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The Continuing Saga of COVID-19 in the USA

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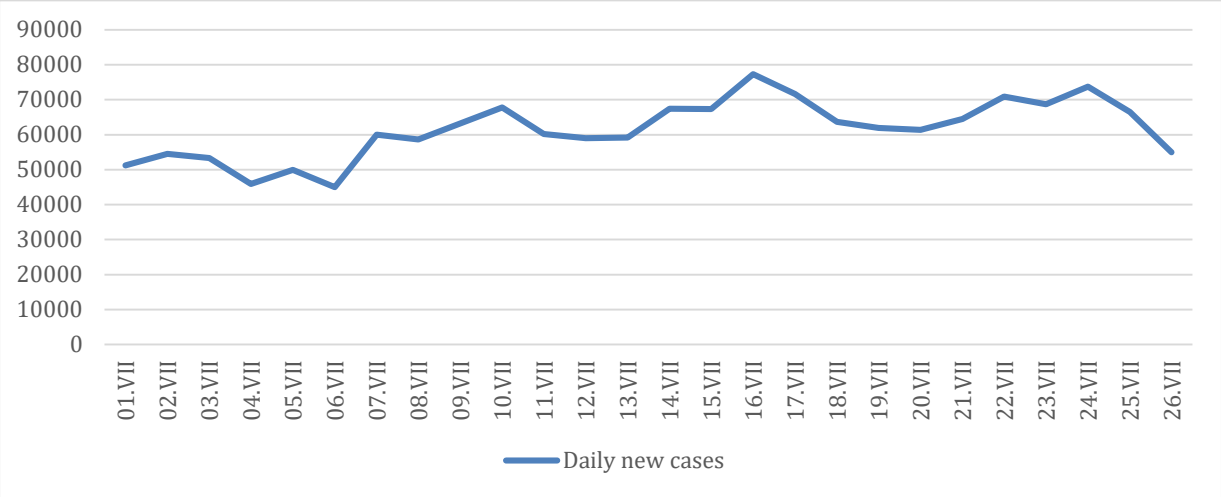
The COVID-19 situation in the US continues to worsen. June was a significant uptick in cases compared to May, and July seems to be even worse. The US managed to have over 70,000 cases in a single day on multiple occasions, peaking at 77,300 on July 16th which is more than a lot of countries' total number of cases. By this point in time, it is quite obvious why the number of cases is so high: the effectiveness of masks, social distancing, lockdowns, and even the very existence of the virus have become topics of debate in the country that have left the US divided on how to handle the pandemic.

Figure 1: Daily new cases of COVID-19 in the USA



Source: John Hopkins University[1]

The situation in the US is among the worst, but it is not *the* worst in the world, and to say so would be an exaggeration. However, out of the developed world the US has by far the worst epidemiological situation and its situation is more comparable to those in some of the less develop countries.

Administrative Decisions

There have been two interesting and very controversial decisions made recently by the Trump administration: bypassing the Centre for Disease Control and centralizing coronavirus data statistics, and blocking significant funding in the most recent coronavirus relief bill that was to be allocated for testing and contact tracing.

Starting July 15th, hospitals in the US are to skip over the CDC when reporting COVID-19 statistics, and instead send them directly to central database which is managed by the private Pittsburgh based company TeleTracking.[2] Michael R. Caputo, a spokesperson for the health department, said the reason for the change was that the CDC's system is slow and inadequate as the system is 15 years old.[3] Just two days before the changes came into effect President

[1] John Hopkins University. *COVID-19 Dashboard by CSSE*. 2020, https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6

[2] Stolberg, Sheryl Gay. *Trump Administration Strips C.D.C of Control of Coronavirus Data*. New York Times, 2020, https://www.nytimes.com/2020/07/14/us/politics/trump-cdc-coronavirus.html

