

Statement of Sunee N. Mickle
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Special Committee on Economic Recovery
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Madam Chairman and Members of the Committee:

Thank you for the opportunity to testify today. Blue Cross and Blue Shield of Kansas (BCBSKS) is a locally operated mutual insurance company with almost 1,600 Kansas-based employees. We have offices in 11 different Kansas communities (Dodge City, Garden City, Hays, Hutchinson, Independence, Lawrence, Manhattan, Salina, Pittsburg and Wichita), and our corporate headquarters is located in Topeka. The company's service area includes all Kansas counties except Johnson and Wyandotte in the Kansas City metro area.

We currently serve over 900,000 of your fellow Kansans, in 103 Kansas counties in health, dental and life insurance products. BCBSKS maintains a robust provider network in which we contract with 100% of the acute care medical facilities, 99% of medical doctors, and 96% of other providers in our service area.

BCBSKS contributes to the Kansas economy in several ways. As a mutual insurance company that operates as a not-for-profit, BCBSKS focuses on minimizing our administrative cost by spending nearly 90 cents of every premium dollar we collect on our members' medical claims. This allows the company to regularly surpasses \$2.5 billion in annual claims payments directly to health care providers and members. Additionally, BCBSKS contributes more than \$180 million a year to the economy through payroll and taxes.

The COVID-19 pandemic and subsequent shutdowns has definitely impacted Kansans from a sense of financial security, health and safety. BCBSKS, its providers and members have not been insulated from these economic challenges. The core design of our business is insurance, and this has helped BCBSKS address some of the initial issues in the Kansas marketplace, but we are carefully treading through the pandemic since we are uncertain about the possible impact from the virus this fall and into 2021.

BCBSKS actuaries have modeled and prepared for several ripples that may occur with the pandemic in coming months into 2021. Our actuaries have seen an increase in COVID-19 tests and services since earlier this year. But we cannot pinpoint the increase in virus spread or services to a specific event. We generally believe this is happening as more movement is occurring in communities. This may not change even if an additional shutdown occurs without everyone complying with social distancing and other preventive measures. Therefore, we are hopeful elected officials and regulators in both federal and state government will continue to understand our need for flexibility with member benefits and provider services as we all work together to reduce the spread of COVID-19 and care for Kansans.

Blue Cross and Blue Shield of Kansas Business Operations

When COVID-19 began to spread quickly across the country and the Kansas Stay-At-Home orders went into effect, BCBSKS continued its business operations so we could meet our contractual obligations with insureds and self-funded employer groups. We continued to pay claims through our existing health, dental and life policies while also implementing new mandates for insurance and employer health plan coverage under the federal COVID-19 response packages.

Meanwhile we offered our employees 14-days of paid special response leave to address K-12 school closures or employees with a need to quarantine at home. BCBSKS was not required by federal law to offer special response leave, but we did this to support our employees during this unprecedented time and to reduce the spread of the virus to others. During the same time period, we implemented a temporary work from home option for employees who can perform their job functions offsite to also reduce transmission of the virus. This has also assisted with childcare needs while schools are closed, and the number of open seats at childcare centers, summer camps and other programs have been limited in some communities. Currently, approximately 80% of our employees currently work from home on a given day. We have about 250-300 employees onsite at our Topeka headquarters and at our ten other office locations across the state daily. Most of those employees voluntarily work onsite even though they are able to perform their jobs from home. Our goal is to transition our employees back to their original work locations once we have more clarity about K-12 school reopening plans and as long as we can maintain a safe workplace.

Provider Network Operations

While BCBSKS has continuously been able to serve its members during the pandemic, we recognized that many of our providers were unable to continue treating their patients or perform medically necessary elective procedures. As a result, BCBSKS saw a significant decrease in member claims for services in April and May – especially for dental services. After a few months have passed, we are seeing elective medical procedures and deferred care increasing much closer to normal levels in June and July for all providers. BCBSKS has also seen several thousand COVID-19 test claims and services performed as well as COVID-19 related inpatient admissions. The impact from COVID-19 related services has not exceeded our expectations at this time.

BCBSKS quickly looked for ways to assist providers with the uncertainty they were facing at the beginning of the pandemic and to ensure our members, their patients, were able to receive medically necessary medical and mental health care services. We expanded telehealth services to include all provider types, including dentists, and the use of all virtual services, telephone and e-visits effective March 16, 2020. Initially, this was done without any cost-sharing responsibilities (copays, deductibles, coinsurance) for our members until July 1, 2020. BCBSKS will continue the expansion of telehealth services to include all provider types through December 31, 2020, to help lower the spread of disease and encourage members to seek medical care in the safest manner when possible.

