

# The State of Delaware

COVID-19 National Public Health Emergency Update

State Employee Benefits Committee

November 21, 2022

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# COVID-19 national public health emergency update

## Overview

- During the COVID-19 pandemic, there are two separate “emergency” events that expire at different times and impact employee benefit plans differently, and the GHIP has benefit enhancements with expiration dates that are tied to each separate emergency event
  - National Emergency Declaration
  - Public Health Emergency
- At the end of the Public Health Emergency period, federal government funding for the ingredient cost of COVID-19 vaccines and COVID-19 oral antivirals will end
  - Will result in increased cost to Delaware’s State Employee Group Health Insurance Plan (GHIP) to maintain current coverage of these products
  - SEBC should be aware of the future potential cost increases when the Public Health Emergency expires

# National Emergency Declaration

- Issued by the President, can remain in effect for one year (unless the President rescinds it earlier), and was extended by President Biden to March 1, 2023\*, unless the President issues an announcement to terminate it earlier
- The extension of the national emergency has implications for plan sponsors, specifically with respect to the “Outbreak Period” rules
  - The Outbreak Period guidance issued by the Departments of Labor (DOL) and Treasury provided relief to employer-sponsored welfare benefit plans, including group health plans, as well as participants in those plans from having to comply with certain deadlines
  - Deadlines for these requirements are extended until the earlier of (1) 60 days following the declared end of the National Emergency period (currently, the end of April 2023); or (2) one year from the date the plan or individual’s deadline period would have commenced (which will vary by individual occurrence)
- The GHIP has implemented these extended deadlines in accordance with these requirements

## The following deadlines are extended under the Outbreak Period rules:

- Making COBRA elections
- Making COBRA premium payments
- Providing COBRA election notices (from the plan administrator to qualified beneficiaries)
- Requesting HIPAA special enrollments
- Filing benefit claims or appeals or requesting an external review of an adverse benefits determination

\*Reflects corrected end date; previously reported to the SEBC as April 1, 2023 in SEBC meeting materials from 4/25/22: <https://dhr.delaware.gov/benefits/sebc/documents/2022/0425-covid19-benefit-enhancements.pdf>

# Public Health Emergency (PHE) declaration

- Issued by the U.S. Department of Health and Human Services in 90-day increments; recently extended to January 11, 2023
  - The federal government intends to provide 60 days' advance notice before ending the PHE
  - Based on that timeline, the deadline for advance notice prior to the end of the current expiration date would have been November 11; no such notice has been provided
- While in effect, group health plans are required to cover FDA-approved testing needed to detect or diagnose COVID-19, including over-the-counter COVID-19 tests, and the administration of that testing without cost sharing or barriers (such as prior authorization) while there is a declared PHE
- Non-grandfathered group health plans must provide first-dollar coverage for COVID-19 vaccines and other preventive services and are only required to cover COVID-19 preventive services received out-of-network during the PHE
- The GHIP has implemented these coverage enhancements in accordance with the above requirements, and has additionally implemented other benefit changes that are tied to the “national public health emergency” and are outlined on the following slide

# COVID-19 benefit enhancements under the GHIP

## Modified end date considerations – medical / EAP benefits

- The following benefit enhancements previously implemented by the SEBC have an end date specified as extending “for no more than 30 days following the end of the COVID-19 national public health emergency”
  - Several of these benefits align with services outlined in the group health plan requirements under the Public Health Emergency (PHE) declared by DHHS, which has been extended to January 11, 2023; for ease of administration and communication to members, consider waiting until the end of the month (January 31) to terminate these benefit enhancements
  - If held to that date, then these benefit enhancements would end before other COVID-19 benefit enhancements implemented for the GHIP that are tied to the National Emergency Declaration (which currently ends on March 1, 2023; enhancements end 60 days afterward, at the end of April 2023)
- The cost of retaining these benefit enhancements after the end of the month in which the PHE ends is outlined below; estimates have been provided for a 3-month extension (to align with the end of the National Emergency Declaration benefits enhancements) and for a 5-month extension to the end of the FY23 plan year

Benefit Plan	Change	Optional / Legislation	Approval Date for Change	Start Date	Cost for 3-month extension (Feb-Apr 2023)	Cost for remainder of FY23 (Feb-Jun 2023)
EAP	Coverage for all SOD employees	Optional	3/18/2020	3/19/2020	\$16,800	\$27,100
Medical	No member cost share for office visits (PCP, urgent care, ER) that result in either order or administration of COVID-19 test or for treatment of COVID-19 or associated health complications	FFCRA <sup>1</sup>	3/18/2020	3/18/2020	n/a <sup>2</sup>	n/a
Medical	No member cost share for in-network, inpatient services related to treatment of COVID-19 or associated complications	Optional	4/2/2020	4/2/2020	\$0.2m <sup>3</sup>	\$300,000
Medical	No member cost share for any telehealth visits	Optional	3/20/2020	3/20/2020	\$150,000 (est.) <sup>4</sup>	\$250,000

1 FFCRA = Families First Coronavirus Response Act.

2 Not valued separately – cost included in medical estimate for expanding in-network inpatient treatment of COVID-19 shown above.

