



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
Robert J. Conlin  
SECRETARY

Wisconsin Department  
of Employee Trust Funds  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## **Correspondence Memorandum**

**Date:** April 17, 2020  
**To:** Group Insurance Board  
**From:** Renee Walk, Lead Policy Advisor  
Office of Strategic Health Policy  
**Subject:** ETF Response to COVID-19 Outbreak

**ETF recommends the Board schedule a supplemental Board meeting to allow for timely response to any emerging COVID-19 related issues.**

### **Background**

The 2019 novel coronavirus is the cause of the 2019 coronavirus disease also known as COVID-19. Humans have no immunity to this coronavirus, and the impact to world health has been staggering. As of April 17, 2020, Wisconsin has reported 4,045 confirmed cases of COVID-19; 1,153 hospitalizations; and 205 deaths. COVID-19 morbidity and mortality rates are highest among people over the age of 60, and people with heart disease, diabetes, and chronic respiratory disease.

As the virus has spread, different units of government have responded with measures designed to limit new infections and ensure access to healthcare. This memo describes the impact of these responses on the Group Health Insurance Program (GHIP) overseen by the Group Insurance Board (Board), reviews ETF's response to the outbreak as it pertains GHIP, and provides a recommendation to add a Board meeting to allow for active management as changes continue to unfold.

### **Federal Legislative and Guidance Document Change Impacts**

Several federal legislative packages were passed in mid-March to address COVID-19 nationwide, and federal agencies also issued guidance documents to ease access to care for patients. Many of these directly affect the Board's programs.

On March 11, 2020, the Internal Revenue Service (IRS) issued Notice 2020-15, which states that high-deductible health plans (HDHPs) that qualify for pairing with a health savings account (HSA) will not lose their qualified status if they cover testing for or treatment of COVID-19 before the plan's deductible is met. The IRS also created a temporary safe harbor to allow telehealth services without deductibles. This safe harbor is effective March 11, 2020, through December 31, 2021. The health plans serving the

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Electronically Signed 5/4/20

Board	Mtg Date	Item #
GIB	5.13.20	3

Board's programs have indicated they will allow these services for the HDHPs available to state and local members.

On March 17, 2020, the Department of Health and Human Services (HHS) announced changes to Medicare reimbursement for telehealth services, broadening access to pay for services provided to seniors not living in rural areas. Health plans participating in the GHIP must comply with Uniform Benefits (UB), which already includes telehealth as a benefit, but this may mean that additional reimbursement by Medicare could cover some costs. ETF is waiting for more information in order to determine possible cost impacts. HHS also issued a limited waiver of Health Insurance Portability and Accountability Act (HIPAA) sanctions, which were targeted at broadening access to telehealth services through non-HIPAA-compliant services like Skype. ETF surveyed health plans and all indicated they were at least temporarily working to expand access to these services, particularly for behavioral healthcare services, in order to maintain continuity of care during this time.

On March 18, 2020, President Trump signed the Families First Coronavirus Response Act (FFCRA) into law. This bill requires health insurance plans, including the GHIP, to provide access to testing at no cost to patients. Prior to the bill's signing, ETF had requested clarification of coverage intent from all GHIP health plans; all indicated prior to the signing of the bill that they were planning to cover at minimum the cost of testing with no member cost sharing. Several stated at that time they were also planning to provide coverage for office visits or emergency room visits associated with a COVID-19 test at no cost to members as well.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. While the majority of this bill pertained to economic stimulus, there were a few key health benefit provisions. First, the CARES Act clarified the coverage requirements under FFCRA to state that not only testing but the visits associated with testing (regardless of site of care) must be covered without cost sharing by health plans. Second, the CARES Act permanently expands what can be covered by HSAs and flexible spending accounts (FSAs) to include over-the-counter drugs or medicines not prescribed by a physician, as well as menstrual care products. ConnectYourCare (CYC), the Board's FSA and HSA vendor, has contacted members regarding this expansion.

