



The Our American States podcast—produced by the National Conference of State Legislatures—is where you hear compelling conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy.

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COVID-19: State Public Health and Fiscal Responses | March 30, 2020 | OAS Episode 87

Hello and welcome to “Our American States,” a podcast from the National Conference of State Legislatures. On this podcast, we’re all about legislatures: the people in them, the policies, process and politics that shape them. I’m your host, Ed Smith. Thanks for joining us.

Today we’re continuing with our new series of podcasts focused on how states are taking action in response to the corona virus pandemic. These podcasts are just one of many new resources NCSL has quickly put together to serve and support legislators and legislative staff during this extraordinary and unprecedented time.

NCSL also is presenting a webinar series looking at public health responses, workplace issues, education and childcare, the economy, elections, and continuity of government. You can find links to sign up for these webinars and view archive versions along with links to a wide range of other resources at www.ncsl.org/coronavirus.

We’ll start today’s podcast with a conversation with Tahra Johnson, who works in NCSL’s health program. Tera will fill us in on actions states are taking in the public health area during this crisis.

Later in the show, we’ll turn to dollars and cents and talk with one of NCSL’s fiscal experts.

Tahra, welcome to “Our American States.”

Tahra: Thanks for having me, Ed.

Ed: Let me note for our listeners that we’re recording this interview on March 26th and posting it on March 30th. Things are moving so quickly that events may outstrip some of what we discuss. So, let’s talk about the big picture.

Time Marker (TM): 01:39

Ed: What efforts are states making to mitigate the spread of Covid-19?

Tahra: There are substantial efforts states are taking. Many of them are unprecedented to mitigate this pandemic. For the first time, every state, the District of Columbia and territories have declared a state of emergency or a public health emergency.

Several states have submitted for a major disaster declaration as well. And to date, almost every state or territory has activated the National Guard for various supports for things such as logistics, transportation and medical response efforts.

More than half of the states have restricted employee travel and currently almost every state and territory has closed schools statewide, while a few states have local closures.

Currently states have a mixture of recommended, required or limited closure of nonessential businesses, and this does vary by state. For example, Colorado's closure, it specifically requires bars, restaurants, gyms, theatres and ski resorts to close. Restaurants are able to do takeout services.

In addition, a majority of the states have mandatory statewide limitations on gatherings, and these range from a stay-at-home order to limits specifically stating 5/10/25 or 50 or more people in one gathering.

So, the stay-at-home orders, they vary by state, but primarily this means under executive orders, residents must remain at home. They can only leave their home to engage in activities or perform critical tasks to their health or safety, or the health or safety of their family or household members.

For example, people can leave to go to the grocery store, to obtain food or necessary services or supplies for others, and often can engage in activities outside such as walking or hiking, though most states and localities are closing outdoor places where people may gather such as playgrounds or picnic areas.

People are able to leave to perform work if it's deemed essential in the state, such as if they're a healthcare provider, sanitation worker, if they're a grocery store employee, and any other critical operations that the state deems essential.

The intention of these types of policies is to prevent people from being exposed to Covid-19. The best way to prevent getting it is to lower your chances of being exposed. You've probably heard the term by now, "flatten the curve," and this basically means a high curve means the virus is spreading very quickly and many people can get sick at once, which can really overload the healthcare system and lead to significant triaging and possibly too many people accessing emergency rooms or intensive care units all at the same time.

A flattened curve means it's spreading slower, possibly over a longer period of time, but it keeps the influx of patients in the emergency rooms or ICUs more manageable for healthcare providers and the healthcare systems.

In addition to these efforts, several states have adjusted healthcare-specific policies in response. For example, several states require early prescription refills, so patients can acquire a few

months of medication at one time to avoid being out of the medication that they need, and to avoid being out and about to retrieve their medication when they should really be staying at home.

Several states enable a special enrollment period in the insurance marketplace as well. And we've seen some states waive cost sharing for treatment, or waive prior authorization requirements for testing, or testing and treating.

TM: 05:19

Ed: Now these are generally executive actions you're describing. What kinds of legislation are you seeing introduced related to public health and healthcare?

