Anatomy of an Outbreak: May 14, 2020

Health policy in the Covid era
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Use the orange and white arrow to minimize and maximize your GoTo panel.
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Anatomy of an Outbreak: May 14, 2020
Health policy in the Covid era
Today’s Research Expert

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Coronavirus cases in the United States
Current as of May 13, 2020

Current COVID-19 cases
- At least 1,376,700 cases
- 343,705 cases in New York
- At least 82,355 deaths

Original estimates of possible effects
- 96 million cases
- 4.8 million hospitalizations
- 480,000 deaths

Worldwide daily death tolls (slowly) trending down?

Daily coronavirus deaths (rolling 3-day average), by number of days since 3 daily deaths first recorded

<table>
<thead>
<tr>
<th>Country</th>
<th>Total deaths per million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>573</td>
</tr>
<tr>
<td>Italy</td>
<td>512</td>
</tr>
<tr>
<td>U.K.</td>
<td>490</td>
</tr>
<tr>
<td>France</td>
<td>403</td>
</tr>
<tr>
<td>U.S.</td>
<td>252</td>
</tr>
<tr>
<td>Germany</td>
<td>92</td>
</tr>
<tr>
<td>South Korea</td>
<td>5</td>
</tr>
</tbody>
</table>


Most states not yet seeing a sustained decrease in deaths
Rather, they appear to oscillate around a steady state

Daily coronavirus deaths (rolling 3-day average), by number of days since 10 total deaths first recorded

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Total deaths per 100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit</td>
<td>565</td>
</tr>
<tr>
<td>Boston</td>
<td>546</td>
</tr>
<tr>
<td>New York City</td>
<td>411</td>
</tr>
<tr>
<td>New Orleans</td>
<td>307</td>
</tr>
<tr>
<td>Miami</td>
<td>214</td>
</tr>
<tr>
<td>Chicago</td>
<td>127</td>
</tr>
<tr>
<td>Seattle</td>
<td>93</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>42</td>
</tr>
</tbody>
</table>


Weighing the tradeoffs of economic reopening
Lifting social distancing will likely create a spike in Covid mortality

States taking actions to re-open and distance from daily testing target
Current as of May 5th

DATA SPOTLIGHT

IHME¹ readjusts death projections

72,433 Total deaths in the U.S. by August 4th, as of April 29th

134,475 Total deaths in the U.S. by August 4th, as of May 4th


1. Institute for Health Metrics Evaluation.
A week later, we need even more testing
Estimated deaths rise as more states relax social testing

States taking actions to re-open and distance from daily testing target

Current as of May 12th

DATA SPOTLIGHT

IHME\(^1\) readjusts death projections

- 72,433 Total deaths in the U.S. by August 4\(^{th}\), as of April 29\(^{th}\)
- 134,475 Total deaths in the U.S. by August 4\(^{th}\), as of May 4\(^{th}\)
- 147,040 Total deaths in the U.S. by August 4\(^{th}\), as of May 12\(^{th}\)


1. Institute for Health Metrics Evaluation.
Record unemployment numbers from Covid-19

Unemployment insurance claims by week, seasonally adjusted

- 6.6 million claims the week ending on 4/4/2020
- 5.2 million claims the week ending on 4/11/2020
- 4.4 million claims the week ending on 4/18/2020
- 3.8 million claims the week ending on 4/25/2020
- 3.1 million claims the week ending on 5/2/2020
- 2.9 million claims the week ending on 5/9/2020

14.7%
Unemployment rate at the end of April, up from an unemployment rate of 3.5% before COVID-19

20,537,000
New unemployed individuals across the month of April, the largest increase in unemployed in one month in the history of tracking employment data

Lateral flow immunofluorescent sandwich assay to the rescue?
First antigen test approved offers speed and volume but false-negatives loom

What are antigen tests?
Antigen tests detect viral protein fragments found on or within the virus that indicate an active infection.

How are they different from other test types?

<table>
<thead>
<tr>
<th>Test type</th>
<th>Substance detected</th>
<th>Diagnostic use case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigen</td>
<td>Viral proteins</td>
<td>Active infection</td>
</tr>
<tr>
<td>PCR¹</td>
<td>Viral RNA</td>
<td>Active infection</td>
</tr>
<tr>
<td>Serological</td>
<td>Antibody proteins</td>
<td>Previous infection</td>
</tr>
</tbody>
</table>

Quidel’s antigen test performance metrics

- **~15 min**
  - Turnaround time
  - Rapid point-of-care test for urgent screening

- **100%**
  - Clinical specificity
  - No threat of a false-positive test result

- **80-85%**
  - Clinical sensitivity
  - 15-20% threat of a false-negative test result


¹. Polymerase chain reaction
(Mostly) Good news: More testing, lower positivity rate


1. "Last week" data includes April 30-May 6, "this week" data includes May 7-May 13.

