

**SPOTLIGHT REPORT**

April 2, 2020

## Reopening In June?: Welcome to the Start-and-Stop Economy

**What's Happening:** As "stay home" orders expand across the US and millions of people lose their jobs, Americans looking for hope of a return to normalcy have turned their sights on [South Korea's success in "bending the curve."](#) With a robust program that tests anyone suspected of contracting the Covid-19 virus, and then traces their sustained contacts to find and quarantine instances of potential community spread, Korea has managed to keep the majority of its economy going even under the threat of a pandemic.

**Why It Matters:** Despite American's hopes, there are clear structural differences between the US and South Korea that will make it difficult for the United States to implement a successful program allowing people to leave their homes without fear. Even in countries that have successfully fended off the virus to date, hot spots pop up continually pop up, people are quarantined, and schools sometimes close. No one's economy has been unaffected. The US will face more significant difficulties than even these countries, as implementing any test and trace program that has succeeded in other places requires massive data collection to find potential cases, a deep bench of frontline workers to ensure compliance with quarantine orders, and financial resources to incentivize people to stay home when potentially infected.

**While Americans continue to hope that the federal government or state governments are prepared to begin implementing these complex and resource-intensive programs by mid-May or the beginning of June, when case levels in many cities are finally expected to start leveling off again, the uncoordinated response to the virus thus far is unlikely to improve.** All of the issues that have led to bungled supply lines, missing equipment, and fractured state-by-state responses are likely to remain, making reopening much more difficult than just declaring victory.

**What's Next:** Epidemiologists predict that states hit early on by the coronavirus should be able to start coming out of stasis in late May or early June. Many of these states are too busy triaging the worst cases at the moment to focus on how they will come out, but at least one has begun to expand its testing program. **New Mexico will now offer tests to individuals who have been in contact with existing cases, even if they are asymptomatic, and will allow anyone to access tests without a doctor's referral at the state's Department of Health sites. This could**

**be the first step to a larger test and trace program. Nonetheless, there are still significant questions about how the US will implement a tracing program without interfering with individual rights.** It is still unclear if that will be possible, but Europe has begun to work on the answer — EU researchers have [developed an app](#) that can alert individuals if someone they have spent sustained time with recently could have infected them, without sharing that information with the government. Even with these small advances, however, the US remains a long way from a new “normal.” There will be setbacks along the way as cases sometimes resurge despite the best efforts of health departments. As the virus spread across the globe, it is likely that international travel for business or pleasure will become a rarity until a vaccine or cure can be developed. Many Americans who are immunocompromised or over the age of 60 will not be able to participate fully in public life, and large events are likely to be on pause until there is a clear way to prevent the spread of disease at them. But many of the businesses that make up normal life in America — the small restaurants and retailers on Main Street that have been hit hardest — will be able to begin reopening as programs to reduce cases come into place.

## Test and Trace: How Experts Say the US Can Begin to Reopen In June

The United States is expected to hit its peak infection rate on April 15th, according to [modeling from the Institute for Health Metrics and Evaluation \(IHME\) at the University of Washington](#) that appears to be what the White House is using to predict the course of the disease. The model suggests that the mortality rate in the US could hit approximately 100,000 by early August.

Although [White House guidelines](#) to slow the spread currently last through the end of April, the IHME model assumes that all states will impose social distancing rules that shut down all non-essential activity within the next six days ([currently 37 states have done so](#)), and that states will not begin lifting those rules until at least June 1st.

Even then, the US is vulnerable to the virus roaring back with a vengeance. "Our rough guess is that come June, at least 95 percent of the US will still be susceptible," IHME Director Chris Murray told [NPR](#) yesterday. "That means, of course, it can come right back. And so then we really need to have a robust strategy in place to not have a second wave."

Those who hope to see the US truly open back up beginning on June 1st have pinned their hopes on a test and trace program, similar to one that has been successfully deployed in South Korea. Former Food and Drug Administration (FDA) Administrator Scott Gottlieb, who has been consulting closely with the White House and ubiquitous on the talk news shows with an expert opinion, released [a report](#) in conjunction with the American Enterprise Institute with a roadmap to reopening. In order to do so, an area must have:

1. a falling caseload for at least fourteen days;
2. enough empty hospital beds to treat all patients without crisis standards of care;

3. the ability to test all potentially patients with Covid-19 symptoms; and
4. the capacity monitor and quarantine all infected patients and those with whom they have been in close contact.

