
Sneed Law Firm, LLC

Memorandum

To: The Honorable Julia Lynn, Chair
Special Committee on Economic Recovery

From: William W. Sneed, Legislative Counsel
America's Health Insurance Plans ("AHIP")

Date: August 11, 2020

RE: America's Health Insurance Plans Testimony

Madame Chair, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for America's Health Insurance Plans ("AHIP"). Thank you for the opportunity to be part of this hearing today and to provide testimony on the economic impacts felt by the insurance industry throughout the COVID-19 pandemic.

AHIP is the national association whose members provide coverage for health care and related services to hundreds of millions of Americans, including many millions of people enrolled in the Medicaid program. Through that coverage, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

Health insurance providers throughout the country know the tremendous physical, emotional and financial burden that the COVID-19 pandemic has placed on everyone – families, individuals, employers, state governments, and many others. We also know that this is a continually evolving pandemic with many unknowns yet to be worked out and impacts yet to be seen. Health insurance providers have taken many steps in recent months to alleviate those burdens and provide some measure of certainty about the ability to maintain access to critical health care during this crisis.

Before, during and after the COVID-19 pandemic our primary goal is ensuring that every American has access to affordable, comprehensive health coverage that provides access to safe and convenient care and peace of mind. That has rarely been more important than it is now, which is why we are continually working to ensure that Americans confronting the coronavirus and its impacts get the care they need.

Throughout Kansas and the country, the entire health care community – from health insurance providers to health care workers, nursing homes, hospitals, front-line workers, and essential personnel – has been confronted with the monumental challenge of ensuring access to health care in the midst of a changing landscape. As we continue to learn more about the coronavirus, we also learn more about what is effective at stopping the transmission and spread of COVID-19, as well as what steps have been proven effective or unhelpful. The evolving nature of the coronavirus and COVID-19 is a central characteristic of the challenge that we are all facing. It is also precisely the reason that the full picture of the financial burden of this pandemic continues to develop.

These evolving demands require changes to the how we all performed our roles in the health care system prior to ever hearing the word coronavirus. Health insurance providers and others have worked to adapt to these changes as ways of continually improving the service and care being provided during this challenging time. This will continue to be necessary as we learn even more about the pandemic and its impacts. Since COVID-19 began impacting the patients and communities our member companies serve, health insurance providers have taken decisive actions to help patients and curb the spread of the virus. Those actions include:

- Proactively eliminating patient cost sharing for COVID-19 testing and treatment – no copay, no coinsurance, no deductible required.
- Fully covering the doctor visits and treatments needed to recover from this disease.
- Waiving prior authorization for those seeking testing or treatment of COVID-19.
- Waiving cost-sharing for telehealth services and expanding telemedicine programs. This eases the burden on our health system, allowing hospitals to care for people who need it most, while limiting the exposure of health care workers and patients to the disease.
- Partnering with hospitals to enhance and accelerate their care in the most affected and at-risk regions so they can more effectively manage an increasingly complex and uncertain environment.

The changes taken to navigate the COVID-19 landscape by health care workers, health insurance providers and others in the health care community will certainly continue as the pandemic evolves. Together, these steps have helped us to collectively adapt to a generational challenge. They also

have the potential to help enhance and improve the ways in which health care is delivered outside the context of COVID-19. For example, changes in telehealth coverage policies have helped to expand care to those in rural areas and provide new avenues for critical physical and behavioral health care. However, as we consider the short and long term benefits of these changes, careful consideration must be given to encourage continued growth and innovation in telehealth while maintaining the cost savings potential for health care consumers – individuals, employers and taxpayers alike.

We appreciate the Committee’s interest in assessing the financial impact of COVID-19 on different industries, including the insurance industry. It is important we remember that with millions of confirmed cases in the US and more than 30,000 in Kansas alone, the virus and its impact – both financially and in terms of health – are not simply going to disappear. And with growing evidence that some COVID-19 survivors face months, or years, of complications, health care experts are beginning to study possible long-term costs in addition to the short term financial burdens already being felt by patients, employers, state and local governments, in addition to health insurance providers.