Tahra: We have seen quite a lot of legislation in the last month. In general, we've seen over 200 bills introduced related to Covid-19, and this comes from more than 30 states, the District of Columbia and Puerto Rico.

These include resolutions and bills that involve funding, workforce protections or medical coverage, disease surveillance, bills related to isolation and quarantine, or related to actions taken by the governor in the state of emergency. And the speed of some of these bills has been very fast, especially considering more than half of state legislatures have postponed their legislative sessions at this point.

There are several trends that we've seen in the proposed and enacted legislation. The majority of bills introduced and enacted relate to appropriating funding to the response. Many states propose supplement appropriations for various state departments and agencies, or specifically for the public health agency to respond to Covid-19.

Several states specifically earmarked that funding to go to the Department of Health for their preparedness and response activities.

We've seen bills related to public health quarantine and isolation, and these are legal authorities that may be implemented to prevent the spread of communicable diseases. For example, ill people may be isolated to protect the public by preventing exposure to infected people, and quarantine may be used to restrict the movement of well or healthy people who have been exposed to a communicable disease.

In the last few weeks, several states such as Maryland have introduced bills requiring employers to ensure employees would maintain their employment if they're required to be in isolation or quarantine. Other states such as Washington looked to include a shared leave or paid leave policy for employees in isolation or quarantine if they're ordered by the public health official or healthcare provider as a result of Covid-19.

We've also seen a significant number of resolutions adopted. The majority of these acknowledge the challenges coming with the pandemic, and several of them recognize the public health emergency.

Several states have also adopted similar resolutions related to creating committees or taskforces related to Covid-19.

Several states have also introduced bills related to medical costs and coverage. These vary quite a bit across states. For example, some bills relate to specific populations such as pregnant women or women during the postpartum period, while the majority relate to coverage for testing and treatment of Covid-19.

There are several states suspending health plan deductible requirements for prescription drugs. In addition, we've also seen several states introduce bills waiving certain requirements related to health or telemedicine, and this is to allow for more virtual visits with healthcare providers.

TM: 08:24

Ed: Well, that is a flood of legislation and remarkable that things are passing so quickly. It's certainly an indication of how seriously legislators are taking the crisis.

We've all heard a lot about the shortage of masks, other personal protective equipment, and ventilators. How are states dealing with that situation?

Tahra: So, the shortage of personal protective equipment or PPE is really a huge challenge for healthcare providers and healthcare systems right now. It's not only important for the providers working directly with the Covid-19 patients, but for all of the providers who may encounter or interact with patients who either have the disease, or they may be working with high-risk populations such as those in nursing homes, Hospice or palliative care.

Though there is a strategic national stockpile, we're hearing across the board that it has fallen short of the intense demand that is currently happening during this current outbreak.

State health agencies and governors' offices are attempting to fill these requests from local health agencies and hospital systems, but all across the country we're hearing healthcare systems are struggling to get enough PPE or protective equipment to appropriately protect the providers from the pandemic.

Several states have asked people to donate any PPE that they have to help healthcare providers. In Colorado, the House majority leader, Alec Garnett, and House minority leader, Patrick Neville partnered with nonprofits and the Denver Broncos to host a PPE drive to support Colorado hospitals, which I thought was pretty creative.

Another interesting thing we're seeing are businesses repurposing their factories to quickly pump out PPE, such as big corporations like Anheuser Busch, Ford and Haines, and then other smaller companies also, finding ways to create PPEs and share that with the state.

Regarding ventilators, there are efforts at the federal and state levels to get more ventilators to certain areas where they anticipate a surge of patients. In the meantime, though, many hospitals are following recommendations to cancel or postpone nonessential surgeries or procedures, and this is with the intent to free up ventilators from, for instance, and operating room to be used for Covid-19 patients.

Nonessential surgeries, things like knee replacements, they may be life-changing, but they may be deemed nonessential during this time. And hospital systems and providers may make these decisions independently or in alignment with the state.

TM: 10:58

Ed: Other than passing legislation, what else can policymakers do to address the pandemic?

