



MASSACHUSETTS
HEALTH POLICY COMMISSION

Estimating the Impact of COVID-19 on the Health Care System

June 10, 2020

Background and Next Steps

As part of its efforts to support the Commonwealth with **insights about the impact of the COVID-19 pandemic on the Massachusetts health care system**, the Health Policy Commission (HPC) has compiled the most recent national and state information available to understand the range of potential impacts.

In the following slides, the HPC:

- Summarizes select **industry reports and other economic and survey data** on health care utilization and spending and provider and payer impacts, and
- Using Massachusetts utilization and spending data, models **differential impacts** of the pandemic on use of care by service category, provider organization and sector.

The HPC will **continue to analyze** the impact of COVID-19 on spending and utilization in Massachusetts as data becomes available and monitor health system changes to **inform policy efforts** during and after the crisis.

Potential Impacts of the COVID-19 Pandemic on the Health Care System: June 2020 Update

Presentation Agenda

- Summary of new industry reports and studies of the impact of the COVID-19 pandemic on spending and utilization through mid-May, after many states have reopened to varied extents
- Preliminary results from a survey of Massachusetts-based physician practices from late May to early June 2020 on the impacts of COVID-19
- Continued discussion of the implications of the pandemic on and opportunities for the HPC's work including preliminary results of impact modeling on provider organizations

The reduction in health care utilization and spending in April 2020 was dramatic, with declines of greater than 50% in many categories.

Change in quantity for April 2020 relative to April 2019

Hospital Services



- Emergency department visits: **-50%**
- Inpatient discharges: **-33%**
 - *Smallest hospitals: -38%*
 - *Largest hospitals: -28%*
- Outpatient revenue: **-50%**
- Operating room minutes: **-80%**

Physician Office Visits and Services

Variation by type of care (see next slide)



