

# Unpaid Health

By offering access to unpaid health benefits such as telemedicine or prescription drug discount cards, employers can help fill some health care needs faced by laid-off or furloughed workers.




benefits  
MAGAZINE

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# Care Benefits:

## A Lifeline for COVID-19 Displaced Workers

by | Howard M. Gerver



**D**uring the COVID-19 pandemic, critically important health care benefits for tens of millions of recently separated workers vanished overnight. As a result, those displaced by COVID-19 and in need of health care services face challenges in paying for their health care. Employers can help them directly or indirectly by offering unpaid health care benefits at little to no cost.

This article defines the need to provide laid-off, furloughed and otherwise separated employees with a health benefits Band-Aid. Potential services include, but are not limited to, telemedicine, direct primary care, digital behavioral health, prescription drug discount cards, short-term health plans, bill negotiation (for patients that get surprise bills) and pricing transparency, as well as enrollment assistance in health insurance programs including public health insurance exchanges created by the Affordable Care Act (ACA), Medicaid and Medicare.

As of May 21, 2020, about 38.6 million Americans<sup>1</sup> were either laid off or furloughed from their jobs. Many of those workers earn less than \$40,000.<sup>2</sup> More than 18 million<sup>3</sup> were temporarily laid off. About 7.5 million people who lost their jobs were part-time workers.<sup>4</sup> Economists are saying the anticipated V-shaped recovery will be more like a swoosh (think Nike logo). Moreover, economists are estimating about 42% of

recent layoffs will result in permanent job loss.<sup>5</sup>

While bright spots, including grocery store chains, delivery services and tech companies, exist, many people fear they will not get their old job back. Many also fear their former employer could go out of business. A striking uptick in the use of antidepressant and anti-anxiety medication illustrates just how deeply anxiety has been embedded into society as a result of COVID-19 and the unknown.<sup>6</sup>

Many of the people who lost their jobs were hourly workers making less than \$15 per hour, and most have little to no savings. Unfortunately, their need for health benefits (doctor visits, medications, surprise bill negotiation, etc.) did not stop when the economy came to a grinding halt. To compound the matter, their health insurance also ended abruptly. Even though newly unemployed workers were eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), COBRA is likely beyond reach for many because of its cost. The possible silver lining is the Worker Health Coverage Protection Act, which was introduced April 14, 2020. This act calls for providing federal assistance to cover the full cost of COBRA premiums for workers who are furloughed.<sup>7</sup> As of this writing, the bill was still pending.

The complexity of health insurance and the low health insurance literacy

rate, coupled with an overall poor understanding of the health care landscape, leaves many displaced by COVID-19 lost without a health care GPS. Those who were hospitalized by COVID-19 or have family members who were also face a big financial challenge, with the average cost of treatment estimated at \$75,000.<sup>8</sup>

### How Employers Can Help

With many experts predicting a second wave this fall, the same victims of the first wave could face even tougher struggles during a second wave situation. The more time that goes by, the greater the likelihood these displaced workers will seek employment elsewhere.

However, this does not have to be reality. Employers have the unique opportunity to help displaced workers by steering them to unpaid benefits including the following:

- Telemedicine (about \$20 to \$75 per visit)
- Direct primary care (monthly membership fee paid to a local doctor)
- Prescription drug discount cards (free)
- Digital behavioral health
- Pricing transparency tools (free to low cost)
- Surprise bill negotiation services (either a low cost or a percentage of the savings)
- Short-term health plans
- Enrollment assistance in ACA exchanges, Medicaid and Medicare.

While these health care services seem commonplace and readily accessible, it is important to remember the respective utilization rates, particularly for telemedicine, pricing transparency and behavioral health, were low (less than 5%) prior to COVID-19. Interestingly, telemedicine utilization exponentially increased during the early weeks of the lockdown, and the service continues to be popular. As the crisis continues, health benefits are even more out of sight and out of mind even though a compelling need exists. By connecting recently displaced workers to services akin to health benefits, a great opportunity exists to provide a highly needed service.

### Unpaid Health Services Rationale

Connecting displaced workers to a range of highly needed health care services is important since millions of COVID-19 economic victims may be without health insurance. There is a business case for doing this that has two main components:

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(1) intangible benefits and (2) financial benefits (return on investment (ROI)).

In addition to providing a highly valued community service, steering separated workers to unpaid benefits vendors should help improve employee relations with displaced workers since the expectation is the former employer will likely rehire many of the COVID-19 displaced workers. The hope is these bridged services will keep separated employees engaged and interested in returning when the time is right.

The ROI can come from avoiding the costs of hiring and training new employees as well as lost productivity. According to a SHRM study, the average cost per hire in 2016 exceeded \$4,100 and it takes 42 days to land a new hire.<sup>9</sup> In the restaurant industry, the average cost per hire for a frontline worker is nearly \$6,000 according to The Center for Hospitality Research at Cornell (about 50% of the cost is lost productivity).<sup>10</sup>

Although it's unlikely that 100% of separated workers will return, even if half return, the savings are material and the business case is compelling.

