

CED PUBLIC POLICY WATCH

JULY 17, 2020

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COVID-19 CASES CONTINUE TO CLIMB, PLACE PRESSURE ON HOSPITAL SYSTEMS IN HOT SPOTS

The seven-day average of new daily cases nationwide continued its uninterrupted climb from mid-June, reaching a new record of 77,000 cases on July 17. Over the past two weeks, new daily cases have [increased](#) in 41 states. Notably, new daily cases appeared to level off and decline in Arizona, which had seen rapid growth over the month of June and continues to have among the highest rates of new cases, adjusted for population size. Roughly 22 states have seen a recent increase in reported deaths with half of those experiencing their fastest average pace of daily death so far in the pandemic.

On Monday, New York City [reported](#) its first day without a COVID-19 related death since early in the epidemic. New York City is scheduled to enter “stage 4” re-opening next Monday, the last New York region to do so. However, Governor Cuomo [announced](#) that no additional indoor activities would be permitted initially and [starting Friday](#), a ban on serving alcohol unless food was purchased. Cuomo announced, that for “No food? Then no alcohol,” and that the rules which apply statewide, were meant to enforce social distancing and the wearing of face coverings and to avoid a second coronavirus wave in what was the epicenter of the pandemic in the United States earlier this year.

Nationwide, [hospitalizations](#) for COVID-19 have trended up since late June and are approaching the previous high levels experienced in mid-April. As caseloads continue to increase in Florida, [hospitals](#) are running low on ICU capacity. Out of roughly 300 hospitals tracked, more than 50 have reached their ICU bed capacity (include many in the Miami-Dade area) and another 40 hospitals are using at least 90 percent of their capacity. [Texas](#) and [Arizona](#) each faced significant strains on hospital capacity as well. [Several hospitals in Texas and one in Arizona](#) have put in requests for refrigerated trucks to serve as temporary morgues at their facilities as COVID-19 deaths overtake their emergency rooms.

In California, Governor Newsome [imposed](#) new restrictions on some indoor activities state-wide with additional restrictions targeted to 30 southern California counties, rolling back previous relaxations.

In Oklahoma, Governor Sitt [announced](#) that he had tested positive for COVID-19, making him the first governor publicly reported to be affected (last week, Mayor Bottoms in Atlanta [announced](#) that she had tested positive).

On [Wednesday](#), the Trump Administration announced that some data collection functions around hospital information would be transferred from the CDC to an outside contractor, with data reported through the Department of Health and Human Services reporting portal. The change was not expected to affect current third-party data reporting efforts like John Hopkins and the New York Times, which get their data directly from the states.

TRUMP ADMINISTRATION CALLS FOR AMERICANS TO WEAR MASKS; MORE STATES ADDING MANDATES

On Tuesday, the Centers for Disease Control and Prevention [released](#) a [statement](#) calling on Americans to wear masks to prevent spread of COVID-19. CDC Director Redfield [said](#) the epidemic could be brought under control within eight weeks if Americans were rigorous about wearing masks. Earlier in the week, President Trump appeared in administration-released photos wearing a mask while outside the White House for the first time and in an interview on Tuesday [directed](#) that “If it’s necessary, I would urge (Americans) to wear a mask and I would say follow the guidelines.”

Whether wearing masks should be mandated by states, localities, or left to voluntary compliance remains a politically contentious issue. On Wednesday, in Georgia, Governor Kemp [issued](#) an executive order banning cities and counties from mandating masks while Governors [Ivey](#) (Alabama) and [Bullock](#) (Montana) this week placed statewide mask ordinances into effect for the first time. A number of large nationwide chain retailers, including Walmart, Krogers, Target, and Best Buy, have recently [announced](#) that they would begin enforcing mask requirements for their customers.

STUDY FINDS 5.4 MILLION AMERICANS LOST HEALTH INSURANCE DURING COVID CRISIS EVICTION LOOMS FOR MILLIONS OF AMERICANS

[The New York Times reported](#) that according to a new study, the coronavirus pandemic stripped an estimated 5.4 million American workers of their health insurance between February and May, a stretch in which more adults became uninsured because of job losses than have ever lost coverage in a single year, according to a new analysis.

