



Catastrophic Risk Protection

in a Post-Pandemic World

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Today's Speakers



Eric Berg

*Senior Vice President,
Reinsurance, Partnerships
and Operations,
HM Insurance Group*

At HM, Eric is responsible for the executive oversight of all operational areas, as well as the company's reinsurance and Blue Cross and Blue Shield partner relationships. With more than 20 years of industry experience, Eric's areas of expertise include all facets of reinsurance, operations management, product development, compliance, billing, commissions, claims and cost containment.

He is a graduate of the University of Notre Dame and has a J.D. from Rutgers University Law School – Newark.



Greg Sullivan

*Senior Vice President,
Business Enablement,
HM Insurance Group*

In his role at HM, Greg is responsible for providing direct oversight, accountability and coordination of business activities related to the execution of the company's strategic initiatives, as well as the executive leadership of HM's Underwriting, Actuarial Services and Marketing & Communications teams. With more than 30 years of insurance experience (the last 20 in medical Stop Loss), Greg's areas of expertise include all facets of Stop Loss, actuarial services, underwriting, life and health insurance, reinsurance, risk management and finance.

Greg is a graduate of Lafayette College in Easton, Pennsylvania, and is a member of the American Academy of Actuaries.

What We're Covering



COVID-19 claims data, details and outcomes



Market trends, including COVID-related changes to the workplace, prolonged medical challenges like Long COVID and the influence the pandemic has had on the pharmaceutical industry



The current state of the market and what is anticipated moving forward



Being proactive with risk management by selecting the right Stop Loss carrier

Audience Poll

What side are you on in the industry?

- Producer/Broker
- Third Party Administrator
- Self-Funded Employer
- Stop Loss Carrier
- Other

Audience Poll

Where are we?

- Still at the start of the COVID-19 pandemic
- Mid-pandemic
- New phase of the pandemic
- The pandemic is over, and we are learning to live with and manage outbreaks of COVID-19

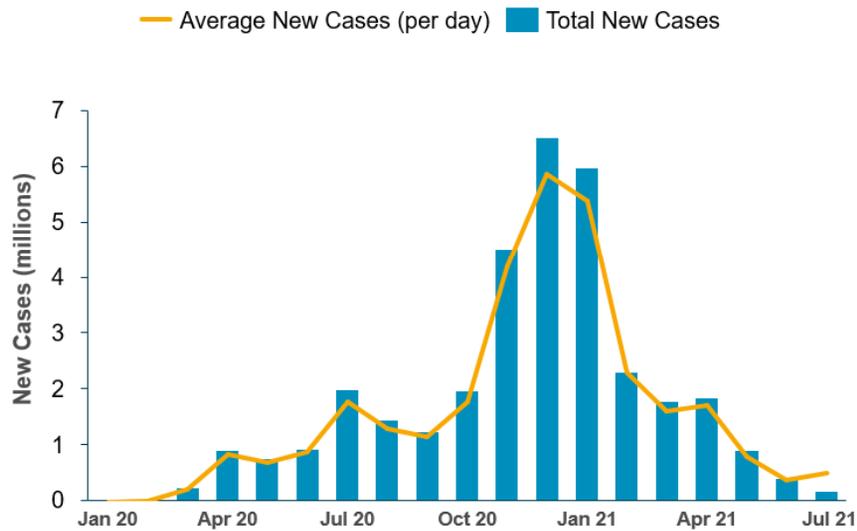
Studying the Data

Observations Create Strategies for the Future



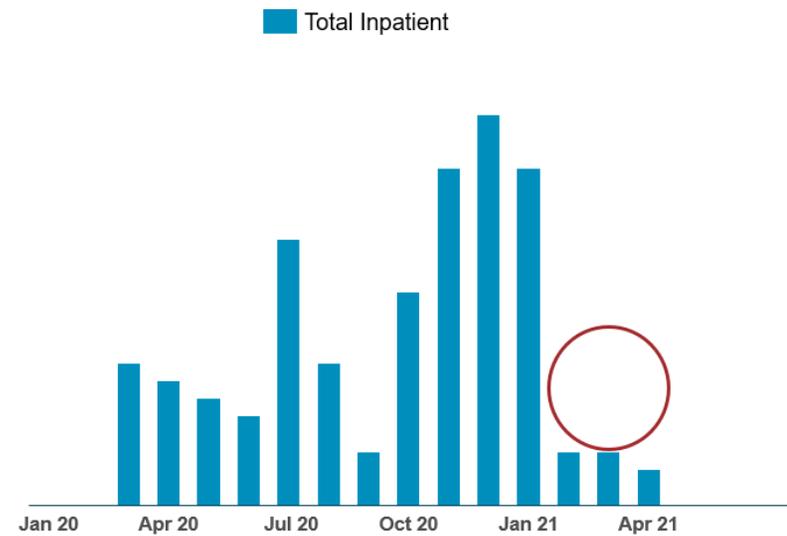
COVID-19 Cases and Claim Trends

U.S. New Reported COVID Cases



Source: Centers for Disease Control and Prevention COVID Data Tracker as of July 12, 2021