### Unpaid Health Benefit Services

Unpaid health benefit services for separated workers include many different types of services, including low-cost/high-value care (telehealth, digital behavioral health, short-term health plans), consumer tools (pricing transparency, surprise bill negotiation), discount cards (prescription drugs, dental), and subsidized or publicly funded insurance (subsidies on Healthcare.gov, Medicaid, Medicare).

Before diving into each service, it's important to review the employer's role in unpaid benefits—more specifically, the financial as well as the communication aspects.

Some of these services, such as prescription drug discount cards and certain publicly funded insurance programs, are free. If the benefits have a cost, the employer may consider negotiating discounts with vendors or providing other types of assistance. It is unlikely in the new economy that employers will pay for these benefits unless the employer is confident that rehiring the displaced workers is likely.

Employers can play an important role in communicating about these benefits. At a minimum, employers could simply provide a referral. In addition, employers could provide content in separation or furlough kits as well as COBRA letters. HR could also include separated workers in their ongoing communications. Moreover, the unpaid benefits vendor(s) could also communicate with separated employees. To keep the costs affordable, text and email are the preferred modalities.

The following is a detailed look at unpaid benefits that may be attractive to employees.

### **Telehealth**

Telehealth can be a convenient and time-saving service for patients requiring affordable nonemergent care. Prior to COVID-19, typical utilization ranged from 1-5%,<sup>11</sup> and only one in five employers experienced utilization rates of 8% or higher in 2017. In general, higher utilization rates are largely attributable to plan designs that had low or no copayment. In the cases where

utilization was the highest, a combination of low to no copayment and targeted and personalized communications drove utilization much higher.

Without traditional insurance, many separated workers don't have the money to go to the emergency room (ER) or to a doctor's office. Using telemedicine, patients may be able to get diagnosed and prescribed medication in a virtual setting for less than \$60.

If the employer already had a telemedicine provider, it could promote the service to separated employees. Employers could consider paying a per-member-per-month (PMPM) fee to the provider on behalf of the displaced workers. Paying all or part of the telehealth costs nurtures goodwill and should increase the likelihood of the employee returning to their former employer. Separately, it is important to note that a few telehealth vendors offer their services at the individual level. Again, the availability of these programs could be communicated directly to the displaced employee.

### **Direct Primary Care**

Direct primary care (DPC) is a membership model where patients pay a set

monthly amount for an unlimited number of office visits. Services vary but can also include discounted medications, lab tests, stitches and imaging. DPC is not a replacement for hospitalization or prescription drug coverage. Cost varies on geography, age and family size. Plans appear to be available in every state and cost about \$100 per month. The employer could make employees aware of the service and potentially negotiate better rates with a specific provider.

### **Digital Behavioral Health**

Digital behavioral health provides short-term counseling for mild forms of anxiety, depression and stress. In general, a patient must complete an intake form from which a digital diagnostic is created. Recommendations often include a combination of text-based coaching and computer-based training. Depending upon the severity, in-person referrals can be made. The cost materially varies based upon who's paying for it. If the former employer pays, the costs can be as low as \$65 per completed case. If the separated employee pays for the digital behavioral health service, the cost is as

## takeaways

- Many workers who have lost their jobs during the COVID-19 global pandemic also lost their health benefits.
- Employers can help fill the coverage gap faced by laid-off workers by offering access to unpaid health benefits such as telemedicine, surprise bill negotiation services and enrollment assistance in public exchanges, Medicaid and Medicare.
- By offering such benefits, employers may keep separated employees engaged and interested in returning when needed.
- Services such as telehealth and direct primary care provide access to health care services at a lower cost than emergency room care.
- Transparency services, including apps, and prescription drug discount cards can help workers shop for lower prices for health care services or medications.

low as \$35 per session. The employer would provide a referral (or include information in its “separation kit” could potentially negotiate more favorable rates with a specific provider. Alternatively, the former employer could continue to make its EAP available to laid-off workers.

**Pricing Transparency**

Pricing transparency (a.k.a. consumerism) tools provide individuals with prices as well as quality measures for health services from specific providers before receiving care. It’s not uncommon for the cost of the same or very similar services to vary greatly among providers (Figure). A good pricing transparency app provides prices specific to geographies and types of care. Popular types of care include hospital procedures, office visits, specialty office visits, lab tests and imaging. Some vendors also offer pre-procedure provider negotiations, which could be helpful particularly if the procedure is mandatory.

Since many employers have “bolt-on” transparency tools provided by outside vendors, employers can continue to allow the separated employee to use the service either through their intranet or through an app. If the transparency tool was offered by the insurer, the former employee will not have access.

**Surprise Bill Negotiation**

*Surprise bills* (a.k.a. balance bills) occur when a patient receives an unexpected bill after receiving medical care. Surprise bills most commonly occur when a plan member receives care from an out-of-network provider or the service was not allowed under the insurance plan. Surprise bills apply to services incurred while the respective individual’s insurance was active under his or her former employer’s plan.