The [study](#), announced Tuesday by the nonpartisan consumer advocacy group Families USA, found that the estimated increase in uninsured workers from February to May was nearly 40 percent higher than the highest previous increase, which occurred during the recession of 2008 and 2009, when 3.9 million adults lost insurance.

[The Wall Street Journal reported](#) that millions of Americans who have missed rent payments due to the coronavirus pandemic could be at risk of being evicted in the coming months unless government measures to protect them are extended, according to economists and housing experts.

Nearly 12 million adults live in households that missed their last rent payment, and 23 million have little or no confidence in their ability to make the next one, according to weekly Census Bureau data. About a third of the country's renters are protected by an eviction moratorium that covers properties with federally insured mortgages which expires July 25 and the supplemental weekly unemployment benefits of \$600 are due to end on July 31.

MORE SCHOOL REOPENINGS QUESTIONED

[The Wall Street Journal](#) reported that state and local leaders are pushing back school start dates and delaying in-person learning, saying it is too dangerous to have students back in school buildings as the coronavirus rages through the U.S.

Officials in states from California to Virginia have delayed school start dates several weeks, while others will start the academic year with remote learning only. Some are doing both.

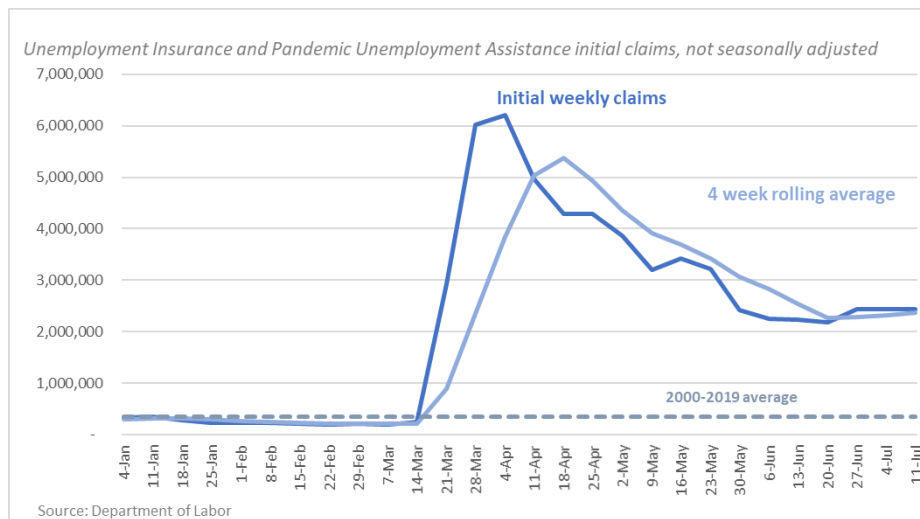
ECONOMIC DATA SIGNALS POSSIBILITY OF SLOWING RECOVERY

There are worrying signs of a slowing employment recovery since the end of June. The share of households reporting a loss in employment income on the Census Bureau's Household Pulse [Survey](#) has ticked up over the past 3 weeks, from 48 percent to 50 percent. Similarly, the share of adults who report not being employed increased by 1.1 percentage points over the same period. An [analysis](#) by researchers at the Federal Reserve that also utilizes private employment scheduling data predicts that employment as a share of the population declined in the past two weeks, reversing much of the recovery since the June unemployment rate was measured. July's unemployment rate, to be reported in early August, will be based on surveys being conducted this week.

During the week of June 27, as many as 32 million Americans may have been receiving some form of unemployment benefits. Over the past four weeks, continuing claims have been relatively steady, averaging 31.8 million reported claims. The share of total claims from the Pandemic Unemployment Assistance (PUA) program, which serves unemployed workers not typically eligible for Unemployment Insurance (UI) benefits, has increased from roughly a quarter of claims in early May to nearly 45 percent of claims in late June. However, state data-reporting issues may be overstating the growth in the number of PUA recipients (but not the current level). The number of UI claimants has slowly declined for five straight weeks, from a peak of 19 million the week of May 23 to 16.4 million the week of June 27,

and some states may have erroneously categorized PUA claimants as beneficiaries of regular UI but now be correcting those errors.