3 Based on estimated 2022 COVID-19 inpatient admits from Highmark/Aetna November 2022 reporting

4 Telehealth visit cost estimate based on 2022 utilization through Nov., provided by Aetna and Highmark, annualized; assumes cost sharing applies to all telehealth visits (\$15 copay HMO, \$20 copay PPO, 10% coinsurance CDH Gold and First State Basic); assumes average \$90 allowed cost per telehealth visit for coinsurance amounts; reflects offsetting savings for reduced cost of virtual behavioral health visits relative to in-person behavioral health visits based on Merative reporting.

# COVID-19 benefit enhancements under the GHIP

## Modified end date considerations – pre-tax commuter (PTC) benefit

- Earlier in the pandemic, some participants in the PTC benefit had stopped their PTC contributions and had a balance of unused funds
- The SEBC previously decided to allow all PTC plan participants access to any unused PTC funds to pay for services incurred prior to restarting contributions, which has historically been required in order to be eligible for submitting claims for reimbursement using PTC funds
  - As of November 16, 2022, the State’s PTC benefits administrator (ASIFlex) confirmed that there are no employees currently who have any remaining unused funds, though ASIFlex indicated the possibility that there could be between now and the end of the emergency declaration
- A participant in the PTC benefit would need to re-start contributions in order to incur expenses when they start commuting again
- Employee communications have indicated that this claim incurrence extension will remain in place through the end of the COVID-19 National Emergency
- As the expiration dates of the COVID-19 emergency declarations approach, the SEBC should consider whether there is a desire to reinstate a claim submission deadline or allow the remaining PTC participants to fully exhaust all unused funds

# COVID-19 benefit enhancements under the GHIP

## Incremental cost of COVID-19 vaccines and oral antivirals once PHE ends

- At the end of the PHE (currently January 11, 2023), federal government funding for the ingredient cost of COVID-19 vaccines and COVID-19 oral antivirals will end
  - Will result in increased cost to the GHIP to maintain current coverage of these products
  - Additionally, the end of the PHE marks the end of the requirement for group health plans to cover over-the-counter (OTC) COVID-19 test kits that can be self-administered and self-read without the involvement of a health care provider
- Initial estimated range of annual incremental cost to the GHIP: \$2.4 million - \$8.3 million
  - Ingredient cost of COVID-19 vaccine estimated at \$110-130/shot (Pfizer's estimated<sup>1</sup> range of commercial cost per dose)
  - Ingredient cost of COVID-19 oral antivirals estimated at \$530/course of treatment (federal government's negotiated rate<sup>2</sup> for Paxlovid; future cost under commercial insurance is expected to be higher)
  - Future GHIP utilization estimated based on national average bivalent booster rates reported by the CDC<sup>3</sup> and annualized GHIP utilization rate of oral antivirals during CY2022
  - Assumes GHIP coverage of OTC test kits will cease when PHE ends (estimated annual spend for CY2022: \$800,000, factored into the above range as an offset to the increased cost of COVID-19 vaccines and oral antivirals)

<sup>1</sup> <https://www.reuters.com/business/healthcare-pharmaceuticals/pfizer-expects-price-covid-vaccine-110-130-per-dose-2022-10-20/>

<sup>2</sup> <https://www.npr.org/sections/health-shots/2022/02/01/1075876794/feds-contract-with-pfizer-for-paxlovid-has-some-surprises>

<sup>3</sup> [https://covid.cdc.gov/covid-data-tracker/#vaccinations\\_vacc-total-admin-rate-total](https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-total-admin-rate-total). Low end of range based on CDC booster rates for the following age ranges: 5-17 years old, 18-64 years old, 65+ years old and assumes 1 booster per person per year. High end of range doubles the CDC booster rates for the same age groups and assumes 2 boosters per person per year.



# Next steps

- Continue monitoring status of both COVID-19 emergency declarations (PHE and National Emergency Declaration)
- Continue monitoring GHIP utilization of COVID-19 vaccines, oral antivirals and OTC test kits as well as potential future ingredient costs of the vaccines and oral antivirals under commercial insurance
- Updates to the SEBC will be provided as further details become available