states have had to chart their own path, shaped by local public health, economic, and political realities

	 Network Adequacy	 Financial Solvency	 Quality of Care	 Licensing (M&A)	 Member Access & Coverage
State Issues	Increase telehealth visits	Financial losses	Capitation withholds and retro deductions	Consolidate and increase operational resources	Loss of employer coverage
	Decline in hospitalization rates for acute conditions	Premium rate increases	Capitation rate differentials between commercial, Medicaid and exchange	CalAIM postponed	Testing, tracking and treatment
California Case Study	Expansion of telehealth (APL013)	Consistent and quarterly financial filings and corrective actions	Extension of various filing deadlines (APL015)	Increase in sellers of practices, and a decrease of buyers	No utilization and cost projections for increased testing, tracking and treatment
	Coverage for out-of-network providers	Increased rate projections for Covid-19 and delayed care	Provider contract changes: “file and use” Extended “Global Risk” filing requirements	Hospitals are exploring partnerships	Flexibility for premium payment

How Plans Should Respond

Health plans have to contend with both market and regulatory forces

Regulatory Forces



Network Adequacy



Financial Solvency



Quality of Care



Licensing (M&A)



Member Access & Coverage



Market Forces

A New Competitive Landscape

1

Elevated Risk and Uncertainty

2

Erratic Network Performance

3

Shifting Utilization Patterns

4

Evolving Consumer Expectations

5

What Health Plans Need to Do to Be Successful

Navigating Regulatory Uncertainty

Next steps every health plan should take



Understand if your provider contracts contain a clause allowing the plan to **unilaterally amend** the terms in any of your Value-Based Payment (VBP) contracts should the law change



Review existing **VBP** contracts, and segment provider groups according to their **involvement in risk**



Proactively reach out to providers, starting with groups currently in **downside risk**



Work with providers to **avoid “surprise billing”** and reduce patient financial burden



Document conversations with providers in written form for legal purposes (e.g., email, meeting minutes)



Track ongoing provider concerns regarding VBP contracts, and create a venue to **discuss your plan of action**

A New Competitive Landscape

With the raising unemployment rates, health plans are experiencing a loss of commercial lives and will continue to see growth in less profitable lines of business



Tools

- Develop a Member and Provider Retention Strategy
- Prepare for Medicaid and Exchange Network Growth and Capacity
- Create Seamless Transition for Members Across Product Lines
- Proactive Outreach to Members with Status Change



Metrics

- Consumer Engagement
- Market Share
- Disenrollment Rates
- Network Adequacy
- Population Shifts by Risk Level
- Net Promoter Score



Elevated Risk and Uncertainty

Actuarial teams are operating with more assumptions and unknowns than typical, and similarly, product teams are designing for an opaque competitive landscape



Tools

- Keep an eye on state regulations for standard Covid-19 cost assumptions for specific markets
- Take a county level approach to determine product premiums
- Engage in advocacy efforts



Metrics

- Covid-19 PMPM risk expenditure by risk group
- Medical loss ratio
- Covid-19 related utilization costs



Erratic Network Performance

Downstream provider contracts and delegations often have provisions that include payment for specific performance metrics – these may need to be re-evaluated given current conditions



Tools

- Engage your legal team to stay informed concerning updated CMS policies
- Stabilize and support network partners and monitor adequacy
- Segment providers by VBP contract
- Follow state and federal lead for benefit changes, cost sharing protections and UM waivers



Metrics

- Performance-based risk pool payments
- Plan performance bonus payments



Shifting Utilization Patterns

Nationally, health plans are seeing a drop in professional services and elective surgeries but it is expected these will pick back up as Covid-19 becomes more under control – this can have an impact on HEDIS, STAR and other quality ratings as well as lead to important preventive care for members



Tools

- Track utilization shifts across all service types
- Monitor pent up demand for future cost impact (e.g. professional visits, elective surgeries)
- Monitor where and how members are accessing care
- Leverage telehealth to close care gaps



Metrics

- Medical loss ratio
- Risk adjustment
- Outpatient vs. inpatient utilization Trends
- E-visits



Evolving Consumer Expectations

While Covid-19 has changed how health care is experienced, consumers may have different expectations for how they access and receive care in the future



Tools

- Examine impact on beneficiaries and consider implications of benefit design
- Expand coverage and programs for home-based care
- Telehealth is becoming normalized, and members may continue to expect it
- Expand ability to address social determinants of health