Overall: **-60% to -70%**

Prescriptions

Reductions tied to fewer office visits that would initiate new prescriptions



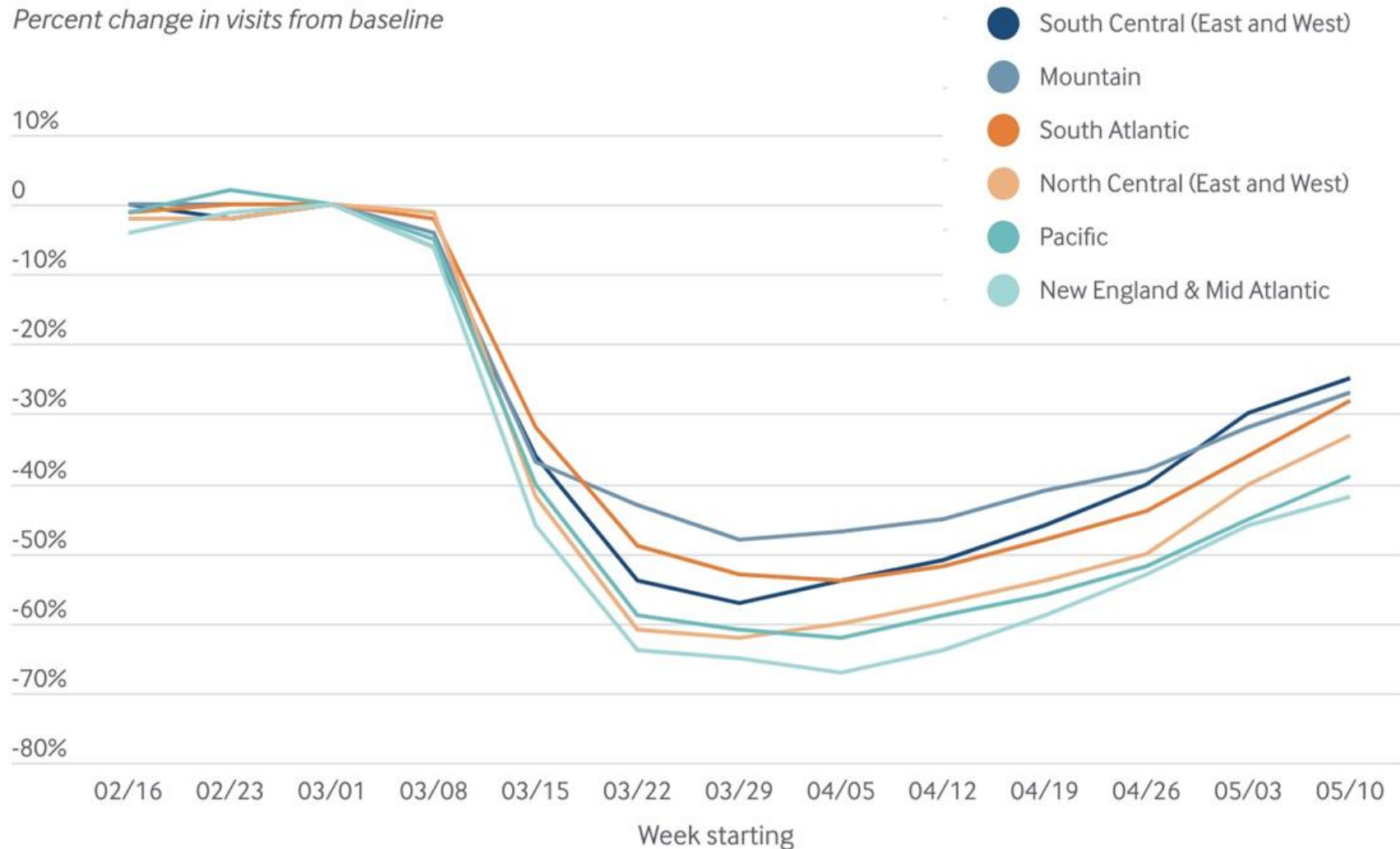
Overall: **-10%**

Sources: KaufmanHall, May 2020 National Hospital Flash Report; Strata Decision Technology, National Patient and Procedure Volume Tracker, version 5.11.20; IQVIA, Monitoring the impact of COVID-19 on the Pharmaceutical Market, May 15, 2020, data week ending May 1, 2020; Ateev Mehrotra, Michael Chernen, David Linetsky, Hilary Hatch, and David Cutler, "The Impact of the COVID-19 Pandemic on Outpatient Visits: A Rebound Emerges," The Commonwealth Fund and Phreesia; CDC Morbidity and Mortality Weekly Report, Impact of the COVID-19 Pandemic on Emergency Department Visits — United States, January 1, 2019–May 30, 2020, June 3, 2020

Data through mid-May shows an increase in visit volume after steep declines in March and April, with New England rebounding more slowly.

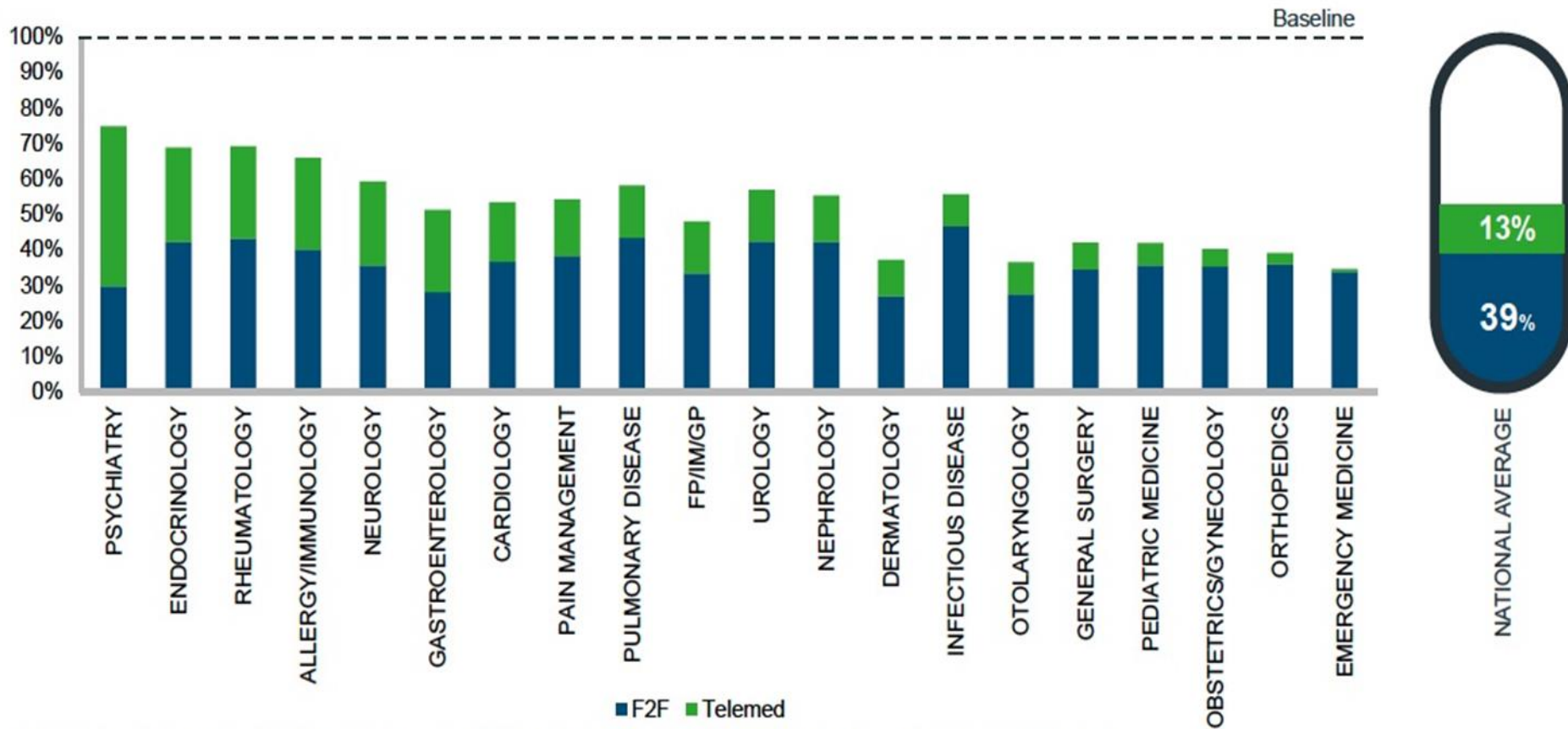
Visit volume (all types) relative to week of March 1, 2020

