



IMPACTS OF COVID-19 ON THE HEALTH CARE SYSTEM

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ECONOMIC EFFECTS OF COVID-19 WILL BE SIGNIFICANT

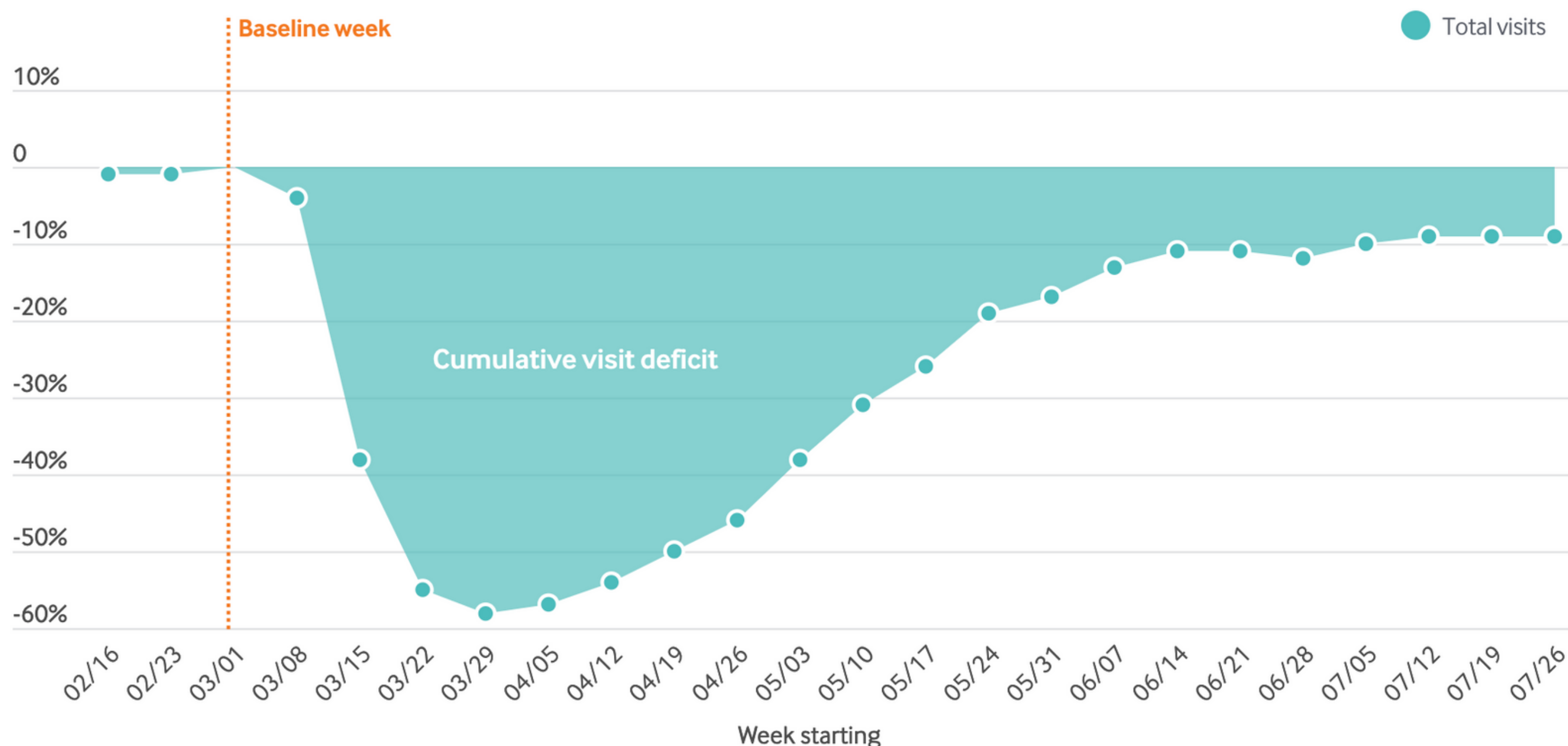
- On providers
- On insurers
- On employers
- On beneficiaries
- On EVERYONE



Large Drop in Physician Visits

The number of visits to ambulatory practices fell nearly 60 percent by early April before rebounding through mid-June. From then through the end of July, weekly visits plateaued at 10 percent below the pre-pandemic baseline. The cumulative number of lost visits since mid-March remains substantial and continues to grow.