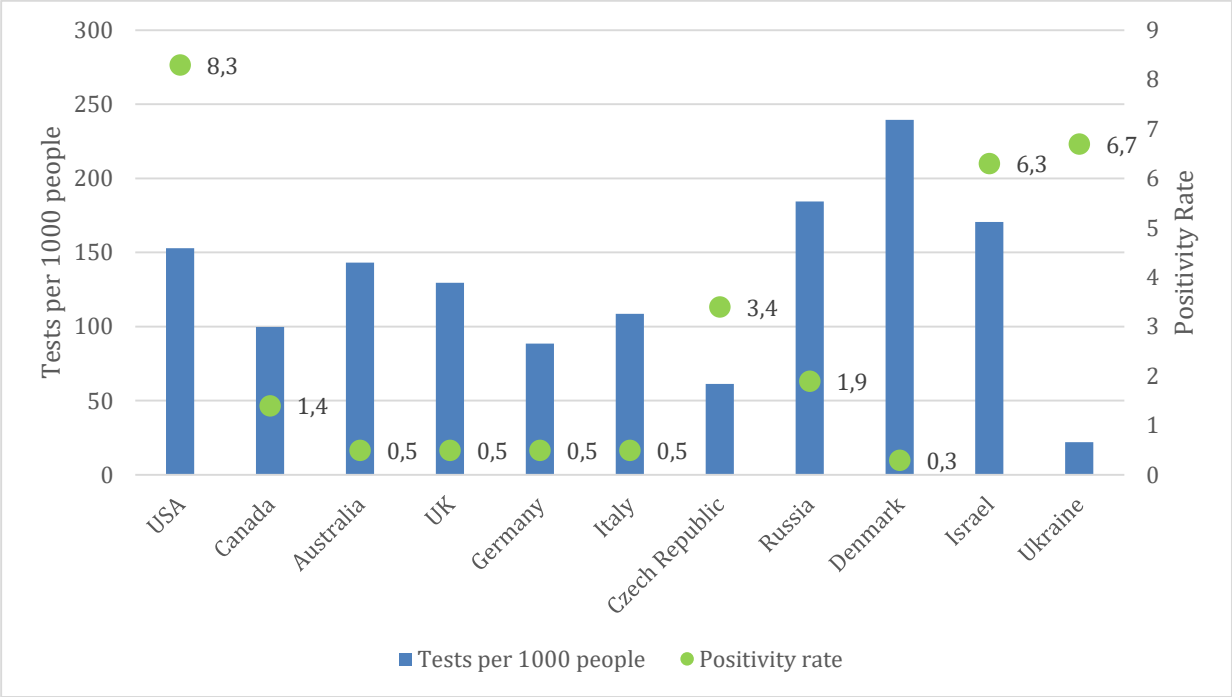
[3] Huang, Pien. *Trump Administration Orders Hospitals To Bypass CDC, Send COVID-19 Data To Washington.* NPR, 2020, https://www.npr.org/2020/07/15/891563628/trump-administration-orders-hospitals-to-bypass-cdc-send-covid-19-data-to-washin

Trump retweeted former gameshow host Chuck Woolery's now deleted tweet saying that the CDC (among others) was lying about the coronavirus figures in an effort to harm President Trump in the upcoming election.[4]

This change has led to some being concerned about transparency of the coronavirus figures as the database where the figures are to be sent is not open to the public.[5] The health department has said they will make the figures publicly available by releasing them to the CDC, but the fact remains that the Trump administration and TeleTracking are in charge of the data and control what will be released to the CDC which draws a comparison to Russia, North Korea, and Tajikistan, among others, whose official coronavirus figures have been brought into question.

The second recent decision that has lead to some eyebrow raising was the decision by the Trump administration to block a bill created by the President's own Republican party that would see $25 billion to be allocated to states for COVID-19 testing and contact tracing. The administration requested that this amount be reduced to zero.[6] This follows President Trump's oft repeated thought of "if we tested less, there would be fewer cases". As pointed out many times before, while the concrete numbers of known cases would be lower the number of actual cases does not decrease because they are not tested. Ignoring the problem and pretending it does not exist does not make it go away, testing and tracing of the virus are essential to combating it.

