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Responding to COVID-19: Meeting the demand for public services

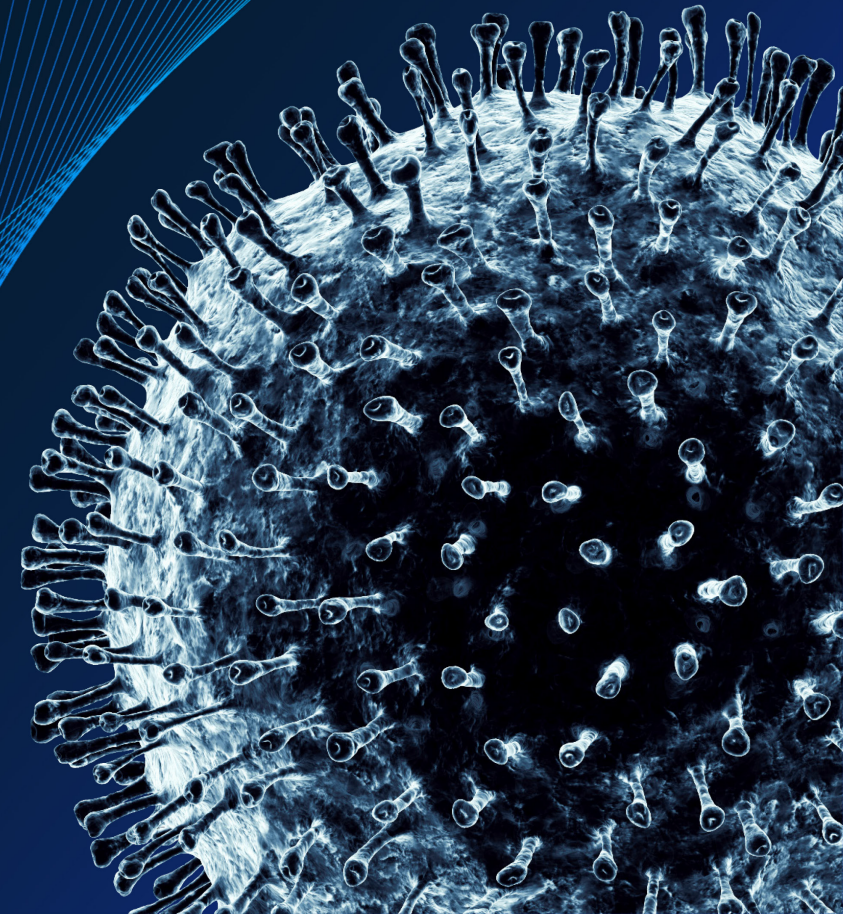Information for US state leaders

ALL INFORMATION CURRENT ONLY AS OF 4/17/2020

THIS DOCUMENT IS INTENDED SOLEY TO PROVIDE INSIGHTS AND PRACTICES.

THIS DOCUMENT DOES NOT CONSTITUTE ADVICE.

Introduction

COVID-19 is, first and foremost, a global humanitarian challenge

Thousands of health professionals are risking their own lives to heroically battle the virus. Governments and industry are working together to understand and address the challenge, support victims and their families and communities, and search for treatments and a vaccine.

State and local governments are facing an unprecedented and rapidly evolving situation

Government leaders, first responders, healthcare workers, and more are displaying heroic leadership in the face of the crisis. State and local governments are facing the extraordinarily difficult task of addressing unprecedented crises in both public health and the economy simultaneously—and the crises continue to evolve daily.

This document is based on our work with private, public, and social sector organizations around the world

It is meant to provide leaders with information as they respond to the unique health and economic challenges posed by COVID-19, and to offer examples of actions that governments have taken as they aim to protect their people and economies. It is not exhaustive, and it necessarily reflects only this moment in time. We will continue to update it regularly in the weeks to come.

