



March 26, 2021

## **To Our Valued Clients and Partners,**

A full year into the pandemic and vaccines are delivering hope and anticipation of a possible return to normalcy this year. Schools and businesses are reopening in measured phases. At the same time, cases are rising in Europe and the CDC is warning US citizens not to drop their guard as COVID-19 variants continue to pose a serious threat.

The race is on to vaccinate all Americans and stave off another case surge fueled by new, more virulent variants. The daily number of new COVID cases in the US had been on a steady decline for the last seven weeks. However, on Wednesday, March 24<sup>th</sup>, we saw a sharp increase from about 52,000 to over 83,000 cases per day. The good news is that an average of two million people are receiving vaccines each day which far outpaces the number of new daily COVID-19 cases.

### **COVID-19 Variants Pose Surge Risk**

Earlier this week, CDC Director, Dr. Rochelle Walensky, spoke about rising case rates in 27 states and warned that as a nation we are at risk of having another avoidable surge in COVID cases as Europe is seeing right now. Walensky also described the spread of variants across the US as a "serious threat to the progress we have made as a nation". The CDC updated its COVID-19 SARS-CoV-2 Variant [Classifications and Definitions](#) on Wednesday and now has three classes of variants: Variant of Interest, Variant of Concern, and Variant of High Consequence.

A newer variant known as B.1.526, first detected in New York in November 2020, was detected earlier this month in more than 30 states and it accounts for 45% of positive COVID cases in New York City. In addition to the B.1.526, two other variants fall into the CDC's new Variant of Interest class. CDC Director Walensky shared that the B.1.526 virus appears to be more virulent than the original COVID-19 virus but not as virulent as the UK variant.

Five variants are currently classified as Variants of Concern by the CDC. The CDC is closely monitoring and reporting on the spread of these variants. The tracked variants are known by the countries or states where they were first detected in the UK (B.1.1.7), Brazil (P.1), and South Africa (B.1.351). Over 8,300 cases of the UK variant have been detected in every state except Oklahoma. The South African variant has now reached 266 cases across 29 states, evading both Oregon and Utah and 79 cases of the Brazilian variant have surfaced in 19 states. The other two Variants of

Concern include B.1.427 and B.1.429, first detected in California in July. These California variants currently account for 52% of the cases in California, nearly 26% of the cases in Arizona, and 41% of the cases in Nevada.

The CDC has not yet classified any variants in the High Consequence category. This week a new COVID-19 variant, described as a 'double mutant' was detected in India. No cases of the Indian variant have surfaced so far in the US and the CDC has yet to classify this latest variant.

## **COVID-19 Vaccinations**

President Biden held his first news conference yesterday, 65 days into his new administration. He doubled his original goal of 100M vaccines in arms within his first 100 days in office to 200M vaccines within his first 100 days. [According to the CDC](#), the US has distributed 177.5M doses, 89.6M people have received a single dose, and 48.7M have received both doses, or approximately 18.8% of the US population over age 18 that are fully vaccinated to date. Across our region, the full vaccination rate over age 18 in Washington is at 20.1%, Idaho is at 20% Oregon is at 18.7%, and Utah is at 14.5%.

## **Vaccine Efficacy – What You Should Know**

The FDA has granted Emergency Use Authorization (EUA) status for people over age 16 to three vaccines:

1. [Pfizer BioNTech COVID-19 Vaccine](#) (two doses, ages 16 and older)
2. [Moderna COVID-19 Vaccine](#) (two doses, ages 18 and older)
3. [Janssen COVID-19 Vaccine](#) (Johnson & Johnson single dose, ages 18 and older)

What's most important is that all three vaccines have near 100% efficacy at preventing hospitalization and death from COVID-19 infections. Also, extremely important is that the vaccine trials were very different for the J & J vaccine compared to the Pfizer and Moderna vaccines.

Deborah Fuller with the Department of Microbiology explains in this excellent [VOX video](#) that the Moderna and Pfizer BioNTech vaccine trials were conducted primarily in the US and during a lull in US COVID-19 cases when it was less likely that anyone would contract COVID. The J & J vaccine trial, however, was conducted in the US during the COVID-19 spike in the winter and most of the J & J trial took place in South Africa and Brazil while more virulent variants were rampant.

If you or your people are hesitant to get the J & J vaccine, we encourage you to take three minutes to watch [this video](#) and learn more about the available vaccines. Pfizer and BioNTech announced yesterday that they have started a trial of their COVID-19 vaccine for children ages 6 months to 11 years. This follows Moderna's announcement last week that it is beginning a trial including children ranging from 6 months to 12-years old.

