



[BAROMETER]

IMPACT OF COVID-19 ON THE CONSUMPTION OF MEDICAL SERVICES

Section #2

Period studied 20 January - 27 April 2020

Week on week analysis

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**A SHARP DROP IN HEALTHCARE BENEFITS: -29% over the period studied vs 2019**

Consumption of medical services picked up slightly in the week of 21 April 2020 (-65% vs drop close to 80% in the four preceding weeks)

**OPTICAL SECTOR: -58% over the period studied vs 2019**

Clear abandonment still continuing with drops in consumption of over 90% during the lockdown period

**DENTAL TREATMENT: -29% over the period studied vs 2019**

After having practically come to a total standstill in the first 5 weeks of confinement, the consumption of dental services took off partially in the week of 21 April 2020 (+21 points)

**VISITS TO A GP -24.5% over the period studied vs 2019**

After a drop of 68% things picked up slightly in the week of 21 April 2020

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*“Based on our projections and by modelling 2020 consumption up to 31 December the curve will probably resemble a ‘Nike logo’” Things will certainly pick up but this will probably be spread over time. **Using this model, and ignoring the effects of catch-up, we estimate the real impact on annual consumption figures to be a drop of 8%.***

*As for personal protection covers, a sector under considerable pressure, we at GEREPA have witnessed an increase in work stoppage declarations of 50% in March and 100% in April compared with the monthly average.*

***We estimate the impact on premiums for group protection and medical expenses schemes of two months short-time working [‘chômage partiel’] by 50% of employees to be around EUR 300m for protection [‘prévoyance’] and EUR 99m for healthcare. Policies will also have to absorb unpaid premiums and the costs of membership portability if massive redundancies do indeed occur over the coming weeks. “***

*Damien Vieillard-Baron, CEO of GEREPA.*

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This is the second time that GEREP, a broking firm specialising in group insurances, has studied trends in consumption and the behaviour of insured persons during this health and economic crisis.

This barometer has been applied to a significant part of GEREP’s customer portfolio (a panel of around 60,000 beneficiaries).

The study was carried out right from the official announcement of the first Covid-19 cases (20 January 2020) and continued on a weekly basis (13 weeks data collected in Section #1 published on 23 April last, and 14 weeks data collected for this second report).

It is clear that delayed or deferred effects of confinement will begin to appear later on, in the medium to long term, with the emergence of health conditions arising from confinement. But what about the immediate short term?

## Main conclusions as to the “consumption” impact on complementary “second tier” health insurance

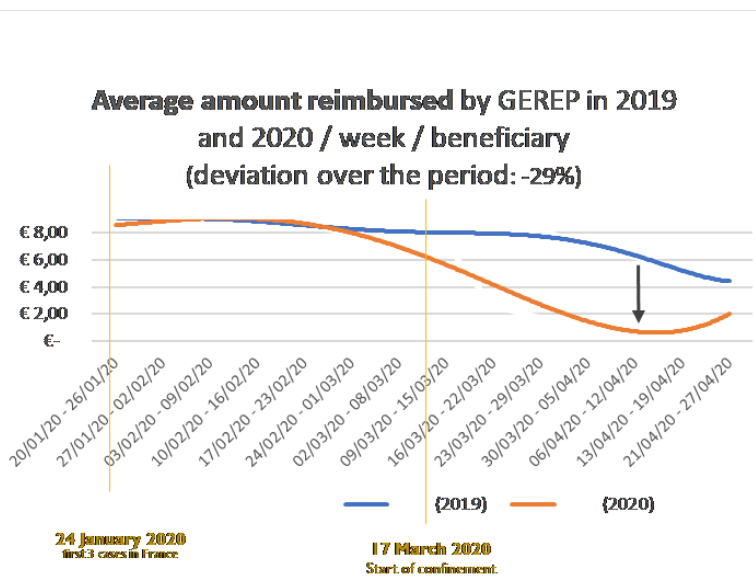
### A sharp drop in healthcare benefits: -29% over the period studied vs 2019 (20 January to 27 April 2020)

The first effects on the healthcare economy of the health and economic crisis caused by the Covid-19 pandemic and confinement of the population, are beginning to appear. It is no surprise that the GEREP study reveals that the Covid-19 crisis is far from having a neutral effect on French healthcare spending.

