McKinsey & Company

COVID-19 Crisis: US Healthcare Provider and Payer Preparedness

Chapter 3 – Payer Implications

DOCUMENT INTENDED TO PROVIDE INSIGHT AND BEST PRACTICES RATHER THAN SPECIFIC CLIENT ADVICE

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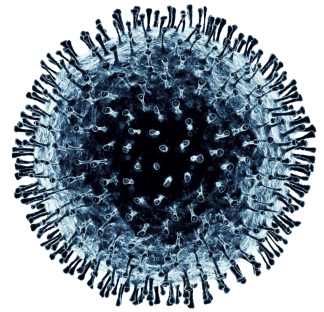

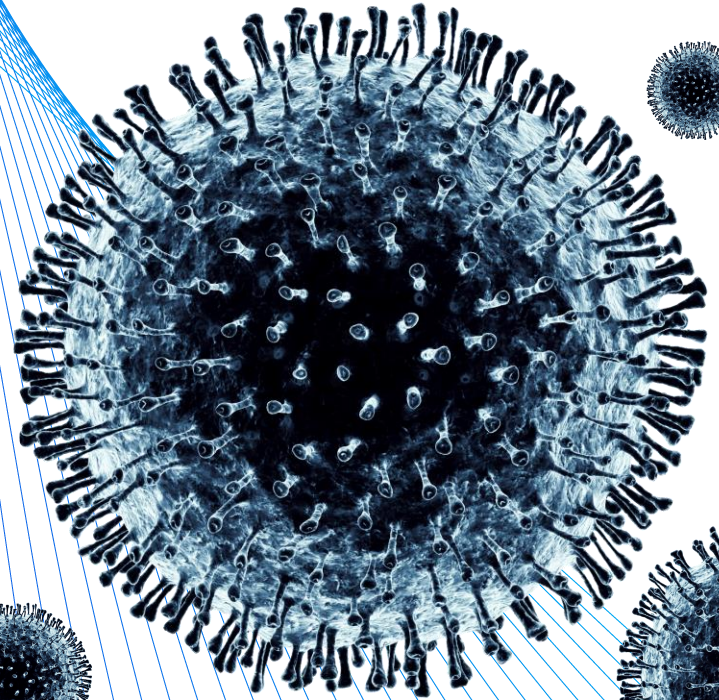

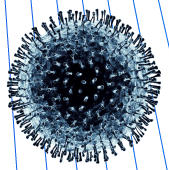

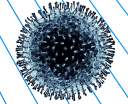

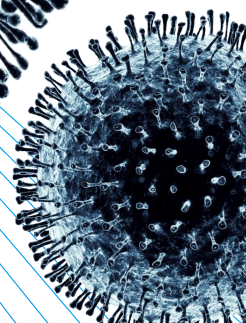

Solving the humanitarian challenge is the top priority. Much remains to be done globally to prepare, respond, and recover, from protecting populations at risk, to supporting affected patients/ families/ communities, to developing a vaccine. To address this crisis, countries including the US will need to respond in an evidence-informed manner, leveraging public health infrastructure and proactive leadership.

This document is meant to help with a goal: provide a summarized fact base on the disease to date, insights on potential scenarios, and potential actions US healthcare providers and payers may consider.

In addition, we have developed a broader perspective on implications for businesses across sectors that can be found here: https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business**.** This supplemental material discusses implications for the wider economy, businesses, and employment; and sets out some of those challenges and how organizations can respond in order to protect their people and navigate through an uncertain situation.

For all formal guidance, you can find **up-to-date information at CDC's COVID-19 website**, with a section specific to healthcare professionals: https://www.cdc.gov/coronavirus/2019-ncov/healthcare-facilities/index.html

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In this document

There are ten tactical actions for payers to consider in anticipation of COVID-19 transmission (details follow)

Care delivery and provider engagement

Ensure appropriate access to COVID-19 care through lower financial barriers (e.g., co-pays), **other important non-COVID care** impacted by COVID-19

Engage your network of providers to coordinate response and support the execution of latest clinical/ operational recommendations

Address members' behavioral health needs

Member and customer engagement

Engage members by leveraging digital tools and analytics (e.g., online information hub, tele-consultation)

Reach out to employers proactively, sharing evidence-based guidelines to prevent community transmission

State/ local leadership engagement

Maintain open channels with state/ local public health authorities

Convene state/ local leaders including other healthcare CEOs, business leaders, and state officials

Employee engagement and operations

Engage your employees to reassure and prepare them, updating work-from-home, sick leave policies and supporting their physical / behavioral health

Develop contingency plans and set up Emergency Operations Center to prepare for operational disruption (e.g., workplace closures)

Real-time scenario forecasting

Define range of transmission scenarios and associated impact (e.g., analyze impact on 6-18 month provider supply/demand and plan reserves, anticipate upcoming filings, anticipate and plan for new customer needs)

While the following pages focus on insured members, it is also important to consider impact on the broader community, including the uninsured population