## **Vaccine Eligibility and Access**

On March 25<sup>th</sup>, President Biden announced [\\$10 billion in funding](#) to expand access to COVID-19 vaccines to the hardest-hit and highest-risk communities in the US. Much of this funding will go to the 950 Community Health Centers included in the [Health Center COVID-19 Vaccine Program](#).

Less than 20% of Americans over 18 have been vaccinated so far. Limited initial vaccine supply was targeted at the elderly and those most at risk of exposure and serious COVID-19 complications. Earlier this month President Biden directed all states and jurisdictions to make all adults eligible for COVID-19 vaccines by May 1<sup>st</sup>.

Many states have already opened up vaccine eligibility to all people over age 16. Alaska was the first to do so on March 11<sup>th</sup>, followed by Mississippi on March 16<sup>th</sup>, then Arizona, Georgia, Utah, and West Virginia followed suit earlier this week. North Dakota, Montana, Nevada, Ohio, Tennessee, and Texas will do the same next week. Check the latest state-by-state eligibility information compiled by [U.S.News & World Report](#).

While eligibility is expanding, finding a vaccination appointment is still a challenge.

Visit <https://vaccinefinder.org/> to search for vaccine locations by zip code nationally and [visit our COVID-19 vaccines page](#) for additional links to vaccine eligibility information.

## **Health Plan Coverage of Vaccines**

The initial phases of vaccine (serum) supply have been purchased by the federal government through funding authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As such, the federal government is allocating the vaccine supply based on a prioritization framework.

Under the CARES Act, plan sponsors are required to cover the administration cost of the vaccine as preventive whether in-network or out-of-network at 100%. These coverage requirements do not apply to a plan that is not required to provide coverage of preventative services without cost-sharing, such as grandfathered health plans. We anticipate that the COVID-19 vaccine will fall under the Affordable Care Act (ACA) as a preventive immunization in the future once the CARES act expires.

The American Medical Association (AMA) has released CPT codes for the vaccine doses and the administration of the vaccine. If a COVID-19 vaccine is not billed separately (or is not tracked as individual encounter data separately) from an office visit and the primary purpose of the office visit is the delivery of the COVID-19 vaccine, then the office visit must be covered with no cost-sharing requirements.

Like many vaccinations, coverage could be included under either a pharmacy benefit or under the medical schedule of benefits on the health plan. We anticipate Pharmacy Benefit Managers (PBMs) to announce programs for COVID 19 vaccines soon, similar to the flu shot.

Our direct PBM partners have shared their plans. Caremark/CVS and Prescriptive clients on our direct contract can cover the administration cost through their pharmacy benefit when the vaccine is administered in pharmacies connected to pharmacy adjudication systems.

## **Vaccine Costs and Trends Across our Membership**

Though the government is currently funding the vaccine serum during the Public Health Emergency, there is still a Plan cost for administering those vaccines. It's worth noting that effective March 15<sup>th</sup>, CMS updated the Medicare payment rates for COVID-19 vaccine administration. The rate increased from \$16.94 for the first dose in series and \$28.39 for a single dose or second dose administration to \$40.00 per dose.

Pharmacy dispensing and administration fees will ultimately be determined by the pharmacies, so will vary from location to location. Providers will likely charge for vaccine administration and office visits. Like flu shots, we expect the vaccine administration Plan cost to be slightly lower in a pharmacy setting versus in a medical facility. All things considered, the administration costs of the COVID-19 vaccine for all Plan members should be less than the Plan cost of in-patient treatment for even one additional severe case of COVID.

We have received vaccination claims for less than 5% of the members to date. We expect this number to increase sharply starting in May and through the summer. Seventy-nine percent of the claims received so far have been for the Pfizer vaccine. Our current average claim cost for COVID-19 vaccine administration is \$25.71 per dose.

## **An Update on Employer-mandated Vaccinations**

This topic continues to evolve. A February 24 article in the [Insurance Journal](#), shares that lawmakers in 23 states are proposing bills banning employer-mandated COVID-19 or other vaccinations. Last month, the Utah state legislature passed [SB208](#) on voice vote enacting the Employee Medical Procedure Protection Act prohibiting employers from requiring employees, prospective employees, or blood relatives to accept or decline a medical procedure (including vaccinations). Further, the act allows for employer civil liability for violation of the act. This Utah act, however, does include an exemption allowing "governmental entities to mandate vaccines if the employee is acting in a public health or medical setting; and required to receive a vaccine in order to perform the employee's assigned duties and responsibilities".