### **State Legislation**

Governor Evers signed [2019 Wisconsin Act 185](#) on April 15, 2020. Provisions of that bill that specifically impact the GHIP include:

- Coverage of COVID-19 testing: the bill passed requires the GHIP to cover testing of COVID-19 without imposing any copayment before March 13, 2021. As stated above, this change has been provided for by FFCRA and the CARES Act without time limit. ETF has interpreted the federal law as applying to the Board's programs and plans already changed cost sharing limits. The passing of this bill should not cause additional change to cost for testing.

- Prohibiting certain prescription drug coverage limits: the bill also prohibits the GHIP from requiring prior authorization for early refills or restricting the time period of a refill or the quantity of refills if the quantity is not more than a 90-day supply. This is already in place for the most part through Navitus Health Solutions (Navitus), the Board's pharmacy benefit manager. Navitus did note that the Board should be aware of costs associated with members who are on specialty medications increasing their fills, and that there is a potential for waste if a member fills the maximum and then stops taking the medication.
- Prohibiting coverage discrimination based on COVID-19 diagnosis: the bill prohibits the GHIP from establishing rules for individual, employer, or group eligibility related to a current, past, or suspected diagnosis of COVID-19. GHIP also cannot cancel coverage, discriminate in setting rates for coverage, or refuse to grant generally available premium payment grace periods. Given that the Board does not underwrite any member entering our program, and that the consideration of pre-existing conditions is already barred by the Affordable Care Act, this should not impact program operations.
- Payment for services provided by out-of-network providers: finally, the bill prohibits the plans participating in the GHIP from requiring a member to pay more for a service, treatment, or supply provided by an out-of-network provider than the member would have to pay if seen by an in-network provider. This applies specifically to services received related to COVID-19 and applies only if the member saw an out-of-network provider because a participating provider was not available. Health plans participating in the GHIP already provide coverage for out-of-network providers in cases where the provider network is not adequate, and the likelihood of members seeking out-of-network care is likely reduced due to the Safer at Home order. ETF expects this change to have minimal impact on the GHIP.

### **Group Health Insurance Program Coverage**

HHS issued a coverage clarification memo March 12, 2020, stating that COVID-19 testing and symptom treatment are covered under existing essential health benefit requirements, and that a future vaccine will be covered as long as it is recommended by the Advisory Committee on Immunization Practices (ACIP). This was consistent with the guidance given the week prior by ETF staff to health plans which stated that the current UB allows for coverage of all currently available testing and treatment for COVID-19.

Initially, ETF staff determined that testing and treatment would be covered subject to the cost-sharing outlined in UB according to the program option a member is enrolled in. The above-reference federal guidelines allowed plans to remove cost sharing from testing and associated office visits, but cost sharing still applies to any treatment received for COVID-19. Current treatment includes hospitalization and palliative care in hospital, including ventilation in some cases. The language in Wis. Stats §40.03(6)(c) prohibits the Board from changing benefits in a way that would result in increased cost to the program, unless required by other legislative mandate. Eliminating cost sharing for treatment of COVID-19 would very likely cause an increase in overall program costs

that would not be reasonably offset by future improved health outcomes. Therefore, additional legislative action would be needed to waive cost sharing for treatment of members with COVID-19.

### **Employer and Member Questions**

ETF continues to receive employer and member questions regarding COVID-19 and how it impacts the Board's programs. Early in the pandemic, ETF received many questions regarding international travel coverage and the ability of members to seek care if they were out of country and became ill. Following international travel bans around the world, however, the majority of more recent questions have pertained to the ability of members to maintain coverage should they be furloughed or otherwise be unable to pay their health insurance premiums.

ETF has received word that several health plans are offering extended premium payment grace periods for members who pay them directly, such as people on COBRA continuation or retirees who do not pay via an annuity. These policies are at the discretion of the health plan. Any state employee who is furloughed or otherwise placed on temporary layoff due to COVID-19 would be entitled to receive an employer share of premium for three months. The employee can use their accumulated sick leave to pay for the rest of their premiums and can continue to pay the full premium using converted sick leave if a layoff extends beyond three months. Local employees are subject to the payment and leave policies of their employers.