The imperative of our time

Imperatives

1

Safeguard our lives

1a. **Suppress the virus** as fast as possible

1b. **Expand treatment and testing** capacity

1c. **Find cures:** treatment, drugs, vaccines

2

Safeguard our livelihoods

2a. **Support people and businesses** affected by lockdowns

2b. **Prepare to get back to work safely** when the virus abates

2c. **Prepare to scale the recovery** away from a -8% to -13% trough[1]

"Timeboxing" the virus and the economic shock

Treatment & testing capacity

COVID cases

Real Gross Domestic Product

1a 1b 1c

2a 2b 2c

~ -8% to -13% economic shock

1.   Real GDP

Source: McKinsey analysis, in partnership with Oxford Economics
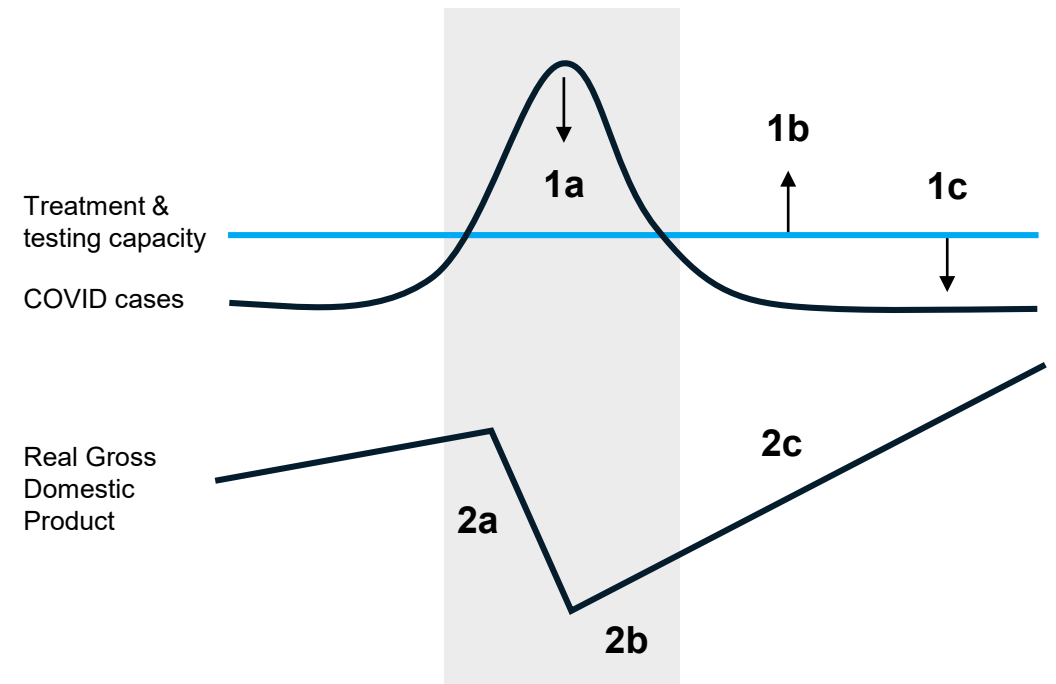
Safeguard our livelihoods: Meeting the need for public services

COVID-19 is disrupting government services across the nation at an unprecedented scale

States are likely to see a surge in demand for government services—particularly in unemployment, human services, and Medicaid. Initial unemployment insurance claims filed due to COVID-19 are already soaring.

States may face challenges in delivering public services and meeting levels of demand

Due to disruptions in in-person touchpoints and capacity restraints, COVID-19 introduces a number of challenges along each step of delivering public services. Residents seeking unemployment benefits may experience amplified frustration across the service-delivery process: from understanding their benefits to lack of capacity in call-center operations. States may face challenges in Medicaid delivery—such as offering timely, affordable access and managing the continued demand for routine care amidst a health crisis.

To meet the unprecedented surge in demand for public services, leaders can consider and implement immediate actions

Addressing front-end touchpoints and back-end capacity may reduce processing and waiting times, which will allow public-services employees to address more urgent concerns. For example, taking immediate action to simplify the application process may decrease the portion of applications requiring attention from claims processors down to <10%.

