

Expanding Coverage for Essential Care During COVID-19

A. Mark Fendrick, MD; and Beth Shrosbree, BS

The national response to contain the spread of coronavirus disease 2019 (COVID-19) has imparted an unprecedented clinical, emotional, and financial toll on all Americans. The impact of the pandemic spreads far beyond the healthcare sector, as public health measures such as physical distancing have led to the closures of a massive number of establishments. Despite the largest fiscal stimulus in our nation's history, it is estimated that several million jobs will be lost by the summer. For those affected, paying for essential products and services—including food, rent, childcare, and medical services—will be very challenging and, in many cases, will require tough decisions about prioritizing some essential aspects of daily life over others.

The COVID-19 pandemic will exacerbate the financial situations of the millions of Americans who struggle to afford their medical care. Driven in part by rising health plan deductibles, 1 in 3 Americans reported not receiving medical care due to cost in 2019.¹ This number is even higher for those who are financially insecure or chronically ill. Recently, 68% of adults said that the out-of-pocket costs they might have to pay would be very or somewhat important in their decision to get care if they had symptoms of COVID-19.² The Kaiser Family Foundation estimates that the average out-of-pocket cost for a hospitalization associated with COVID-19 would be \$1300 for those who receive their health insurance from their employer.³ However, the inability to afford essential clinical services is not limited to those with commercial insurance. In 2016, the average out-of-pocket spending for Medicare enrollees—those at highest risk for COVID-19—was \$5460.⁴ Based on a 5-day hospital stay in 2020, beneficiaries in traditional Medicare would be responsible for the Part A deductible of \$1408 (assuming no supplemental coverage), whereas the average Medicare Advantage enrollee overall would incur \$1200 in out-of-pocket costs.⁵ Considering that 40% of Americans do not have \$400 to cover unexpected expenses, the growing number of vulnerable Americans facing thousands of dollars in out-of-pocket costs for their healthcare raises great concern.⁶

Policy solutions are available to quickly mitigate this problem acutely exacerbated by the COVID-19 pandemic. The immediate implementation of commonsense value-based insurance design

“ POLICIES THAT REDUCE OUT-OF-POCKET COSTS, INCLUDING COSTS OF COVID-19 CARE, ARE MOSTLY VOLUNTARY OR LIMITED. ”

(V-BID) reforms can ensure that those in need will be better able to afford critical clinical services. One example, Notice 2020-15 (“High Deductible Health Plans and Expenses Related to COVID-19”), implemented by the Trump administration on March 11, 2020, allows health plans to reduce or eliminate cost sharing for COVID-19 testing and treatment.⁷ This policy includes high-deductible health plans (HDHPs), which were previously prohibited from covering these services for enrollees prior to meeting their plan deductible. Additionally, the Families First Coronavirus Response Act was signed into law on March 18, enabling private plans to provide first-dollar coverage of telehealth services for COVID-19 care.⁸ On March 27, the CARES (Coronavirus Aid, Relief, and Economic Security) Act was enacted, further extending coverage to any in-person visits for COVID-19 testing or screening. It also allows all telemedicine services (ie, not limited to COVID-19 visits) to be covered on a predeductible basis until the end of 2021 and requires all plans to cover future COVID-19 vaccines without cost sharing.⁹ The Medicare program and several health plans have committed to provide this coverage with zero out-of-pocket costs during the pandemic; some plans have gone further and will waive out-of-pocket costs for COVID-19–related hospitalizations.¹⁰ On March 31, CMS issued regulatory changes to further support hospitals', physicians', and other healthcare organizations' capabilities during the COVID-19 pandemic, including expanding Medicare coverage of telehealth visits.¹¹ These measures, which protect the safety of both healthcare professionals and patients, should be quickly adopted.

In this time of dire and increasing need, consumer out-of-pocket costs must be reduced and deductible “holidays” should be expanded beyond COVID-19 care to other potentially lifesaving

services, such as treatments for heart disease, depression, diabetes, and substance use disorders. Lowering or eliminating out-of-pocket costs for preventive and essential health services has the potential to increase utilization of those services and improve overall health, as well as lower total medical costs in some instances.¹² The movement to reduce of out-of-pocket costs was driven by the private sector and later successfully implemented in the Affordable Care Act, which provides free preventive care to more than 130 million insured Americans.

