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March 24, 2020

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COVID-19 Brings New Uncertainties to Health Care Spending and Health Insurers

WASHINGTON—As the COVID-19 pandemic spreads, its effects on U.S. health care spending and health insurers for 2020 and beyond are uncertain, according to [FAQs on COVID-19 and Its Effects on Health Spending and Health Insurance](#), published today by the American Academy of Actuaries.

“The pandemic and policy responses to it are evolving rapidly, bringing uncertainty to how total national health spending will be affected and how costs of care for 2020 will compare to what insurers anticipated when they set premium rates for the year,” said Academy Senior Health Fellow Cori Uccello. “That uncertainty also applies to 2021 health spending projections, even as insurers are currently developing 2021 premiums.”

Factors affecting health spending include the ultimate hospitalization rate for COVID-19, access to COVID-19 treatments, and the degree to which increased spending for patients with COVID-19 will be offset by deferments or cancellations of nonessential services. These factors can vary by insurance market and geographic area. If COVID-19-related costs are concentrated in 2020, 2021 health spending might be affected only minimally, for instance due to an increase in nonessential services that were deferred from 2020 or from any newly available COVID-19 vaccines. However, if COVID-19 incidence and related costs are expected to continue into 2021, premiums for 2021 could be affected as well.

Implementing special enrollment periods (SEPs) for Affordable Care Act coverage could also affect insurer finances, depending on the extent to which those with higher expected health costs or risks due to COVID-19 are more likely to take advantage of the SEP.

Read the FAQ, developed by the Academy’s Health Practice Council, and learn more about COVID-19 resources compiled by the Academy on its “COVID-19 Resources webpage” at actuary.org/coronavirus.

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