

# IMPORTANT PLAN CONSIDERATIONS REGARDING COVID-19

Throughout the COVID-19 outbreak, CAA has been hard at work to serve our employer groups and their workforces. We are diligently ensuring that your plans have the appropriate benefits in place to deal with the coronavirus, and that plans are structured to allow employers the flexibility to respond to workforce changes as they see fit.

While we understand the urgency of modifying plans around the pandemic crisis, we are also methodically working to ensure that clients' plan amendments create no unintended negative consequences to their benefits. Here are some of the considerations we are in the process of analyzing:

1. **Reinsurance contracts require approval of plan amendments.** If the plan amendment is not approved through the proper channels with a carrier, then any benefits paid for under the plan amendment may be denied by the reinsurer, which could impact the deductibles. We are in the process of reaching out to its reinsurance vendors to proactively determine which types of plan amendments can be quickly adopted in response to the pandemic crisis.
2. **Layoffs, furloughs, leaves of absence, and disability** leaves impact eligibility and coverage of claims. Additionally, if there is a 10% drop in plan enrollment, this can affect the underwriting of the plan and pricing. We are working with our reinsurance vendors to assess whether they will waive repricing provisions of the reinsurance contracts.
3. Plan changes that could impact contracts with **pharmaceutical benefit managers** need to be constructed by creating an open formulary program. For example, a plan amendment that would structure treatments of coronavirus with non-formulary drugs could cause the pricing structure for the Rx benefits to be adjusted.