COVID-19 is disrupting government services at an unprecedented scale
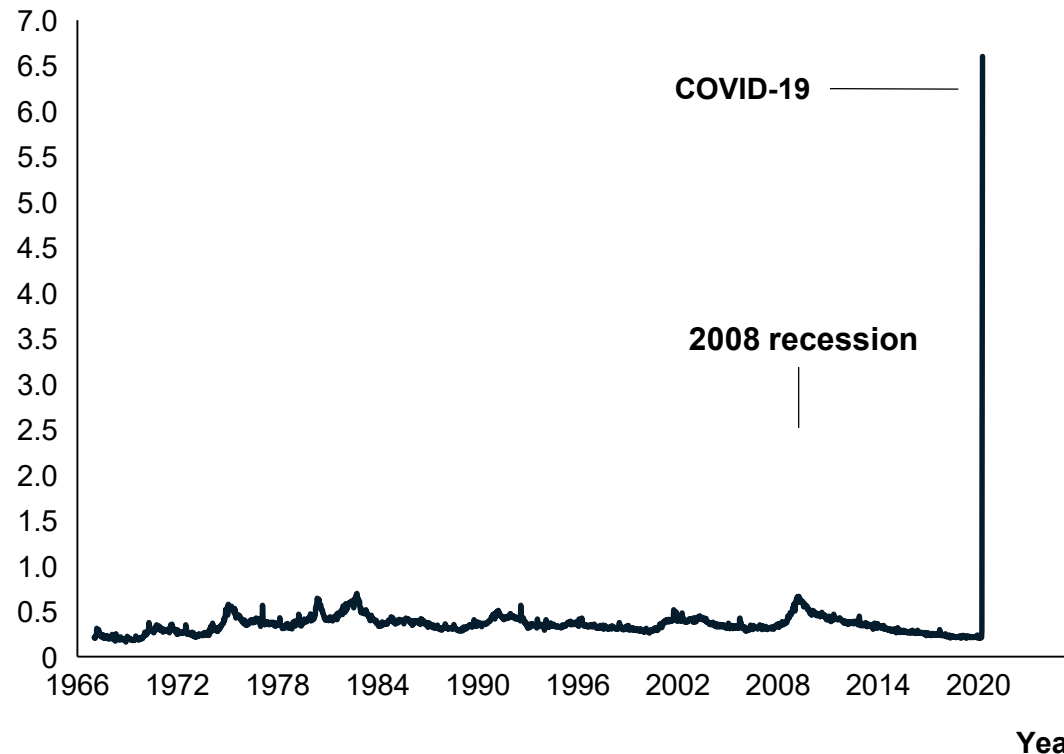
National implications of COVID -19

440k
Children in foster care will have their lives disrupted by social distancing measures[5]

~20mn
Americans who have faced substance-abuse disorders will see barriers to care[6]

Initial unemployment insurance claims
Millions, 1967–present[7]

COVID-19

2008 recession

Year

State responses

This system was not built for a crisis. It was built to take care of what we could expect on a regular or even robust basis. But what we're experiencing now is frankly unprecedented.

OH Dept. of Labor [1]

We're at an all-hands-on-deck approach making sure these people have what they need ...childcare is a vital resource for many of our healthcare workers and first responders to stay in the workforce.

WI Dept. of Children and Families [2]

We're seeing a week's worth of claims in a single day. But we're not able to get all the claims because not many were able to get through.

CO Dept. of Labor and Employment [3]

Unprecedented is an understatement. We've never seen anything like 106,000 claims a day for a week.

California Legislative Analyst's Office [4]

1.WSJ 2. Wisconsin Bay ABC affiliate 3. Colorado Sun 4. Politico 5. Department of HHS 6. SAMHSA 7. Department of Labor

States may see major demand changes and service-delivery challenges as the COVID-19 pandemic progresses

Details follow

Implication	Service	Challenges/opportunities
Major disruption	**Unemployment insurance**	Prevalence of in-person touchpoints during application and enrollment process
		COVID-19-related layoffs expected to spike in the near term, catching state systems off-guard
	Human services eg, SNAP, TANF)	Recent economic boom led to lower-than-usual staffing of intake functions
		Long lead times for application processing risk leaving newly eligible residents uncovered
	Medicaid	Increasing enrollment, changing care patterns and challenges to the traditional delivery system (eg, in-home visits for long-term-care population) may require increased flexibility and creative solutions by Medicaid programs
	Child welfare	Potential increase in abuse incidences or exposure due to extended shelter -in-place guidance; fewer chances for school-based mandatory reporting interventions
		Home visits complicated by social distancing; new ways of identifying children in need required
	Childcare services	New services to provide support to critical occupations without remote work flexibility (eg, healthcare, transit, first responders) who must continue work while schools are closed
Moderate disruption	**Addiction and mental-health services**	Economic downturns historically accompanied by increases in addiction and mental -health challenges
		Traditional processes for intake and treatment rely on in -person interactions incompatible with social distancing
	Individual/recreational licenses and permits	Specialized license demand likely to increase as commercial drivers continue to operate; recreational license demand for serv ices that conform with social distancing could also increase
		Certain parts of process rely on in-person visits to licensing centers
Potential to delay or de-prioritize (to offset demand)	**Driver's services**	Necessity for vehicle registration, driver's license provision and regulation lower as communities practice social distancing
		Announced extension of REAL ID deadline lessens need for new license issuance/renewal
	Public transit	Social distancing yields lower ridership, potential opportunity to redeploy staff capacity elsewhere
	Business registration	Decreased economic activity reduces demand for new business -registration services
	General regulations	Decreased economic activity lessens need for staff focus on regulatory enforcement