A precedent was set when both the Americans with Disabilities Act (ADA) and Title VII prohibited employers from compelling employees to be vaccinated for the 2009 H1N1 pandemic regardless of their medical condition or religious beliefs even during a pandemic.

In late 2020, the Equal Employment Opportunity Commission (EEOC) updated section K (Vaccinations) of its COVID-19 guidance for employers [here](#). The guidance addresses nine questions related to employer-mandated COVID vaccines and employment pre-screening requirements, and how these topics relate to the Americans with Disabilities Act (ADA), Title VII of the Civil Rights Act of 1964 (Title VII), and Title II of the Genetic Information Nondiscrimination Act (GINA).

We will continue to monitor and share developments in this area. Clients should seek legal counsel for risk guidance on such matters and take into consideration employer liability for potential injuries to employees who have adverse reactions to the vaccine and/or potential complications with collective bargaining agreements that may not allow enforcement of such policies without union consent. [This recent article](#) from Thomson Reuters explores legal considerations.

Some employees might be eager to get a COVID-19 vaccination, where others may have reservations for a variety of reasons, including safety and religious objections. It is understandable that new vaccines, brought to market at warp speed compared to previous vaccine timelines, may trigger anxiety or fear for many individuals.

Yesterday, March 25th, the CDC updated its [Workplace Vaccination Program webpage](#) with many new resources to help employers educate and build confidence among their employees about getting vaccinated. The CDC does suggest that employers consider on-site workplace vaccination programs. Currently, such programs are limited to very large employers in essential or high-risk categories that the state has provided a vaccine supply allocation. The best route to vaccination for most employers is to encourage all employees to get vaccinated as soon as they are eligible and to provide work hour flexibility or time off so that employees can make vaccine appointments. Additionally, the FDA has [educational videos](#) about the COVID-19 vaccine that you can share with employees.

## **Updated COVID-19 Member Information and Resources on our Website**

We've recently updated our COVID-19 information and resource pages for members. Many members call us with questions that are of a more clinical nature. We recommend that members consult their primary care physician for clinical questions. For non-clinical questions, please share this [page](#) with members where they will find:

### **Self-care and mental health during COVID-19:**

- Be kind to yourself. This outbreak affects each of us differently and that's okay.
- [Please visit our self-care during COVID-19 page for more information and resources.](#)

### **How we're supporting you as vaccines become available:**

- Vaccines – a phased approach. In December 2020, the U.S. Food and Drug Administration (FDA) provided emergency use authorization for the distribution of the first COVID-19 vaccine.
- Vaccines are being released in phases, with priority populations determined by the Centers for Disease Control and Prevention (CDC) and each state.
- [Visit our vaccines page for more information.](#)

### **Have questions about COVID-19 testing, treatment, coverage, or resources?**

- You're not alone. [Please visit our Member FAQ COVID-19 page.](#) We've gathered and answered the most common questions we receive from our members and curated links to regional and national resources to help you.

### **Testing Trends Across Our Membership**

We continue to evolve and refine our COVID-19 reporting as new procedure codes are published and as providers resubmit claims with new codes. Currently, 97% of our clients have at least one member with a confirmed COVID-19 diagnosis since the beginning of the pandemic. Because not all testing is submitted as a claim, there are likely more positive cases across a larger span of our clients than we see in our claims data.

Across our membership, approximately 20% of our members have had at least one COVID-19 testing claim and approximately 49% of those tested have more than one testing claim.

### **Treatment Claims Trends Across Our Membership**

Approximately 12% of members tested have a positive COVID-19 diagnosis and about 6% of members with a positive COVID-19 diagnosis have required hospitalization. Approximately 4% of members' COVID-19 treatment plan payments (per member) have been over \$10K and 89% of members' COVID-19 treatment plan payments are under \$1K.

## **We're Here for You**

Our focus, dedication, and support remain steadfast as we navigate these unique times with you. Know that our Care Management nurses are reaching out to those members diagnosed with COVID-19 to help them access the care and resources they need to recover safely. Thank you for your continued trust in our organization. We are in this with you and hope that you and yours stay safe and healthy. Please reach out to your Account Manager if you have any questions or if there's anything we can do to help.

Best Regards,

**Lindsay Harris, MPP** *President*

**Regence Group Administrators**