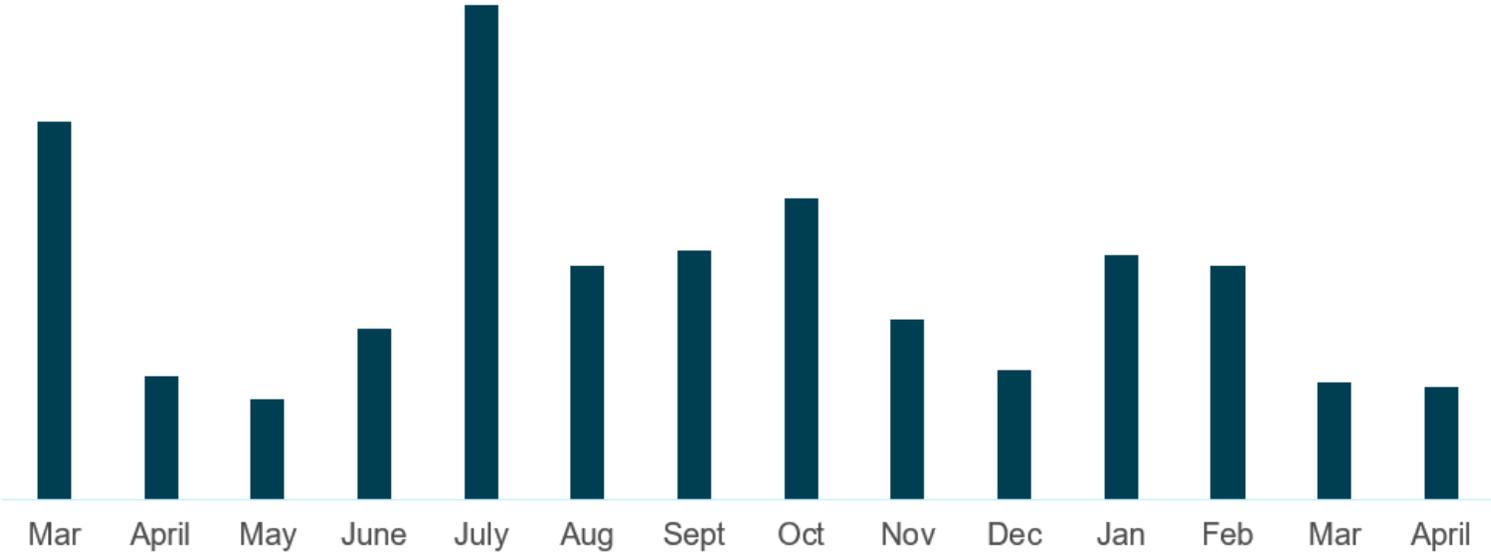
HM Number of COVID Claims by Inpatient Start Month¹



¹Inpatient start month and total claim costs for claimants where COVID-19 was the cost driver
Source: HM Insurance Group internal reporting, July 2021