ETF has also received questions regarding the ability to cancel or assume coverage. COVID-19 is not a HIPAA-qualifying life event, and so members cannot either drop their health insurance coverage or add coverage solely because of the pandemic. However, if a member loses other coverage during the pandemic (for example, if a spouse is laid off and loses their employer coverage), the member would be able to enroll at that time.

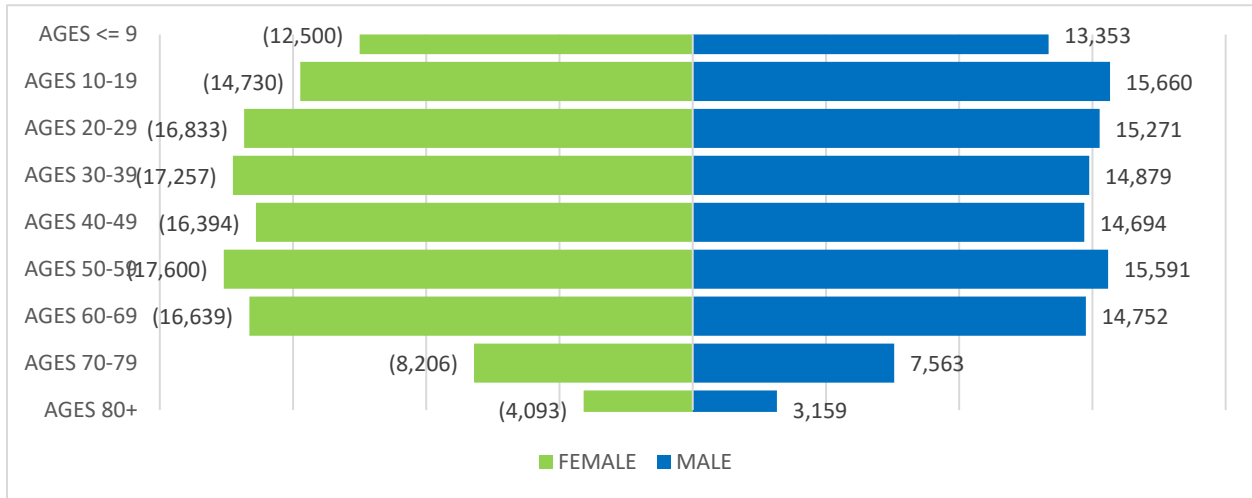
Finally, ETF has received several questions related to dependent day care accounts. Members who have enrolled in this product made their payroll deduction elections based on the idea that they would be paying for childcare all year, but a large number of daycare providers have closed. While CYC cannot refund dollars from those accounts that have already been taken, they are helping members to change their childcare elections moving forward to reduce the amount of funds taken while children are out of daycare.

All of these and other questions and answers are available on ETF's website under a new COVID-19 resource page, <https://etf.wi.gov/etf-response-covid-19>.

