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Healthcare policy in the US and the EU: Looking Ahead

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Most governments have been caught off guard with the urgency of the global public health crisis, falling behind in instituting appropriate preventive and relief measures as the pandemic rapidly seized life as we knew it and brought it to a grinding halt. The disagreement witnessed among decision-making bodies at the early stages of the crisis has revealed a health policy system under enormous strain. In this piece, we examine how both U.S. and EU policymakers and healthcare systems have responded to the pandemic and consider the implications for industry. As governments outline exit strategies through phased reopening of certain parts of the economy, upscaling tests, and contact tracing to keep 'R' (the average number of people that one infected person will pass the virus on to) under control, health policy overall will have to address numerous concerns to better prepare for future challenges and integrate lessons learned from a crisis that has yet not fully passed.

As the curve falls from its recent peak in both the European bloc and some areas of the United States, policymakers are grappling with how to best handle the lifting of confinement measures to simultaneously balance public safety and restart economies. Policy systems at the state and central levels will do their utmost to avoid the chaos caused by the variation with which European Member States as well as the American states instituted lockdowns, in addition to the occasional ugly instances of hijacked resources that failed to reach their intended destinations or the regions that required them most. This unprecedented crisis has highlighted both structural weaknesses in health policy systems, but also demonstrated their remarkable resilience in overcoming obstacles while fuelling debates about its future direction.

1. Immediate response

The immediate political response to the COVID-19 pandemic at the initial inception stage indicated flaws and discrepancies in the divisions of decision-making across centralised and decentralised authorities, leading to a fragmented response at a central level.

The federalist structure in the U.S. means that the responsibility for public health falls on officials at the federal, state, and local levels. This enabled state governments to deploy individual approaches and measures in immediate response to the crisis based on the rate of growth in infections. With significant authority over healthcare policy embedded in state-level governments, states such as New York, Ohio, and California were able to take decisive action to slow the spread of disease, while other states responded more slowly and, in some cases, prioritised individual liberties and economic activity over public health objectives.

Healthcare competences in the EU alternatively fall under the responsibility of individual Member States, leaving the EU institutions with little say on healthcare systems policy, management, and funding. Initially, Member States introduced measures unilaterally to contain the virus, reflecting their healthcare system's position to cope and the number of infections. The extent and timing of lockdown measures, testing, and management of medical supplies as well as overall healthcare approaches thus varied across the EU. Member States also introduced export restrictions and border controls, stripping Brussels of its authority over the Single Market. Although the European Commission set up a response team with scientific experts to organise and coordinate a response strategy, Member States were ultimately in the driving seat with healthcare retained as a national competence.

The prominence of national decisions in the EU thus indicated not only the effort of government officials to protect their constituents but was also reflective of the split of responsibility as per the organisational model, which delegates healthcare-related decisions to the portfolios of Member States. Nonetheless, the crisis has insinuated that the EU institutions, and the European Commission in particular, must be equipped to immediately play a more active role in coordinating an overarching rapid response strategy to successfully facilitate cooperation while local authorities manage the crisis in their jurisdictions.

2. Crisis peak

As the regions approached the peak of the pandemic, the crisis drew attention to weaknesses in existing healthcare structures but also led to instances of better coordination and cooperation from central authorities. Nonetheless, national governments in the EU and state governments in the U.S. continued to bear the brunt of directly handling the situation on the ground.

Initial delays in approval and dissemination of diagnostic tests by the federal government in the U.S., for instance, limited public health surveillance at a crucial stage, allowing the number of infections to surge towards the peak before testing could be facilitated at the necessary scale. Additionally, federal disaster planning capabilities focused primarily on regional emergencies, and the national scope of the COVID-19 pandemic stretched previous preparatory efforts. The Strategic National Stockpile, for instance, was developed to mitigate a wide variety of emergencies, not just a pandemic, meaning there were gaps in supplies. Additionally, the slow federal response led to state governments bidding against one another to secure essential supplies. Governors also asked local businesses to donate supplies or procured materials from abroad, with Maryland procuring 500,000 tests from South Korea, and Ohio's governor calling for private sector contributions of PPE to compensate for the shortage of supplies.