That means it is too soon to fully appreciate what the real financial impact will be. And the financial consequences will likely vary greatly, based on geography, COVID-19 severity, the mix of members and business that an insurance provider has, and many other factors. We can’t expect there will be a uniform impact across the industry, although it is already clear that the impact will be large. We aren’t through this crisis yet. Thousands more illnesses continue to be announced. And while elective and nonurgent procedures may be delayed or not occurring right now, we must assume that care will eventually be delivered – and paid for - later. And it’s possible that the care required will be more complex – and costly – because care and treatment were delayed. Further complicating the financial picture is the need to develop new procedure codes and terminology to facilitate payment for health care services for COVID-19, where the infrastructure was not in place due to the novel nature of the virus. Many of those COVID-19 codes that dictate billing and payment just went into effect about a month ago.

Additionally, as we approach the next phase of addressing the pandemic, we need to get America back online. That will require wide-spread testing. Policymakers all across the country are asking how is that testing done, and how is that testing part of broader strategies for an America that is back to work and back to school.

To help inform the work of states in their reopen strategies, AHIP retained Wakely Consulting Group to explore the potential costs of COVID-19 testing, including both diagnostic (molecular or antigen) and antibody testing considering different frequencies and costs of testing. In early June, [that study](#) found that diagnostic testing would cost between \$6 billion and \$25 billion a year, and antibody testing would cost between \$5 billion and \$19 billion a year. These estimates include both the cost of the tests, as well as affiliated health care services (e.g., provider visit, urgent care visit) for administering the tests.

Unfortunately, this information is already outdated. A myriad of variations as a result of the pandemic have impacted this initial Wakely assessment; some of those include: cost per test, type of test, test frequency, provider charges, etc. Since the Wakely report in early June, there have been multiple reports with varying cost estimates that are included here.

More recent numbers from a Milliman study looking at New York's population could be tended forwarded across the population of the United States, along with the most recent numbers in the Rockefeller Foundation (calling for 30 million tests weekly and an investment of \$75 B is needed for that scale of testing and tracing), indicates that a range of \$75 – \$105 billion may be a more accurate/updated reflection of the investment needed. Beyond the cost of testing, the treatment costs may still vary widely as utilization rates, infection rates, spread, and the long-term health consequences of COVID-19 come into focus.

Additionally, hospitals have reported that many patients have delayed important medical care during the coronavirus. If care continues to be delayed, it could end up becoming more complex—and more costly. We'll be there to cover and ensure they have care they need too—and already, we are starting to see reports that hospitals are treating patients at levels closer to normal, pre-COVID capacity. The second half of the year could see a lot more care, and higher costs, than the first half of 2020. However, if these costs never materialize and remain below certain levels, American consumers, businesses, and taxpayers are protected by provisions in federal and state laws that require health insurance providers to deliver premium rebates and put money back into their pockets.

Everyone also deserves to be able to get a COVID-19 vaccine when one is approved. AHIP appreciates and applauds the tremendous investments the federal government has made into making a vaccine available as swiftly as possible. There are still many important questions that remain about what a vaccine will cost, how it will be distributed, and how the competitive market

will be permitted to work to ensure the greatest access to the vaccine at the lowest cost to Americans. It will also be important to know which vaccines are safest and most effective for different populations. Health insurance providers are strongly committed to being part of those solutions, and we are highly engaged with our health care partners on how we can work together to defeat this awful virus and help America overcome this crisis.

Health insurance providers are not alone in facing these threats and we are committed to working together with other stakeholders to ensure that the people of Kansas continue to have access to high quality health care, as well as the certainty of knowing that their health insurance provider is taking needed steps to safeguard their physical and financial well-being. We look forward to continuing this discussion with members of the Committee as we all work together to address this monumental challenge. We are ready to be a resource and a partner and appreciate your consideration today.

I am happy to answer questions at the appropriate time.

Respectfully submitted,



William W. Sneed