**States meeting opening criteria:**
- <10% positivity rate
- Declining positivity rate
- Steady/increasing testing

### U.S. trends

- **13.8%** Positivity rate
- **28.1%** Increase in testing rate

### Trends in Covid-19 positivity and testing rates

<table>
<thead>
<tr>
<th>State</th>
<th>Positivity Rate (%)</th>
<th>Change in Testing Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AK</td>
<td>1.2 (54%*)</td>
<td></td>
</tr>
<tr>
<td>AL</td>
<td>7.8 (-8%*)</td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>5.7 (5%*)</td>
<td></td>
</tr>
<tr>
<td>AZ</td>
<td>9.5 (57%*)</td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>6.7 (25%*)</td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>18.1 (53%*)</td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>24.4 (89%)</td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>20.8 (16%*)</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>20.0 (68%*)</td>
<td></td>
</tr>
<tr>
<td>FL</td>
<td>7.1 (-8%*)</td>
<td></td>
</tr>
<tr>
<td>GA</td>
<td>12.9 (16%)</td>
<td></td>
</tr>
<tr>
<td>HI</td>
<td>1.7 (-43%*)</td>
<td></td>
</tr>
<tr>
<td>IA</td>
<td>15.5 (3%*)</td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>6.9 (19%*)</td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>17.3 (22%)*</td>
<td></td>
</tr>
<tr>
<td>IN</td>
<td>16.5 (16%*)</td>
<td></td>
</tr>
<tr>
<td>KS</td>
<td>13.0 (23%)*</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Positivity Rate (%)</th>
<th>Change in Testing Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KY</td>
<td>6.2 (477%*)</td>
<td></td>
</tr>
<tr>
<td>LA</td>
<td>13.7 (13%)</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>19.6 (-5%)</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>20.1 (-11%)</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>6.4 (-90%)</td>
<td></td>
</tr>
<tr>
<td>MI</td>
<td>15.7 (23%)</td>
<td></td>
</tr>
<tr>
<td>MN</td>
<td>10.6 (9%*)</td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>8.2 (-1%)</td>
<td></td>
</tr>
<tr>
<td>MS</td>
<td>10.1 (35%*)</td>
<td></td>
</tr>
<tr>
<td>MT</td>
<td>1.9 (-33%*)</td>
<td></td>
</tr>
<tr>
<td>NC</td>
<td>7.5 (0%)</td>
<td></td>
</tr>
<tr>
<td>ND</td>
<td>3.4 (-21%)</td>
<td></td>
</tr>
<tr>
<td>NE</td>
<td>17.5 (9%*)</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>8.7 (36%*)</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>32.1 (220%*)</td>
<td></td>
</tr>
<tr>
<td>NM</td>
<td>4.7 (26%*)</td>
<td></td>
</tr>
<tr>
<td>NV</td>
<td>9.6 (111%*)</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- *Indicates that the state last reported data on 5/12
- Arrows indicate directionality change from last week; change in testing rate compares new tests run last week versus this week
COVID-19: Legislative and Regulatory Responses

May 14, 2020
COVID-19 Legislative and Regulatory Timeline

**Executive Action:**
- **January 27, 2020** – HHS declares a national Public Health Emergency
- **March 1, 2020** – President Trump invokes the National Emergency Act
- **April 26, 2020** – HHS extends the Public Health Emergency; currently set to expire June 25, 2020

**Centers for Medicare and Medicaid Services Action:**
- **March 30, 2020** – CMS issues an IFC and additional waivers and flexibilities
- **April 30, 2020** – CMS issues a second IFC and additional waivers and flexibilities

**Congressional Action:**
- **March 6, 2020** – H.R. 6074: Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020
- **March 18, 2020** – H.R. 6201: Families First Coronavirus Response Act (FFCRA)
- **March 27, 2020** – H.R. 748: Coronavirus Aid, Relief, and Economic Stimulus (CARES) Act
- **April 24, 2020** – H.R. 266: Paycheck Protection Program and Healthcare Enhancement Act
Telehealth Flexibilities

Administrative and legislative policies have triggered a cascade of CMS actions designed to increase access to and use of telehealth services.

Mechanisms include:

- Dramatic expansion of flexibility in traditional Medicare
- Improved reimbursement
- Expanded coverage
- Expanded technology

Looking to the future – what flexibilities are retained post PHE?
Funding Opportunities for Health Care Providers

Provider Relief Fund: $175B
$100B through CARES Act
$75B through Paycheck Protection Program and Health Care Enhancement Act

- $50B for Medicare facilities and providers
- $12B for hospitals in hotspots
- $10B rural health clinics and hospitals
- $400M for Indian Health Service
- $TBD for testing and treatment of COVID-19 for uninsured

- $102.6B remaining funds
- Priorities: uninsured, sole Medicaid providers, nursing facilities and dentists
Funding Opportunities for Health Care Providers

**Changes to Medicare/Medicaid Payment**
- Medicare Accelerated and Advance Payment Program
- 20% add-on payment for COVID-19-related inpatient services
- Temporary Medicare sequester relief
- FMAP increase
- Telehealth payment changes