Tahra: That's a great question, Ed. I just gave an example of in Colorado how the majority leader and minority leader worked with the Denver Broncos, and we are hearing other examples across the country where legislators are working with nonprofits and they are working with their state health agencies, asking them what they need and trying to find ways to work with other leaders in the community.

Sometimes it's a matter of a state legislator or policymaker just working with the community and asking folks to contribute in any way that they can, whether that's to the PPE shortage or to asking people to follow CDC and state guidelines.

One other thing that legislators can do is share legitimate information with their communities. There is a lot of misinformation out there and it's important that credible sources are shared. Whether it's through newsletters or social media, it is one thing that legislators can do is share credible information to help their constituents learn about what is happening from credible sources.

TM: 12:13

Tahra: Tahra, what else are you hearing from folks in legislatures? Is there anything else you'd like to share with our listeners?

Tahra: Sure. We are hearing that the NCSL resources on our webpage have been really helpful for them. I think health-wise, legislators are trying to understand what they can do from their perspective and then also who would they need to be in touch with within their state.

So, one thing I would share is if you have not reached out to your state health official or state health agency, reach out to them. They are the experts in your state, and they will know the right resources and the right people to put you in touch with if you want to help with this situation in your state.

Ed: Tahra, thanks so much for taking the time to fill us in. Please take care of yourself.

Tahra: Absolutely. Thanks for having me, Ed. Take care.

Ed: We'll be right back to talk fiscal issues with NCSL's Erica McKellar.

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Ed: We're back with Erica MacKellar from NCSL's fiscal program. Erica, welcome to "Our American States."

Erica: Thanks, Ed, it's good to be here.

TM: 13:27

Ed: Erica, what are the most immediate fiscal issues facing states?

Erica: Well, I think the most fundamental concern of every state right now is the health and safety of their citizens. Tahra talked a lot about the great actions states are taking to provide for our healthcare workers on the frontlines.

But I think on the fiscal side of things, we've seen state legislatures making supplemental appropriations and dipping into their rainy-day funds to ensure that agencies and departments supporting the work of hospitals and other healthcare providers around the country have the fiscal capabilities that they need.

Nine states have enacted supplemental appropriation bills and another 19 are working their way through legislative channels. Five states have authorized transfers from their rainy-day funds, and a few other states are working to create special funds relating to combat Covid-19 and the fiscal response.

TM: 14:18

Ed: So, obviously, this will have a big impact on state revenues. Do we have any idea yet what that looks like?

Erica: Well, it's a good question. Much of the American economy is essentially shut down right now, which obviously has an enormous impact on state and local economies and could have a huge impact on state revenues.

There's a lot of uncertainty around this issue right now because we don't know how long the stay-at-home orders will last, how long the economy will shut down, and what a subsequent recovery will look like.

Many states are waiting to revise their estimates to see what that economic impact will look like. Several states are scheduled to revise their revenue estimates in April and May, but even those revenue estimates may be a little early for states to have a good handle on what the economic impact will be for states. And those estimates could be complicated by states that are delaying tax filing deadlines. That could have the effect of pushing revenue that states expected for Fiscal Year 2020 into Fiscal Year 2021.

That said, we are starting to see some analysis coming out of states about what they expect the economic slowdown and Covid responses to do to their revenue estimates.

To name a few examples, Vermont is projecting a 15-17% reduction in total Fiscal Year 2020 revenues. California is anticipating several billion dollars less in capital gains revenues. Colorado

hasn't yet passed their fiscal 2021 budget, but the Colorado Legislative Council recently estimated a nearly 900-million-dollar shortfall based on the budget proposals that the legislature was working through when they suspended their session. And that was all before changes were made to the operation of retail bars and restaurants in the state.

Washington State is currently working on determining what a 12-15% drop in GDP could mean for state revenues. And New York, which begins its new fiscal year on March 1st, could have 7 billion dollars less in revenues than they had anticipated. So, some significant hurdles exist for states there on the revenue side.

TM: 16:28

Ed: Are there certain states that will be hit harder than others?

