

*Opinion*

## Payer Coverage to be Fundamentally Changed by COVID-19

By Ron Vance August 24, 2020

Most healthcare companies have had to quickly adapt to new and often difficult economic and public health realities throughout the COVID-19 crisis. But how will coronavirus ultimately impact health insurers and managed care organizations, who are not currently experiencing the same level of financial distress as other sector participants?

Payers are experiencing short-term cash windfalls as a result of record-low claims expenses. But, are they preparing for the coming economic recession that will undoubtedly negatively impact health plan revenue through a shifting mix of membership? Health plans should use this crisis to think strategically, not only about their current products and sources of revenue, but about new insurance products and market niches.

COVID-19 has revealed the fragility of the American medical system and the significant risks around access, which consumers didn't previously recognize. A never before imagined trifecta of collapse occurred:



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1. demand rapidly exceeded supply (ventilators, ICU beds)
2. infrastructure limitations were grave as all non-urgent care was shuttered
3. A breakdown in the global supply chain left gaps in much needed supplies, such as Personal Protective Equipment (PPE) and medications. This exposed risks to **access**, which many healthcare consumers never had to contemplate before and which health insurance companies were poorly prepared to address.

### **Insuring Against Risk**

Health insurance is often viewed as a way to limit the financial risk of disease and accidents but the pandemic has brought to light the additional risk that at any time a broader societal event could create significant limits on access to care. This is not a risk that current managed care products are built to insure against. However, recent realities of insufficient hospital beds, ventilators, testing diagnostics and equipment has awakened consumers to a weakness in the health insurance system. As consumers return to their daily lives, some may want to insure themselves against this risk in the future, and could look to health insurance companies to provide that.

In the coming months, innovative companies might look to design products to meet these newly realized needs by finding ways to ensure access to things once considered dependable, such as hospital ICU beds, medical equipment, rapid availability of tests and in-home services and supplies, such as PPE. Guaranteed access to healthcare products, and not just services, in future times of crisis may become a differentiator - one that consumers may be willing to pay a premium for.

### **Alternative Access to Care**

Supplemental insurance plans in socialized government-sponsored health insurance markets may provide a blueprint for how insurers can create products that go beyond "table stakes" access. What if there was a way of structuring insurance policies in the United States to provide even more of a safety net than traditional plans? Suppose insurers appealed to the emotional response that insurance invokes, rather than purely the traditional proposition of financial security, and taking responsibility for ensuring access.

What if insurers claimed responsibility for providing consumers the opportunity for guaranteed access to whatever they need at the most critical times (e.g. during times of societal crisis). Ventilator shortage? No problem, your insurance covers worst case scenarios.

Consider these additional products insurers may offer:

1. Enhanced testing and diagnostics: The importance of access to testing became abundantly clear during the pandemic. With an enhanced testing product option, consumers could opt to pay for access to virus testing, but also antibody testing, genetic testing, etc.

2. A curated clinician network: At the peaks of this pandemic, having access to your primary doctor is not guaranteed, with even less access across different specialties, like respiratory therapists. With a curated network, consumers would have access to a designated group of clinicians designed to meet their needs, providing seamless care in the face of a pandemic or other times of need.

3. Supplies Unlimited: An enhanced product could offer access to stockpiles of supplies that may be needed in a crisis, such as PPE, ventilators or certain medications. The worry of not being able to protect yourself or have the proper treatments and life-saving equipment available could be alleviated.

4. Priority Access: As more people are covered by products designed for the masses, supplementing with a Priority Access option would provide the opportunity to pay for faster access to high quality care.

Pre-pandemic, a niche market for such products may have existed with high net worth individuals. As we emerge from the crisis, however, the American consumer's mindset may have shifted and access-based products could have much broader appeal, creating a valuable market for insurers looking to invest in the future of insurance.