Figure 2: Tests performed per 1000 people compared to positivity rate in the US and selected other countries



Source: Beltekian et al[7]

[4] Collman, Ashley. *Trump retweeted a post accusing the CDC of lying about the coronavirus to prevent his reelection.* Business Insider, 2020, https://www.businessinsider.com/trump-retweet-post-says-cdc-lying-about-virus-election-2020-7

[5] Stolberg, 2020

[6] Cochrane, Emily. *Trump Administration Balks at Funding for Testing and C.D.C in Virus Relief Bill.* New York Times, 2020, https://www.nytimes.com/2020/07/18/us/politics/trump-virus-testing-relief-congress.html

[7] Beltekian, Diana, Hannah Ritchie, Esteban Ortiz-Ospina, Edouard Mathieu, Joe Hasell, Bobbie Macdonald, Charlie Giattino, and Max Roser, *Coronavirus (COVID-19) Testing*, 2020 https://ourworldindata.org/coronavirus-testing

Currently the positivity rate of coronavirus tests in the US is 8.3%, meaning, on average, for every 12 tests performed in the US 1 will come back as positive.[8] This is more comparable to Qatar (9.1% and 11 tests) and Iran (9.5% and 10.6 tests), than it is to neighbouring Canada (1.4% and 72.1 tests) or the former most heavily affected country, Italy (0.5% and 195.7 tests)[9]. 8.3% positivity is also higher than every country in Europe from which this data is available, the highest being Ukraine at 6.7%.[10] Figure 2 above shows that the US has a relatively high number of tests per capita, but a comparably high positivity rate. The suggested positivity rate to aim for is 5% or lower.[11]

Travel Restrictions

Like many countries around the world, the US has implemented entry restrictions, but they have not outright banned visitors from entering the US. Presently, foreign nationals who have been in China, Iran, a Schengen Area country, the UK, Ireland, or Brazil in the 14 days previous to arriving at the US border are not permitted to enter the US.[12] Citizens of these countries are allowed to enter the US, as long as they have spent the preceding 14 days outside of said countries.

Additionally, land crossings between the US and Canada and the US and Mexico border are closed to non-essential travel. On June 22nd, the US also banned entry into the country for holders of H (temporary worker), L (intracompany transfer), and J (exchange visitor) visas until December 31, 2020. The visa entry ban does not apply to Canadian citizens or those who possess one of the above visa types that was issued and valid before June 24th 2020.[13] The countries that US citizens can travel to is quite limited, but does include Croatia, Ireland, UK, and Mexico. Canada and most of the EU remain closed to US citizens.

Healthcare Costs and Insurance

The US has an unusual healthcare system when compared to its allies seeing as there is no form of universal healthcare, and hospitals are essentially for-profit businesses. If the patient is uninsured this could be a life changing cost that sends them into debt. Estimates vary widely on how much it costs to take care of the average COVID-19 patient because prices for medical procedures in general vary so much across the US. For example, a survey in 2012 found that the cost for an appendectomy in California ranged from $1,529 to $182,955 depending on the hospital, while this is an extreme example of price variation, COVID-19 tests prices are also quite varied ranging from under $100 to as high as $6,900.[14] This price variation is because there is no government regulation for healthcare prices.