The level of new unemployment benefit claims continued at historically elevated levels through the week of July 11, with roughly 2.4 million Americans filing new UI or PUA claims last week. Challenges with state benefit systems and data reporting issues continue to suggest that initial claims are overstated but the consistently elevated level of new claims points to the likelihood of many new workers entering unemployment.



Despite continued weakness in employment, Department of Commerce [data](#) on retail sales for June showed a strong bounce-back in consumer spending, increasing 7.5 percent from May and surpassing June 2019 levels by 1.1 percent. Spending on restaurants and bars remained 26 percent below levels from last year, while spending on groceries was up 12 percent. Retail spending year-to-date remains well below 2019 levels. By comparison, total vehicle sales in June, while up from May, remained 25 percent below the levels of June 2019. The first estimate of US GDP in the second quarter of 2020 will be released on July 30.

REPUBLICANS PREPARING NEW COVID-19 AID PROPOSAL

While Congress is currently on recess, the Trump Administration and Senate Republicans are [reportedly](#) negotiating over a COVID-19 aid/relief proposal they aim to put forward next week. Some of the [key](#) topics under consideration are aid to school districts with potential incentives or requirements for in-person classes, additional relief to businesses following the Paycheck Protection Program, including tax incentives for employers to avoid layoffs and encourage rehiring, a new round of checks and direct payments sent by the IRS and whether to offer any aid to state and local governments. Republicans are also expected to [compromise](#) over an extension or modification of federal unemployment benefits—currently, an additional \$600 per week for all workers receiving an unemployment benefit—which are scheduled to expire the week of July 25.

Additionally, Senator McConnell has drafted liability protections legislation. The proposal, which the White House is reviewing, temporarily offers schools, businesses, health-care providers and nonprofit organizations legal protections when people allegedly exposed to the coronavirus sue them, according to a summary seen by [The Wall Street Journal](#).

Under the proposal, defendants in those cases would only be held liable if they didn't make reasonable efforts to comply with public-health guidelines and instead demonstrated gross negligence or intentional misconduct, according to the summary. The defendants would have the right to move the case to federal court if they so choose, offering a potentially more favorable alternative to state courts.

For coronavirus-related personal injury and medical liability cases, the plan also sets a clear-and-convincing-evidence burden of proof, places a cap on damages and heightens pleading standards.

The Republican Senate bill will be viewed as their opening negotiation position with Democrats. The House Democrats' proposal for additional relief passed the House on May 15. Negotiations for the next relief bill are expected to be wrapped up within three weeks as the Senate is scheduled to begin August recess on the 10th.

[In prepared testimony before the House Committee on Small Business](#) on Friday 7.17, Secretary Mnuchin said that the next round of money to support the economy should be targeted to help industries that have been hardest hit by the pandemic, as well as smaller businesses and low- to middle-income families. Mr. Mnuchin also said that the Paycheck Protection Program, which provides forgivable small business loans, should be extended but with a focus on helping the restaurant, hotel, travel and hospitality sectors.

UPDATE – FOREIGN STUDENT POLICY REVERSED

After the Department of Homeland Security's announced directive to deport any foreign students whose universities moved to online-only classes was challenged in court, the Administration [rescinded](#) the proposed policy.

PHARMACEUTICALS

With enormous private- and public-sector effort, news on the development of pharmaceutical attacks on the Covid-19 outbreak has been positive. However, the process is still in its early stages, with ultimate results at an uncertain distance in the future.

A National Institutes of Health – U.S. National Library of Medicine [website](#) lists all of 2,592 open studies of all types (not only vaccines) at all stages of progress. The number and diversity of these studies raise optimism about the prospects for success.

The same is true specifically on the vaccine front. The Kaiser Family Foundation (KFF), in cooperation with PolitiFact, [reports](#) that there are roughly 160 vaccine projects in process worldwide. A new regular World Health Organization (WHO) periodic report, “[Draft Landscape of Covid-19 Candidate Vaccines](#),” identifies 23 candidate vaccines in clinical evaluation, plus 140 in pre-clinical evaluation. Those vaccines are divided into eight different categories according to the “platform” (such as DNA, RNA, a laboratory-made protein, and others) of the vaccine. Again, the large number and the diversity of the candidates are cited as reason for confidence that at least some of these efforts will prove fruitful.

