

Coronavirus Update

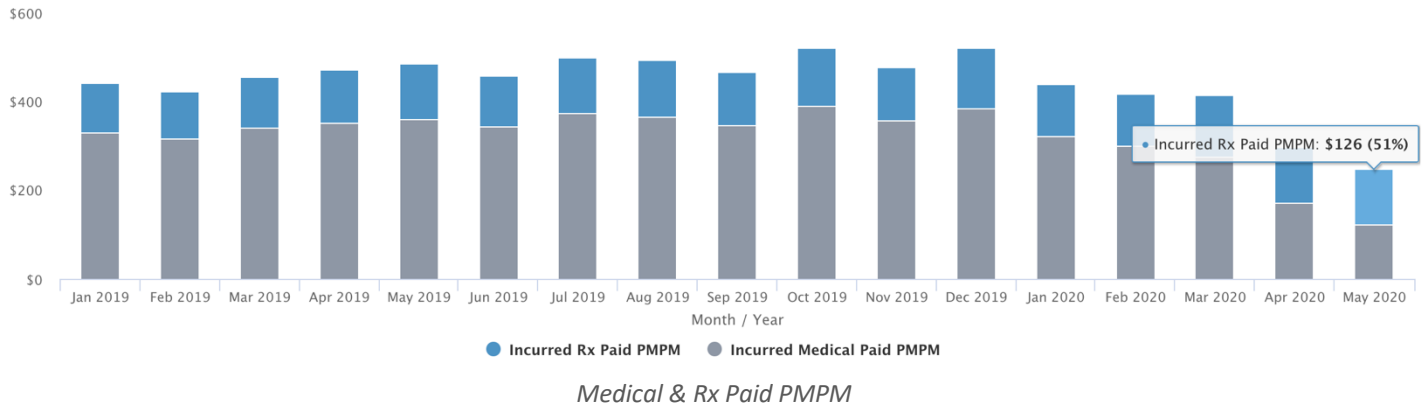
Preparing for 2021



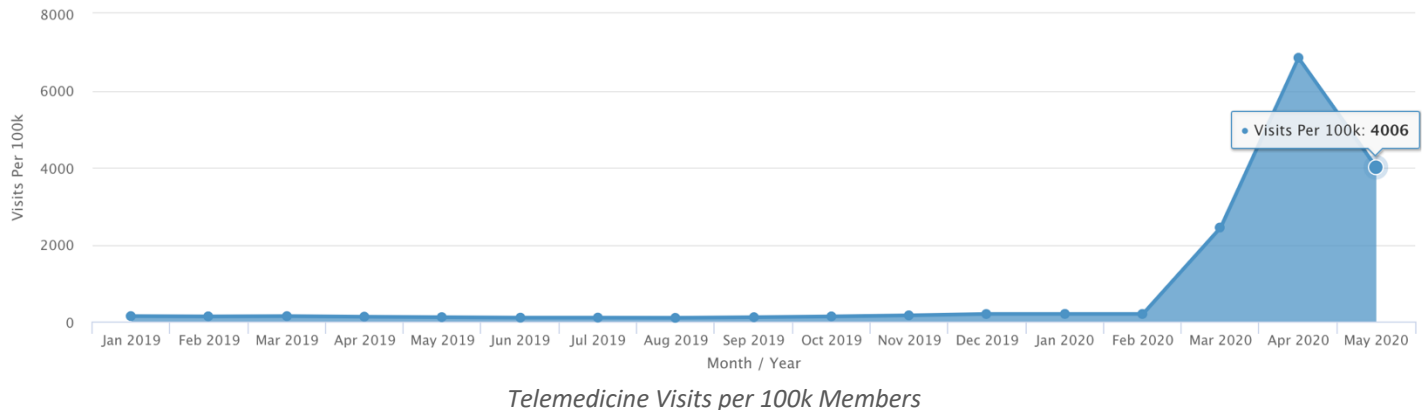
Data Observations

Continued Impact on Medical and Pharmacy Utilization

As of May 2020, Innovu's clients have seen a **61% decline in hospital admissions** compared to this time last year. This finding supports that national concern that individuals are not seeking medically necessary care. From the data Innovu has observed, elective procedures and preventive services are significantly lower than in May 2019. However, as management of COVID-19 stabilizes, we are seeing an increase in claims for these services in May as compared to April.