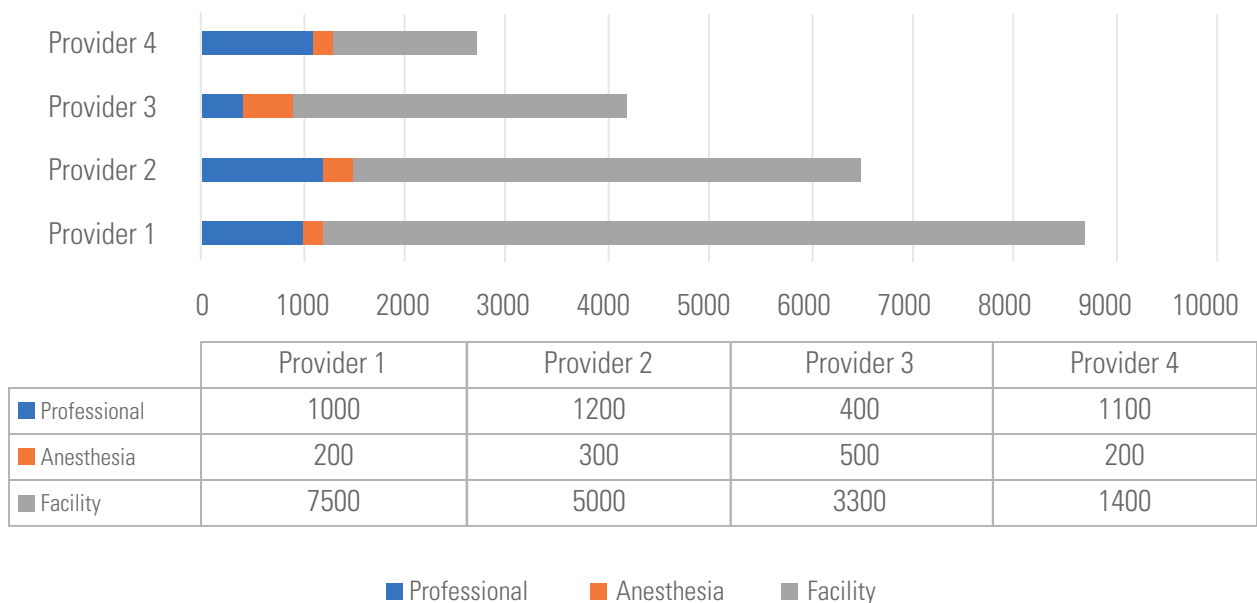
Sometimes either HR or the insurance broker handles surprise bills on the employee’s behalf, since displaced workers would be on their own. Hence, separated employees would need to be apprised of the service through HR. HR could then refer the former employee to a surprise bill negotiation service (also referred to as a billing advocate) to arrange for a discount.

**Prescription Drug Discount Cards**

Prescription drug discount cards can save patients up to 80% on old and new prescriptions. To obtain discounts, patients can either research the prices through an app or ask the pharmacy how much the prescription will be with the prescription drug discount card. In general, there’s no registration, and no questions are asked about medical history. Patients simply show the card to the pharmacist, and the discount gets applied. Equally

**FIGURE**

**Transparency Tools Provide Cost Comparisons for Health Care Services**  
(Example: Cataract Surgery in Charleston, West Virginia)





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good, the employer simply needs to include information about this no-cost benefit in separation packets and future communications.

### ACA Exchanges

ACA exchanges provide traditional health insurance at either “retail” or subsidized prices. Subsidies are available to employees who earn under a threshold amount and earn more than the Medicaid income maximums. In some cases, subsidies can be as much as 75% of the premium.

One important issue that employers need to remember is that they must continue to offer COBRA to separated employees. Not offering COBRA could result in penalties from the Department of Labor and the Internal Revenue Service (IRS). The IRS penalty could come about because applicable large employers (employers with more than 50 full-time equivalent employees) must offer health insurance to at least 95% of eligible employees.

Employers could communicate with employees about where and how to access ACA exchanges.

### Short-Term Health Plans

Short-term health plans are not insurance products and are not allowed in

every state. These plans vary in length from state to state, ranging from three to 12 months, with some plans offering 12-month extensions. Short-term health plans offer varying services and often cover fewer conditions and may be denied to people with preexisting medical conditions. Short-term dental and/or vision plans are available in some states. Much like the other benefits, employers simply need to share the availability of the plans with separated employees.

### Government Programs— Medicaid/Medicare

Medicaid is available to adults with household incomes below specific thresholds in their respective state; family composition is part of the qualifying process. Similar to employer-based insurance, virtually all types of care are included. Member out-of-pocket costs vary by state and type of service.

Medicare is available to individuals 65 and older as well as people with certain medical conditions. Much like the other services, employers simply need to include information about Medicaid/Medicare in separation packets and future communication materials.

A word of caution: Medicaid and Medicare information should be sent only to former employees who appear

to qualify. For example, since Medicaid is income-based, information should be sent only to employees who have earned under the threshold amount on a year-to-date basis.

### Summary

These examples illustrate that unpaid benefits can offer a real lifeline to separated employees in need of health services. Employers are uniquely positioned to help their former employees get access to care much more affordably than traditional health insurance. It is highly likely unpaid health benefits will go a long way in re-engaging employees as rehiring begins. 🎯

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