The KFF report highlights three trials in advanced stages: the Oxford University vaccine, a second in China, and the Moderna vaccine (partnering with the National Institutes of Health). The Moderna vaccine has [reported](#) results from its phase two trial, and plans to move to phase three on July 27. After a phase one trial that focuses on safety, phase two extends to the production of antibodies within a larger test population, after which phase three uses a still larger population to test for actual effectiveness against a pathogen, while including enough members of different population subgroups to identify any narrowly targeted safety risks. Beyond the three vaccines cited by KFF, two others are in phase two, and eight others are finishing phase one and simultaneously moving into phase two. Multiple vaccines might be needed if some either have side effects or prove less efficacious for particular populations. Notably, so far there have been no terminations of trials on the basis of adverse safety findings, which experts believe to be a good sign. However, the Moderna vaccine has been [reported](#) to have incurred a noticeably high rate of side-effects such as fatigue, fever and muscle pain.

It remains uncertain just how efficacious (that is, what percentage of the population would be protected) any vaccine candidate might prove to be. The Food and Drug Administration (FDA) has released new guidelines saying that a vaccine must prevent or reduce the severity of the disease at least 50 percent of the time to receive approval. Such standards are perceived to be important to maintain the public trust in this episode, and in vaccination in general. Aiding prospects for efficacy, KFF reports that the coronavirus appears to remain relatively stable, rather than mutating. Mutations could allow the virus to stay one step ahead of the vaccine development process. But definitive findings on efficacy require phase three trial results, and there is no such evidence available thus far on any candidate vaccine.

So far, the development process has moved faster than had been expected, but the remaining tasks are formidable. After identifying a successful candidate or candidates, virtually the entire world population will need the vaccine, which is an unprecedented production and distribution process. Many of the candidate vaccines appear likely to need a second “booster” application to achieve full efficacy, which of course doubles the eventual demand. As predicted, the basic production of medical-grade glass vials with stoppers and syringes will be another new [hurdle](#). These supplies can be made in large quantity, but the intensity of demand from an entire world in dire need makes the process extraordinarily urgent. New manufacturing facilities are being built specially to address this virus. The strategy will be to manufacture larger vials that will hold eight to 15 or even 20 doses, explicitly to economize on the

scarce available glass. Also, given the rush to produce vaccines even before their efficacy is finally established, it appears likely that vaccine will be put in these high-quality medical vials even before it is known if the vaccine can be used; then, if the final trials are negative, not just the vaccine but also the vials will need to be discarded. The federal government is engaging in manufacturing in a fashion to maximize both domestic production and supply exclusively for US citizens; international competition over access to a vaccine will be a new phenomenon, driven directly by the novel nature of the virus and therefore by the simultaneous global need for the vaccine for all people of all ages.

On the therapeutics front, good news has surfaced on remdesivir. In the early reports when it was identified as beneficial, remdesivir was found to shorten hospital stays for persons with relatively severe cases of the disease, but there was no identifiable benefit in terms of reductions of mortality. However, two new studies [found](#) that mortality among hospitalized patients taking remdesivir was 7.4 percent, versus 12.5 percent for others not taking the drug. Other beneficial results were found for pregnant women and children who were given the drug for “compassionate use,” meaning that there were no other therapies available. Further research on laboratory animals found reduced propagation of the virus. As discussed in an earlier Public Policy Watch, remdesivir in its current form is administered intravenously, but a clinical trial of an inhalable form is pending. It was discovered in pursuit of a therapeutic for Ebola but did not prove efficacious in that use and has not been applied until now. Thus, it is perhaps a poster child for the risk of investment to develop some classes of drugs that may never be called upon for use, although it has apparently found a purpose in the current pandemic.