### **Anticipated Health Impacts**

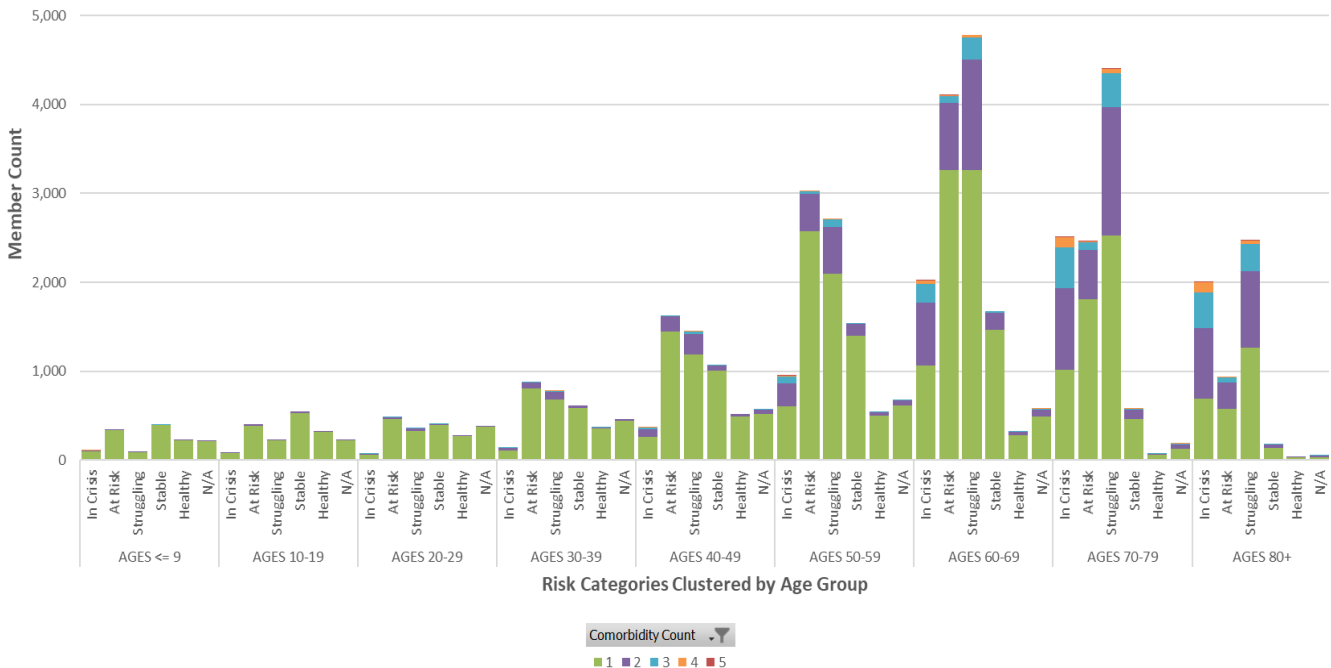
The groups most at risk for negative outcomes if infected with the 2019 novel coronavirus are well-represented in the GHIP. Many people maintain the Board's insurance into retirement and the state and local employee workforce is older in general. Chart 1 below illustrates the age distribution of the GHIP.

Chart 1. GHIP Population by Age Band and Gender, 2019



In addition, the Board’s programs have many members with at least one comorbid condition that puts them at risk for poorer outcomes if they are infected with COVID-19. Chart 2 shows members with at least one comorbid condition, banded by age.

Chart 2. GHIP Members with At Least One Comorbid Condition by Age Band



Estimates provided through DAISI, the data warehouse tool provided by IBM Watson Health, show there are at least 52,862 GHIP members with at least one comorbid condition. There are an additional 25,026 members who have no comorbid conditions

but are still at risk due to age. This means that at a minimum, nearly 78,000 GHIP members are at increased risk of severe disease if they contract the virus, or approximately one-third of those insured by the GHIP.

Using infection and mortality rates published by the New York State Health Department, applied to the infection rates seen in Wisconsin, ETF estimates that COVID-19 will cause between 16 and 20 ETF member deaths. While no death is by any means acceptable, this is a substantially lower mortality rate than is being experienced by the states hardest hit by COVID-19. ETF expects the insurance benefits provided by the Board will aid in members receiving adequate early treatment; early treatment has been shown to have a significant positive impact in the arc of the disease.

### **Anticipated Quality Impacts**

The final impact on health care quality related to COVID-19 is yet to be determined and may not be known for some time. Many elective procedures have been canceled or postponed due to the outbreak, and this may lead to some conditions like joint deterioration worsening during this time period. Dane County alone experienced a spike in opioid overdoses in the last week of March 2020, triggering a public health alert, and there has been much concern about what the closure of clinics will mean for people on a variety of maintenance treatments for clinical conditions. There also may be some possible positive outcomes, in that some members will begin to take advantage of remote care services like telehealth and mail order pharmacy that can ensure they maintain prescription adherence and help them save money.