Percent change in visits from baseline

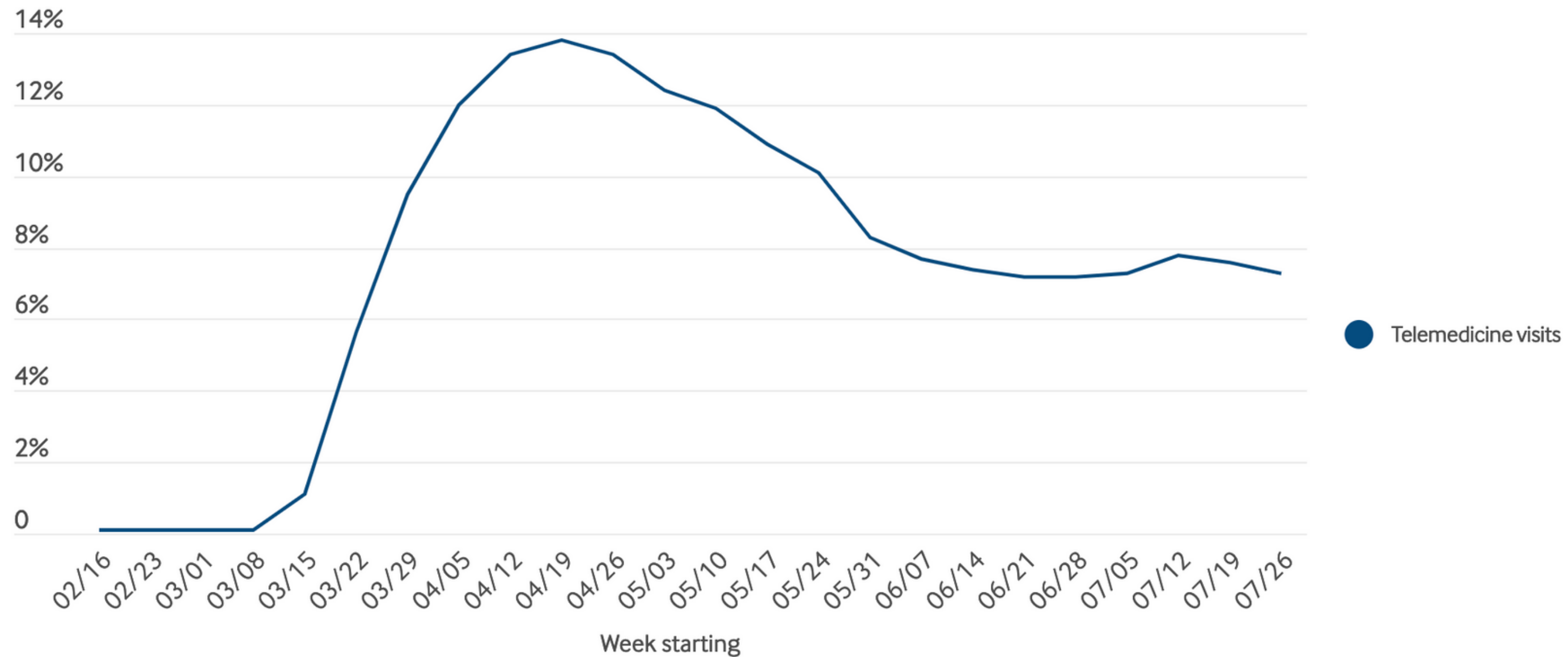


Note: Data are presented as a percentage change in the number of visits in a given week from the baseline week (March 1–7).

Source: Ateev Mehrotra et al., *The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots* (Commonwealth Fund, Aug. 2020). <https://doi.org/10.26099/yaqe-q550>

Telehealth Visits Grew Dramatically, but have Since Declined

Number of telemedicine visits in a given week as a percent of baseline total visits

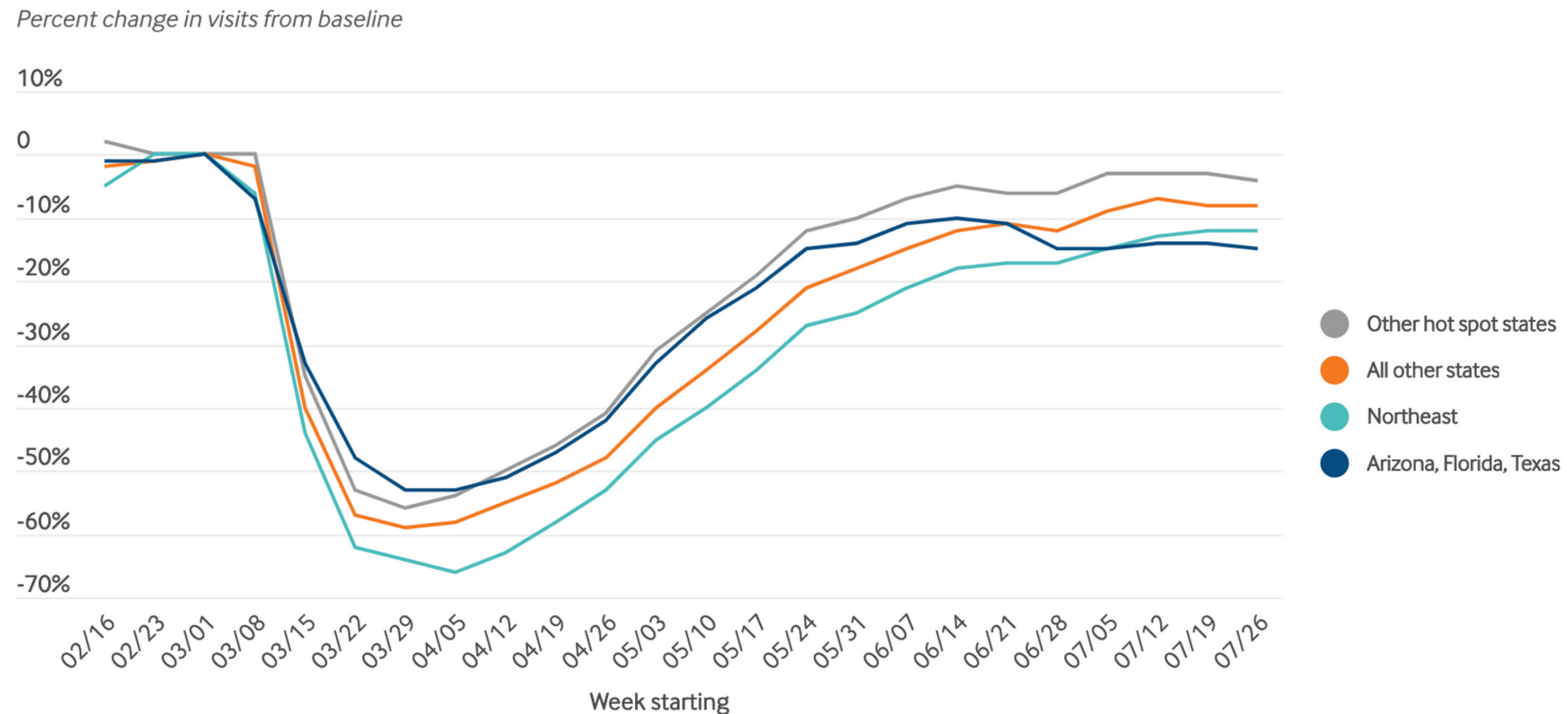


Data are presented as a percentage, with the numerator being the number of telemedicine visits in a given week and the denominator being the number of visits in the baseline week (March 1–7). Telemedicine includes both telephone and video visits.