Percent change in visits from baseline



The reduction in physician care and use of telehealth varied by specialty.

Visit volume (blue = in-person; green = telehealth) for week ending 5/1/20 relative to Jan-Feb 2020



Source: IQVIA: Real World Data, Medical Claims, 2020, adjusted, baseline is set as average visit volume for first 8 weeks of 2020 for each respective specialty

COVID-19 Market Impact - w/e May 1, 2020

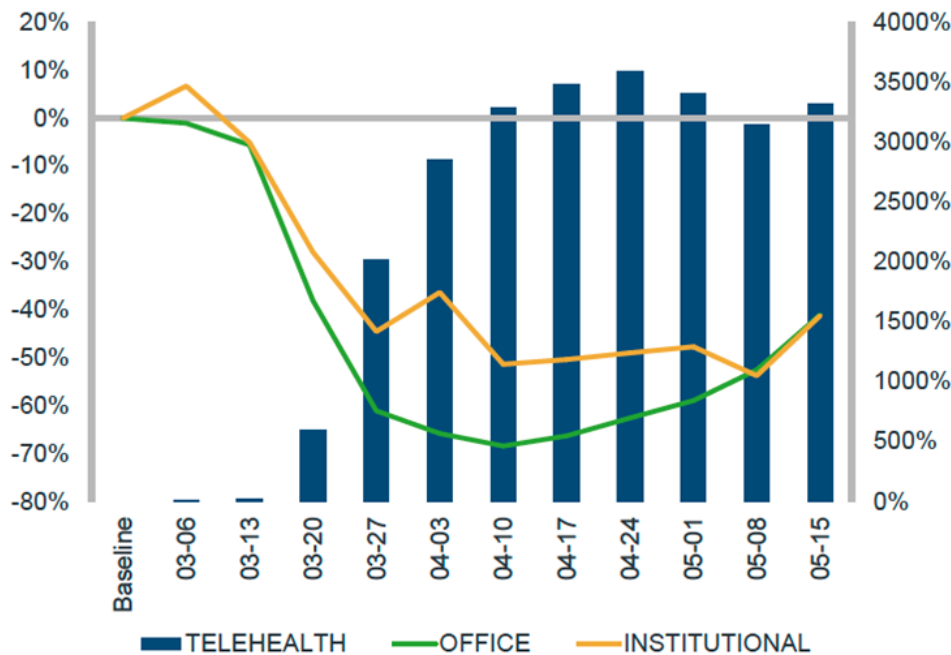


Sources: IQVIA, Monitoring the impact of COVID-19 on the Pharmaceutical Market, May 15, 2020, data week ending May 1, 2020.
Notes: "F2F" refers to in-person care that is delivered face to face.

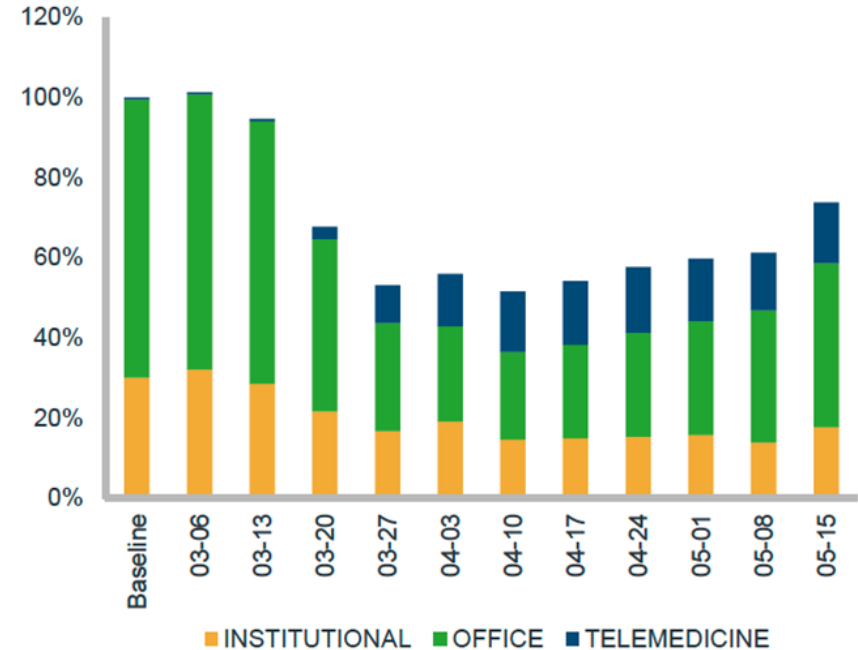
Through mid-May, total telehealth claims have held steady even as some office-based care resumed.