- BCBSKS allocated \$35 million toward advance claims payment dollars to contracting professional and institutional providers in our service area. This included dentists, physicians, mental health providers, physical therapists, and all others as well as hospitals and other facilities. These advanced payments were intended to help provide a financial infusion to assist with cash flow and ongoing practice viability.
- BCBSKS will continue to waive the inpatient pre-certification and continued stay review requirement for COVID-19 admissions through December 31, 2020.
- BCBSKS is voluntarily covering all COVID-19 treatment without cost-sharing for our fully insured members to alleviate our members' financial stress and ensure providers receive the full contracted reimbursement for services they provide in their offices and facilities.
- BCBSKS will continue to pay for COVID-19 treatment in full through December 31, 2020. Our commitment to cover treatment without cost-sharing goes beyond the federal mandate that requires insurers and employer group health plans to cover all COVID-19 related diagnostic tests and services related to receiving testing without cost-sharing.

Member Services During the Pandemic

Our employer groups and members immediately felt the economic impact from the pandemic, but BCBSKS made administrative and benefit changes beyond the requirements in federal legislation to assist groups and members. We believe our changes have helped many of our employer groups and members maintain their insurance coverage and cover the cost of their care during the pandemic.

- BCBSKS extended our payment grace period for employer group plans and non-Affordable Care Act policies from 10 days to 30 days. Members who receive advance premium tax credits to pay their Affordable Care Act exchange health plan premiums have a 90-day grace period.
- BCBSKS accepts credit card payments for premiums which has helped employers and members have an alternative method to pay their premiums.
- BCBSKS has not enforced any work requirements for members who were currently enrolled in active group coverage. This has helped many furloughed workers maintain their group insurance coverage and made it easier for employers who have wanted to continue benefits for their employees even though their businesses are closed or operating with fewer employees during the pandemic.
- Members were encouraged to use telehealth services to lower the spread of disease and use social distancing technology for all medically necessary services if they could be performed virtually with all of our providers (medical, dental, mental health, etc.). All telehealth cost-sharing (copays, deductibles and coinsurance) was waived for our members until July 31, 2020.

- Cost-sharing including copays, deductibles and coinsurance for COVID-19 related services and treatment will continue to be waived until December 31, 2020 for our fully-insured members even if the federal public health emergency is not renewed again. Self-funded Administrative Services Only (ASO) groups can choose to waive or not waive member cost share as of July 1, 2020.

Community Support and Outreach

The employees and leaders at Blue Cross are proud to say we are Kansans serving Kansans. We have not forgotten that fact during the pandemic. In fact, we used our local knowledge and social determinants of health expertise to assist others. BCBSKS and the Blue Cross and Blue Shield of Kansas Foundation has donated more than \$600,000 collectively to organizations across the state.

- BCBSKS partnered with NetWork Kansas to offer \$250,000 in grants to colleges and small businesses who are making personal protective equipment (PPE) for healthcare workers with low supply. NetWork Kansas is a nonprofit that works to grow small businesses in Kansas and foster an entrepreneurial spirit among Kansans. The grants came through the BCBSKS Blue Health Initiatives, a program that supports communities in developing enduring solutions for Kansas's health challenges.
- In addition, BCBSKS donated \$200,000 to the Kansas Association of Local Health Departments (KAHLD) and local health departments across Kansas through its Blue Health Initiatives.
- BCBSKS also contributed \$44,000 to domestic violence organizations across the state. Funds have been dispersed to 22 different organizations in the BCBSKS service area and used to assist domestic violence shelters, support victims of domestic abuse and more.
- We have made donations to food banks and programs in Topeka and Wichita to address food insecurity and low-income high-risk seniors. Plus, we have funded local community foundations to address their specific needs.
- Lastly, the Blue Cross Blue Shield of Kansas Foundation has contributed \$50,000 to Child Care Aware of Kansas, a membership organization for all childcare providers in Kansas. The donation will go to those providers in the BCBSKS service area and will be used to purchase cleaning supplies and curriculum to address behavioral health needs as children navigate the emotional impact of COVID-19.

We appreciate the time today to share our thoughts about this serious issue.