Key questions to ask leaders in your organization

Care delivery and provider engagement	How can you support/ensure appropriate access to care for COVID-19 and other acute/chronic care? How can you support your network of providers to flatten the curve (i.e., limit unnecessary community spread) and draw it out (i.e., mitigate the pace of transmission to manage demand surge)?
Member and customer engagement	How do you engage members and employers to highlight virtual options, enable evidence-based best practices, and dispel misinformation – especially among vulnerable populations (e.g., seniors, uninsured populations, rural populations, people who speak English as a second language)?
Employee engagement and operations	What can you do as employer to limit unnecessary community spread and prepare for operational risks? How can you prepare your employees and operations for different scenarios and contingencies?
State/ local leadership engagement	How can you engage and appropriately support local businesses, state officials and public health authorities?
Real-time scenario forecasting	How can you anticipate COVID-19's impact on plan reserves? How can you develop predictive models to anticipate the 6-18 month provider supply/demand impact of COVID-19 in your high density geographies? What can you do to get ahead of upcoming pricing timelines and deploy solutions to help customers manage through economic uncertainties?

Deep dive: Tactical actions for payers to consider – Care delivery and provider engagement (1/2)

Individual · Commercial Group SF & FI · Medicare · Medicaid

Ensure appropriate access to COVID-19 care and other acute/ chronic care

COVID-19 care

- **Lower financial barriers** (e.g., eliminating co-pays for testing and treatment, waiving Out-Of-Network requirements, deferring premium payments) **and clearly communicate changes to members** — Individual · Commercial Group SF & FI · Medicare · Medicaid
- **Develop specific guidance to clarify coverage** and ensure appropriate access to care components such as: — Individual · Commercial Group SF & FI · Medicare · Medicaid
  - Ambulatory / urgent care / emergency evaluations for COVID-19
  - Use of diagnostic testing, including COVID-19 testing and other associated diagnostics (e.g., rapid flu, rapid strep)
  - Medical necessity requirements for COVID-19 related medical treatments
- **Consider offering discounted food delivery services** to support self-isolating Medicaid, individual, and high-risk Medicare members — Individual · Medicare · Medicaid
- **Ensure clear guidance is available to members** (e.g., up-to-date website, opt-out push notifications, up-to-date 24/7 hotlines, sufficient call center and translation services capacity) — Individual · Commercial Group SF & FI · Medicare · Medicaid

Other acute/ chronic care

- **Minimize barriers to non-COVID-19 acute/ chronic care** (e.g., modify prescription refill processes to allow for 90-day refills, potentially expand mail order drug delivery) — Individual · Commercial Group SF & FI · Medicare · Medicaid
- **Ensure continuity of care** for MLTSS members through prudent continuation of in-home services (e.g., personal care visits, home health visits) and alternative service — Medicaid
- **Extend pre-certification for disrupted elective procedures** — Individual · Commercial Group SF & FI · Medicare · Medicaid
- **Proactively prevent member exposure and prevent member exposure to high-risk environments** (e.g., telemedicine, food and drug delivery to highest-risk members to avoid exposure) — Individual · Commercial Group SF & FI · Medicare · Medicaid
- **Offer home monitoring devices** for members with chronic conditions — Individual · Commercial Group SF & FI · Medicare · Medicaid
- **Offer transportation to appointments** to help members avoid public transit — Medicare · Medicaid
- **Coordinate care for dual-eligible members** in non-integrated plans — Medicare · Medicaid

Deep dive: Tactical actions for payers to consider – Care delivery and provider engagement (2/2)

Individual · Commercial Group SF & FI · Medicare · Medicaid

Proactively engage your network of providers

- **Disseminate updates** on approach to response and any changes to medical policies to provider networks broadly and regularly
- **Coordinate response early** to align on management of constraints given existing and surge capacity, offering virtual check-ups/ tele-medicine visits, conducting virtual triage of cases, etc.
- **Schedule regular calls with provider leadership** – both clinical (e.g., CMO) and administrative (e.g., CFO, Chief Managed Care Officer) – to seek input on how payers could best support them
- **Collaborate with providers to set up rapid testing** for members
- **Prepare contingency plans to potentially relocate members** (in coordination with local health officials) away from facilities (e.g., SNFs) where infections mount
- **Temporarily shore up financial position of vulnerable and safety net providers** (e.g., expedited payment, delay retrospective payment integrity actions, extend retro auth timelines)
- **Auto-authorize for treatments related to COVID-19**

Address members' behavioral health needs

- **Provide self-service support and educational materials** for members experiencing mild symptoms related to the crisis (e.g., mild anxiety or depressive symptoms, loneliness)
- **Proactively clarify and/or increase access to behavioral health support** (e.g., LCSW tele-visits, free bilingual helpline)
- **Develop and implement protocols** to identify and route patients who need behavioral health support, in addition to or in lieu of medical services
- **Address social isolation among seniors** by partnering with social-focused vendors (e.g., Papa Pals) and offering other support (e.g., companion tele-visits, virtual communities)

Deep dive: Tactical actions for payers to consider – Member and customer engagement