South Korea has been the mostly commonly cited example of a democratic system like the US that has had an outbreak, bent its curve, and can serve as a lesson for what Americans should do. Although cases rose quickly early on, the country moved swiftly [to conduct widespread testing](#) in January as soon as community spread began to be identified. Due to expanded testing, officials were able to rapidly identify the cause of a major outbreak in Daegu, after a single infected attendee at a religious ceremony became responsible for [over 60 percent of cases in the country](#). The country's response has proven very effective. On March 29th, the country identified [just 105 new infections](#), half the number of people as were discharged from the hospital that day.

Other countries have also been successful in suppressing the spread of the disease. China has lifted its lockdown on much of the country, and even in its epicenter of Wuhan, [shops and malls are beginning to reopen](#) this week. Taiwan, despite its close ties with China, has kept its infection rate in the low hundreds by placing a travel ban on China, Hong Kong, and Macau early on and [tracking people under quarantine](#) to ensure they stay in place. Singapore has been successful by limiting travel from infected areas and [putting in place](#) an extensive track and trace program. People who break their quarantine [face fines up to \\$33,000](#).

## **Success Is Complicated: Living With a Start and Stop Economy**

Programs to test, trace, and isolate have been proven successes in other countries, but are unlikely to offer the degree of safety that many Americans are currently hoping for. Experts acknowledge such a program is not the ideal, but rather, as Harvard epidemiologists Marc Lipsitch and Yonatan Grad [wrote in Stat News](#) yesterday, a "flimsy but still floating life raft." The US, and the rest of the world, will not truly be able to return to normalcy until a successful antiviral therapy is found or a vaccine widely distributed, something that is likely to take another six to eighteen months. Nonetheless, it is the best opportunity we have for returning to a semblance of our old lives and our old economy.

Former FDA Administrator Gottlieb and AEI researchers [acknowledge in their report](#) that even in the best case scenario in the United States, many social distancing measures would still need to remain in place. Schools may reopen, but teleworking should continue to be encouraged wherever possible, no one should hold group gatherings with above 50 people, and most people should wear masks in public.

This is true as well in the countries where the virus has been slowed. In South Korea, measures remain voluntary, but the government has strongly encouraged people to social distance, including working from home whenever possible and not gathering in large groups or going to church. New hot spots appear regularly, and public health officials have to move quickly to keep each one from exploding. A [group of 129 cases](#) was discovered in

a Seoul call center earlier this month, forcing the government to race to prevent the caseload from exploding in the country's largest city.

These hotspots can then lead to shutdowns being phased in and phased out. Schools in South Korea were supposed to restart on March 4th after a holiday break, but the unexpected [explosion of cases led the government](#) schools to stay closed. Classes will resume online beginning April 9th. Despite the inconvenience, [over 70 percent of the population](#) supports the move to keep classrooms shuttered.

Epidemiologists are consequently predicting that the US will have to open in phases. Just as states have made individual decisions to enact shutdowns, they will also have to make individual decisions to reopen. Many are also likely to tentatively reopen, but be forced to close again at times. A team from [Harvard's School of Public Health](#) suggested "intermittent" distancing may become the new normal, with social distancing occurring about 25 to 70 percent of the time.

This also places the burden of reopening directly on individual states and their leaders. If New York's Governor Andrew Cuomo (D) chooses to reopen, but the state's cases quickly begin to climb exponentially again, he will likely bear the brunt of the blame for opening too soon. This means that states will be responsible for their own programs to ensure that reopening does not result in an immediate resurgence of the virus. Test and trace programs will need to be developed and implemented at the state level, even as many states are experiencing major resource deficits.

## **Reasons To Hope: New Mexico Expands Testing, EU Considers Privacy**

Despite these difficulties, at least one state already has begun to test more broadly. New Mexico [announced on Tuesday](#) that it will begin testing asymptomatic people who have had close contact or live with positive patients as well as asymptomatic people in nursing homes. Anyone in the state will be able to get a test at Department of Health testing locations without a referral from their doctor.

New Mexico is in a better position to lead the way than many of the more-discussed states. Its caseload [as of Thursday evening](#) remained relatively low (17.3/100,000 people in the state) and its death rate was on the lower end as well (0.3/100,000). That means hospitals and doctors do not have to triage tests and supplies to the frontlines, and can spare more for testing. Additionally, Governor Michelle Luhan Grisham (D) served as the New Mexico's Secretary of Health from 2004 to 2007, making her uniquely qualified to understand the risks of a pandemic and the rewards of early testing.