ETF has worked with vendors to release telehealth promotional content as well as promotion of Navitus Health Solutions' mail order pharmacy vendor, ServeYou Rx, to help members ensure they can keep up with health care and avoid going to urgent or emergency care sites unless necessary. ETF has also been working to promote access to behavioral health services through telehealth and has cross-promoted the employee assistance program provided by the Department of Administration. ETF continues to work with these vendors, as well as StayWell, the Board's wellness program vendor, to provide support to help mitigate the negative impacts of this outbreak.

### **Anticipated Health Program Cost Impacts**

ETF will not have data available in DAISI on claims experience related to the coronavirus for several months due to a three-month lag in claims-related information. However, ETF polled health plans to get an initial sense of the number of COVID-19 related tests they have seen, what results have been, whether they have had members hospitalized or in intensive care as a result of COVID-19, and what the impact has been to telehealth use. The claims codes that will be used to specifically track COVID-19 cases have only recently been released so plans' tracking may be incomplete, and two plans reported they were not able to provide counts at this time. To date, plans have reported the following:

- Number of members tested: 333 members
- Number of positive tests: 14 tested positive

- Number of members hospitalized: <5 members
- Number of members in intensive care: <5 members
- Number of telehealth visits in March and early April 2020: 6,125 visits

Nearly all health plans reported that telehealth use had increased substantially.

IBM Watson Health provided an initial modeling to estimate the potential claims cost and impact to the Board's programs. They estimate a small reduction in claims costs in 2020 due to deferred elective procedures, with a bubble of pent-up demand happening in 2021 as elective procedures are rescheduled and a potential increase of 15% in claims costs in 2021, which would then impact 2022 health premium rates. Their model assumes that ETF alone will have 40,442 cases reported; as of the writing of this memo, Wisconsin in total has only 3,341 cases confirmed.

Segal, the Board's consulting actuary, has also begun work on modeling the anticipated impact of COVID-19 on rates for 2021. Impact considerations include the cost of testing and treatment as well as the impact of elective or non-essential services that have been canceled. ETF is also collaborating with the State of Minnesota's employee group health insurance program to learn more about their modeling and what they expect the impact of COVID-19 to be on medical premiums for the coming calendar year.

More information will be available at the August 2020 Board meeting.

### Uniform Dental Benefit Impacts

Following recommendations from the American Dental Association and the Centers for Disease Control, as well as Governor Evers' Safer at Home order, many dental professionals are only seeing members with dental emergencies or are closing their offices entirely. Because of this change in provider behavior, the Uniform Dental Benefit (UDB) is experiencing a steep decrease in filed claims and claims paid. The drop-in services is displayed in Table 1.

Table 1. UDB Claims and Expenditures, 2019 and 2020 March-April Comparison

	Expenditures			Claims		
	2019	2020	Change	2019	2020	Change
1 <sup>st</sup> week in March	\$1,131,265.24	\$1,131,715.41	0	8259	7957	-3.7%
2 <sup>nd</sup> week in March	\$1,097,321.19	\$974,009.30	-11.2%	8116	7011	-13.6%
3 <sup>rd</sup> week in March	\$1,168,532.77	\$836,046.49	-28.5%	7774	5591	-28.1%
4 <sup>th</sup> week in March	\$1,052,804.49	\$155,455.05	-85.2%	7968	1644	-79.4%
1 <sup>st</sup> week in April	\$1,269,998.46	\$265,096.80	-79.1%	9170	2441	-73.4%

The UDB and the supplemental Delta Dental PPO Plus Premier – Preventive Plan both cover dental code D0140 for problem-focused limited oral exams at 100%. This code can be provided via tele-dentistry. Tele-dentistry allows dental professionals to use video chat to evaluate a member's emergency dental problems remotely, which allows members to find out if their dental issue is an emergency without leaving their homes.