Demand increase / Demand decrease

Pandemic Unemployment Assistance in the CARES Act has expanded unemployment eligibility, raising questions for states

Pandemic Unemployment Assistance (PUA) has expanded benefits to several groups not traditionally covered by state unemployment programs[1]:

| Workers with insufficient work history to qualify based on state rules | COVID-19 patients or those caring for COVID-19 patients | Self-employed or 1099-filing workers without a registered employer issuing W-2 forms | Workers scheduled to commence a new job that was canceled due to COVID-19 | Workers seeking employment whose job search was derailed because of employment |

Provisions for self-employed workers alone could extend eligibility to up to 16M workers

US workforce by employment type in 2019[2]
Millions of workers

158M

Self-employed workers — 16M

All other workers — 142M

Key PUA questions for state UI programs

How do we process claims for newly eligible groups through our forms and processes set up for "traditionally" employed claimants?

What additional staff will we need to process a backlog of new application types?

How can we streamline the processing of PUA-specific application information, such as proof of income?

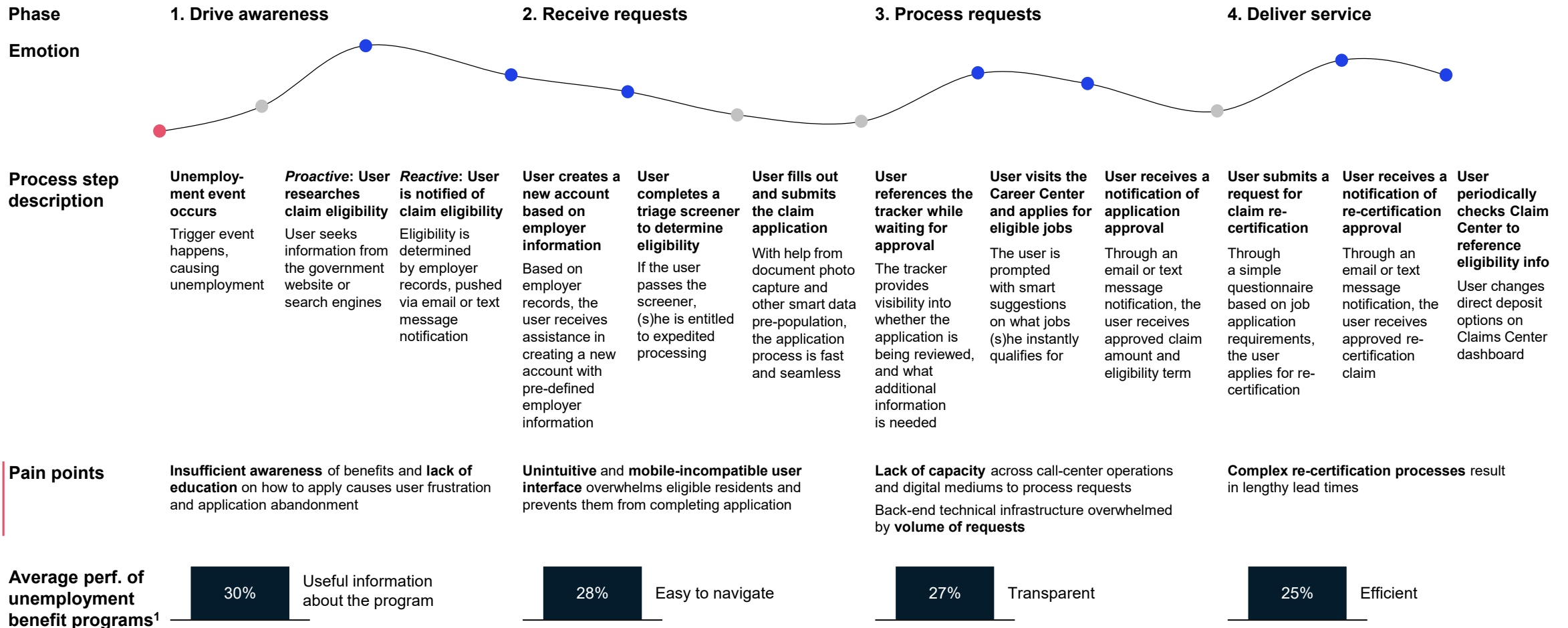How do we work with our vendors to implement a short-term solution as quickly as possible?