Visit volume (all types) relative to January – February, 2020

Total Telehealth Claims Through w/e 05-15 vs. Baseline
Weekly Diagnosis Visits Through w/e 05-15 Compared to Baseline Period



Total Visit Claims by Service Type
Baseline Period – W/E 05-15



Data for latest week date controlled against prior periods; estimates have been applied to reflect anticipated late-adjudicated claims based on historical rates

Source: IQVIA: Medical Claims Data Analysis, 2020; Baseline = Average of TH visits for period W/E 1/10/2020-2/28/2020, Estimated amounts for latest 2 weeks applied based on likely claims still to be received due to data latency or claim processing delays; See Appendix for further details

COVID-19 Market Impact - w/e May 15, 2020

In the Northeast region, telehealth increased from 0.07% of all claims to 11.1% from March 2019 to March 2020, compared to 7.5% in the U.S. overall.



Top Five Procedure Codes by Utilization, 2019 vs. 2020

In order from most to least common

Mar. 2019

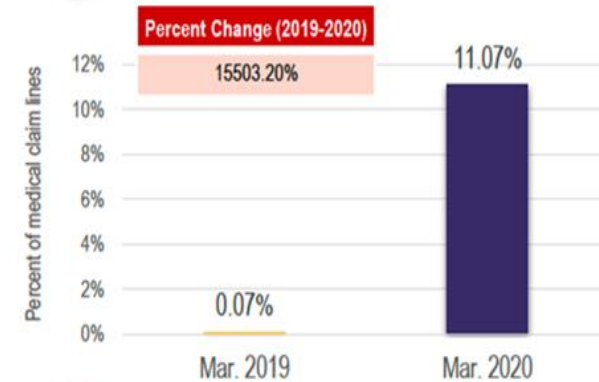
CPT®/HCPCS	DESCRIPTION
99201	NEW PATIENT OFFICE OR OTHER OUTPATIENT VISIT, TYPICALLY 10 MINUTES
99444*	PHYSICIAN OR HEALTHCARE PROFESSIONAL EVALUATION AND MANAGEMENT OF PATIENT CARE BY INTERNET (EMAIL) RELATED TO VISIT WITHIN PREVIOUS 7 DAYS
90834	PSYCHOTHERAPY, 45 MINUTES
99213	ESTABLISHED PATIENT OFFICE OR OTHER OUTPATIENT VISIT, TYPICALLY 15 MINUTES
99441	PHYSICIAN TELEPHONE PATIENT SERVICE, 5-10 MINUTES OF MEDICAL DISCUSSION

Mar. 2020

CPT®/HCPCS	DESCRIPTION
99213	ESTABLISHED PATIENT OFFICE OR OTHER OUTPATIENT VISIT, TYPICALLY 15 MINUTES
99214	ESTABLISHED PATIENT OFFICE OR OTHER OUTPATIENT VISIT, TYPICALLY 25 MINUTES
90837	PSYCHOTHERAPY, 60 MINUTES
90834	PSYCHOTHERAPY, 45 MINUTES
99442	PHYSICIAN TELEPHONE PATIENT SERVICE, 11-20 MINUTES OF MEDICAL DISCUSSION