If New Mexico is able to start getting a handle on the number of cases it has early, the state may even be able to begin opening up some counties sooner rather than later. Much will depend on the next steps it takes, including if New Mexico's Department of Health is able to institute a system to quarantine positive cases even once more general social

isolation rules are lifted.

We have also seen that when states move quickly and decisively, and are able to show positive results, the federal government will follow in their wake. On March 11th, New York's Governor Cuomo announced that he would "take matters into its own hands" and order private labs in his state to begin testing people for the coronavirus, quickly putting his state first in the nation on the number of tests it conducts, although testing still remains triaged to only the sickest patients. Nonetheless, as states like New York have learned to manage these more complicated aspects of the process themselves, without the federal support they had originally sought, they will also develop the skills needed to institute much larger testing programs than what had been in place (or more accurately, not in place) when the virus first reached the United States.

If testing can be put in place, tracing potentially infected individuals and placing them in quarantine will create entirely new problems. Even in democratic countries like South Korea, [the government has the ability to access information](#) on phone records, credit card use, and other information that the US government is unlikely to be allowed access to among its own population. This has been a key point of concern for those looking for a response that can still match American values.

Europe may prove to be a better model, and many countries there are several weeks ahead of the US in their curve. Germany, a more analogous example to some wealthy US states than South Korea, [is now testing up to 500,000 people per week](#), with the goal of soon reaching 200,000 per day, making it the leading Western nation on testing at this point.

As the country looks to reopen, officials are working to develop a new app based on code created by EU researchers that will alert individuals who have been in close contact with someone who has tested positive for the virus. The program will use Bluetooth to continually ping the phones of people in the vicinity, and keep a record for several weeks of all of the phones that it has been in contact with in case the owner of one of those phones is diagnosed with Covid-19. Downloading the app is voluntary, however, and it still remains to be proven whether the system works. The country is on lockdown [through at least April 20th](#), meaning it could still be several months until there is data on that front.

## **Major Obstacles Abound: A Fractured Country Creates a Fractured Response**

The same disorganized response that has allowed the US to become one of the worst-affected Covid-19 countries in the industrial world could also lead to bungled attempts to create effective test and trace programs.

### **Obstacle #1: There Is Still No Clear Supply Chain From Producers to States In Need**

The US is still at least two weeks from the peak infection rate — and for many states

several weeks farther out — but an administration official told the [Washington Post](#) on Wednesday that the Strategic National Stockpile's supply of respirator masks, gloves, and other desperately needed protective equipment is nearly depleted.

This breakdown in equipment supply chains is not just affecting frontline workers treating infected patients. It is also significantly slowing the rollout of testing. Everyone who conducts the tests must be fully suited up in personal protective equipment (PPE) to prevent them from getting the disease themselves, and with masks and gowns scarce, states like New York are not wasting them on "mild" cases. Just two weeks ago, hospitals across the US [ran out of the swabs](#) needed to conduct tests, and the week before that, many labs ran low on the reagent used to find the results of the tests in labs. Even as the US and other countries scramble to increase output, the demand has only continued to grow, meaning shortages could last weeks or months.

But there are structural issues in the United States that are exacerbating the problem. The National Strategic Stockpile was not designed to fight an epidemic that affects nearly the entire country, and it was not enhanced as the virus bore down on the United States. "The stockpile was designed to respond to a handful of cities. It was never built or designed to fight a 50-state pandemic," an anonymous Department of Homeland Security official told the [Washington Post](#).

The White House has largely refused to take the lead on gathering new supplies and doling them out to the states in need. At a briefing on March 16th, [President Trump told reporters](#) that governors should be responsible for buying their own equipment. "They can get them faster by getting them on their own. In other words, go through a supply chain that they may have because the governors, during normal times, the governors buy a lot of things, not necessarily through the federal government." Yet state governments and hospital systems have been losing out on the open market trying to access these supplies. A [Forbes](#) writer sat in on a day with a broker for masks last week, watching as deal after deal fell through for US buyers trying to purchase the masks, and as the masks regularly went to foreign purchasers.

When the administration has shipped out supplies, it has done so in an almost haphazard fashion. Oklahoma and Kentucky got more PPE than they requested, while Illinois, Massachusetts, and Maine have [gotten far less](#). The process appears politically motivated at times, as well. Florida has so far gotten everything it requested, and Florida Governor Ron DeSantis's (R) aides acknowledged it was probably because of their boss's relationship with the president.