Indeed, the study shows a significant drop in reimbursements, particularly from 16 March onwards, the start of confinement.

- Over the 14 weeks of the health crisis (from the week of 20 January), the survey found a drop of 29% compared to the same period in 2019.
- The trend accelerated as from the week when confinement was announced (-67%), followed by a significant drop in the following 4 weeks - 23 March, 30 March, 6 April and 13 April (-77% on average, in terms of healthcare spending).
- This second edition of the barometer, however, shows a partial pick-up in the consumption of medical services in the week of 21 April. In fact, this, the last week studied, was marked by a slight reduction in the deviation: -65% in reimbursements compared to the same period in 2019, whereas the first 5 weeks of confinement saw an average drop of 77%.**

	2019	2020	Deviation
20/01/20 - 26/01/20	€ 9,13	€ 8,66	-5%
27/01/20 - 02/02/20	€ 9,16	€ 8,97	-2%
03/02/20 - 09/02/20	€ 8,88	€ 8,85	0%
10/02/20 - 16/02/20	€ 9,03	€ 8,81	-2%
17/02/20 - 23/02/20	€ 8,37	€ 8,61	3%
24/02/20 - 01/03/20	€ 8,62	€ 7,92	-8%
02/03/20 - 08/03/20	€ 7,92	€ 7,65	-3%
09/03/20 - 15/03/20	€ 8,00	€ 7,26	-9%
16/03/20 - 22/03/20	€ 7,79	€ 2,54	-67%
23/03/20 - 29/03/20	€ 8,20	€ 1,76	-79%
30/03/20 - 05/04/20	€ 7,04	€ 1,56	-78%
06/04/20 - 12/04/20	€ 6,20	€ 1,31	-79%
13/04/20 - 19/04/20	€ 5,39	€ 1,38	-74%
21/04/20 - 27/04/20	€ 4,39	€ 1,54	-65%
<b>Average :</b>	<b>7,72 €</b>	<b>5,49 €</b>	<b>-29%</b>



## Situation varies depending on expense type

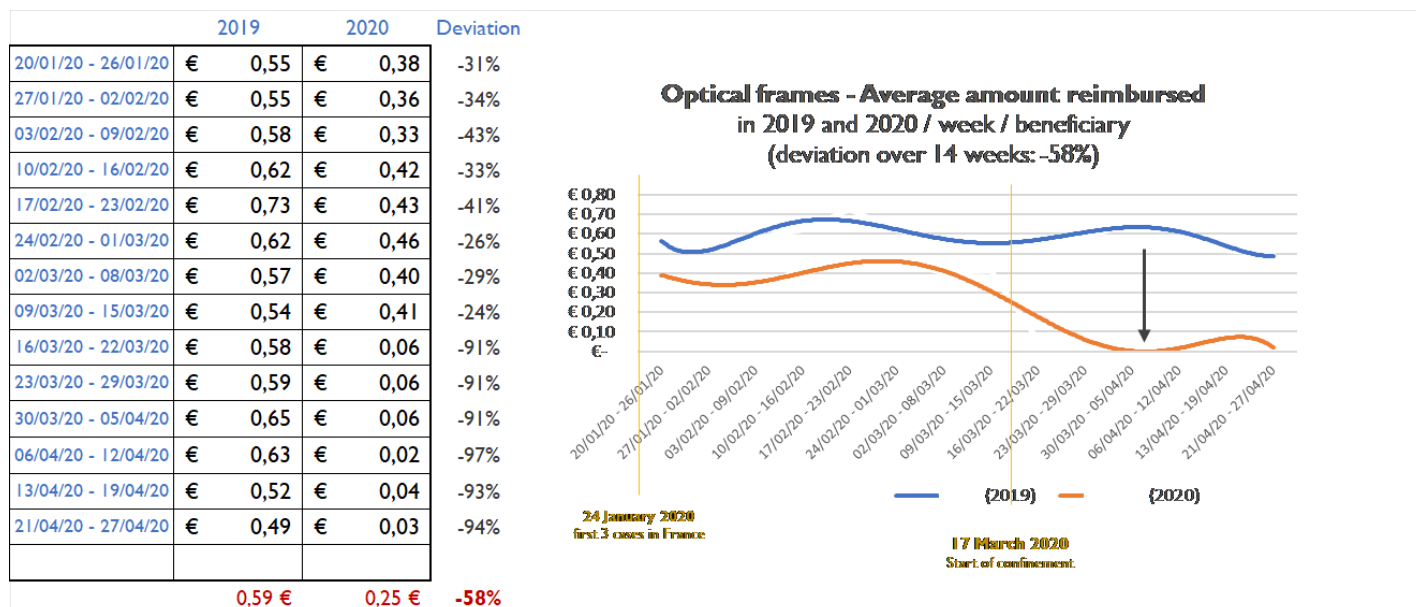
The GEREP barometer also takes a detailed look at the impact of confinement on the main expense types that make up 80% of expenses covered by complementary health insurance, i.e.:

- Optics: 26% of reimbursements
- Dental: 21% of reimbursements
- Consultations, visits: 11% of reimbursements
- Hospitalisation: 11% of reimbursements
- Pharmaceuticals: 10% of reimbursements

### 1- Optical sector: -58% over the period studied vs 2019 (20 January to 27 April 2020)

The start of the year for the optical sector was marked by the introduction of price capping on optical appliances following the so-called “100% Healthcare” reform. Logically, reimbursements of optical appliances were down, even before confinement, nevertheless a sharp drop was seen as early as the week of 16 March.

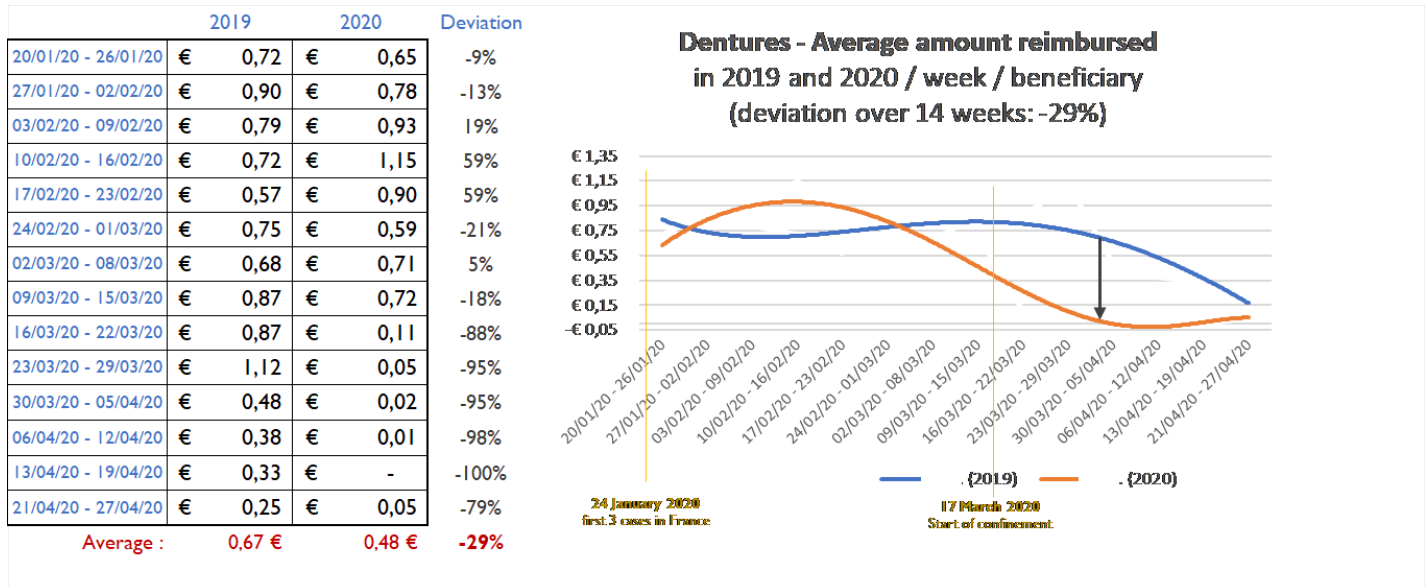
- An initial drop, linked directly to “100% Healthcare”, was seen at first (-32% on average) before the very sharp drop of over 90% in consumption during confinement.
- It is furthermore interesting to note that frames fell 58% over the period under study compared to 2019.
- **Section 2 of the study does not show any pick-up in consumption in the final week studied, where consumption remained virtually nil (-94%).**



