



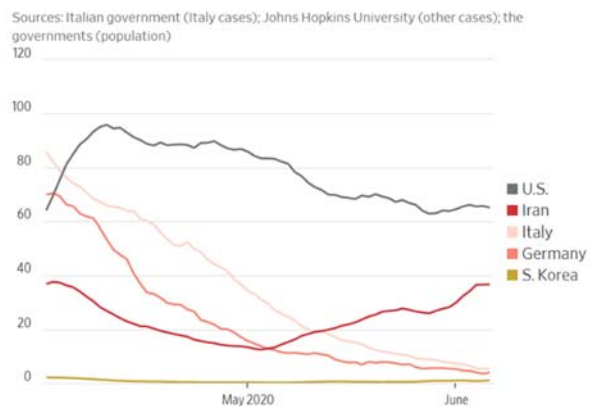
June 15, 2020

To: Distribution

From: Pandemic Working Group

Re: **COVID-19: Reopening Successfully ~ Upward Trends ~ Hospital Income ~ Final Word**

Reopening with Success. As reported by the Wall Street Journal over the weekend, even while many countries in Europe and Asia have emerged from lockdown, they have so far avoided a resurgence in coronavirus cases. The same sort of trend is apparent in certain U.S. cities, such as New York City, which experienced early outbreaks, imposed suppression measures, achieved a downward trend and are now reopening without reversal. In Europe, as of early June, the infection rate has dropped 80% since its peak in mid-April. As indicated by this WSJ graph (which shows cases per million on a seven-day trailing basis), Germany and Italy are experiencing single-digit cases per million. It appears, then, that where strict controls are not imposed from the start (as they were in South Korea), the disease, in a sense, must run its course. In regions that are recovering from earlier outbreaks, experts continued to warn against complacency, likening this to having put out a fire and then monitoring the situation to prevent hot spots from flaring up.



A Mixed Tale Globally. By contrast, WSJ reports that not all countries are enjoying downward pandemic trends. According to the WHO, the pandemic continues to spread rapidly, particularly in the Americas and South Asia; last Sunday set a single day record of 136,000 cases globally. In some cases, as with Brazil, these involve outbreaks that began later than Asia and Europe. In other cases, as with Iran, there has been a resurgence (the red line in the graph) to peak levels after the government rolled back many lockdown restrictions to revive its economy. And, even in places that were thought to have been “past” the virus, the pandemic is still showing signs of life. The New York Times reports that the city of Beijing, China, which had recorded 56 consecutive days of no infections, tracked down 79 cases over the past four days. All of the infected persons either worked or shopped at the bustling Xinfadi food market which employs 10,000 people and supplies 90% of Beijing’s fruit and vegetables. In an effort to get control of the outbreak, authorities closed Xinfadi and five other markets, locked down 11 residential communities and nine schools, and imposed tightened traffic restrictions.

Are Hospitals Getting a Windfall? Recently, certain news sources have been reporting that domestic hospitals may be getting windfall payments for treating COVID patients which, in turn, would give them an incentive to mischaracterize illnesses and deaths as being coronavirus-related. We decided to check in with “factcheck.org” for their take on the matter. According to FactCheck, the original thread for this concern may have arisen from a televised quote from Minnesota State Senator Scott Jensen to the effect that Medicare was paying about \$13K for a COVID diagnosis and about \$39K for putting a person on a ventilator. In fact, according to FactCheck, Medicare pays for treatments based upon categories of illness and, in this case, coronavirus is in the category of severe respiratory illnesses for which, according to the Kaiser Family Foundation, Medicare would have paid about \$13K back in 2017. Further, average Medicare payments for ventilator use exceeding 96 hours is about \$40K.

But the analysis does not end there. Because they have had to set aside capacity for treatment of coronavirus cases and deferred other procedures, many hospitals are reporting losses over the past three months. Thus, there is no evidence of enhanced profitability arising from a windfall. Further, even though some hospitals receive assistance from the CARES Act for treatment of COVID patients, the assistance is partly paid to offset the loss created by treating uninsured patients. In addition, thus far, the CARES payments have been based not on future patient diagnoses, but on past Medicare experience. Thus, the economics do not appear to create an inducement to misreport diagnoses of, or prescribe unnecessary procedures to, patients. Finally, in the words of Gerald Kominski of the UCLA Center for Policy Research, to suggest that doctors are diverting from ethical practices in this manner would be to say that they “are violating their Hippocratic oath,” and exposing themselves to potential civil and criminal penalties.

On Infecting Oneself. Finally, in the course of researching the cloth mask orders in Orange County last week, I noted with interest a quote from an Irvine resident (who shall not be named) who had waited several weeks to get a watch battery at South Coast Plaza (laudably observing social distancing) to the effect that he thought “masks are hurtful because you’re breathing in your own germs.” I know you are saying, “Oh, please.” But, this guy actually believes this. So, here is what we can say. If I am already infected with coronavirus (let’s say asymptotically) and expelling viral particles into my mask, then inhaling my own germs is the least of my worries because – guess what – I cannot infect myself any further with something that I already have. I would hasten to add that we can spread the virus to others by sharing used face coverings, which is why we should wash or dispose of them after one use. In short, this man, who shows sense enough to avoid public contact during a pandemic – even to the degree of deferring the purchase of a watch battery – is harboring misinformation.

If you have any questions or comments on this advisory, please contact either [kellyw@amvac.com](mailto:kellyw@amvac.com) or [timd@amvac.com](mailto:timd@amvac.com).