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020).
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All Regions are Affected

Several states with surging COVID-19 cases during June and July (Arizona, Florida, and Texas) have seen a decline in provider office visits, although it's been a small one compared to early in the pandemic. Visit volumes in other states with surging new cases have held steady. Visit rates in the Northeast continue to lag most of the nation, even with relatively low weekly new case counts.

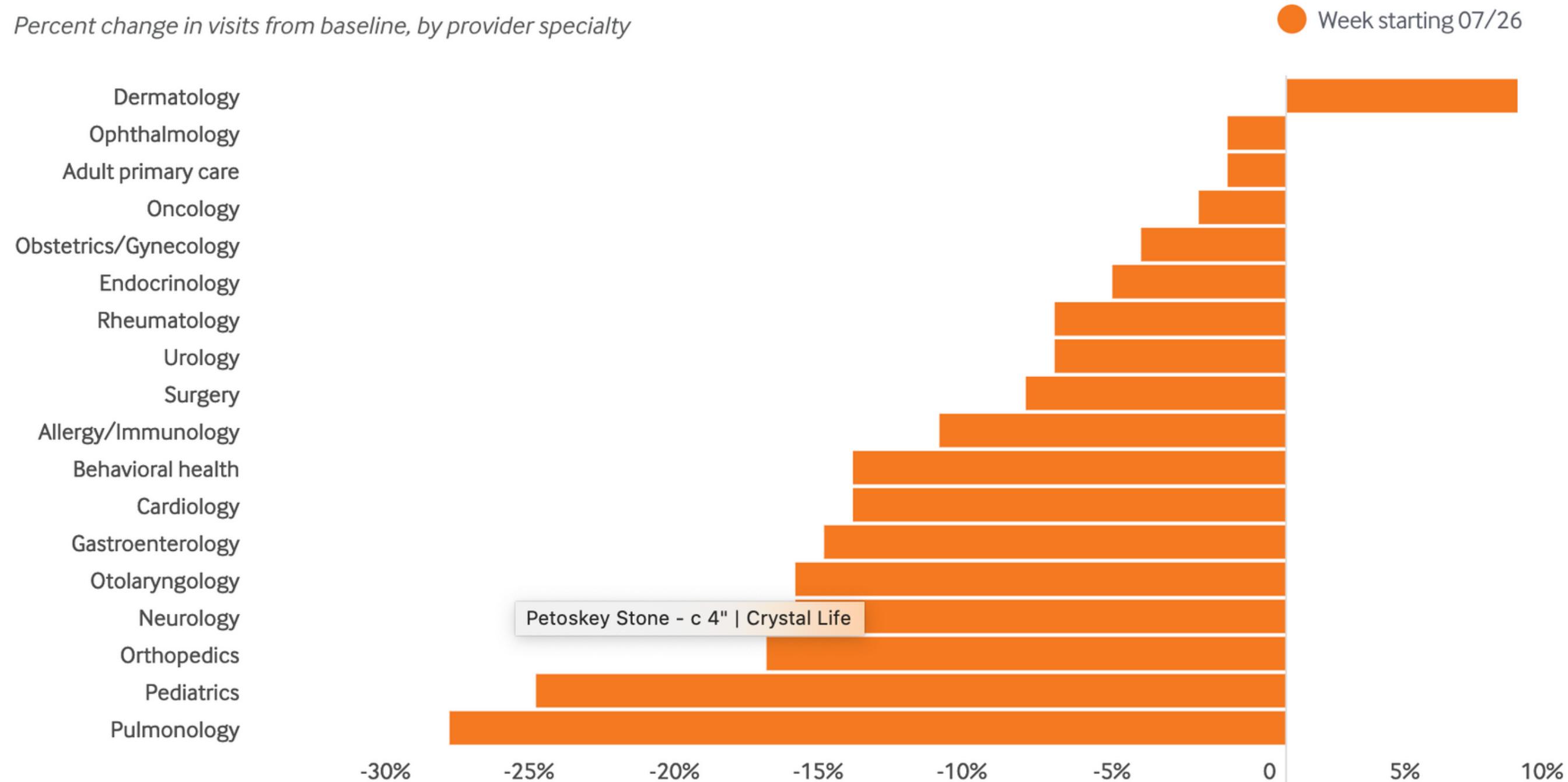


Data are presented as a percentage change in the number of visits in a given week from the baseline week (March 1–7). Hot spot states were the top 10 states in terms of new cases per capita in the weeks of June 28th and July 4th, according to data from the New York Times. These hot spots were divided into two groups: 1) Arizona, Florida, and Texas, which clearly had a different trajectory of visits, and 2) Alabama, Georgia, Idaho, Louisiana, Nevada, and South Carolina. The Northeast includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020). <https://doi.org/10.26099/yaqe-q550>

Visit Drop Varies by Specialty

Most recently, visits to some specialties, such as dermatology, ophthalmology, and adult primary care, have returned to or exceeded their baseline rates. Visits to other specialties, such as pediatrics and pulmonology, remain substantially below baseline.