1. List of newly eligible workers could shift as USDOL issues new guidance on the CARES Act
2. Source: BLS, average across all 12 months of CY 2019

COVID-19 has amplified existing resident frustration in unemployment benefit services

NON-EXHAUSTIVE

Phase	1. Drive awareness			2. Receive requests			3. Process requests			4. Deliver service		

Emotion

Process step description

Unemploy-ment event occurs	***Proactive*: User researches claim eligibility**	***Reactive*: User is notified of claim eligibility**	**User creates a new account based on employer information**	**User completes a triage screener to determine eligibility**	**User fills out and submits the claim application**	**User references the tracker while waiting for approval**	**User visits the Career Center and applies for eligible jobs**	**User receives a notification of application approval**	**User submits a request for claim re-certification**	**User receives a notification of re-certification approval**	**User periodically checks Claim Center to reference eligibility info**
Trigger event happens, causing unemployment	User seeks information from the government website or search engines	Eligibility is determined by employer records, pushed via email or text message notification	Based on employer records, the user receives assistance in creating a new account with pre-defined employer information	If the user passes the screener, (s)he is entitled to expedited processing	With help from document photo capture and other smart data pre-population, the application process is fast and seamless	The tracker provides visibility into whether the application is being reviewed, and what additional information is needed	The user is prompted with smart suggestions on what jobs (s)he instantly qualifies for	Through an email or text message notification, the user receives approved claim amount and eligibility term	Through a simple questionnaire based on job application requirements, the user applies for re-certification	Through an email or text message notification, the user receives approved re-certification claim	User changes direct deposit options on Claims Center dashboard

Pain points

Insufficient awareness of benefits and **lack of education** on how to apply causes user frustration and application abandonment

Unintuitive and **mobile-incompatible user interface** overwhelms eligible residents and prevents them from completing application

Lack of capacity across call-center operations and digital mediums to process requests

Back-end technical infrastructure overwhelmed by **volume of requests**

Complex re-certification processes result in lengthy lead times

Average perf. of unemployment benefit programs[1]

30% Useful information about the program	28% Easy to navigate	27% Transparent	25% Efficient

1. Journey Pulse survey of state unemployment services satisfaction (Pre-COVID-19); n = 2,035 (TN); 1,971 (MN); 1,971 (NJ); 1,742 (OH); 1,983 (IL); percentages reflect averages of state totals

States can consider an array of immediate, short-term, and medium-term actions to speed delivery of unemployment benefits[1]

NON-EXHAUSTIVE

Time to impact	Drive awareness	Receive requests	Process requests	Deliver service
Immediate (<24 hours)	Adapt eligibility guidelines to reflect new federal and state permissions Update online FAQs to reflect eligibility changes	Implement measures to smooth demands (eg, assigning daily time slots for different groups to file) Redesign website landing pages to front-load links for filing claims Plan and launch rapid hiring event Communicate anticipated wait times to applicants	Redeploy capacity from other departments to process claims Implement rapid triage protocols to sort and assign cases based on complexity	Transition in-person touchpoints with applicants to the web or phone
Short-term (1–2 weeks)	Integrate information on services in communications related to COVID-19 Integrate communications to make residents aware of all available state services Urge employers to submit batch filings for employees to decrease time to payment	Establish digital continuity team to respond to crash events Pilot process to batch requests to smooth demand on servers Work with vendors to maximize surge capacity Maximize remote working in call centers to support physical distancing	Move toward automatic conditional approval to process initial claims and implement ex post facto fraud prevention	Build conversational chatbot to handle most common servicing requests (eg, change of address, status checks) Partner with local firms to support delivery of benefits
Medium-term (3–4 weeks)	Determine steady-state eligibility rules for duration of COVID-19 pandemic Optimize web traffic for services to ensure proper routing	Build surge capacity into network and other tech systems for the long term Develop aspirational plans for full digital journey transformation Add triaging functionality to call centers' interactive voice response (IVR) systems to reduce unnecessary call volumes	Automatically triage requests Recalibrate fraud detection mechanisms to improve throughput	Lay groundwork to fully digitize service provision (eg, providing funds electronically rather than with physical card)