## 2- Dental: -29% over the period studied vs 2019 (20 January to 27 April 2020)

Implementation of the “100% Healthcare” reform, which takes into account the position of the tooth and the material used for a denture, has in fact tended to increase reimbursement levels since the beginning of the year. The confinement period, with dental practices closed, has reduced consumption to practically zero.

- Indeed, the GEREP study reveals a sharp drop in the consumption of dental treatment: a fall of almost 90% right from the first week when confinement was announced, 98% in the week of 6 April and nil consumption in the week of 13 April 2020.
- **Section 2 of the report demonstrates a pick-up in consumption in the week of 21 April (-79% i.e. +21 points over the week of 13 April 2020).**



## 3- Routine treatment

There has been a clear decrease in **consultations and doctors' visits**, both for consultants and GPs, most certainly due simply to people in France being afraid of going to the doctor.

- GPs: -24.5 % on average over the period peaking at -68%.
- Specialists: -25.0 % on average over the period peaking at -79%.

Nevertheless, there was a noticeable pick-up in week 14 (the week of 21 April 2020) with -42% for GPs and -40% for specialists respectively.

On the other hand, people in France, over the period studied, were a lot less reluctant to go to pharmacies at the beginning of lockdown. In fact, no impact of confinement was observed and actually an increase of 1.5% took place until early April. However, a sharp drop of 26% has been recorded over the last three weeks (making an average of -8% over the 14 weeks).

However, the time lag in accounting for **hospitalisation** expenses (processing direct payment of hospital fees by third parties and other accounting time lags) means that no significant trend is visible over this 14 week period. A shortfall of 0.8% appears but with significant variations from week to week.

It will be interesting to see if the postponement of planned but non-urgent hospital stays will have an impact in Q2 or beyond, when normal hospital activity resumes. The shortfall observed seems slight compared to what was predicted.

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## Methodology

Study conducted on a significant share of the GERE customer portfolio: Panel of 60,000 beneficiaries in managed schemes.

Analysis carried out immediately following the official announcement of initial Covid-19 cases (24 January 2020) and then on a weekly basis (week of 20 January to the week of 27 April, i.e. 14 weeks data).

In order to “neutralise” variations in payroll numbers, GERE reworked the consumption results for staff “at risk” each week.

Important: Some data set out in Section 1 of the report, 23 April 2020, have varied slightly. This is because GERE makes adjustments to its model by taking into account data on some medical services relating to the period studied in Section 1 (week of 20 January to the week of 19 April) which data was only received/processed by GERE after that period. Medical data for 2019 has been reworked to ensure comparability.

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## About GERE

GERE, is a broking firm specialising in group insurance programmes. As an independent company, its sustainable growth is based on very high technical skills in its businesses. GERE is entirely dedicated to corporate organisations and the welfare of their staff, offering products and services tailored to their needs throughout their professional career and their lives.

Founded in 1989, GERE now has 60 employees who excel in various areas of expertise: actuarial, legal, technical, management, communication and negotiation. In addition to its pension and employee-savings social insurance offerings, it provides its 1,000 client companies with international solutions and leading end-of-career management solutions plus a range of online services and personalised support to improve QWL.

GERE is a member of 2 international networks to provide support for clients’ international projects: Asinta, one of the main employee-benefits international networks where Gerep is the exclusive partner for France and Sequoia, a network focussing on providing international social insurance solutions.

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