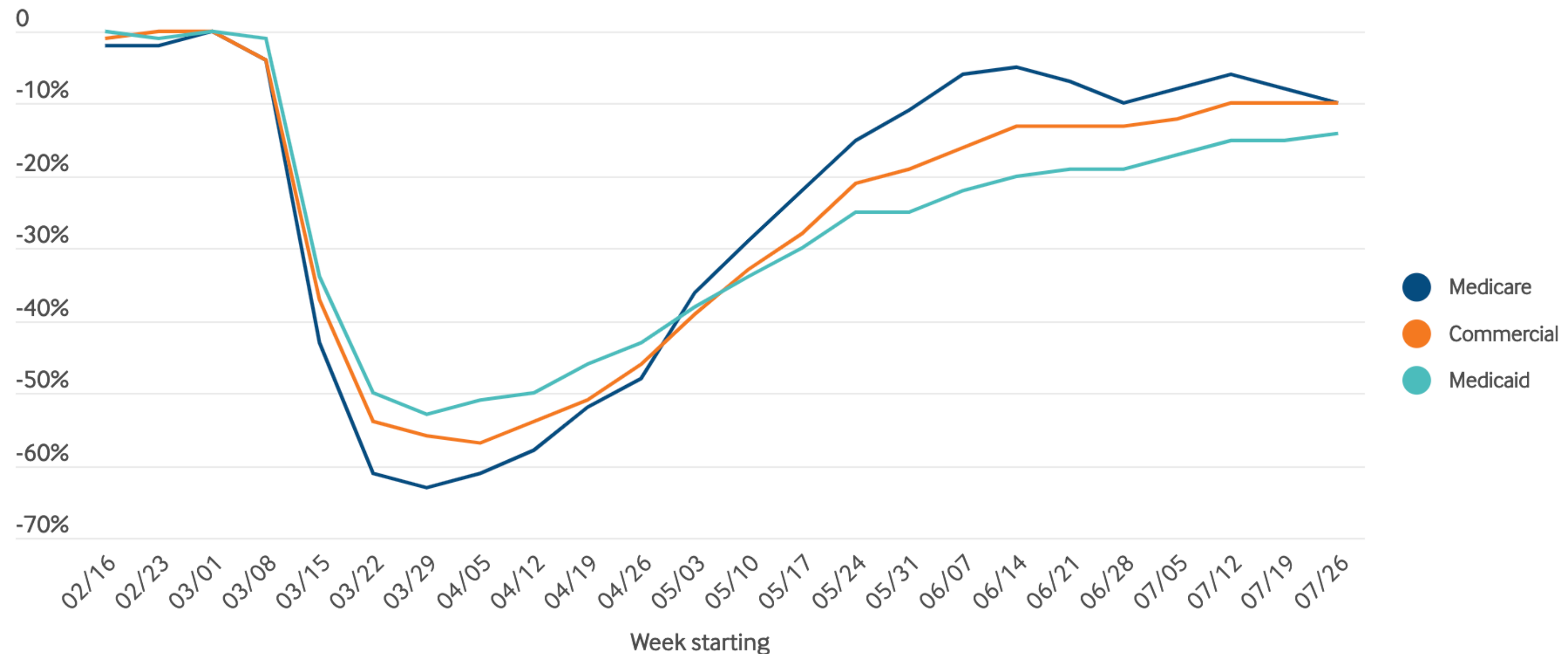
Data are for only the selected specialties shown. The decline is reflective of all visit types (in-person and telemedicine). Visits from nurse practitioners and physician assistants are not included. Urgent care center visits are not included in adult primary care or pediatrics.

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020).
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Medicare Dropped and Recovered Most

The rebound in visits has varied by type of insurance: visits by Medicare patients have been robust while those by Medicaid patients have lagged.