Erica: I think this is going to affect every state a little differently and significantly. States that rely heavily on sales tax revenues are taking an immediate hit as Americans stay home and spend less. I mentioned those tax filing deadlines earlier; those will have an effect on states that rely on personal income tax collections.

That said, I think states that rely on tourism for a significant portion of their budgets could be hit hard. Hawaii, whose economy relies heavily on tourism, for instance, was estimating about 340 million less for their current biennium, and that was before the state took quarantine measures and some other provisions to protect the state.

For tourism-heavy states, I think a lot will depend on how long people are required to stay home to contain the virus, and how quickly people start traveling again once things start to return to normal.

Oil-producing states are especially vulnerable right now. Alaska, which relies heavily on oil and gas production for their revenues, revised their most recent estimate to assume \$40 per barrel for the price of oil, which is down from their originally budgeted \$59 a barrel, and that could result in a reduction of around 600 million dollars in revenue.

North Dakota based its budget on \$48 a barrel of oil and, to give you a context, oil prices last week were around \$28 a barrel. So, oil-producing states could face some extraordinary challenges moving forward.

TM: 18:00

Ed: Are these revenue issues the biggest fiscal challenges facing states right now? I know we all saw that staggering number of new employment claims this week.

Erica: Yeah, I think the revenue challenges are certainly significant, but they're only one side of the equation. The other side is what states are going to try to spend to mitigate some of the effects on the economy and on citizens.

For example, as you just mentioned, unemployment numbers – Washington State had less than 7,000 new unemployment shares/claims the first week of March, and by March 16th, the week of March 16th, that number jumped to 133,000 new claims.

As more people remain unemployed, if the recovery isn't quick, more people could be eligible for Medicaid, which already accounts for almost 20% of state budgets. So, state expenditures are going to grow even as revenues plummet, and I think we're going to see a lot of states reaching back into their budget balancing tool chest from the Great Recession.

The good news is that state rainy-day fund balances are relatively strong, and the federal government passed their federal relief bill to provide 150 billion dollars of flexible spending to state and local governments.

TM: 19:09

Ed: I know this is the time of year when states are working on their budgets. How is this situation going to affect that process?

Erica: Thanks for bringing that up. Really the only thing that legislatures are required to do each year or two years, depending on their budget cycles, is to pass a state budget, and this is injecting a lot of uncertainty into that process.

About half of states have already passed their Fiscal Year 2021 budgets, but these were largely passed using revenue estimates from before this whole situation unfolded. So, I think we're going to see a lot of special sessions later this summer as states have to reconcile the budgets that they passed with sort of this new revenue reality.

For other states we've seen them suspend their sessions that haven't been able to complete their budget work yet. Three states, North Carolina, Rhode Island and Wisconsin, have provisions to continue spending at previous years' appropriation levels if the budget isn't passed at the start of their fiscal year. But other states might have to briefly reconvene to pass either a continuing resolution or a temporary spending plan until they convene to a complete budget.

So, we've started to see states get a little bit creative with their spending plans for the upcoming fiscal year. A few states don't have provisions in place if the spending plan isn't in place by the start of the fiscal year, so those states will probably have to find a way to complete their work to ensure government spending continues past the June 30th deadline for most states.

So, the bottom line is that states are facing a number of fiscal challenges right now and we don't yet know what the extent of those challenges will be.

TM: 20:42

Ed: Well, Erica, this is all great information. Before we wrap up, is there anything else you'd like to share with our listeners?

Erica: I just add that we are tracking the fiscal implications of everything that's happening in the world right now very closely at NCSL. We are continually updating our website. And we encourage

anybody with questions or who needs information to reach out to us. We are more than willing to help provide any information that we can.

Ed: Thank you, Erica.

And that concludes this edition of our podcast. We encourage you to review and rate our episodes on iTunes, Google Play or Spotify. You may also go to Google Play, iTunes or Spotify to have these episodes downloaded directly to your mobile device when a new episode is ready. For the National Conference of State Legislatures, this is Ed Smith. Thanks for listening and being part of “Our American States.”

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