

CASE STUDY

Actuarial Model Projects COVID-19 Impact to Employer Health Plan



The Challenge

Due to the impact of COVID-19, an employer had to make the difficult decision to lay off 10% of their full-time workforce and furlough another 40%. The employer opted to cover 100% of these employees' health premiums for 3 months, but are concerned that the loss of employee premium would impact their bottom line.



The Solution

Using the COVID-19 Financial Impact Model, MMA was able to illustrate the near-term budget impact of covering terminated or furloughed employees' health premiums. In addition, the client's initial question allowed our team to easily segue into the potential long-term financial impact (3-18 months) to their health plan. The COVID-19 model not only highlighted the potential future costs related to material utilization changes, but also provided an expected impact timeline.



The Result

The client's finance team was informed of the upcoming projected loss of employee premium. In addition, the benefits team provided the COVID-19 Paid Claim Impact Timeline details to the finance team to illustrate when, and by how much, costs are expected to exceed budget later this year. Future strategy discussions between MMA and the client's benefits and finance team have been scheduled.

CLIENT PROFILE



HOSPITALITY INDUSTRY

3,500
EMPLOYEES

About the MMA COVID-19 Financial Impact Model

MMA's proprietary COVID-19 Financial Impact Model gives companies powerful insight into the financial implications of medical and prescription drug expenses, changes in workforce strategies, and other influences related to the pandemic.

Learn More

To access actionable insights to help you make credible and informed business decisions in the wake of the COVID-19 pandemic, contact your MMA team to learn more visit

Lovitt-touche.

This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Marsh & McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting or legal matters are based solely on our experience as consultants and are not to be relied upon as actuarial, accounting, tax or legal advice, for which you should consult your own professional advisors. Any modeling analytics or projections are subject to inherent uncertainty and the analysis could be materially affected if any underlying assumptions, conditions, information or factors are inaccurate or incomplete or should change. Copyright © 2020 Marsh & McLennan Insurance Agency LLC. All rights reserved. CA Insurance Lic: 0H18131. MarshMMA.com