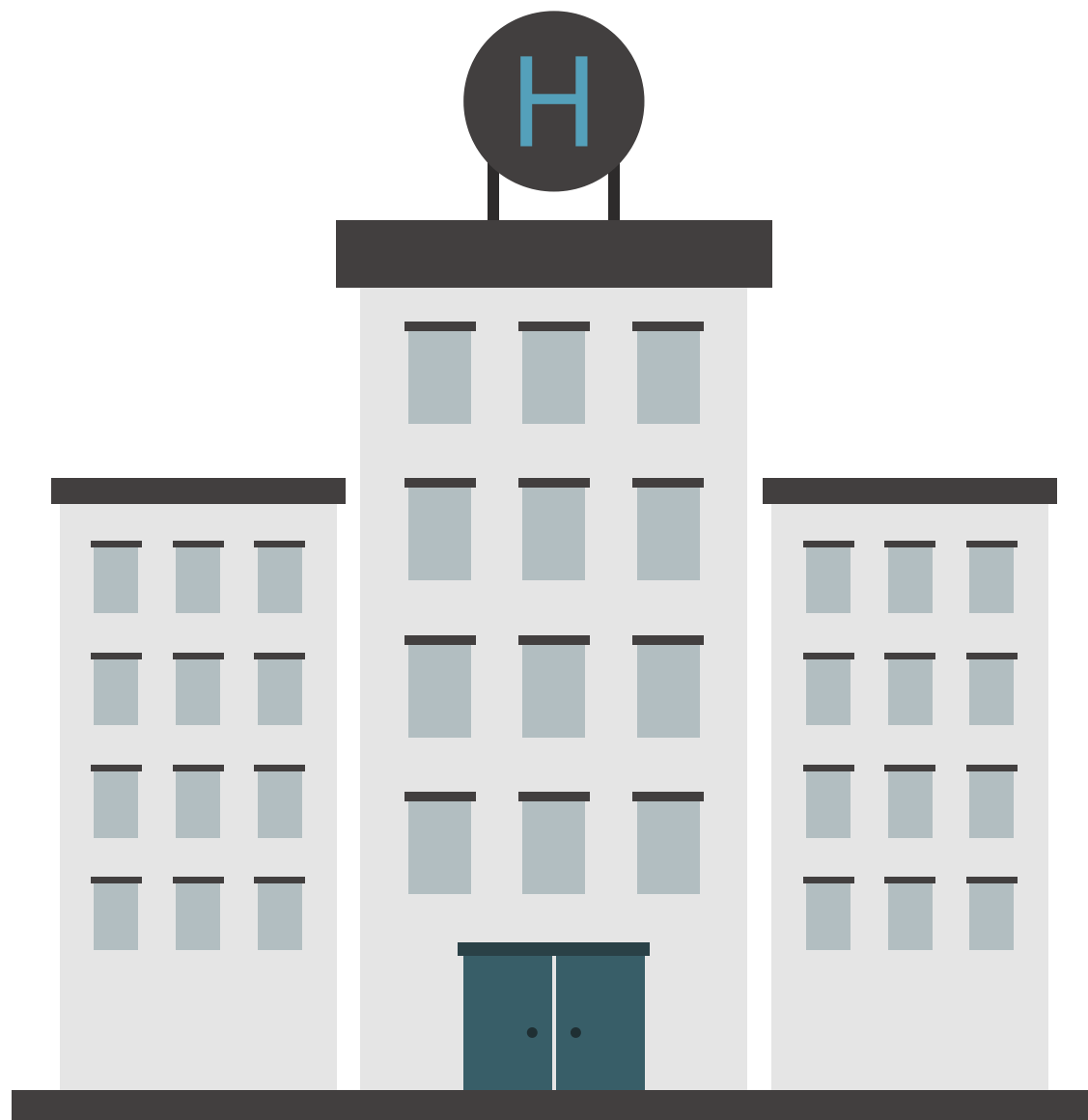
Percent change in visits from baseline, by insurance type



The percentages shown in parentheses represent the fraction of all visits at baseline among patients with insurance. Data are presented as a percentage change in the number of visits of any type (in-person and telemedicine) in a given week from the baseline week (March 1–7). Because type of insurance is observed at the time of a visit, some observed changes could be driven by patients losing their private insurance and becoming uninsured or by patients enrolling in Medicaid. Many children have Medicaid, and some of these changes could be driven not by insurance but rather by the differential impact of the pandemic on children versus adults (see graph below).

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020).
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HOSPITALS ALSO LOSING VOLUME



- Lost admissions far outweigh COVID admissions
 - COVID admissions skew towards Medicare
- Outpatient procedures dropping significantly
- Payer mix deteriorating
- Hospital costs rising
- Advanced payments help
- Federal support helps

HOSPITAL EARNINGS ARE HOLDING UP

HCA reports higher earnings, buffered by millions in coronavirus relief.

UHS generates \$251M in profits thanks to help from COVID-19 relief funds

OTHER SETTINGS

- Long-term care really challenged
- COVID risks are huge
- Big staffing concerns
- Much less post-acute
- Skews towards Medicare

PHARMACEUTICALS

- Few are talking about broad pricing issues
 - At least for now
- Vaccine and tx pricing issues
- Modest dip in prescriptions?

HOW MUCH VOLUME RETURNS?

- Fewer accidents
- Lost 'management' visits
 - Some convert to telemedicine
- Symptoms diminish
- People remain scared of health centers
- Capacity issues
- Benefit generosity deteriorates
- Do care patterns permanently change?
 - Telemedicine?

	Baseline Volume Week of Feb 20, 2020	% of Baseline Week of April 6, 2020	% of Baseline Week of June 8, 2020	Percent of decline recovered
Fractures of the femur and hip or pelvis	25	1.04	1.44	N/A
Renal failure	190	71	114	1.48
Cellulitis	86	47	100	1
Gastrointestinal hemorrhage	198	69	95	0.84
Acute myocardial infarction	173	75	94	0.76
Cardiac arrhythmia	304	41	91	0.85
Stroke	197	74	90	0.62
Urinary tract infection	215	60	89	0.73
Seizures	58	81	84	0.16
Congestive heart failure	318	50	83	0.66
Hip and femur procedures except major joint	44	84	82	-0.13
Sepsis	947	89	81	-0.73
Gastrointestinal obstruction	102	57	80	0.53
Coronary artery bypass graft	31	26	70	0.59
Major joint replacement of the lower extremity	74	20	64	0.55
Pacemaker	33	33	55	0.33
Major joint replacement of the upper extremity	35	9	54	0.49
Spinal fusion (non-cervical)	116	16	52	0.43
Percutaneous coronary intervention-IP	27	41	44	0.05
Lower extremity and humerus procedure except hip, foot, femur	22	23	41	0.23

Source: Admit, Discharge and Transfer data from BPCI-A participating hospitals and supplied to Signify Health between February and June 2020.

MY BOTTOM LINE

- Total health care spending drops in 2020
 - 5% give or take
- 2021 flat or down
 - Lagged demand offset by less generosity
- Post 2021
 - Lower spending due to less generosity
- Big Unknown
 - Prolonged first wave? Second wave?