Individual Commercial Group SF & FI Medicare Medicaid

Engage members by leveraging digital tools and analytics

Proactively reach out to and support members, especially high risk segments **by leveraging omnichannel education and engagement tools** such as:
- Online information hub that links to the latest information (e.g., CDC page) and lists behaviors that prevent transmission of respiratory viruses (e.g., FAQs about masks)
- Text updates to provide up-to-date information
- Self-assessment tools and self-navigation portals that direct members to resources
- Call centers and nurse hotlines that are resourced and trained to meet increased member needs

Promote the use of digital tools (e.g., tele-medicine) through the payer portal for online consultations

Assess internal capabilities given potential surge scenarios to ensure sufficient capacity and education on the reactive side (e.g., call centers)

Engage Medicare members likely to drop plan coverage to consider staying enrolled

Support transition of members to Medicaid and Individual if necessary

Proactively reach out to employers

Work with employers to send out regular updates to employees and retirees on COVID-19 and efforts being launched, including **ways to meet behavioral health needs**, using multiple channels

Share evidence-informed guidelines with employers to prevent community-based transmission (e.g., World Health Organization recommendations with respect to workplace readiness[1])

Proactively problem-solve with a target set of employers on how to jointly improve response for employees and retirees (e.g., offer workplace protection measures, set up testing sites if situation escalates, educate on availability of tele-medicine services)

Communicate payers' own work-from-home and sick leave policies to their employer customers and include supporting evidence base, enabling customers to make their own decisions

1. World Health Organization, "Getting your workplace ready for COVID-19", February 2020

Deep dive: Tactical actions for payers to consider – State/ local leadership engagement

Relevant across lines of business

Maintain open channels with state

Understand state preparedness plans, including triggers, locations, and capacity of isolation facilities in the event that widespread transmission occurs; create links for communication and resource mobilization

Align on anticipatory guidance that would be shared between state, providers, and members

Actively engage State Medicaid leadership to ensure appropriate access to COVID-19 related and other acute/ chronic care for elderly and vulnerable populations (e.g., uninsured, rural areas with poor access, people who speak English as a second language)

Convene state / local leaders

Identify and link into the city / state nerve center coordinating across public sector, non-profits, and private sector – including areas to collaborate (e.g., leveraging empty hotels / school gyms / stadiums for SNFs relocation contingency plans or to de-densify homeless shelters; working with retailers to donate food near expiration date or good with damaged packaging)

Assume a leadership role in the city or state by convening other CEOs and healthcare leaders to identify and communicate how your organizations may work more urgently together in an urgent high transmission scenario (e.g., better flows of information, better marshalling or coordination of resources, shared contacts of executives on point)

Ensure operational readiness for potential policy levers states/CMS may be considering (e.g., expanding presumptive eligibility, eliminating cost sharing, expanding Medicaid eligibility) and support in designing, modeling, and implementing

Ensure all tests and test results are reported to public health authorities

Deep dive: Tactical actions for payers to consider – Employee engagement and operations

Individual · Commercial Group SF & FI · Medicare · Medicaid

Engage employees

Reassure workforce on preparedness response, communicating frequently and with right specificity

Pilot care management efforts with own employee base

Update work-from-home/ sick leave policies to clarify expectations and to avoid wider transmission, including anticipated impact on employees with children balancing childcare needs (e.g., consider paid childcare policies, flexible working hours, part-time models, etc.)

Prepare workforce for potentially changing customer needs in the near future

Support the physical and behavioral health of impacted employees and their families, as well as BH needs of the broader workforce given expected spike in response to crisis situation

Relevant across lines of business

Develop contingency plans and set up an Emergency Operations Center (EOC)

Build perspective on how COVID-19 will impact operations (e.g., claims operations for expanded tele-medicine and testing, coding protocol, risk model impact)

Develop contingency workplace policies, especially around working from home

Identify any modifications to medical management policies (e.g., which elements may be relaxed)

Set up an EOC to coordinate and manage all tactical actions, including:

- **Situation analysis**: Maintain a fact base to generate relevant information to decision-makers
- **Action planning and operations**: Develop detailed playbook of action plans along with triggers
- **Communications**: Set up a "control tower" to monitor situation/ communicate with stakeholders
- **Scenario planning and stress-testing**: Define relevant scenarios and potential implications

Ensure appropriate precautions are taken by professionals (e.g., LCSWs conducting home health visits, case managers) serving home-bound complex populations (e.g., MLTSS, high-risk seniors)

Deep dive: Tactical actions for payers to consider – Real-time scenario planning

Relevant across lines of business

Define range of transmission scenarios and associated impact

Deploy an epidemiology model to understand various scenarios around COVID-19 evolution in high density geographic areas

Develop scenarios around impact on provider volumes due to secondary effects (e.g., deferment of elective surgeries)

Model short and long term financial and reserves impact on plan by LOB and for different age and risk cohorts, including impact on SG&A costs, medical costs, enrollment projections, etc.

Understand impact on in-network providers (e.g., surge capacity requirements, financial viability)

Analyze long-term implications for bid-structure and go-to-market strategy (e.g., refining product portfolio based on COVID-19-driven changes in consumer preferences, reviewing upcoming filings, etc.)