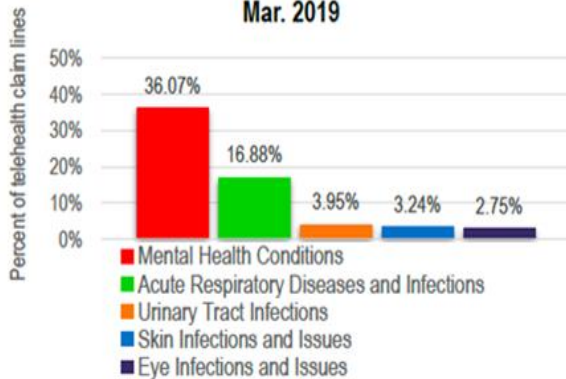


Volume of Claim Lines, 2019 vs. 2020

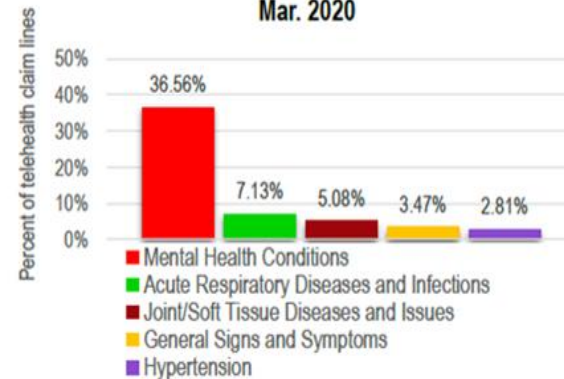


Top Five Diagnoses, 2019 vs. 2020

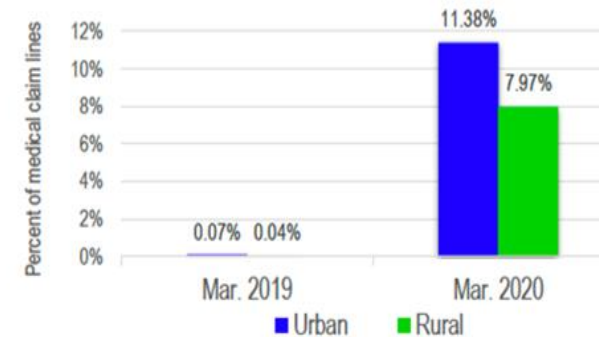
Mar. 2019



Mar. 2020



Urban vs. Rural Usage, 2019 vs. 2020

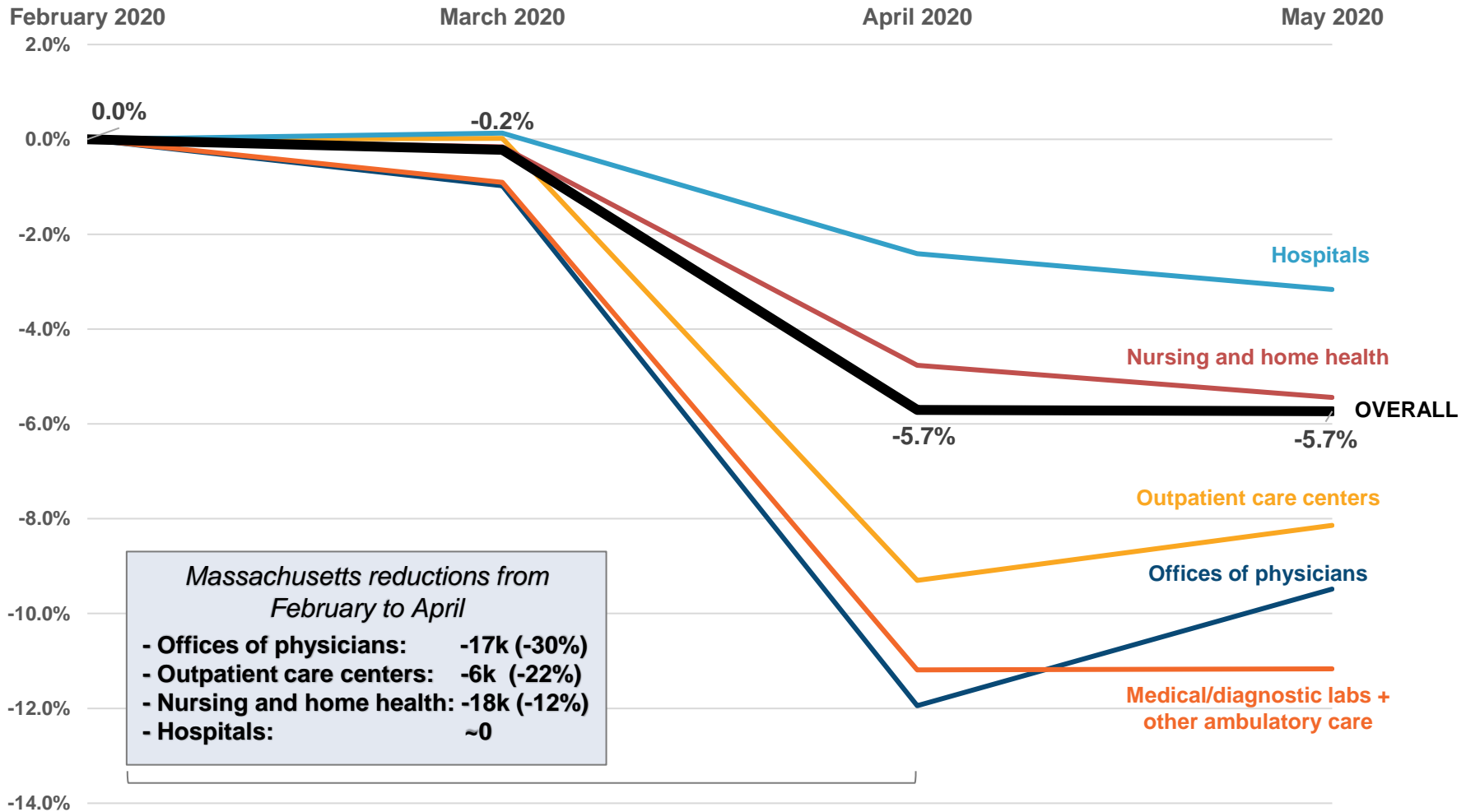


* Code deleted at the end of 2019.

