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Academy Issue Brief Examines How the COVID-19 Pandemic Has Introduced New Uncertainties, Complexity in the Development of 2021 Health Insurance Premium Rates

WASHINGTON—As health insurers file proposed premium rates for 2021, a new [issue brief](#) from the American Academy of Actuaries reveals how the COVID-19 pandemic has brought new uncertainties and complexities to the development of the rates insureds will pay next year.

“Premium changes are based on how costs of care, enrollment, and other factors are expected to change relative to insurers’ assumptions that were used in setting premiums for the current year, and the COVID-19 pandemic has brought new unknowns and opposing trends into the mix,” said Academy Senior Health Fellow Cori Uccello. “The pandemic has introduced both positive and negative cost pressures within the health care system, and uncertainties to key projections such as claims that could be sensitive to possible subsequent waves of infection and illness.”

The issue brief, *Drivers of 2021 Health Insurance Premium Changes: The Effects of COVID-19*, explains that COVID-19 will affect 2021 premiums dependent on assumptions related to:

- Should there be an emergence of subsequent COVID-19 waves in 2020 or in 2021.
- Whether non-COVID-19 utilization continues to be deferred or eliminated in 2021 or whether treatment deferred in 2020 is provided in 2021.
- The pandemic’s economic effects on shifts in insurance coverage and risk pool composition.
- COVID-19 testing and treatment costs, the availability of new treatments and vaccines, increases in mental health and substance treatment needs, changes to telehealth utilization and costs, and changes to provider reimbursement rates.

Read the [issue brief](#), developed by the Academy’s Individual and Small Group Markets Committee, and learn more about the Academy’s health policy work under the public policy tab at actuary.org.

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