

Implications of COVID-19 for the Future of American Health Care

Governor Leavitt's Virtual Keynote Address

March 31, 2020 – Last week, the Accountable Care Learning Collaborative (ACLC) held its Spring 2020 Member Event comprised of a virtual [plenary session](#) and breakout [committee meetings](#) for members and invited guests. While the plenary session has historically been limited to members, the ACLC felt it important to open to the broader public given the widespread impact of COVID-19 and the unique experience of the keynote speaker, ACLC Co-Chair Governor Mike Leavitt, who served as Secretary of Health and Human Services (HHS) during the H1-N1 epidemic of 2009. In his address, Governor Leavitt shared lessons from past pandemics, which have always reshaped political, economic, and cultural landscapes, and outlined potential implications of COVID-19 for the U.S. health care system.

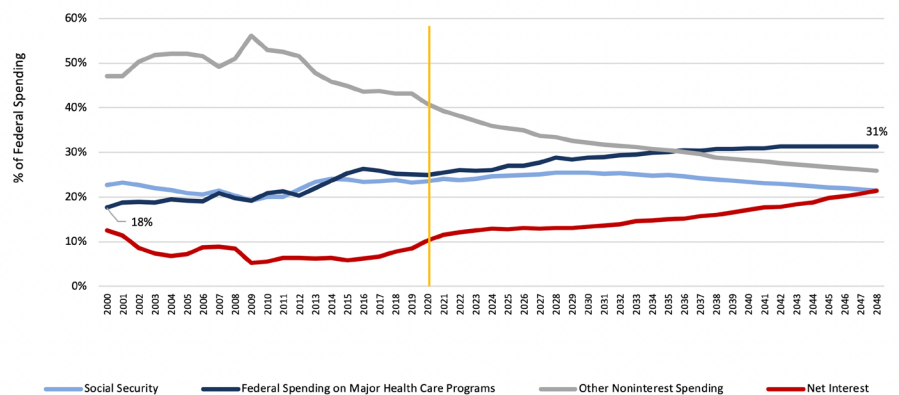
This brief summarizes Governor Leavitt's five major areas of COVID-19's potential impact on the future of American health care: macroeconomic changes, health policy issues, politics, care delivery and payment models. A recording of the full broadcast can be accessed [here](#).

“Today, I'll make the case that we are in a race. We're in a race to make value work. That's been one of the important missions of the ACLC: find ways to innovate, help us all learn, help us make the changes in the system that are required to make value work, as opposed to simply reducing payment rates over and over again just to fit within our budget.”

– Gov. Mike Leavitt

1. Macroeconomic Changes

While the full economic impact of the global pandemic is not yet known, one certainty is the growth of the U.S. federal deficit. First, at least \$2 trillion will be added to the economy through various stimulus packages, adding to the already \$25.3 trillion in national debt. Second, the economy has been dramatically downsized for an unknown period. During which, tax revenues will plummet and, until they recover, our spending will likely be greater. As a result, the interest rates charged on that debt will be a larger percentage of the national budget than it has been in the past (Figure 1).



This unprecedented pressure on health care payment rates will push the value movement in one of two directions: (1) defining value simply as low price, or (2) defining value, as we think of it today, as lower price for better quality. We must make a choice – **Can we make value work, or must we simply cut rates to balance our economic equation?**

2. Health Policy Issues

In what could be considered a silver lining, COVID-19 will continue to expose gaps in our health care system, including questions regarding social justice and health equity for the uninsured and under-insured. Geographic limitations and access constraints will lead to a renewed conversation around surprise billing. As employers' cost consciousness continues to rise dramatically in the face of a recession, we may see a restructuring of the way benefits are delivered, including the reintroducing of a defined contribution. We will undoubtedly see a continuation of narrow networks as risk-bearing entities look for ways to restrict patient movement, as well as other delivery reforms such as gatekeepers. We will see hard, but some welcome, changes driven by the heightened economic pressure placed on the health care system, once again, pointing the way to value.

3. Politics

Throughout history, pandemics have always reshaped the structure of political power and the coronavirus pandemic will be no different. At this critical time for the 2020 presidential election, key questions to ask include:

- Will the Trump Administration be seen as handling this well?
- Will the economic recovery be sufficient and seen as the administration having done its job?
- Will the pandemic create a level of discontent that drives momentum for change?

These powerful forces will shape not just the national government, but state governments, members of Congress, and cities. For example, it is very possible that the states that had not previously expanded Medicaid will likely do so quickly, as the need for federal funds outweighs political views.

“Nothing will happen more significantly in the next 6-8 months to affect politics at every level of government”

– Gov. Mike Leavitt

4. Care Delivery

Health care providers are on the frontlines of this crisis and, due to statutory requirements and the nature of the pandemic, they have an obligation to treat anyone who presents themselves. The cost of rendering care that they will not be paid for, in addition to the costs of lost revenue from lower telehealth reimbursements, canceled visits and elective procedures, will have an impact on providers that cascades through the entire health care sector. Everyone will feel the effects, and some will close their doors.

5. Value-Based Payment

The mounting financial pressures faced by payers and self-funded employers, as COVID-costs continue to rise, threaten to tarnish their view of value. What is now considered a nuanced movement with care delivery improvements happening in tandem with payment changes could become synonymous with lowering prices, a shift which would diminish the progress the value movement has made over the last ten years. Additionally, to compensate for the significant macroeconomic strains on health care, public payers will begin demanding more for fewer dollars. The impact of this strain is multiplied for employers, who will see a shift away from employers toward subsidized Medicare and Medicaid. The race to make value work, and the role of organizations like the ACLC, have become even more important in the face of this crisis.

For the full recording and Gov. Leavitt's responses to questions on rural hospitals, health workers, and other topics, [click here](#) [Q&A starts at minute 36:10].

The ACLC needs innovative thinkers like you to help prioritize and drive value in health care.

[Click here if you'd like to be involved.](#)

About the ACLC

The Accountable Care Learning Collaborative (ACLC) is a non-profit organization with a mission to accelerate the readiness of healthcare organizations to assume value-based payment models. Founded by former Secretary of Health and Human Services Mike Leavitt, and former Administrator of the Centers for Medicare and Medicaid Services Mark McClellan, the ACLC serves as the foundation for healthcare stakeholders across the industry to collaborate on improving the care delivery system.

To learn more about the ACLC, visit accountablecareLC.org.