Source: FH NPIC® database of more than 31 billion privately billed medical and dental claim records from more than 60 contributors nationwide. Copyright 2020, FAIR Health, Inc. All rights reserved. CPT © 2019 American Medical Association (AMA). All rights reserved.

Overall health care employment has dropped 6% nationally since February 2020, with some variation among sectors, but all declining.

Percent change in health care industry employment, by sector, February – May, 2020



Sources: BLS: Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail released on June 5, 2020 and May 8, 2020.

Notes: Overall and figure excludes office of dentists and other health practitioners. "Nursing and home health" includes employment numbers for nursing and residential care facilities and home health care services.

Results of a new survey of Massachusetts providers suggest primary care practices are struggling financially.



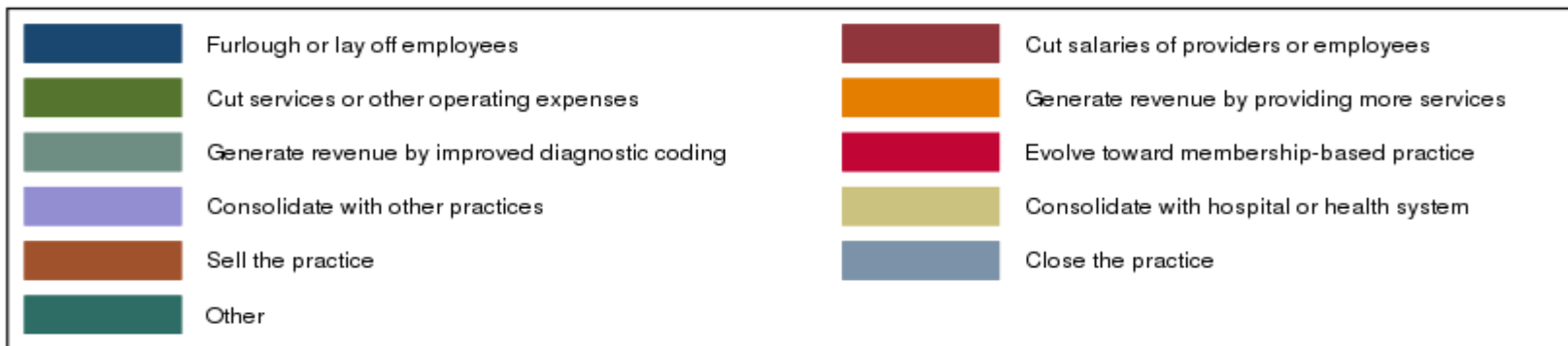
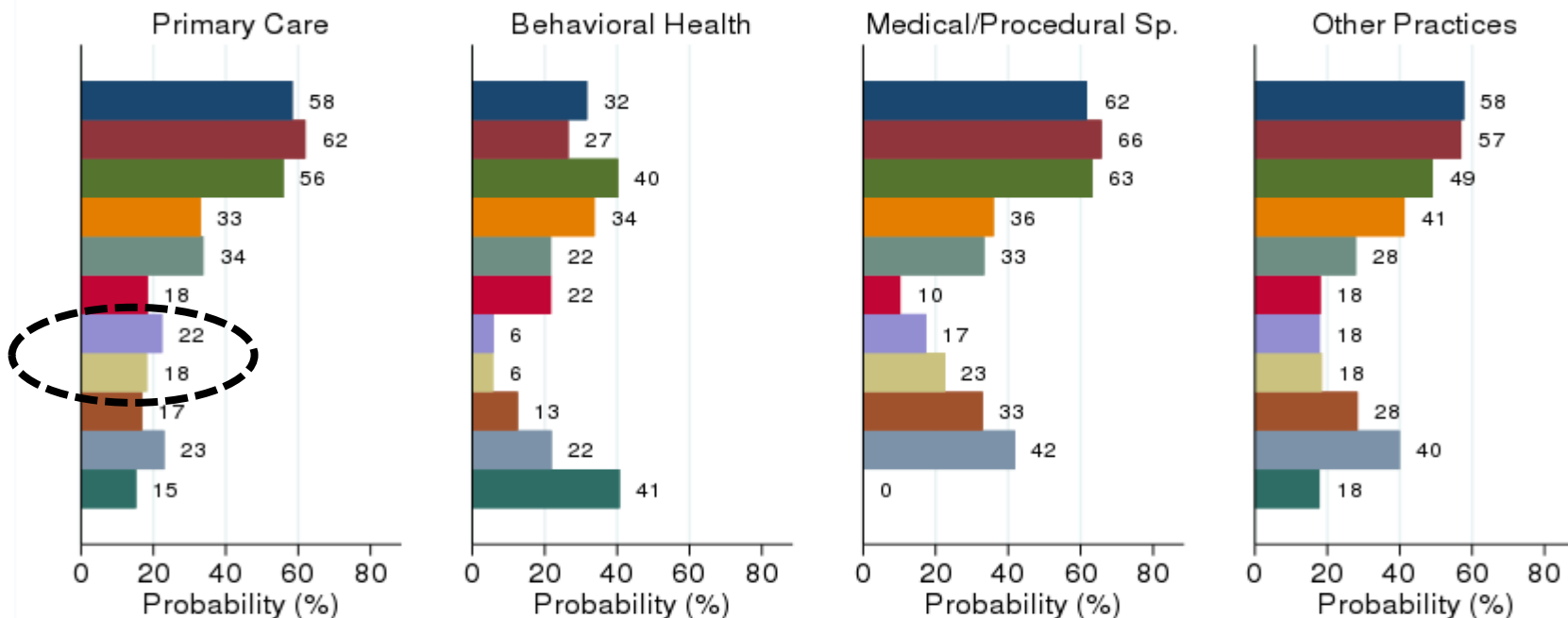
A research collaboration across faculty from the state's medical schools in conjunction with **HPC**, the **Massachusetts Chapter of the American College of Physicians**, and other **academic partners** produced a targeted survey of provider practices from late May to early June 2020 on the impacts of COVID-19.

