Responding to COVID-19: Reopening

Information for US state leaders

ALL INFORMATION CURRENT ONLY AS OF 4/17/2020

THIS DOCUMENT IS INTENDED SOLELY TO PROVIDE INSIGHTS AND PRACTICES.
THIS DOCUMENT DOES NOT CONSTITUTE ADVICE.

CONFIDENTIAL AND PROPRIETARY
Any use of this material without specific permission of McKinsey & Company is strictly prohibited.
Introduction

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

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

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

“Timeboxing” the virus and the economic shock

~ -8% to -13% economic shock

Source: McKinsey analysis, in partnership with Oxford Economics
Against a backdrop of tremendous uncertainty, leaders across the globe are thinking about how to responsibly reopen their economies. Individuals and business leaders understandably want to know when life will return to normal or at least when economic activity can likely resume unencumbered.

In this section, we share sample frameworks for thinking about how to reopen economies. State leaders may assess the readiness of localities across two dimensions: the number of new cases and the strength of the systems in place for detecting, managing, and preventing new cases. In areas where state leaders can responsibly restart activity, states may adopt a phased approach to reopening sectors to further mitigate the risk of new cases: assessing both the risk of transmission and the relative economic criticality within each sector.

As state leaders work to protect lives and livelihoods, they will need to work across six domains, pressing hard to safeguard industries and using data to adapt based on “the facts on the ground.” The threat of COVID-19 to lives and livelihoods will resolve only when enough people are immune to the disease to blunt transmission, either from a vaccine or direct exposure. Until then, state leaders will need to wage a battle across six domains: (i) foundational public health, (ii) societal compliance, (iii) health-system capacity, (iv) industry safeguarding, (v) protection of the vulnerable, and (vi) economic health.
In assessing a state’s readiness to reopen, leaders may consider virus spread and the strength of the public-health system.

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low system readiness and low virus spread</td>
<td>Medium system readiness and medium virus spread</td>
<td>High system readiness and medium virus spread</td>
</tr>
<tr>
<td>Low system readiness and medium virus spread</td>
<td>Medium system readiness and medium virus spread</td>
<td>High system readiness and medium virus spread</td>
</tr>
<tr>
<td>Low system readiness and high virus spread</td>
<td>Medium system readiness and high virus spread</td>
<td>High system readiness and high virus spread</td>
</tr>
</tbody>
</table>

**Virus spread**

- New daily infections
  - Virus transmission rate, ie, the number of people that catch the disease from a single infected person
- New people requiring hospitalization and ICU care daily

**Public-health system readiness**

- Medical capacity, especially ICUs
- Adequate medical resources (eg, trained doctors, beds, personal protective equipment)
- Ability to rapidly test infections
- Effectiveness in tracking and isolating cases and contacts, including digital tools for real-time sharing of critical data

In assessing a state’s readiness to reopen, leaders may consider virus spread and the strength of the public-health system.
Leaders may use this approach to track readiness across cities or counties across the state

An illustrative snapshot of one state’s cities or counties, several weeks into the crisis
At each stage of readiness, governments may introduce potential public-health measures to slow the spread

Readiness to restart economy

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td><strong>Guidance against transit in specified zones, times, and days of the week</strong></td>
<td><strong>Stay-at-home guidance in place</strong></td>
<td><strong>Stay-at-home guidance in place</strong></td>
</tr>
<tr>
<td>Higher risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>No restrictions, but remote work is recommended</td>
<td>No restrictions, but remote work is highly recommended</td>
<td>Guidance provided against transit in specified zones, times, and days of the week</td>
</tr>
<tr>
<td><strong>Economic sectors</strong></td>
<td><strong>All sectors are allowed to operate, and key supply chains operate on a market basis</strong></td>
<td><strong>Essential businesses remain open with specific social-distancing and health protocols</strong></td>
<td><strong>Essential businesses remain open with specific social-distancing and health protocols</strong></td>
</tr>
<tr>
<td>Essential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>All sectors are allowed to operate</td>
<td>Most sectors are open and operating, but they are encouraged to follow specific social-distancing and health protocols</td>
<td>Only a few sectors are open and operating, but they are encouraged to follow specific social-distancing and health protocols</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td><strong>Guidance may be in place, but no restrictions against mobility</strong></td>
<td><strong>Some restrictions or guidance against inter-country mobility</strong></td>
<td><strong>Continued restrictions or guidance may remain for inter-state and inter-country mobility, but more flexibility intra-state</strong></td>
</tr>
<tr>
<td><strong>Assembly</strong></td>
<td><strong>Guidance against events of more than 200 people in public and private spaces</strong></td>
<td><strong>Guidance against events of more than 50 people in public and private spaces</strong></td>
<td><strong>Guidance against events of more than 10 people in public and private spaces</strong></td>
</tr>
</tbody>
</table>

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

CONFIDENTIAL AND PROPRIETARY
Any use of this material without specific permission of McKinsey & Company is strictly prohibited.
States may phase the reopening of sectors by considering and balancing economic relevance (or essentiality) and risk of transmission.

States may start with Group 1: opening sectors with low risk of transmission and considering opening higher-risk but highly essential sectors (with proper safety protocols in place).

In almost every sector, new protocols for safety and health will likely be essential as states reopen and approach the next normal.

1. This analysis might require further granularity at a subsector and job description level.
As economies reopen, states may need to combat COVID-19 across 6 domains1

<table>
<thead>
<tr>
<th>Action area</th>
<th>Example objective and actions</th>
<th>Potential metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Foundational public health</td>
<td>Mitigate contagion by protecting healthcare workers, scaling testing capabilities, establishing contact tracing, setting effective quarantines, adopting public use of PPE, and other “low regret” approaches</td>
<td>Mortality, hospitalizations, active cases, testing rate, healthcare worker hospitalizations, mask availability</td>
</tr>
<tr>
<td>2 Societal compliance</td>
<td>Achieving compliance with public-health strategies among people and institutions, using communication, influencers, segmentation, penalties, enforcement, and support</td>
<td>Compliance by segment (elderly, young adults, low-income) and by intervention (physical distancing, remote work)</td>
</tr>
<tr>
<td>3 Health-system capacity</td>
<td>Expand health-system capacity including staff, supplies, and physical infrastructure likely through coordination, direct support, funding, and directives</td>
<td>Resources (beds, ICU, vents, staff, supplies) per 1,000 people; potential expansion once activations</td>
</tr>
<tr>
<td>4 Industry safeguarding</td>
<td>Protecting the public at work, in stores, and at school by erecting safeguards to human interaction, helping businesses secure their operations, and creating safe environments for people to work</td>
<td>Portion of each industry confirmed to be safeguarded Consumer confidence to engage safely</td>
</tr>
<tr>
<td>5 Vulnerable populations</td>
<td>Ensuring public support for individuals who are recently unemployed or homeless, or have chronic physical or mental health conditions that can be exacerbated by the epidemic</td>
<td>Trends in events (e.g., eviction rates, suicide rates, depression/anxiety prescriptions, hate crimes)</td>
</tr>
<tr>
<td>6 Economic health</td>
<td>Minimize the economic impact and accelerate recovery by distributing federal relief, crafting local programs to supporting business, and incentivizing consumer spending</td>
<td>Unemployment rate, bankruptcies, sales tax, new business formation, state solvency</td>
</tr>
</tbody>
</table>

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

CONFIDENTIAL AND PROPRIETARY
Any use of this material without specific permission of McKinsey & Company is strictly prohibited
Metrics can be monitored on a dashboard and may help ensure responsible operations in a post-pandemic economy.
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 to consider 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 towards 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.