

Multiemployer Alert

Update on Issues Affecting Taft-Hartley Plans

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COVID-19 vaccine administration coverage considerations and other COVID-19-related year-end items

[Michael Halford](#), FSA, MAAA | [Sean Silva](#), FSA, MAAA, CEBS | [David Stoddard](#), FSA, MAAA

Following the issuance of the emergency use authorization (EUA) by the U.S. Food and Drug Administration (FDA) of the Pfizer-BioNTech COVID vaccine and in anticipation of the same EUA for Moderna's vaccine, plan sponsors need to consider how to cover the administration of the COVID-19 vaccines for their membership.

In addition to vaccine administration coverage plan sponsors have been faced with other decisions pertaining to COVID-19 throughout the course of 2020, and have taken various approaches to addressing issues resulting from the pandemic.

This issue of the Multiemployer Alert is intended to provide plan sponsors with information they should consider as 2020 comes to a close.

COVID-19 vaccine administration coverage

At this point, the expectation is that the federal government will pick up the cost of the vaccine itself for non-governmental plans (they have already confirmed for retirees eligible for Medicare). The coverage of the cost of administration of the vaccine will depend on the grandfathered status of the plan.

Non-grandfathered plans will be required to cover the full cost of vaccine administration, with no participant cost sharing allowed, within 15 days after a recommendation from the U.S. Preventive Services Task Force (USPSTF) or the Advisory Committee on Immunization Practices (ACIP). Grandfathered plans will not be required to cover the vaccine administration at 100%, but may choose to do so to eliminate any cost barrier to their participants of receiving the vaccination. Otherwise, the cost to the plan would follow the same benefit provisions as other vaccine coverage.

Plan sponsors of self-insured programs will need to determine whether administration of the vaccine will be covered under the medical benefit, prescription drug benefit, or both. For some multiemployer plans, coverage of vaccines and their administration are currently excluded under the prescription drug benefit. Unless modified, these plans' participants must receive vaccines through the medical benefit (typically from their primary care provider) which could include an office visit charge. Plan sponsors of fully-insured arrangements should review their contracts to determine how administration of the vaccine will be covered.

While vaccine distribution details are continuing to evolve, a primary distribution channel of the vaccine is likely to be major retail pharmacy chains that have the ability to store and administer vaccines (similar to how many receive their annual flu shot). If this is what transpires, plan sponsors who exclude vaccine coverage through their prescription drug benefit may want to consider amending their plan in order to ensure their members will be allowed to receive the vaccine in a retail pharmacy setting. An amendment of this type could allow for quicker access to the vaccine and fend off the risk that a member's primary care provider may not have any vaccines to administer.

The plan amendment could be limited to only covering the COVID-19 vaccine under the prescription drug benefit, while continuing to exclude all other vaccines under the prescription drug benefit. Alternatively, it could remove the coverage exclusion under the prescription drug benefit for all vaccines. Given the urgency of getting Americans vaccinated, we recommend plan sponsors evaluate their current Summary Plan Document (SPD) and plan communications to understand how vaccines are currently covered. For those with vaccine exclusions under the prescription drug program, now may be the time to consider modifying the plan to allow for coverage of the COVID-19 vaccine within it.

Based on the costs published by the Centers for Medicare and Medicaid Services (CMS)¹, the administration cost of the vaccine will vary by the number of doses required. Single dose vaccines will cost \$28.39 and two dose vaccines will cost a total of \$45.33, with the payment for the second dose being higher to reward the completion of the two dose cycle. From what we have gathered by speaking with pharmacy benefit managers (PBMs) and health plans, many intend to charge these same amounts to their private health plan sponsors. Using these costs, and assuming anywhere from 65% to 80% of people get vaccinated, per-member-per-month (PMPM) costs are expected to be in the \$2 to \$3 range for vaccine administration, where a member is defined as a primary subscriber and covered dependents. Plans will most likely incur these costs sometime during 2021 over a condensed period, subject to the availability of the vaccine for their membership.

Other COVID-19-related year-end items

PERSONAL PROTECTIVE EQUIPMENT (PPE)

Earlier in the year, some plan sponsors made the decision to cover the cost of PPE being charged by dental providers. Many who chose to cover PPE charges imposed a cap on the amount the plan would pay for PPE and many also put in place an expiration date of when this coverage for PPE would end. For plan sponsors that opted to pay for some or all of the PPE charges by dental providers, as the year comes to an end with a vaccine on the horizon, it may be a good time to reassess PPE coverage.

¹ CMS. Medicare COVID-19 Vaccine Shot Payment. Retrieved December 16, 2020, from <https://www.cms.gov/medicare/covid-19/medicare-covid-19-vaccine-shot-payment>.

COBRA AND COVERAGE EXTENSIONS

Due to the pandemic, many multiemployer plan participants failed to meet the eligibility requirements to continue their coverage due to reduced hours or other reasons. In response, plan sponsors took a variety of actions to assist their members. Some provided subsidized COBRA coverage where the participant was offered COBRA at a rate lower than the statutorily allowed maximum. Others allowed for participants who did not have enough hours in their hour bank to continue coverage for a specified period, or allowed the option to self-pay for coverage under the health and welfare plan for a period of time before and having COBRA be their coverage option.

Plan sponsors that elected to provide some relief, whether via subsidies or eligibility extensions, should begin to consider how this relief will continue into 2021 or begin to phase out. As a reference point to use for any phase-out or stoppage of subsidies, the COBRA deadline extensions issued by the U.S. Departments of Labor and Treasury and the Internal Revenue Service (IRS) and contained in the Federal Register on May 4, 2020, will last until 60 days after the federal government declares and end of the National Emergency, or other such date announced. Self-insured claims data for those who elected COBRA coverage early on in the pandemic should be emerging by now. An analysis of this data could give self-insured plan sponsors some insight into the cost of any COBRA subsidies that may be in place. Additionally, plan sponsors should have an understanding of the number of people who still remain eligible to elect COBRA given the extended COBRA election period as they turn their attention to 2021.



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milliman.com**CONTACT**

Michael Halford
michael.halford@milliman.com

Sean Silva
sean.silva@milliman.com

David Stoddard
david.stoddard@milliman.com

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