IMPACT ON INSURERS/PAYERS

- Less medical spend
 - MLR
- Lower fees for ASO
- Risk pool deterioration?
- New costs
 - Copay waiving,
 - COVID Testing,
 - Out of network on steroids
- Grace periods
- Low investment returns

INSURER HEADLINES

Health insurers could post record profit as patients stay home

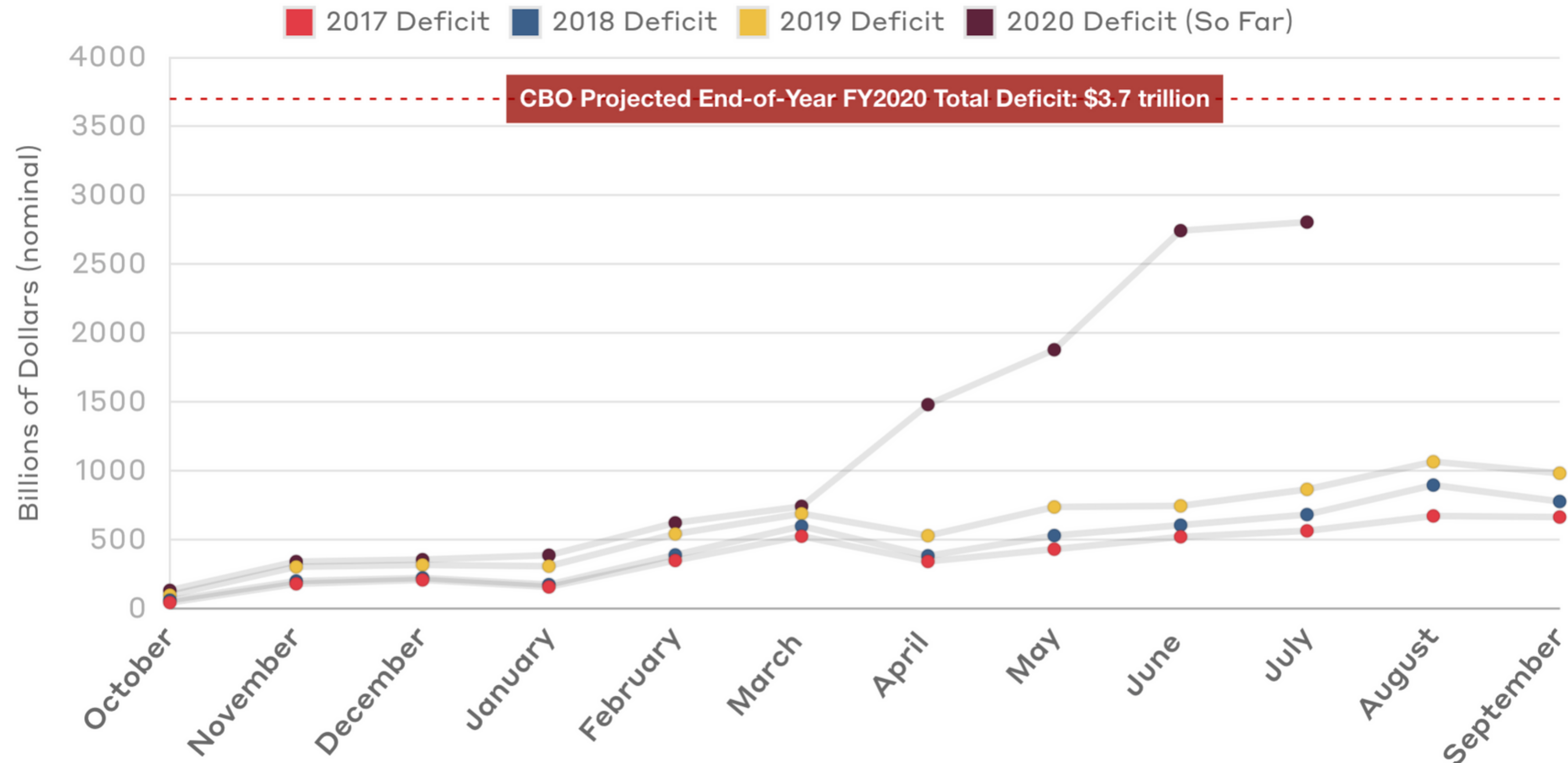
UnitedHealth Group profit doubles to \$6.6 billion with COVID-19 slowdown