**Grant Opportunities**
- Over 30 grant opportunities created or expanded in CARES

**Business Relief**
- Paycheck Protection Program
- Economic Injury Disaster Loans (EIDL) and Grants
- Payroll Tax Deferral
- Tax credits
- Main Street Lending Program
CMS Accelerated and Advance Payments

**Up to 7 Days Prior to Payment**: Provider or supplier submits application for accelerated/advance payments.

**Day 0: Payment Issued.** Within 7 days, the MAC should issue payment to the provider or supplier. The provider should continue to be paid for claims as usual.
- Suppliers receive 100% of claims submitted Oct-Dec 2019.
- Hospitals receive 100% of claims submitted July-Dec 2019.
- CAHs receive 125% of claims submitted July-Dec 2019.

**Day 120: Recoupment Begins.** Recoupment begins 120 days after initial payment for all providers and suppliers.

**Day 210: Remaining Balance Due for Providers & Interest Attaches (~9.625%) to Any Outstanding Balance After This Date.** Remaining balance of accelerated/advance payment is due 210 days after initial payment for certain Part A providers and all Part B suppliers.

**Day 365: Remaining Balance Due for Hospitals & Interest Attaches (~9.625%) to Any Outstanding Balance After This Date.** Remaining balance of accelerated/advance payment is due one year after initial payment for acute care hospitals, children’s hospitals and certain cancer hospitals.

**Sample Timeline for Advanced or Accelerated Payment and Recoupment**

- **2019**
  - January 31: HHS PHE Declared
  - Claims Submitted Determine Payment Issued for Hospitals and CAHs
  - Claims Submitted Determine Payment Issued for Suppliers

- **2020**
  - March 27: CARES Act Signed into Law
  - April 26: HHS PHE Renewed
  - April 4: Payment Issued
  - August 4: Recoupment Begins

- **2021**
  - April 4: Remaining Balance Due for Hospitals
  - November 4: Remaining Balance Due for Certain Providers and All Suppliers

**Payment from claims will be applied to offset balance owed from accelerated/advance payment rather than paid out for both groups.**

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On April 26, CMS announced the termination of the Advance Payment Program and its intent to reevaluate the Accelerated Payment Program

- While CMS has the authority to suspend the advance payments, Congressional action is required to halt the accelerated payments

To date, CMS has approved:

- $59.6 billion in accelerated payments for Part A providers
- $40.4 billion in advance payments for Part B suppliers

This program has been the most effective relief program for providers

Why did CMS hit pause?

Concerns Congress would waive payment
Value Movement Evolution Pre-COVID

Medicare Shared Savings Program (MSSP) → Pioneer ACO → Next Gen ACO → Direct Contracting

Looking forward, how does COVID impact this movement?
On April 10, 2020, CMS clarified that it will allow diagnoses from audio-video visits to count for MA risk adjustment purposes.

However, many providers and patients are relying on visits without video (audio only).

Providers call on CMS to expand its policy to count diagnoses from audio only visits.
Narratives

What health care issues will dominate the 2020 election cycle?

Coverage  Access  Emergency Preparedness
McDermott+ Team

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The top 16 open questions we’re looking at now
Executive discussion presentation available to all health care organizations

How will Covid-19 impact…

…the demographic makeup of the US—and future demand?

…the site-of-care shifts, including to virtual channels?

…the demand for behavioral health services?

…the U.S.’ approach to post-acute and long-term care?

…the purchaser landscape and the nation’s payer mix?

…the perception of government’s role in health care?

…the employers’ health benefits strategies?

…the future of value-based care and risk-based payment?

…the competitive landscape efforts to “disrupt” the industry?

…the public perception of industry stakeholders?

…the future fundraising and philanthropy efforts?

…the perceptions of the value of systemness and scale?

…expectations about U.S. health care capacity?

…the structure of the U.S. health care supply chain?

…the future of the clinical workforce?

…the pharma, device, and tech innovation pipelines?
Your top resources for COVID-19 readiness

CDC and WHO Guidelines
Compiles evidence-based information on hospital and personnel preparedness, COVID-19 infection control recommendations, clinical guidelines, and case trackers

Coronavirus scenario planning
Explores twelve situations hospital leaders should prepare for and helps hospital leadership teams pressure test the comprehensiveness of their preparedness planning efforts and check for blind spots

Managing clinical capacity
Examines best practices for creating flexible nursing capacity, maximizing hospital throughput in times of high demand, increasing access channels, deploying telehealth capabilities, and engaging clinicians as they deal with intense workloads

How COVID-19 is transforming telehealth—now and in the future
Explores how telehealth is being deployed against COVID-19 and essential next steps for telehealth implementation

To access the top COVID-19 resources, visit advisory.com/covid-19
Meet our experts

Christopher Kerns
Vice President, Executive Insights

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