- Responses from more than 400 practices across all provider types
- Practice-level results are weighted, where appropriate, by provider FTE
- Convenience sample – not necessarily representative

NOTE: Results are preliminary

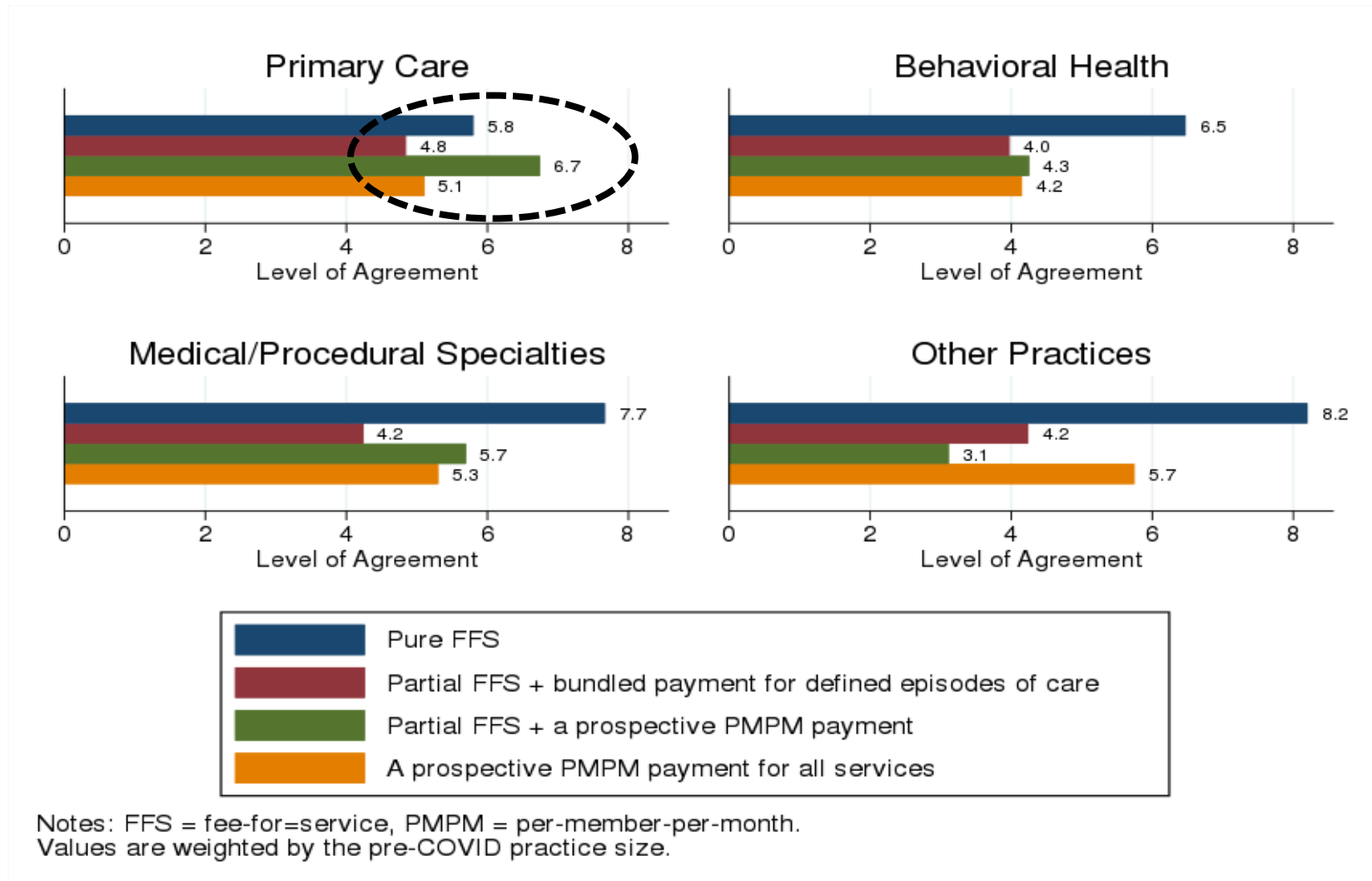
Physician practices are considering a range of potential responses, including furloughs, salary or service cuts, and increased consolidation.