With respect to Covid-19 testing, in an otherwise fairly positive CNBC opinion column on the economy and policy, former White House Office of Management and Budget Director and Acting Chief of Staff Mick Mulvaney [writes](#) that the delay in receiving coronavirus test results for one of his children was excessively long, and that his second child was denied a test; he characterizes testing performance as “simply inexcusable at this point in the pandemic.”

WORKPLACE SAFETY RULES

Virginia has adopted the first state workplace safety mandates, an “emergency temporary standard” which will require businesses to implement specific safety measures under penalty of fines. The standard will prohibit workers with symptoms from going to work, require companies to notify workers of possible exposures, and comply with standards regarding physical distancing, protective gear, sanitation, disinfecting and hand washing. The state already had a broadly applied mask order.

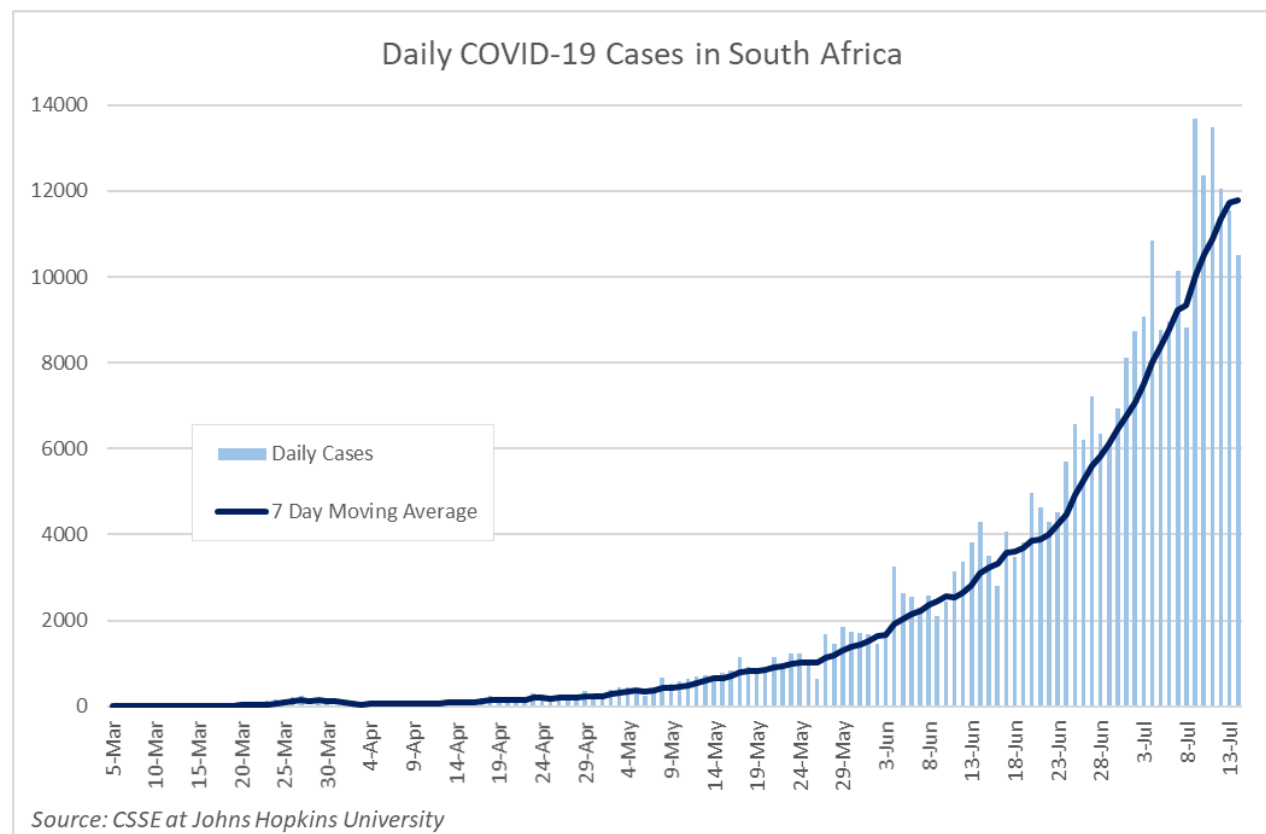
This takes the state into territory that had been the responsibility of the federal Occupational Safety and Health Administration, or OSHA. OSHA had issued guidelines, but they were not enforceable. OSHA had received multiple worker complaints, but had issued only one citation for bad practice. Oregon is reported as preparing a standard similar to Virginia’s.