In both the EU and the U.S., private sector companies played a strategic role as the crisis peaked by swiftly repurposing operations to produce necessary goods such as sanitisers, ventilators, and PPE, while existing manufacturers of these supplies ramped up production to respond to soaring demand. Cosmetic and alcoholic beverage companies for instance switched to producing hand sanitisers and disinfectants or donated alcohol to pharmacies and other manufacturing partners, whereas car manufacturers repurposed to produce ventilators. In addition, the EU's decision to organise regular consultations with industry groups on anticipated shortages in medical equipment, drugs, and tests serves as an appropriate example of central authorities inviting the private sector into dialogue and acting on suggested solutions, with their decision to drive up production and facilitate the cross-border transport of goods through dedicated green lanes.

After the initial inward period of unilateral decisions among Member States in the EU, a change of tide became evident in the EU. Commission President Ursula von der Leyen admitted that EU authorities had been slow in responding in support of the first set of hard-hit countries and reproached Member States for their initial protectionist stance. Solidarity between EU Member Countries was demonstrated when Italian patients were later treated in Germany and Austria as the local healthcare systems reached saturation point, and medical equipment was also shared across borders. Brussels simultaneously stepped up to a more prominent role in facilitating cooperation by launching RescEU, a

European stockpile to help secure vital equipment and to mobilise medical teams. In addition, the Joint Procurement Agreement put in place a coordinated approach that allows Member States to jointly negotiate with industry, accelerating their ability to purchase medical supplies. The EU has also provided several guidelines and regulatory flexibility for instance in agreeing to delay the implementation of the EU legislative framework for medical technologies, the Medical Device Regulation, by one year.

3. Exit scenarios

Countries are gearing up now to shift out of the lockdown into a new normal, the shape of which authorities and the public are both yet to fully discern. Both the European Commission and the Centers for Disease Control and Prevention issued recommendations about easing lockdown measures, but the final decision about reopening plans and their implementation remains in the hand of Member States, and state and local governments in the US respectively.

Countries across the EU have begun easing restrictions in recent weeks, shifting out of confinement measures at varied rates while taking the EU guidance laid out in the Commission's Roadmap into consideration. This Roadmap for lifting restrictive measures focuses on flattening the curve to remain within the health system's capacity and implementing large-scale testing and monitoring. Coordination at this stage is key to controlling the spread of the virus, ensuring the integrity of the Single Market, and taking decisive and consistent action to steer towards economic recovery. To address both immediate urgencies and build a stronger healthcare system for the future, the EU has also adopted several financial measures to invest in research and development for medical technologies and vaccines.

With its decentralised system, the U.S. is following suit with states making independent choices about reopening businesses and easing restrictions based on internal requirements and conditions. While there is no unified or concrete end to the lockdown across the U.S., the Northeast and West Coast states have independently opted to coordinate their exit strategies. In individual states, the decision to reopen has become increasingly divisive and partisan.

For the private sector, efforts by the White House and Republican Members of Congress to provide liability protection for employers, businesses, and other large institutions like universities as they consider restarting their operations could result in additional pressure to reopen on an accelerated timeline. This combined with provisions in unemployment insurance that prevent recipients from turning down "suitable work" could result in a dynamic where business owners are pushing to reopen despite the concerns and objections of their employees.

What next?