MACRO ISSUES

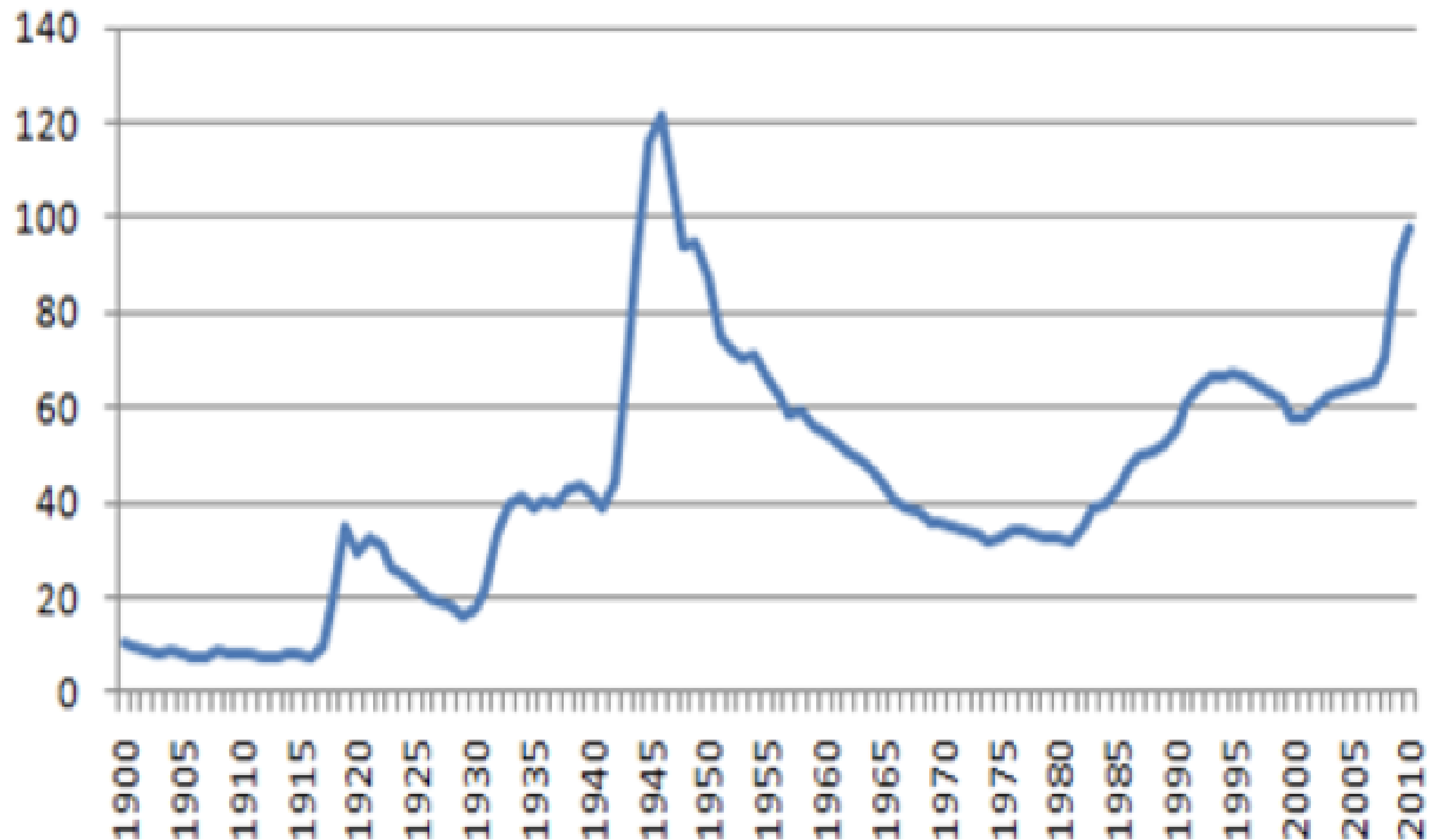
- Big deficit
 - Less \$ for everything
- Recession
 - Employers reduce generosity
- Everyone looking to save