### **Life Insurance Program Impacts**

Some questions have also risen regarding the Wisconsin Public Employers Group Life Insurance Program. The life insurance program benefit does not contain any exclusions related to pandemics. Claims made as a result of a COVID-19 related death would be paid as all claims resulting from illnesses are. Service and claims have continued without interruption.

Due to the stop loss safeguard, the short-term impact of COVID-19 to the plan is limited, and existing reserves are enough to absorb projected outcomes. While the ultimate impact is uncertain, and a goal of the life insurance plan is to maintain premium rate stability, actions may need to be taken in the future as a result of the COVID-19 outbreak. These actions may include additional risk charges, premium rate changes, and actions to address the impact on investment returns for the post-retirement benefit.

ETF asked Securian to run the scenario of 70% of membership becoming infected with COVID-19 with a 2% mortality rate. In this given scenario, the result would be that all coverages reach their stop loss limits. Under this scenario the plan would use the remaining stop loss "cushion" for each coverage. On the state plans, it would be approximately a \$22.8M cost to the plan. On the local plans, it would also be approximately \$22.8M. The impact would not be worse than this in any given year, but it would result in increased risk charges in future years.

### **Possible Board Program Administration Interventions**

The nature of this outbreak and its many impacts continue to develop rapidly, and ETF remains vigilant in trying to anticipate and address the needs of employers and members. ETF has already begun to receive a small number of letters from members stating that circumstances related to coronavirus and subsequent economic fallout is endangering members' ability to afford their insurance premiums. It is difficult to predict if similar requests will be received, and if so, how many. Given the dramatic increase in unemployment claims being reported nationally, it is fair to assume that the amount of feedback from members will grow. With that in mind, ETF presents options for the Board to consider in reaction to the rapidly changing situation:

- **Option 1: Add a COVID-19 response update and discussion on program administration response to the August Board meeting.** This would not disrupt the current Board meeting schedule; however, it may not be timely or responsive should program changes be needed.
- **Option 2: Add a supplemental Board meeting to address the issue.** An interim meeting would allow continued engagement of the Board on challenges presented by COVID 19, with timely responses to rapidly changing



circumstances. A minimum of 24-hours public notice would be necessary prior to any meeting. A pre-planned meeting will be more transparent and help Board members, ETF, and the public know what to expect.

- **Option 3: Designate a Board subcommittee with delegated authority to act on behalf of the Board, which can meet in lieu of the full Board.** A subcommittee may be easier to convene than the full Board, though the same 24-hour public notice period would apply for any meeting called for this subcommittee, and the Board should similarly consider how to balance the transparency of scheduling a meeting with the agility afforded by shorter notice. This option would allow continued engagement by some Board members in the decision-making process.
- **Option 4: Delegate authority to ETF to act on limited program changes for a set period of time.** Some state employee insurance programs with similar governance structures to Wisconsin's have requested that their boards delegate authority to modify the program to respond to the outbreak to their respective administrative agencies, in order to be responsive to members without repeatedly calling governing bodies into session. The State of North Carolina, for example, has such delegated authority and the administrative agency in turn must report all changes made and the fiscal impacts of those changes to their governing board. The authority delegation ends when the public health order ends. The Board has the statutory authority under Wis. Stats. §40.03(6)(d) to delegate authority to the ETF Secretary "to carry out the purpose and intent of the group insurance plans provided under this chapter." The statute lists seven examples of delegated authority including decisions related to eligibility, payments by employees for group insurance, enrollment periods, timing of changes in coverage, terms and conditions of contracts, and establishment of reserves. If authority was delegated, ETF would still be required to follow all statutory provisions governing the program.

**ETF Recommendation: Option 2.** ETF recommends the Board plan an additional Board meeting in late June or early July to continue the conversation regarding COVID-19 and program impacts. A planned additional Board meeting will provide the opportunity for openness and transparency of the Board's processes as well as continued Board input in key decisions.

Staff will be available at the Board meeting to answer questions.