As the crisis set in, responses on both sides of the Atlantic reflected divisions in centralised and decentralised responsibilities between the federal and state governments, and the European Union and Member States respectively. Besides disparity in introducing lockdowns based on varied increases in infections and healthcare capacities, tensions between authorities were also evident in limiting the exchange of medical equipment across state and national boundaries. Governments are evaluating the resilience of existing healthcare systems and policies that have been put to the test, and this discussion will continue in the post-crisis period as they prepare for the aftermath of this pandemic, the impact of exit strategies, as well as future public health crises. The EU is likely to continue discussing its potential to coordinate and facilitate cooperation during emergencies, as evident in the joint statement from German Chancellor Angela Merkel and French President Emmanuel Macron which calls for an EU-wide health strategy as part of Europe's sustainable recovery programme. The European Commission's recent ambitious proposal for a new Health Programme "EU4Health", aiming to create a comprehensive framework and increased funding for EU health crisis prevention, preparedness and response and long-term health systems' strengthening as part of a wider recovery instrument (Next Generation EU), will be hotly debated over the coming months.

In the U.S., the absence of a unified strategy will be the main theme as the federal, state, and local governments continue to chart their own responses to the pandemic. States are divided on how they would handle a "second wave" of infections, which is a real threat as they begin reopening. The November 2020 elections will impact all levels of government, and electoral politics are spilling over to the public health response to the pandemic. For example, actions like wearing a mask in public have become politicised and are being used as a wedge to divide voters. The pandemic will also have a direct impact on election day, as states are exploring how to expand mail-in voting to limit mass gatherings, facing opposition from conservatives.

The spotlight in the private sector will remain on life science and medical device businesses worldwide. Their tangible response in the form of vaccines and related research has positioned them as indispensable interlocutors in the current situation. As they face both the mammoth task of finding a cure as well as the unparalleled opportunity to underline their vital contribution to public welfare, these companies must:

- Recognise stakeholders across centralised and decentralised decision-making bodies, and especially how this division of responsibility may transform in the post-crisis period.
- Communicate early and often with a wide variety of stakeholders in both public and private sectors on the value that vaccines and other therapies present in the treatment of COVID-19.
- Get ahead in the search for solutions by engaging proactively for access to funding for research that governments are offering, as well as advocating where they perceive a lack.
- Leverage tech and AI in their development of solutions. The EU for instance has already indicated its receptiveness to digital solutions such as contact-tracing apps.
- Understand how pricing and access to vaccines and therapeutic drugs will be organised centrally in the EU to make sure the company is prepared to engage with the relevant authorities.
- Bring added value to discussions about the future of public health systems and engage proactively in dialogue with policymakers and regulatory officials.

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CHARLENE MACDONALD
Managing Director
+1 202 346 8815
charlene.macdonald@fticonsulting.com

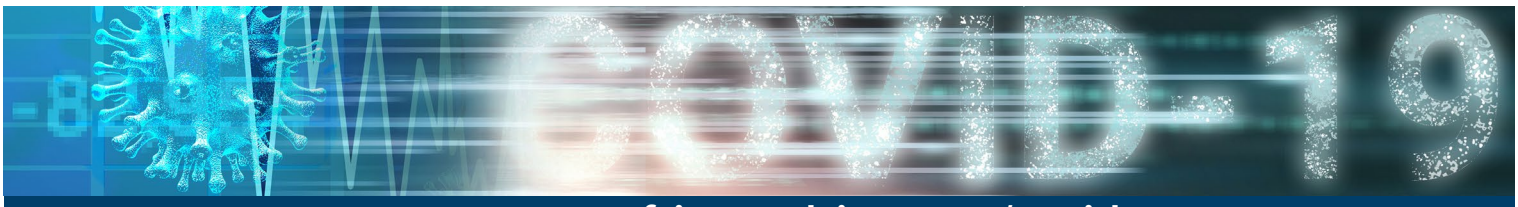
JOE KON
Director
+1 202 346 8882
joe.kon@fticonsulting.com

VALERIA FAGONE
Senior Director
+32 2 289 08 73
valeria.fagone@fticonsulting.com

SONJA NESBIT
Managing Director
+1 202 346 8877
sonja.nesbit@fticonsulting.com

ANTOINE MIALHE
Managing Director
+32 2 289 08 04
antoine.mialhe@fticonsulting.com

ZACHARY BURNSIDE
Senior Consultant
+32 2 289 09 76
zachary.burnside@fticonsulting.com



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