As previously reported, telemedicine services have surged during this pandemic. Innovu has seen a **2,100% increase in telemedicine utilization** over the previous 12 months. The use of telemedicine is showing a slight decline as offices begin to resume in-person visits.



Potential Workers' Compensation Impacts

Innovu expects to see a decrease in workers' compensation claims for most employers with notable exceptions for front-line employees. As many office-based businesses have shifted some (or all) employees to work-from-home arrangements, we predict that the number of incidents will decline as physical presence in office spaces has been reduced or temporarily eliminated. Innovu also expects a decrease in claims for organizations that require on-site personnel as well as staffing hours and headcount have been reduced during the pandemic.

While every state has its own unique workers' compensation regulations, they generally do not cover events that cannot be directly tied to the workplace such as community-spread illnesses like a cold or the flu. Many states are exploring the option to extend workers' compensation coverage for first responders and health care workers impacted by COVID-19. Healthcare and first responders employers may want to familiarize themselves with state legislative actions. <https://www.ncsl.org/research/labor-and-employment/covid-19-workers-compensation.aspx>

Decline in Elective and Preventive Procedures

| | May '20 vs. May '19 | May'20 vs. Apr '20 |
|--|---------------------|--------------------|
| Inpatient Admissions | (61%) | (35%) |
| Outpatient Visits | (53%) | (7%) |
| Elective Procedures | (73%) | 143% |
| Physical Medicine | (63%) | 1% |
| Preventive Services | (68%) | 40% |
| Telemedicine | 2,130% | (42%) |
| Prescription Drug Quantities per Month | (92%) | (1%) |

The decline in elective procedures and preventive services due to COVID-19 may have bottomed in April 2020 as evidenced by an increase in these services in May.

The continued low volume of elective procedures and physical medicine services suggests that individuals with active workers compensation claims may be out for an extended period until completely rehabilitated. Researches report *"if countries increase surgical volume by 20%, it will take a median of 45 weeks to clear the backlog of operations."*¹ Employers should anticipate a delay in employees being able to return to work. Innovu suggests that you work with your workers' compensation providers to better understand your employees' access to operative and physical medicine services.

Impacts to 2021 Budgets

When setting budget rates for the 2021 plan year, be mindful that your historical utilization may be impacted by direct COVID-19 treatment costs and a large volume of deferred care. Based on the participants under your plan, you may need to anticipate a spike in elective procedures over the next 18 months. Experts also anticipate a second wave of COVID-19 which may impact 2021 budgets.

Remdesivir Treatments

While the novel drug to treat COVID-19 is not yet approved in the United States, remdesivir is approved under the Food and Drug Administration's emergency use authorization for hospitalized patients with COVID-19. Until recently, the manufacturer (Gilead) has donated remdesivir doses for patients. The last of the donated supply has now been distributed to hospitals by the U.S. Department of Health and Human Services (HHS) as of June 29th, 2020. Once the HHS-funded supply has been depleted by hospitals later this year, insurers and employers will likely be charged for remdesivir. Gilead has announced that the price for remdesivir in the United States will be \$3,120 for a typical patient 6 doses per treatment. Adjustments to your claim experience should reflect the cost of COVID-19 treatment and spikes attributed to deferred care.

Summary

- Leveraging your specific data can help identify opportunities, waste and gaps.
- With regard to COVID-19, Innovu's clients experienced a decline in hospital admissions, outpatient visits, elective procedures and preventive care.
- The increase in telemedicine services initially observed has begun to diminish as physician's offices begin to reopen.
- Delays in physical medicine services and the backlog with operative services can cause delays in an employee's ability to return to work.
- When preparing 2021 health plan budget rates, add a cost adjustment to account for potential costs attributed to COVID-19 and a spike in services that were deferred in 2020.

¹ <https://www.spglobal.com/ratings/en/research/articles/200415-the-health-care-credit-beat-growing-health-care-ratings-contagion-from-covid-19->