Federal Deficit is Huge

2020 Deficit (So Far): \$2.8 trillion



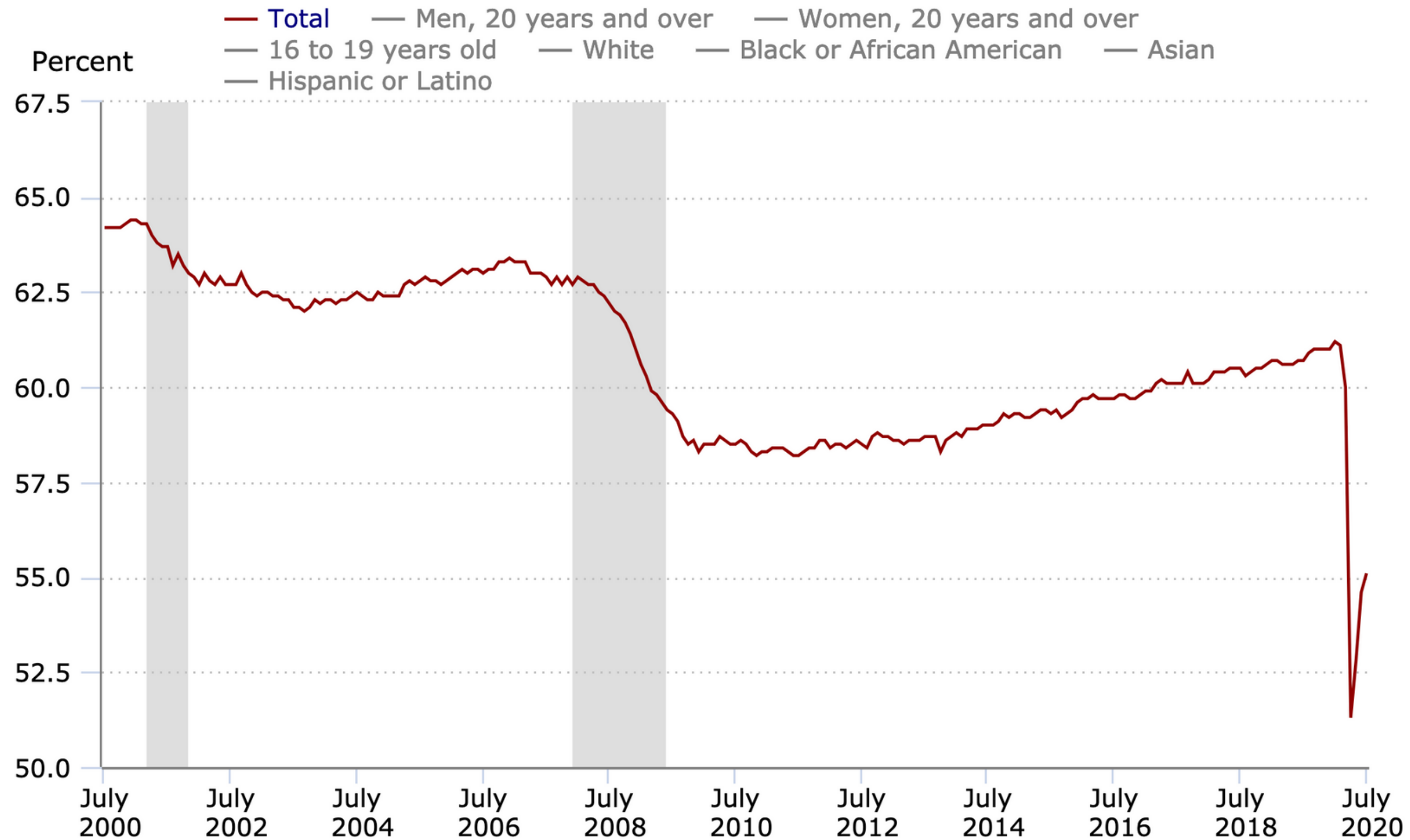
Federal Debt as % of GDP



Historic Employment Losses

Employment–population ratio, seasonally adjusted

Click and drag within the chart to zoom in on time periods

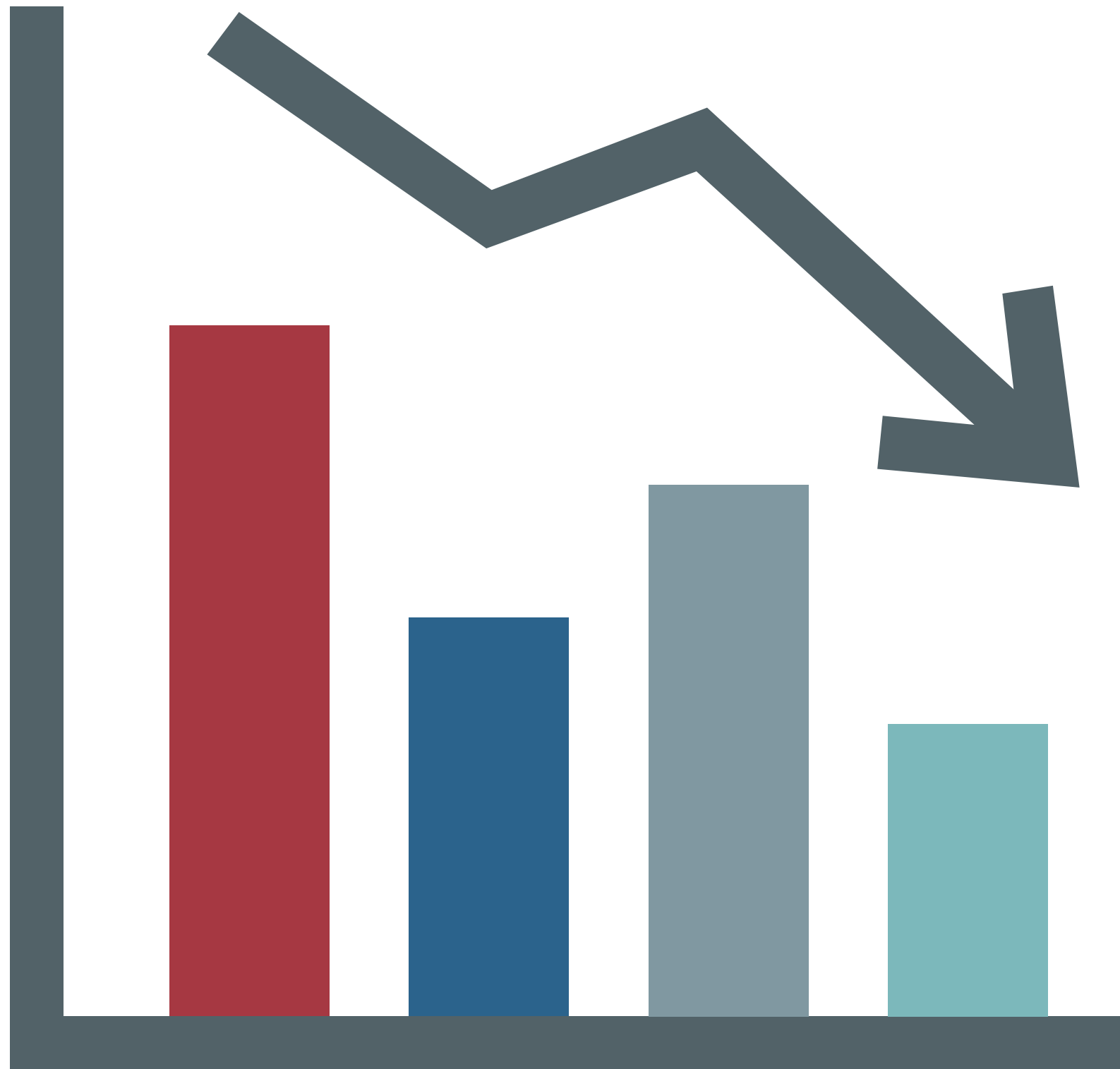


Medicare Fiscal Challenges

Pandemic could spur Medicare trust fund depletion by 2022, former VA chief says

Alia Paavola - Thursday, July 23rd, 2020 [Print](#) | [Email](#)

- Pt A trust fund depletion pre-pandemic was 2026
 - Now sooner (2022 – 2024)
 - Due to declining revenue



FISCAL SOLUTIONS

- Lower prices
 - Medicare already on flat price trajectory (though there are opportunities)
- Reduce utilization
 - Focus on low value care