

IMPORTANT COVID-19 UPDATE

AMERICAN ACADEMY OF ACTUARIES ISSUES REPORT ON POSSIBLE COST INFLUENCERS BASED ON COVID-19

As health insurers develop rates and pricing for 2021, they face new uncertainties as a result of the COVID-19 pandemic. Mindful of the fluid situation, the American Academy of Actuaries recently issued a study that outlines some of the main influencers for 2021 pricing. The headlines include:

- While insurers faced increased health spending to cover the cost of diagnosing and treating COVID-19, those costs were “more than offset” by a lack of elective services and non-COVID-19 health services. The report indicates it is unclear how this trend will continue through 2020.
- Another driver of potential premium changes is the possibility of subsequent waves of COVID-19. The actuaries said insurers are likely to run multiple scenarios that look at different assumptions on when a new COVID-19 wave is likely when developing 2021 rates.
- There remains uncertainty whether or not services unrelated to COVID-19 will continue to be “eliminated” or “deferred” next year as well or whether treatment postponed in 2020 will recur in 2021. This will be a significant driver of potential premium changes.
- Insurers will be looking at shifts in insurance coverage and changes to risk pool composition due to the economic effects of COVID-19. Other potential drivers in premium changes include COVID-19 testing and treatment costs, new treatments and vaccines, more mental health and substance treatment claims, the compounded impact of avoided care, the greater telehealth use and changes to reimbursement rates.

The full report is available [here](#). Conner Strong & Buckelew is closely monitoring all developments related to the health care cost impact of COVID-19. We will continue to share updates on this and related items.

All of Conner Strong & Buckelew’s updates related to COVID-19 can be found by visiting our [COVID-19 Resource Center](#).