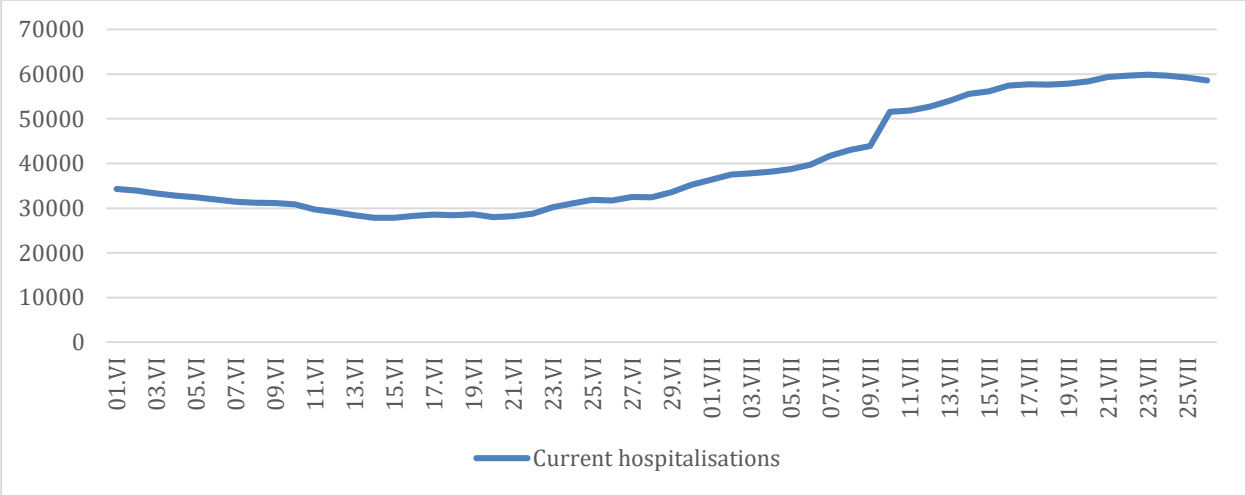
The cost of treatment for COVID-19 also varies a lot, and there a lot of variables involved like if the patient needs a ventilator, how severe their infection is, how long they will occupy a hospital bed etc. The average cost to a person hospitalised for COVID-19 is around $30,000

[8] Beltekian, Diana, Hannah Ritchie, Esteban Ortiz-Ospina, Edouard Mathieu, Joe Hasell, Bobbie Macdonald, Charlie Giattino, and Max Roser, *Coronavirus (COVID-19) Testing*, 2020 https://ourworldindata.org/coronavirus-testing
[9] Ibid.
[10] Ibid.
[11] John Hopkins University. *Which U.S. States Meet WHO Recommended Testing Criteria?* 2020, https://coronavirus.jhu.edu/testing/testing-positivity
[12] CDC. *Travellers Prohibited from Entry to the United States*. 2020, https://www.cdc.gov/coronavirus/2019-ncov/travelers/from-other-countries.html
[13] NAFSA. *COVID-19 Restrictions on U.S. Visas and Entry.* 2020, https://www.nafsa.org/regulatory-information/covid-19-restrictions-us-visas-and-entry
[14] Kliff, Sarah. *Most Coronavirus Tests Cost about $100. Why Did One Cost $2,315*. New York Times, 2020 https://www.nytimes.com/2020/06/16/upshot/coronavirus-test-cost-varies-widely.html

but the average cost for a hospitalised patient who needs a ventilator is around $90,000.[15] If the patient has insurance, they will not be on the hook for the full amount but they will still have to pay the deductible. The most popular health plans are *silver level* which have an average deductible of $4,033.[16] Patient's insurance may not even cover the cost of treatment when "surprise billing" comes into effect.

"Surprise billing" occurs when a patient receives treatment from a hospital or doctor who does not have a contracted negotiated rate with the patient's insurance provider, otherwise called an out-of-network provider. A simple example of this would be a doctor who charges $100 for a check-up, but the patient has an in-network insurance provider that has a contract with the doctor to accept $80 for a check-up. The patient then pays X amount and their insurance covers the rest of the $80. However, if the doctor is out-of-network the discount does not apply and the insurance provider may not provide coverage at all if the patient does not have out-of-network coverage sticking the patient with the full $100 price tag. If the bill is $30,000 out-of-network, there is a good chance that the patient is on the hook for the full $30,000. Patients need to be careful about which hospitals they go to, and sometimes even which doctors they see as a hospital may be in-network but the doctor treating them may be out-of-network. Approximately 1 in 5 emergency department visits in the US are out of network.[17]

Figure 3: Current hospitalisations due to COVID-19 by date since June 1st



Source: The Covid Tracking Project[18]