Opinion on Virginia’s action is strongly divided between those who see it as protection of workers and others who are concerned about burdens on business. Opponents say that Virginia will lose businesses,

while advocates of the standard say that federal action is necessary to avoid a “race to the bottom” on workplace safety that will incent lower standards in each state.

SPOTLIGHT ON REOPENING: SOUTH AFRICA

South Africa’s Ministry of Health [announced](#) the country’s first case of the novel coronavirus on 5 March via a traveler returning from Italy. As of 14 July, South Africa (the hardest hit African country) has [conducted](#) 2,232,738 tests and has confirmed 298,292 COVID-19 cases (world's eighth-highest) and 4,346 related deaths, with the median age of those who died ([reported](#) as of June 18) being about 62 years, and the median age of COVID-19 positive cases being about 39 years ([reported](#) as of July 4).



South Africa’s President, Cyril Ramaphosa, [declared](#) a “national state of disaster” on 15 March – announcing various measures such as imposing a ban on travel to and from high-risk countries, cancelling previously issued visas, instituting screening and testing measures at certain airports, prohibiting large-scale gatherings, cancelling social events, closing schools, and intensifying hygiene control at essential places of business. The South African Government also stated that, to improve the health response, it was increasing hospital capacity throughout the nation, in addition to strengthening its contact tracing processes. A national [lockdown](#) was put into place on 23 March, which was gradually eased from 1 May – the national alert level was first [lowered](#) to level 4 and then [further](#) to a level 3 from 1 June. President Ramaphosa, on 12 July, due to the surge in new COVID-19 cases, [extended](#) the state of

disaster until 15 August. Additionally, he [reintroduced](#) an alcohol ban and introduced a new night-time curfew, citing the need to help decrease pressure on the country's health system from alcohol-related traffic accidents and (mostly night-time) violence.

Towards the end of June, in collaboration with the United Kingdom's Jenner Institute (Oxford University), a [vaccine trial](#) for the COVID-19 vaccine was launched in South Africa's Gauteng province (also in UK and Brazil) with plans to vaccinate about two thousand South Africans. The country was chosen to host the trials due to its healthcare infrastructure (the most developed in the African subcontinent) and its [legacy](#) of medical innovation. Also noteworthy is that South Africa lies in the southern hemisphere, and is in the midst of its winter, the season where various types of influenzas flourish. South Africa has proven effective in using its limited resources such as the cheaper and less-invasive high-flow nasal devices [rather](#) than relying on ventilators to treat the virus, and making use of domestically available supplementary medical personnel like final-year medical students and retired staff. In addition, crediting international success, South African doctors have been adopting the "[proning](#)" methodology which involves lying patients face down to enhance oxygen supply to their lungs. It has been recently [reported](#) that the country's hospitals have begun to run short on beds and medical oxygen supplies. However, there have been reports of the country [increasing](#) its ventilator supplies, in addition to [receiving](#) international aid. In the fog of war on COVID-19, there is possible positive news. Johns Hopkins University [reports](#) that South Africa's mortality rate per case is at the low end of the international scale, suggesting that its treatment techniques have been effective. However, an alternative research avenue [suggests](#) that South Africa's total excess deaths have increased much more – which may mean that COVID-19 deaths have been miscategorized as "natural causes."

Like in most countries, the pandemic has impacted South Africa's economy, with economists [predicting](#) a 2.5 to 10 percent contraction in its total GDP. Towards the end of April, the President [announced](#) a 500 billion ZAR economic stimulus package (equivalent to a tenth of total output), in addition to its first ever [request](#) for a loan from the IMF. Besides [problems](#) regarding food security, South Africa's unemployment rate, which was [about](#) 30 percent, has risen during the lockdown due to many workers ([especially](#) in the informal sector) losing jobs – leading President Ramaphosa to [declare](#) that, deprived of fiscal aid, "millions of South Africans in the informal economy and without employment [would] struggle to survive."

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