Metrics

- Regulatory trends
- Telehealth penetration by population



Taking Action: Short and Long Term Planning

Prioritizing actions and resource allocations

Immediate Term

- Establish a Covid-19 Command Center / Task Force
- Activate emergency action plans
- Expand telehealth access
- Support your network providers
- Develop business continuity plan
- Engage policy makers and monitor regulatory guidance

Near Term

- Conduct financial modeling for specific markets and populations
- Set 2021 rates and establish plan to manage margin to them
- Develop a provider contracting strategy for 2021
- Expand Medicaid network capacity in target markets

Mid to Long Term

- Revisit population health management and value based payment strategic roadmap
- Continue to examine utilization shifts and changes in care delivery
- Initiate post-pandemic plans

Case Study: Bright Health's Response to the Covid-19 Crisis

Who is Bright Health?

A national consumer engagement and provider empowerment platform

Industry-Leading Growth (2016-2020)

Connecting consumers and Care Partners to empower care delivery



National market reach

Product line diversity across ACA Individual and Family Plans (IFP), Medicare Advantage, and Employer Distribution

Developing **Care Partner relationships** and care delivery assets

Supported by **the world's leading investors** (NEA, Bessemer, etc.)



A Unique, Scaled Market Platform (2020+)

Integrating technology, care delivery, and health plan capabilities



Scaled, national platform

Managing **deep Care Partner and delivery assets** in strategic markets

Leading technology-enabled population health and consumer solutions

Diverse portfolio of **plan, intelligence, and care delivery** products and services

Our Mission:

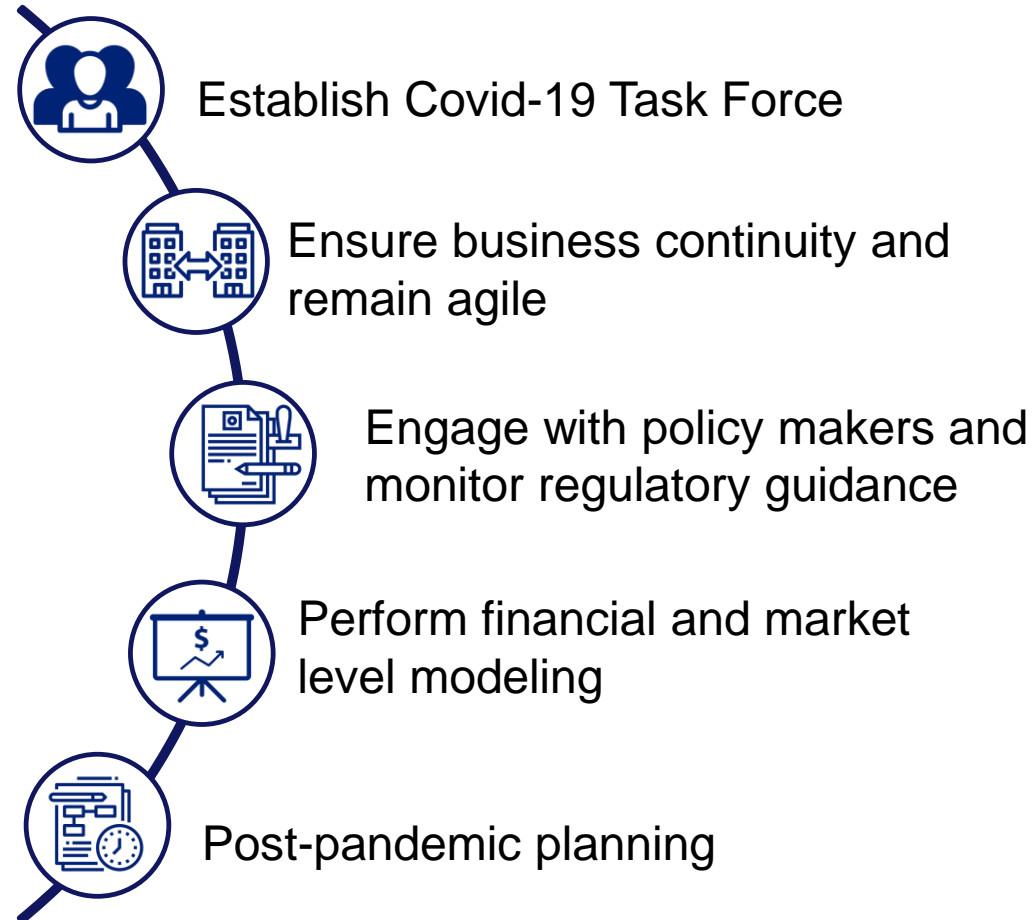
**To make healthcare right.
Together.**



**We collaborate with
top local Care Partners to create a health
care package that takes
care of you, is easy to manage, and is the
best possible value.**