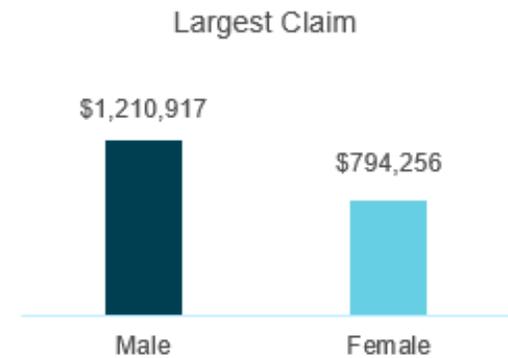
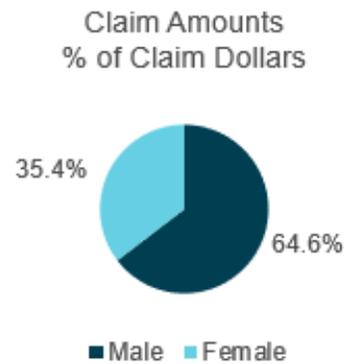
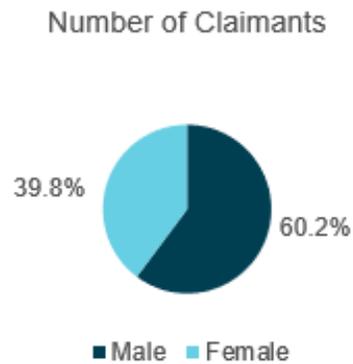
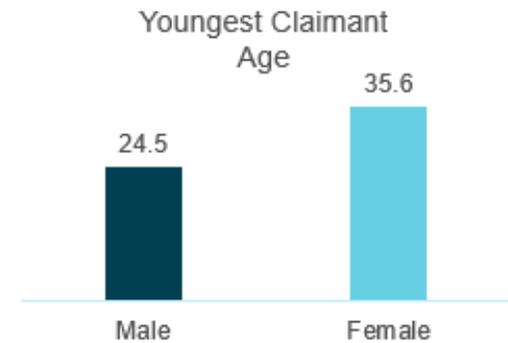
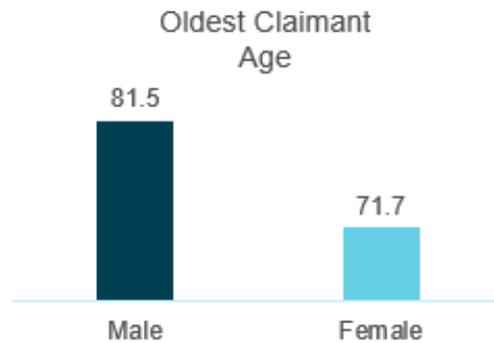
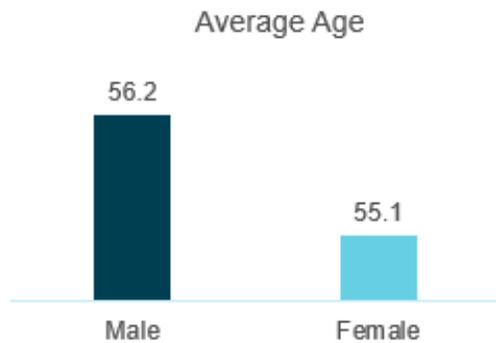
HM's COVID-19 Claim Impact

**Average HM Claim Cost by Inpatient Start Date:
March 2020 – April 2021**



Source: HM Insurance Group internal reporting, July 2021

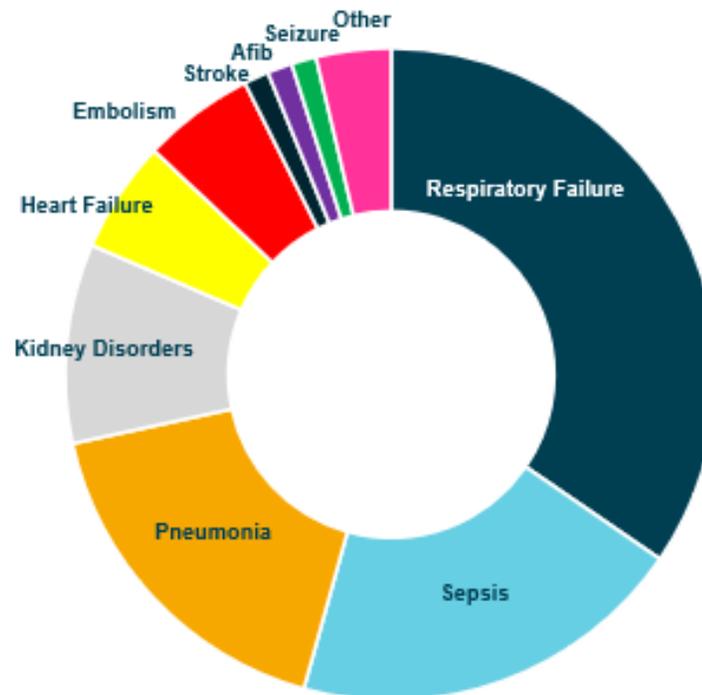
HM COVID-19 Claims by Sex



Source: HM Insurance Group internal reporting, July 2021

COVID-19 Clinical Impacts and Co-morbidity Observations

Primary Observed Clinical Impacts of COVID



*At least 2 claimants appear to have **acquired COVID while inpatient** or at a skilled nursing facility (SNF).*