1. These are intended to be actions for consideration rather than a specific set of recommended actions

States may consider three key interventions along the claimant journey to optimize service delivery for PUA[1]

Step in applicant journey

Drive awareness ⟫ **Receive requests** ⟫ **Process requests** ⟫ **Deliver service**

State actions to consider

1 Structure website and application to optimize intake of PUA applicants

Work with vendor to implement upfront determination of PUA vs regular unemployment insurance path for applicant

Design a simple application and document upload process for applicants to minimize possibility of error

Improve communications to better inform potential claimants

- Conduct a full review of website and update all info on PUA process to remove contradictions

- Redesign landing page to put priority information on UI and PUA upfront, minimizing other content

- Reconfigure IVR to inform callers of online UI and PUA processes and engage with local media to raise awareness of the PUA process

2 Consider presumptive eligibility for PUA applicants, moving verification to the back-end

Presume eligibility for PUA applicants if initial self-reported answers indicate eligibility, moving verification to the back-end

States can conditionally provide a minimum payment amount while finalizing verification (eg, federal guarantee plus state's minimum payment)

3 Leverage tools to minimize manual processes in back-end eligibility checks

Equip staff with middleware to automatically extract key information from claimant-uploaded documents

Explore opportunities to leverage data from other state databases (eg, business licenses from department of revenue) to automate eligibility

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Case example: States can prioritize actions to reduce the time it takes to receive unemployment benefits

CASE EXAMPLE

Actions considered by one state

Estimated improvements

Digitize: Urge employers to submit batch filings for employees to decrease time to payment

Time-to-receipt of benefits for many applicants **reduced by 7 to 14 days**

Simplify: Smarter application process, including auto-filling pre-existing applicant data

Productivity of call-center employees **increased more than 2X**

Proportion of applications requiring attention from claims processors **reduced from >50% to <10%**

Orchestrate: IVR redirection and simplified web-page design

Proportion of applicants filing over the phone **decreased by 50%**

Federal standard from claim approval to individual receipt of funds is 21 days

States are struggling to maintain this time standard as demand for benefits spikes to unprecedented levels

States can assess which actions will be most impactful in reducing processing and waiting times for individual applicants

Source: Disguised example from a state's department of labor

States can take immediate actions to encourage faster delivery of SNAP and TANF benefits[1]

Improve front-end touch-points

Merge SNAP/TANF applications to create single process for both benefits

Simplify website landing pages and FAQs

Send immediate application receipt confirmation by text message and email in order to reduce submission of duplicate applications

Make websites mobile-responsive to improve access

Surge back-end process capacity

Expand back-end processing times beyond 8am–5pm to minimize backlog

Surge staffing to minimize application backlog

Abridge the adjudication process

Preapprove new applications based on UI data

Apply for federal waivers (ie, SNAP flexibility, QC interviews, emergency TANF)

- SNAP: flexibility to allow telephone interviews in lieu of face-to-face interviews for quality control case reviews

- SNAP: Emergency allotments (to maximum monthly allotment) for current SNAP Households

- TANF: waive interview for emergency TANF

Automatically renew benefits for those already receiving benefits

Automatically allow maximum benefit to reduce decision-making time and number of adjudication steps

Maximize ease of use of benefits

Enable most effective use of benefits once approved (ie, include restaurants as EBT sites)

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COVID-19 introduces challenges to delivering Medicaid that may be addressed by short term actions[1] (1/2)

Potential actions

Access to services

Ensure timely, affordable access to COVID -19-related care and supports

- Streamline and expedite enrollment processes for new Medicaid providers
- Revisit medical policies and utilization management protocols to remove impediments to the swift delivery of care
- Remove any financial barriers which may prevent testing/access to care (eg, co-pays)
- Contribute to system capacity through repurposing of state-owned, -operated, or -licensed facilities

Manage non-COVID care management and delivery especially for high-needs populations