Other recent federal policies designed to lower patient financial burden include Notice 2019-45, which allows HDHPs the flexibility to cover specified medications and services used to treat chronic diseases prior to meeting the plan deductible,¹³ and the recently announced Medicare Part D Senior Savings Model, which reduces the out-of-pocket cost of insulin for up to 3 million Medicare beneficiaries.¹⁴

Concerns may arise that the provision of more generous coverage of high-value medical care will increase expenditures and will raise premiums or other cost-sharing measures. However, this enhanced coverage can be funded dollar for dollar by reducing a small portion of the \$345 billion spent annually in the United States on low-value or wasteful clinical services.¹⁵ A novel benefit design model called V-BID X targets low-value care and increases access to high-value services without raising premiums or deductibles.¹⁶ HHS declared broad support for the inclusion of V-BID X principles in marketplace health plans in the 2021 Notice of Benefit and Payment Parameters rule.¹⁷

It is important to note that current policies that reduce out-of-pocket costs—including costs of COVID-19 care—are mostly voluntary or limited to certain individuals. Without immediate action, relief for patients struggling to pay for medical care is not guaranteed. Successful execution will require rapid response from all stakeholders—led by health sciences companies, pharmaceutical benefit managers, and health plans.

This pandemic has uncovered a flaw in current benefit designs that do not provide affordable coverage for critical services—including care to treat COVID-19–related illness. Now that COVID-19 has exposed this problem to all Americans, the time has come for public and private health insurers to revisit their benefit designs and shoulder a larger part of the cost of essential medical care. The millions of Americans adversely affected physically, financially, and emotionally by the COVID-19 pandemic would benefit a great deal. ■

Author Affiliations: University of Michigan Center for Value-Based Insurance Design (AMF, BS), Ann Arbor, MI.

Source of Funding: None.

Author Disclosures: Dr Fendrick has been a consultant for AbbVie, Amgen, Centivo, Community Oncology Alliance, Covered California, EmblemHealth, Exact Sciences, Freedman Health, GRAIL, Harvard University, Health & Wellness

Innovations, Health at Scale Technologies, MedZed, Merck, Montana Health Cooperative, Penguin Pay, Rialto, Sempre Health, State of Minnesota, US Department of Defense, Virginia Center for Health Innovation, Wellth, Yale–New Haven Health System, and Zansors; has performed research for the Agency for Healthcare Research and Quality, Arnold Ventures, Boehringer Ingelheim, Gary and Mary West Health Policy Center, National Pharmaceutical Council, Patient-Centered Outcomes Research Institute, PhRMA, Robert Wood Johnson Foundation, and State of Michigan/CMS; and holds outside positions as co-editor-in-chief of *The American Journal of Managed Care*[®], member of the Medicare Evidence Development & Coverage Advisory Committee, and partner in V-BID Health, LLC. Ms Shrosbree reports no relationship or financial interest with any entity that would pose a conflict of interest with the subject matter of this article.

Authorship Information: Concept and design (AMF, BS); drafting of the manuscript (AMF, BS); critical revision of the manuscript for important intellectual content (AMF, BS); and supervision (AMF).

Address Correspondence to: A. Mark Fendrick, MD, University of Michigan, 2800 Plymouth Rd, Bldg 16, Floor 4, 016-400S-25, Ann Arbor, MI 48109-2800. Email: amfen@med.umich.edu.

