



By David Leo,
President of
WMI[®] Mutual
Insurance Company
& WMI TPA[®]

Does Insurance COVER MY

One question I've been asked a lot lately is, "Does insurance pay for my COVID test, and if so, how much?" Ok, that was two questions, but we all know 5 out of 4 people struggle with math. The point is that people want to know if insurance pays for coronavirus testing; what is/isn't covered; and if it's covered, at what percentage it's paid and whether deductibles, co-insurance and/or copayments apply. As usual, I've found a couple of good sources and pirated information from them. In the interest of full disclosure, I'd like to give those sources proper attribution and refer anyone who wants to learn more about this topic to visit Mercer.com¹ and the U.S. Department of Labor's website.²

When COVID-19 first appeared in the U.S., we saw a rare moment of bipartisanship in Congress when both parties came together very quickly and passed a couple laws aimed at helping individuals and businesses affected by the coronavirus. The two main laws are the Families First and Coronavirus Response Act ("FFCRA") (Pub. L. No. 116-127 (enacted on March 18, 2020)) and the Coronavirus Aid, Relief and Economic Security ("CARES") Act (Pub. L. No. 116-136 (enacted on March 27, 2020)). These laws address a multitude of critical needs in the U.S., including COVID's impact on the economy and on Americans' health, safety and welfare, but they are also aimed at making sure health care providers and insurance companies do everything possible to help those people who are affected by the disease and to minimize its spread and lethality. It should be noted that these health-related provisions apply equally to fully insured and self-funded health plans, and they apply to coverage under Medicare and Medicaid programs as well.

To briefly summarize, these laws require group health plans to pay for COVID-19 testing and "other related services" *without* any cost-sharing, prior authorization, or medical management requirements during the public health emergency as declared by the U.S. Department of Health and Human Services (currently until late January 2021). More specifically, they require full payment for *in vitro* diagnostic tests (*i.e.*, tests done on samples taken from the human body), office visits, facility fees and emergency room visits related to COVID-19, medically-appropriate items and services, and at-home testing. Multiple diagnostic tests for COVID-19 must be covered, and once a COVID-19 vaccine is approved, health plans will be required to pay for it without any cost sharing. An important caveat to this general "cover everything" rule is that testing or screening for employment purposes or surveillance testing is not required to be covered by insurance.

One of the biggest challenges for health insurance companies is figuring out how much to pay for all these services and treatments without overpaying or encouraging abusive billing by unscrupulous providers. When the provider is a preferred provider or is under contract, it's relatively easy for insurers to know how much to pay. When a provider is non-contracted, however, the insurance company is required to reimburse the provider their cash price as advertised online (or negotiated rate in the absence of such online disclosure). According to

¹ <https://www.mercer.com/our-thinking/law-and-policy-group/plan-coverage-of-covid-19-tests-issues-remain-after-june-guidance.html>

² <https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-42.pdf>;
<https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-43.pdf>

COVID-19 Testing?

federal guidance, providers are generally prohibited from balance billing for COVID-related testing, but they are not prohibited from balance billing for “related items and services.” I should note that while balance billing for those related items is not strictly prohibited by federal law, it is “strongly discouraged” (whatever that means). It may also be limited or prohibited by state law, but that’s unlikely.

Another difficult challenge is determining what constitutes “related services” and what does not. The general impetus behind the federal legislation is to remove financial barriers to COVID testing and to ensure individuals have prompt and meaningful access to those tests so we can quickly identify coronavirus carriers and control the spread of the disease. The referenced DOL guidance makes it clear that the 100% payment for COVID-related expenses only refers to “the extent the items and services relate to the furnishing or administration of the [COVID test] product or to the evaluation of the individual for purposes of determining the need of the individual for such product.” This means that care that is rendered without a COVID test or the expensive healthcare treatment that results from the COVID disease does not need to be paid at 100%. To illustrate the potential inequity of this limitation, a Peterson / Kaiser Family Foundation article³ relates a story where a woman sought emergency care for COVID symptoms but wasn’t tested because the facility didn’t have COVID-19 test kits available. Unfortunately for her, she was left to pay more than \$1,800 in uncovered charges!

Finally, we should remember that COVID diagnostic test pricing is very unpredictable and difficult to pin down. According to the Peterson/KFF article, a single diagnostic test can range from \$20 - \$850 ... and that doesn’t include the price of a provider visit, facility fee, specimen collection or any other test that may have been conducted! In fact, I’ve recently heard there’s a provider in Salt Lake City that is charging \$1,300 for a simple COVID test! Can you say “price gouging?”

As a general rule, WMI has found drive-through test sites charge the least for COVID tests (somewhere in the \$50-\$100 range). The cost for tests that are performed in a doctor’s office are usually fairly reasonable (\$100-\$200), while tests conducted in a healthcare facility or health system are the most expensive. In many instances, you may not have the time or flexibility to choose your COVID testing venue, but if you do, I would recommend a drive-up test site as your first choice.

While COVID testing and related charges can be very arbitrary, there are a few things individuals can do to limit costs and exposure. Those things include taking time to learn the price beforehand, choosing a reasonable delivery system, and realizing that (contrary to what one of my family members innocently believed when she got her COVID test) just because the provider doesn’t require payment at the time of service, it isn’t free! Choose wisely and help us control our COVID costs so we can return those savings to you in the form of lower health insurance premiums. Oh ... and please wear a mask!

³ <https://www.healthsystemtracker.org/brief/covid-19-test-prices-and-payment-policy/>

If you have questions about this article or would like to discuss your company’s health insurance program, feel free to contact me at (801) 263-8000 or info@wmimutual.com.