Not only is the COVID-19 pandemic expensive for patients, hospitals are suffering too. The CEO of the American Hospital Association, Rich Pollack, estimates that hospitals are losing $50 billion per month due to COVID-19. He says this is likely due to three factors, the first being increased expenses. Staff are working longer hours, more staff are needed, more supplies are needed, and the cost of said supplies has dramatically risen: a hospital gown that used to cost $0.22 now costs an average of $11 and hospitals can use up to 20,000 of these gowns each

[15] Merelli, Annalisa. *Depending on where they live, coronavirus can still cost Americans thousands of dollars.* QZ, 2020, https://qz.com/1853315/the-cost-of-coronavirus-care-depends-on-where-americans-live/

[16] Healthpocket. *Average Market Premiums Decrease in 2019 For The First Time*. 2020, https://www.healthpocket.com/healthcare-research/infostat/2019-average-market-premiums-decrease#.XnNKnZNKj_S

[17] Brookings. *Everything you need to know about surprise billing*. 2019, https://www.brookings.edu/product/everything-you-need-to-know-about-surprise-billing/

[18] The Covid Tracking Project. *National Overview*. 2020, https://covidtracking.com/data

day.[19] The second factor is decreased revenue because most elective surgical procedures have been postponed. Surgical stays account for 48% of US hospital revenue, and while not every surgical stay is an elective procedure, surgical procedures are more likely to be elective than other types of procedures.[20] The third factor is an increase in uninsured patients due to the economic situation who simply cannot pay the very expensive bills.[21]

For health insurance companies, the number of COVID-19 claims has thus far been offset by the aforementioned lack of elective procedures claims in 2020.[22] However, this has a major downside that may not be felt until 2021 or even later. As these elective procedures keep getting pushed back and delayed, the risk of them being bunched close together in 2021 rises which could lead to a surge in medical costs for next year and in turn an increase in health insurance premiums. The average growth in medical costs from 2014 to 2019 was 6%, the current estimate for 2020 is 4% growth and 2021 could see medical costs increase 10% if these elective procedures are continually postponed until then.[23]

Recommendations

- Keep the current level of testing, and preferably increase it, until the positivity rate is lowered. 5% may be considered the benchmark, but ideally heavy testing would continue until the positivity rate is below 3%. Likewise, do not reduce or limit the funding for testing and contact tracing.
- Masks work, this cannot be stated enough. President Trump recently said that masks are patriotic. This is a step in the right direction, but it is likely not enough. Other political leaders that have yet to do so should also encourage mask wearing, and states, especially those experiencing serious outbreaks, need to enforce mask wearing when inside public spaces if not at all times outside of the residence.

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Ryan has an honours bachelor degree in Russian and EU studies from the University of Victoria in Canada. He also completed a master's degree in international affairs at the Moscow State Institute of International Relations, and a master's degree in nonproliferation and terrorism studies at the Middlebury Institute of International Studies.

[19] Farr, Christina. *US Hospitals are losing millions of dollars per day in the midst of the COVID-19 pandemic – and recovery may take years.* CNBC, 2020, https://www.cnbc.com/2020/05/05/hospitals-losing-millions-of-dollars-per-day-in-covid-19-pandemic.html

[20] Zieger, Anne. *Surgical admissions haul in 48% of hospital revenue.* Healthcare Drive, 2014, https://www.healthcaredive.com/news/surgical-admissions-haul-in-48-of-hospital-revenue/234623/

[21] Bainbridge, Robyn. *US hospitals losing $50 billion a month due to COVID-19.* International Travel & Health Insurance Journal, 2020 https://www.itij.com/latest/news/us-hospitals-losing-around-50-billion-month-due-covid-19

[22] AM Best. *Best's Commentary: COVID-19 Impact on U.S. Health Insurance Companies Smaller Than Expected*. Businesswire, 2020

[23] Health Research Institute. *Medical cost trends: Behind the numbers 2021*. PwC, 2020, https://www.pwc.com/us/en/industries/health-industries/library/assets/hri-behind-the-numbers-2021.pdf

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