Of all practices, % that checked each response (multiple responses allowed). PRELIMINARY RESULTS



Many primary care practices report an interest and preference for a partial capitation payment system going forward.

Of all practices, subjective favorability of each payment method. DATA ARE PRELIMINARY



Several estimates suggest a potential net reduction in spending for calendar year 2020 (relative to 2019), particularly for commercial plans.

Decrease in spending from reduction in *non-COVID-19* care

- **-4 to -22%** (Milliman Actuarial Consulting)
 - *Largest magnitude for **Commercial***
 - *Smallest magnitude for **Medicaid***
- **-12%** (implied) (Kronick, May 2020 Health Affairs blog)



Increase in spending due to COVID-19 Care

- **1.6 to 2.7%** (Milliman)
- **1.0 to 1.6%** (Kronick)



The HPC applied estimates in the midpoint of this range to industry reports of spending impacts by category of care to estimate annualized impacts by provider organization type.

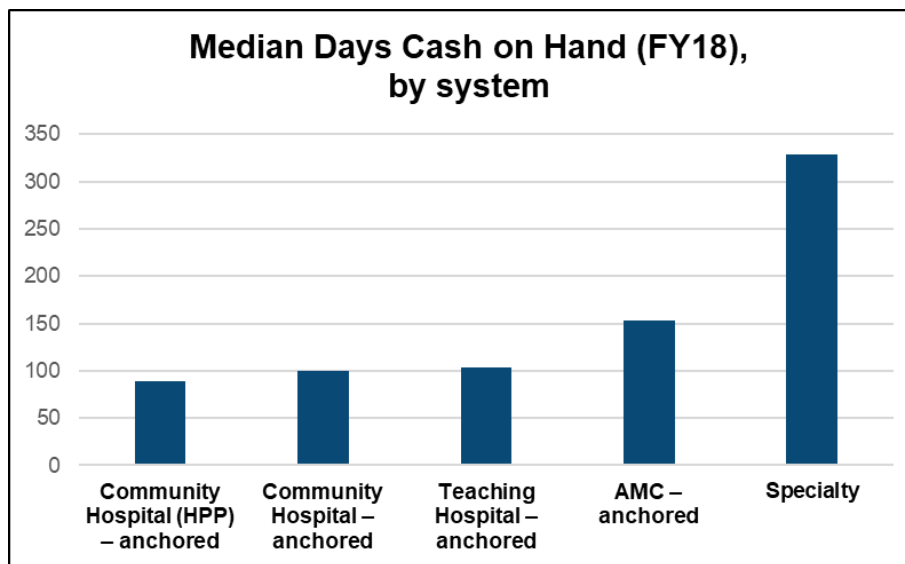
Sources: Richard Kronick, "How COVID-19 Will Likely Affect Spending, And Why Many Other Analyses May Be Wrong", Health Affairs Blog, May 19, 2020; Milliman Actuarial Consulting, "Estimating the Impact of COVID-19 on healthcare costs in 2020: key factors of the cost trajectory," Hayley Rogers, Charley Mills and Matt Kramer, April 2020

Results of Simulated Effects on Massachusetts Providers and Total Spending for Calendar Year 2020

Major spending and revenue reductions across hospitals and other health care providers, with relatively *larger* impacts expected for:

- **Community Hospitals**

- Generally rely on a greater share of revenue from outpatient care, which has experienced a more significant reduction in volume
- On average, community hospitals were in a more difficult financial position pre-COVID



- **Physician-led Organizations and Community Health Centers**

- Substantial decrease in in-person visits and associated revenue
- Less inpatient revenue to offset reductions in non-COVID care elsewhere

Contact Information

For more information about the Massachusetts Health
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