Source: HM Insurance Group internal reporting, July 2021

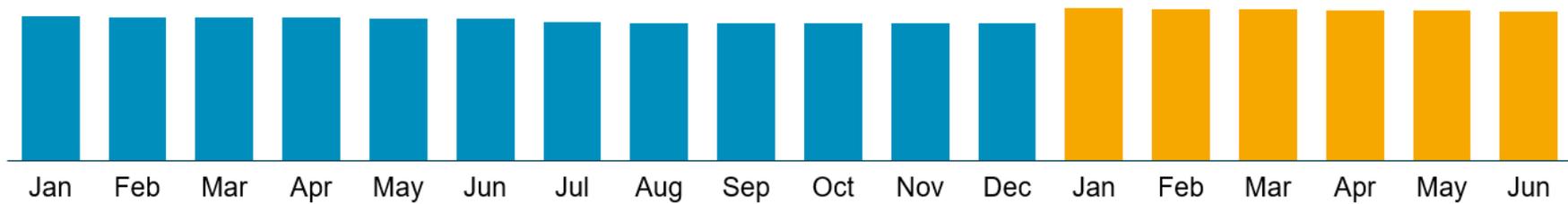
Observing the Market

Watching Trends to Make Predictions



COVID-19 Has Not Significantly Impacted HM Business Volume

Number of Stop Loss Covered Lives January 2020 – June 2021



Source: HM Insurance Group internal reporting, July 2021

Workforce Changes and Challenges

- **Younger workers** and **those with less education** saw **employment declines** early on, but rates have since recovered
- The pandemic **accelerated retirement** for some older workers, many of whom didn't want to risk going to work and getting sick, but **older workers remain on the rise** in general
- Early in the pandemic **women faced larger employment decreases** than men, particularly due to challenges in industries more heavily employed by females such as hospitality, retail and non-emergency health care

Source: "Workplace Demographics: How COVID's Impact on Workers Will Leave a Lasting Impact on the Workforce for Years to Come," Courtney DuChene, Risk & Insurance, April 16, 2021, <https://riskandinsurance.com/workplace-demographics-how-covids-impact-on-workers-will-leave-a-lasting-impact-on-the-workforce-for-years-to-come/>, accessed August 19, 2021

State of the Job Market through Q2 2021

- Majority of U.S. **workers feel comfortable** with **in-person** work
- **Incentives for vaccination** may be effective in the workplace
- **Hospitality jobs are not popular**, and increased wages may not bring back former workers
- The pandemic created a **need for employers to reevaluate workplace benefits**, with health care, sick/parental leave and flexible schedules ranking at the top of desired benefits
- **Confidence is growing in job seekers** even though the market remains tough

Source: "Q2 2021 United States Job Market Report," Joblist, July 8, 2021, <https://www.joblist.com/jobs-reports/q2-2021-united-states-job-market-report>, accessed August 19, 2021

Prolonged Medical Challenges with Long COVID



Many people who experienced COVID-19 with different levels of severity are now experiencing lingering issues for weeks or months following their positive test



This situation has been dubbed “Long COVID” due to the prolonged impact on the lives of those experiencing it

3

The CDC has identified three types of post-COVID scenarios:

1. Long COVID
2. Multi-Organ Effects
3. Effects from Treatment/Hospitalization

Long COVID's Impacts on People and the Workplace

- There is a **wide array** of symptoms and severity
 - Will these patients qualify for disability benefits?
- *Fortune* shared an example of a man who now has **Stage 3 kidney disease**, and doctors are not sure if it's tied directly to COVID-19 or the medication he was using to control the migraines he began experiencing as a result of Long COVID
- Some studies are showing that **working remotely can help** with fatigue due to removal of stressful commutes; however, employers **may need to consider in-office measures** to help with Long COVID challenges as well, such as shorter workdays and more breaks throughout the day

Source: "As Employees Return to Work, HR Managers Prepare to Deal with 'Long Covid,'" Megan Leonhardt, *Fortune*, August 4, 2021, <https://fortune.com/2021/08/04/long-covid-employees-return-to-work-hr/>, accessed August 18, 2021.