- Develop viable alternatives for engagement, care management and delivery for population affected by behavioral health, substance use and other special populations (eg, foster children)
- Maintain continuity and increase volume of home-delivered meals and other social determinants of health interventions

Benefits

Revisit policy for remote versus in -person interventions for high-need populations (eg, Aged, Blind, Disabled, Long Term Services and Supports) and assure capacity and safety of in-home activities (eg, PPE for personal care attendants); for dual-eligible population; engage dual-partner plans (eg, Dual Eligible Special Needs Plans); expand tele-health across populations

Remove barriers to routine care during a crisis (eg, enable early prescription refills)

Access to coverage

Define strategy and operationalize plans to expand, extend, and protect healthcare coverage (eg, changes to financial eligibility thresholds, presumptive eligibility authorization)

Define alternatives to in-person eligibility interactions (eg, tele-health consultation, digital ID cards)

Payment and financing

Consider expedited payments and/or pre-payments to providers to ensure access to care

Estimate financial impacts, eg, impact on care-seeking behavior, admissions, acute-care services (eg, ICU beds), and resulting impact on reserves across scenarios, in collaboration with other state partners

Administration

Increase flexibility and manage demand for other activities to create administrative capacity for COVID response (eg, non-urgent, non-COVID related grievances, appeals and fair hearings processes)

Ensure infrastructure is capable of increased volume (eg, call centers)

Workforce

Increase agency staffing in provider- and beneficiary-facing roles

Increase capacity for tracking and managing high-risk member cases

Authorize policies to support workers with essential agency work in work-from-home setting

Stakeholders

Convene stakeholders (eg, MCOs, other payors, business leaders, providers) to identify/address gaps

Partner with media outlets and other agencies to ensure COVID-19 messages are clear and accurate

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1. These are intended to be actions for consideration rather than a specific set of recommended actions
Note: This material is meant to provide insight and knowledge guidance rather than specific client advice

COVID-19 introduces challenges to delivering Medicaid that may be addressed by short term actions[1] (2/2)

Key challenges

How do you expand, extend, and protect individuals' access to coverage?

How do you ensure timely, affordable access to COVID-19 care for members— including assuring unimpeded care for fee for service (FFS) members and collaborating with managed-care organizations (MCOs) for their members?

How do you best manage routine care including member engagement and care delivery for the elderly, disabled, and other high-needs populations?

How do you estimate and cover cost increases due to COVID-19?

How do you engage stakeholders?

Examples

Washington State

1135 waiver approved to enable flexibility across facilities/ workforce, tele-health, financing, and community supports

Florida

1135 waiver approved to waive prior auth requirements for needed services, streamline provider enrollment, create flexibility for site/setting of care and suspend certain nursing home screening requirements

California

Will cover coronavirus tests with costs waived for emergency room, urgent care or provider office visits when the purpose of the visit is to be screened and tested for COVID-19

Similar policies in other states (eg, NJ, PA)

Connecticut

Modified prescription refill processes to enable 90-day refills; expanded tele-health services

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States may consider a range of actions for Medicaid delivery[1]

State summary

Many states are using executive orders, memos, or rules changes to temporarily alter Medicaid care delivery, with the most common interventions covering the following:

Elimination of cost-sharing for testing and care related to COVID-19

Suspension of prior authorization requirements

Expansion of services provided via tele-health

Suspension of limitations on prescription refills

Increased access to home- and community-based services

Seven states have received approval for section 1915(c) waiver Appendix K, with the most common interventions focusing on the following:

Retainer payments to providers for members unable to attend residential/day centers due to COVID-19 outbreak, in order to preserve provider network

Authorization of alternative caregivers, including unlicensed facilities and family/guardians

Suspending in-person check-in and care-plan revision requirements, allowing suspension of reporting or care planning through tele-health services

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Source: CMS, state Medicaid sites

CMS checklists and tools

1115 waiver

Template released March 22
Covers changes to eligible individuals, benefits, cost-sharing, and delivery system

1135 waiver

Template released in March
Covers prior authorization, admission assessments, fair hearings, provider enrollment, and changes to reporting

1915(c) appendix K

Template released in March
Covers changes to access and eligibility, services and care delivery, provider qualifications, payments and rates, and reporting requirements

Disaster State Plan Amendments (SPA)