REFERENCES

1. Saad L. More Americans delaying medical treatment due to cost. Gallup website. news.gallup.com/poll/269138/americans-delaying-medical-treatment-due-cost.aspx. Published December 9, 2019. Accessed March 24, 2020.
2. Collins SR, Gunja MZ, Blumenthal D, Hollander C, Wilson J. What are Americans' views on the coronavirus pandemic? The Commonwealth Fund website. commonwealthfund.org/publications/surveys/2020/mar/what-are-americans-views-coronavirus-pandemic. Published March 20, 2020. Accessed March 24, 2020.
3. Rae M, Claxton G, Kurani N, McDermott D, Cox C. Potential costs of coronavirus treatment for people with employer coverage. Peterson–KFF Health System Tracker website. healthsystemtracker.org/brief/potential-costs-of-coronavirus-treatment-for-people-with-employer-coverage/. Published March 13, 2020. Accessed March 24, 2020.
4. Cubanski J, Koma W, Damico A, Neuman T. How much do Medicare beneficiaries spend out of pocket on health care? Kaiser Family Foundation website. kff.org/medicare/issue-brief/how-much-do-medicare-beneficiaries-spend-out-of-pocket-on-health-care. Published November 4, 2019. Accessed March 24, 2020.
5. Neuman T, Damico A, Cubanski J. How much could Medicare beneficiaries pay for a hospital stay related to COVID-19? Kaiser Family Foundation website. kff.org/medicare/issue-brief/how-much-could-medicare-beneficiaries-pay-for-a-hospital-stay-related-to-covid-19. Published March 24, 2020. Accessed March 24, 2020.
6. Report on the economic well-being of U.S. households in 2018 – May 2019. Board of Governors of the Federal Reserve System website. [federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm](https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm). Updated May 28, 2019. Accessed March 24, 2020.
7. High deductible health plans and expenses related to COVID-19. Internal Revenue Service website. [irs.gov/pub/irs-drop/n-20-15.pdf](https://www.irs.gov/pub/irs-drop/n-20-15.pdf). Published March 11, 2020. Accessed March 24, 2020.
8. Families First Coronavirus Response Act, HR 6201, 116 Cong, 2nd Sess (2020).
9. CARES Act, S 3548, 116 Cong, 2nd Sess (2020).
10. Livingston S. Aetna waives cost-sharing for COVID-19 inpatient hospital admissions. Modern Healthcare website. [modernhealthcare.com/insurance/aetna-waives-cost-sharing-covid-19-inpatient-hospital-admissions](https://www.modernhealthcare.com/insurance/aetna-waives-cost-sharing-covid-19-inpatient-hospital-admissions). Published March 25, 2020. Accessed March 25, 2020.
11. Additional background: sweeping regulatory changes to help U.S. healthcare system address COVID-19 patient surge. CMS website. [cms.gov/newsroom/fact-sheets/additional-backgroundsweeping-regulatory-changes-help-us-healthcare-system-address-covid-19-patient](https://www.cms.gov/newsroom/fact-sheets/additional-backgroundsweeping-regulatory-changes-help-us-healthcare-system-address-covid-19-patient). Published March 30, 2020. Accessed March 31, 2020.
12. Agarwal R, Gupta A, Fendrick AM. Value-based insurance design improves medication adherence without an increase in total health care spending. *Health Aff (Millwood)*. 2018;37(7):1057–1064. doi: 10.1377/hlthaff.2017.1633.
13. Treasury expands health savings account benefits for individuals suffering from chronic conditions [news release]. Washington, DC: US Department of the Treasury; July 17, 2019. [home.treasury.gov/news/press-releases/sm733](https://www.home.treasury.gov/news/press-releases/sm733). Accessed March 24, 2020.
14. Part D Senior Savings Model. CMS website. [cms.gov/newsroom/fact-sheets/part-d-senior-savings-model](https://www.cms.gov/newsroom/fact-sheets/part-d-senior-savings-model). Published March 11, 2020. Accessed March 24, 2020.
15. Shrank WH, Rogstad TL, Parekh N. Waste in the US health care system: estimated costs and potential for savings. *JAMA*. 2019;322(15):1501–1509. doi: 10.1001/jama.2019.13978.
16. Richardson H, Budros M, Chernew ME, Fendrick AM. V-BID X: creating a value-based insurance design plan for the exchange market. *Health Affairs* website. [healthaffairs.org/doi/10.1377/hlthaff.20190714.437267/full](https://www.healthaffairs.org/doi/10.1377/hlthaff.20190714.437267/full). Published July 15, 2019. Accessed March 24, 2020.
17. CMS, HHS. Patient Protection and Affordable Care Act; HHS notice of benefit and payment parameters for 2021; notice requirement for non-federal governmental plans. *Fed Regist*. 2020;85(25):7088–7159.

Visit ajmc.com/link/4589 to download PDF