The Pandemic Created a Pause in Gene and Cellular Therapy Approvals

Reasons for the Delay:

1. The FDA paused all on-site inspection certifications during the pandemic shut down
2. The FDA prioritized pharmaceutical manufacturer applications to those that were completed
3. Ongoing gene and cellular therapy data presented by manufacturers to the FDA revealed that they have not been proven curative, though they may make a disease less severe or progress more slowly
4. The FDA first delayed Roctavian (Hemophilia A gene therapy) and then at the later date determined longer study times with more subjects are warranted
5. During the clinical trials, in-person follow-ups, hospital staffing demands and associated risks were reassessed early in the pandemic
6. The FDA had to allocate some of the Center for Biologics Evaluation and Research (CBER) resources for pandemic-specific products

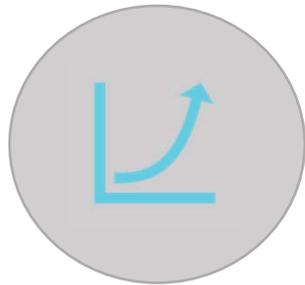
Source: "The Untapped Potential of Cell and Gene Therapy," Larry Hanover, *Evidence-Based Oncology*, February 2021, Volume 27, Issue 2.

Moving Forward

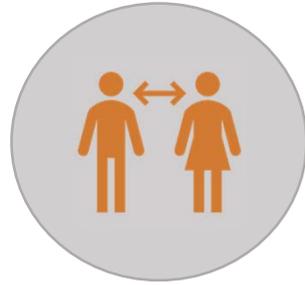
Thinking Beyond the Pandemic



From Pandemic to Endemic?



Not long after we stopped wearing masks, variants created spikes in hospitalizations



COVID continues to spread and flare up at different times and in different places – and it will likely continue to do so for many years to come



Experts estimate that to truly get control, more than 85% of people would need to be vaccinated, but vaccine hesitancy and lack of global access make this unlikely in the near future



So, we are learning to live with the disease and manage its impact on society

Source: "The Delta Variant and Beyond, Learning to Live with COVID," *The Wall Street Journal*, <https://www.wsj.com/articles/the-delta-variant-and-beyond-learning-to-live-with-covid-11628866931>; accessed August 18, 2021.

Delta Variant Creating Cost Impact Concerns

- While COVID-19 costs have largely been less than initially anticipated (in general), the Delta variant is causing many to **anticipate higher costs in coming quarters** with increased hospitalizations
 - Higher numbers are occurring in the parts of the country with lower vaccine percentages
- However, **vaccines have further opened the door for a demand in elective medical care**, which brings other potential cost increases into the equation

Source: "Centene Says COVID-19 Costs Could Rise in Coming Quarters as Delta Poses Threat," Reuters, July 27, 2021, <https://www.reuters.com/business/centene-says-covid-19-costs-could-rise-coming-quarters-delta-poses-threat-2021-07-27/>, accessed August 18, 2021.

Selecting the Right Stop Loss Carrier

*Determining a Partner for Protecting Financial
Well-Being in a Changing and Challenging Market*



What Do COVID-19 Trends Mean for Self-Funded Groups?

- Employers are working to provide coverage to their employees in a changing and challenging time – regarding both health care and health benefits
- Catastrophic risk protection is more important than ever
- Beyond the impacts of COVID-19, the market continues to experience growth in high-cost, often multimillion-dollar, claims
- Working with the right Stop Loss carrier is essential in protecting against the impact of those costs

The Right Stop Loss Protection Is Essential for Guarding the Financial Health of Self-Funded Employers Facing the High-Cost Claims Trend



Brokers and self-funded clients should have confidence in the quality of the Stop Loss coverage being delivered.



Choose a responsive Stop Loss carrier that demonstrates a dedication to excellence throughout the cycle of business.



If you make a selection based solely on a spreadsheet view of “competitive pricing,” the cost may be too great.

Selecting the Right Carrier

What Do Self-Funded Employers Need?