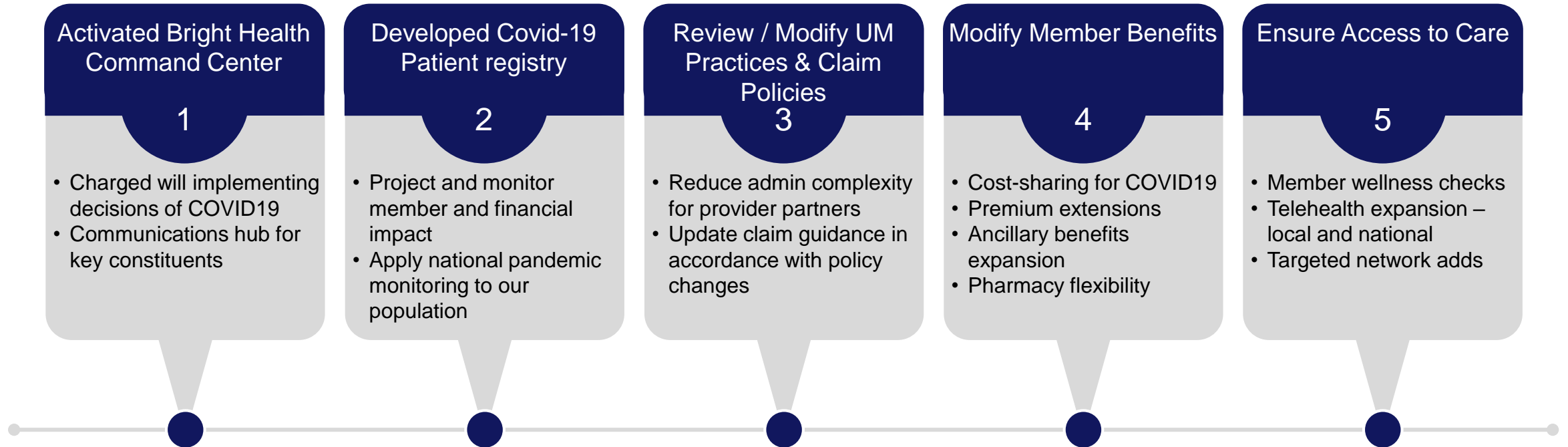
How You Respond Says Something About You

Our approach focused on five main areas:



Then We Did Some Very Specific Things

Within our 5-point framework, important actions needed to be taken



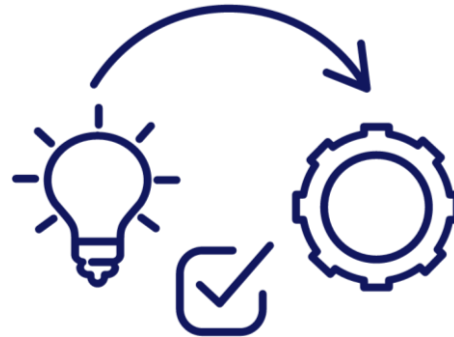
We Believe in Care Partner Relationships

And so our support for them was critical



Insights:

- We're in this together
- Communication is critical
- We need simpler processes



Actions:

- ✓ Market Continuity Assessment
- ✓ Real time insights
- ✓ Physician support
- ✓ Relationship ladder

Will Things Ever be The same?

It's perhaps too soon to tell, but preparation is key



Ongoing diligence on business continuity, market strategy and member access:

- Return to “normal” – when will consumers believe it’s “safe” to return to an office? Have expectations changed permanently?
- Push to “re-open” for business runs risk of boomerang cycles
- Expanded use of telemedicine and remote monitoring
- Move to capitation and/or further consolidation of providers
- Additional blow to the reliance on employer sponsored coverage; new ACA market entrants for 2021

In Summary

In Summary

Considerations for health plans going forward

1

Consequences of inaction

- The market is changing whether or not you adapt
- Shifts in coverage and utilization disrupts market position

2

Short-Term Crisis Response Versus Long-Term Planning

- Crisis management is inherently different from strategic planning
- However, crises are strategic opportunities

3

Flexibility in rigid systems

- Temporary regulatory changes may become permanent after the crisis
- Disruption of status quo leaves opportunity for shaping the future

Questions & Answers (Q&A)

For more information on how COPE Health Solutions can provide quick, prepared and valuable services during a critical time of need, please contact our team at info@copehealthsolutions.com or [213-259-0245](tel:213-259-0245).

www.copehealthsolutions.com



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