Template released March 13
Covers eligibility, enrollment, premiums and cost-sharing, benefits, payments, post-eligibility treatment of income, and SPA administration

States may leverage state plan amendments, waivers, and federal funding to expand access to Medicaid coverage and services[1]

	Potential actions	Description
Access to coverage	Financial eligibility thresholds	Alter financial eligibility thresholds for Medicaid or special services coverage, including income restrictions and/or resource limits
	Presumptive eligibility authorization	Expand presumptive eligibility by authorizing additional providers to make determinations and/or widening determinable population
	Work requirements	Alter requirements that beneficiaries work to receive continued Medicaid eligibility
	Renewals and terminations	Pause or delay renewal and termination hearings and decisions, and/or automatically extend coverage
	Special enrollment periods	Open a special enrollment period for newly eligible members
Access to services	Provider enrollment	Streamline provider enrollment processes and/or allow out-of-state providers to administer services
	Altered cost-sharing	Waive copays for services and prescriptions
	Expanded tele-health	Expand the list of eligible delivery methods, providers, and services available through tele-health
	Prior authorization suspension	Allow access to COVID-19 testing and treatment without referral requirements
Benefits	COVID-19 testing and care	Cover screening, testing, and care related to COVID-19
	Pharmacy refills and delivery	Suspend limitations prohibiting early refills or extended medication supply
	Access to non-medical services	Temporarily authorize non-medical benefits (eg, meal delivery)
	Alternative caregivers and care settings	Authorize and reimburse for care provided in alternate facilities or by alternate classifications of caregivers
Payment and financing	Revised rates	Revise rates paid to MCOs, long-term care facilities, or other entities to account for COVID-19-related changes
	Payments to providers	Consider support for providers for clinical and financial risks presented by changes in care activities precipitated by COVID-19
Administration	Fair hearings processes	Allow MCO enrollees to proceed straight to a state fair hearing, and/or extend the period to initiate a state fair hearing (FFS and MCO)
	Reporting requirements[2]	Suspend or delay reporting and/or assessments
	Application processing	Delay or expedite application processing for Medicaid enrollment
Workforce	Increased staffing	Increase agency staffing in provider- and beneficiary-facing roles
	Technical support	Authorize policies to support workers with essential agency work in work-from-home setting
Stakeholders	State-led convening of stakeholders	Convene stakeholders across health and social services ecosystem to coordinate the COVID-19 response
	Partnerships with media/other agencies	Partner with media and other agencies to communicate health and coverage information to beneficiaries

1.These are intended to be actions for consideration rather than a specific set of recommended actions
2.Includes modifications to PASSR screening requirements under LTSS category of 1135 waiver checklist
Note: This material is meant to provide insight and knowledge guidance rather than specific client advice

Source: CMS, state Medicaid sites

Conclusion

Amidst the chaos and incoming advice, it's hard to know exactly what leaders should do today.

We hope this document provides leaders with actionable information as they respond to the unique health and economic challenges posed by COVID-19. In particular, we would like to point out examples of steps that governments have already taken to protect their people and economies and emphasize that state and local government leaders can initiate immediate actions to save lives while also protecting livelihoods.

The next normal will likely look unlike anything we've seen before the coronavirus.

The pandemic that changed everything. We aim to provide leaders with an integrated perspective on the unfolding crisis and insight into the coming weeks and months. On the following page, we've provided a number of additional resources you can access for guidance and information.

Additional resources

For all formal guidance, you can find **up-to-date information at CDC's COVID-19 website**, with a section specific to healthcare professionals or healthcare organizations: https://www.cdc.gov/coronavirus/2019-ncov/healthcare-facilities/index.html. You can also visit the WHO, CDC, and FEMA's COVID-19 portal at https://www.coronavirus.gov/.

We have developed a broader perspective on implications for businesses across sectors that can be found here: https://www.mckinsey.com/business-functions/risk/our-insights/COVID-19-implications-for-business. This supplemental material discusses implications for the wider economy, businesses, and employment. It describes some of those challenges and how organizations can respond to protect their people and navigate an uncertain situation.

Our public-sector specific insights can be found here: https://www.mckinsey.com/industries/public-sector/our-insights. This material is targeted toward public sector leaders in the COVID-19 crisis.

There are a number of academic institutions publishing credible, up-to-date information on the spread of COVID-19, such as https://coronavirus.jhu.edu/map.html.