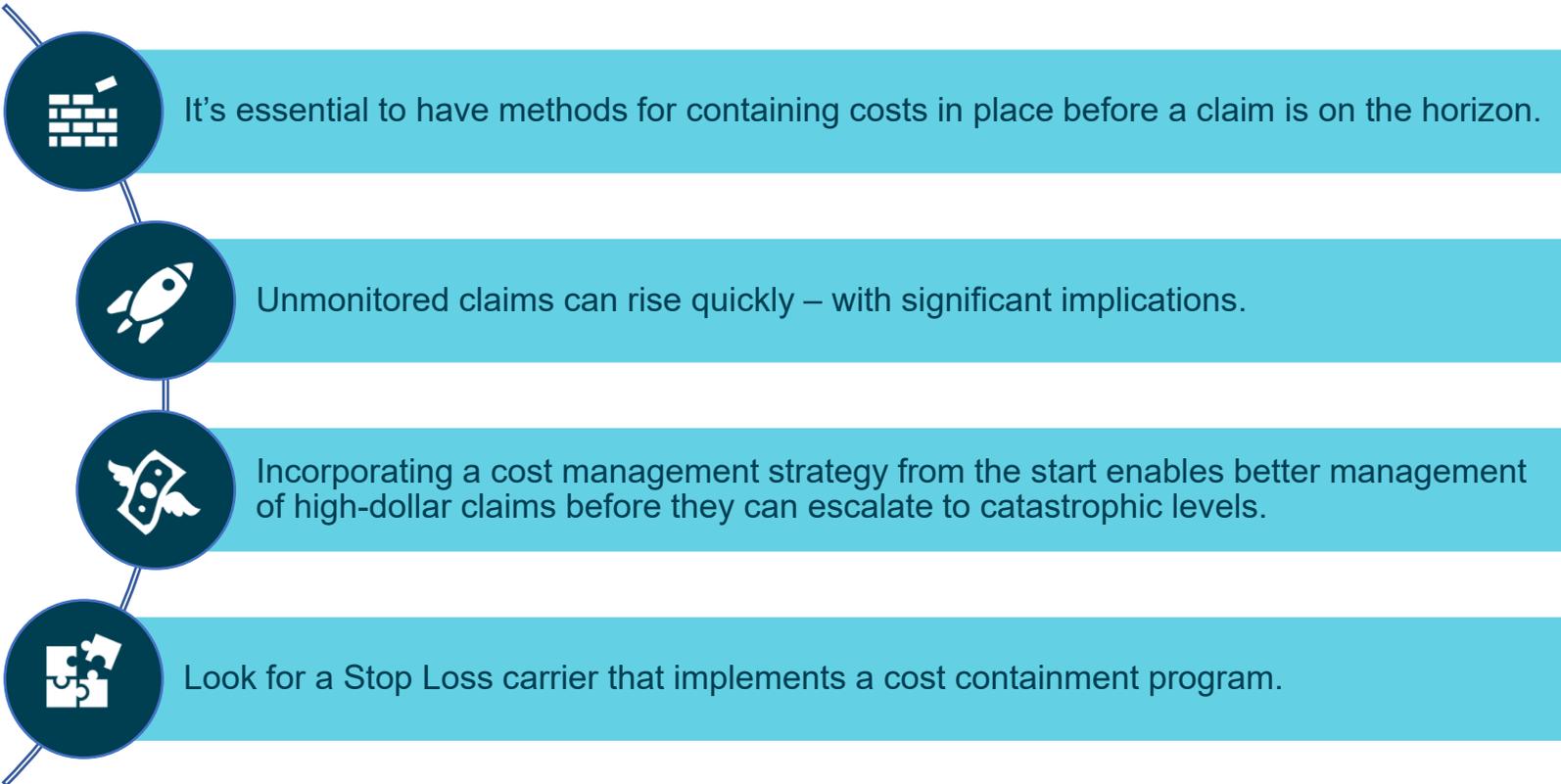
- ✓ Protection from claim costs that exceed deductible levels
- ✓ A responsive team that gets claims paid quickly and accurately
- ✓ Expertise in cost containment practices
- ✓ A safeguard for the financial health of the company

Look for a Steward of Financial Well-being

- ✓ Financial protection should be important to everyone involved – the broker, policyholder and carrier
- ✓ The value of the right protection extends far beyond the cost of coverage
- ✓ Top Stop Loss carriers protect their clients with sound premium pricing that appropriately protects their ability to provide the necessary protection as claim costs rise



The Importance of Proactive Cost Containment



The Pandemic's Influence



WHAT WE'VE LEARNED

It's important to carefully watch trends, make necessary accommodations and be engaged with team members, partners and clients in order to better understand challenges and problem-solve, working to ensure successful outcomes, even in uncertain times.



HOW WE'VE CHANGED

Because we've been placed in a challenging situation that has demanded quick and flexible decision-making, we are now more nimble, which creates a greater capacity for achieving goals and exceeding expectations.



WHAT IT LOOKS LIKE TO PROVIDE STOP LOSS IN A POST-PANDEMIC WORLD

Living in and working through the pandemic has provided us with a new perspective on risk and the way one issue quickly can lead to additional challenges. Delivering the right Stop Loss protection requires anticipating the future, having the capabilities to react to the unanticipated and be willing to have important conversations, so clients can understand their risk and better manage costs as they look to protect their bottom line from the financial risk of catastrophic claims.

Closing

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