## **Obstacle #2: States Set Their Own Mitigation Measures and Are at Different Places On Their Trajectories**

Being friends with President Trump may be good for access to extra medical supplies, but it will not do much to prevent Florida from becoming a new Covid-19 hotspot, after the state ignored warnings for weeks to shut down its beaches and issue a stay at home warning. Based on the state's delayed implementation of social distancing measures, the

IHME is projecting that Florida will hit its peak number of cases in early May, with hundreds fewer ICU beds available than needed.

According to the IHME model, that will put Florida's peak nearly a month after New York's, although various models have disagreed with those numbers. Governor Cuomo is now saying the peak in his state could come at the [end of April](#), and models from Cornell have suggested as late as [the first week of May](#). These varied projections, and varied shutdown dates, are an important reminder that there is no clear way to think about a "US" peak infection. Rather, there are likely to be dozens of peak infections across the country, with ventilators, supplies, and medical staff constantly being triaged to the newest hotspot.

That will also vary how hard a state gets hit, and how soon it can begin to reopen. Kentucky has had far fewer cases than many states and shut down early as cases began to rise. The IHME model predicts the state will bend its curve and need just 237 of its 448 ICU beds in mid-May when it hits its peak. Tennessee next door waited until its caseload was higher before issuing a stay at home order, and the IHME model is predicting the state will be short nearly 1,800 ICU beds when its peak hits on April 19th.

If Kentucky hopes to prevent cases from crossing its borders from Tennessee, either now or in the next few months, that will not be easy. Rhode Island briefly had in place a program to stop and quarantine every New Yorker entering its borders, but was quickly pressured into halting its measures. Trump also briefly flirted with a ban on allowing citizens to leave New York, New Jersey, and Connecticut, but his advisors were able to convince him to only issue a travel warning to the area.

If Kentucky maintains its due diligence on testing and tracing, and Tennessee maintains its lax approach, one state could be setting the other up to fail. This is true along borders, but also between far flung states. [Many Covid-19 hotspots](#) in the mountain west — Sun Valley, Idaho; Gunnison County, Colorado; Summit County, Utah; Gallatin County, Montana — are also resort towns. Some of Florida's cases were brought by New Yorkers fleeing to their winter homes as lockdowns began going into effect up north.

The various responses at the state level allow each locality to develop the plan best for it, but also means that the disease will likely spread more often than it otherwise would, crossing state lines quickly and with leaders having no clear recourse to stop it. Strong testing programs will need to be in place nationally to prevent flare ups from quickly becoming exponential growth curves.

### **Obstacle #3: No Federal Leadership to Coordinate a Program or Ensure States Have the Funds They Need**

States may be responsible for the direct response, but they have limited and often uneven resources. Even the wealthiest states, such as California and New York, are facing high caseloads and desperate budget shortfalls as the economy crashes. There has been no clear indication that anyone at the federal level — either in the executive branch or legislative branch — is thinking about how to create and support programs to reopen the

country in just two months.

Running these programs, as we have seen from successful states, is intensive work. South Korean health staffers call quarantined patients twice per day to check on their health and ensure they are still in their homes. One person quarantined in South Korea [recently shared a picture](#) on Reddit of the box of food and supplies the government sent him, so that he would not have to leave his home for food for two weeks. Taiwan has harsh penalties for those who disobey quarantine, but also [provides a stipend and care packages](#) to those who stay home so that they are not tempted to leave.

States could implement versions of those, one could even imagine state-based care packages with Old Bay for Maryland residents or cheese for Wisconsin's quarantined, but will struggle to find money for stipends for those who stay home. There are unemployment benefits and extended paid leave benefits from Congress, but those are not targeted to ensure people remain in quarantine.

States will likely also be forced to rely on their own resources for testing, after the federal government has repeatedly fallen down on the process. [Politico](#) reported today that there is still no central clearinghouse for collecting information on positive tests. After the FDA approved [Abbott's five-minute test](#) that can be done at a doctor's office, states scrambled and competed with each other to get access them. [The mayor of Detroit](#) even woke up the CEO of Abbott with an early Sunday morning call to secure five testing machines.

Without clear leadership at the top, each state is now forced to fend for itself. That means making the best choices internally, and perhaps across small regional groups, but it is unclear that New York will do much to prevent its wealthiest citizens from infecting seasonal workers in ski towns. Each state will have to make careful choices about who it quarantines and why, and travel could potentially become more restricted. Only time will tell.



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