



# CAUS

Concerned Actuaries of the U.S.

## The Need for an Informed Response to National Recovery

### The Back-to-Normal Index

The pandemic economy is far from normal. So Moody's Analytics and CNN Business have partnered to create a proprietary Back-to-Normal Index, comprised of 37 national and seven state-level indicators. The index ranges from zero, representing no economic activity, to 100%, representing the economy returning to its pre-pandemic level in March.

#### United States



The economy in the United States is operating at 78% of where it was in early March.

New coronavirus cases in the last 7 days

**320,800**

Number of states that improved last week

**46**

[Learn how we created the Back-to-Normal Index](#)

Source: Moody's Analytics, JHU CSSE COVID-19 Data



Data as of August 21, 2020

*Please Note: All graphics in this document are linked to the source of the graphic.*

In mid-August 2020 the number of daily COVID 19 deaths was still rising again in a number of states, most notably, according to the news media, in states that had begun to “open-up” more rapidly than others. Coverage reflected a narrative established early on in the pandemic coverage suggesting that managing the virus would require people and governments everywhere to choose between the loss of lives and economic losses.



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*Institute for Health Metrics and Evaluation projects as many as 223,000 US deaths by October 1. (August 21, 2020)*

There is no argument with the general assertion underlying the coverage that there is a link between containment, the incidence of infection, and the death rate. What has emerged in the past four months as the database has become more robust, however, is a growing suspicion, if not belief, that more refined and effective containment could have produced both fewer deaths and better economic outcomes. More specifically, it has become painfully obvious that the elderly, people of color, and low-income populations are more likely to die from the presence of the virus in the country.

***79% of the CDC reported Provisional Deaths through August 19, 2020, occurred in the 65 and older population, including 21% in the 65 to 74 age group and 58% in the 75 and older age group. [Click here for link.](#)***

It has also become clear that to date people 18 to 64 are less likely to die from it which is fueling a new narrative that suggests concentrating on effectively protecting the vulnerable from infection would allow greater flexibility in managing the economy and protecting jobs and household incomes. The two narratives are increasingly in play as concerns about a Second Wave and resistance to a second shut-down both build.



It is in this tense environment that the nation must address the critical question, “What is the most responsible way forward from here.

By the end of the first year of the COVID-19 pandemic, federal, state, and local governments in the United States will have spent in excess of \$3 Trillion providing short-term liquidity to employers and employees; shoring up and enhancing unemployment benefits; underwriting short-term losses for major industries and health care providers; paying overtime for first responders, and dozens of other worthy needs. Most argue that this timely massive infusion of capital has been and may continue to be necessary to avoid the potentially even more dire social and economic consequences of the pandemic.

The Concerned Actuaries Group (CAG) believes that as peer-reviewed critiques of this moment in time emerge, two critical systemic flaws will be apparent. First, in the decades prior to the pandemic, the balance between the financial cost of the services and activities and the financial value added by the service and activities became less of a consideration than the political balance between elected officials and their constituencies; providers of services and their customers; and employers and their workers. Second, as polarization grid-locked the political process, the policymakers focused increasingly on the narrow contentious issues that played well with partisan bases and lost sight and understanding of the complexities facing them, the need for holistic analysis; meaningful measurement of performance and outcomes; and sound management principles were sacrificed to electoral considerations. This disregard for factually-informed holistic analysis is responsible for many of the challenges we are experiencing at the moment.



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*As we think about what we need to do going forward, Job One should be making factually-informed holistic analysis a prerequisite for situation assessments and policy-making decisions.*

**Enhancing public and policy-maker awareness and understanding is obviously necessary, but it will not be easy.**

The public knows that lots of things did not work well in addressing the pandemic and the economic dislocations it provoked. By and large, however, they have little grasp of systemic causation and/or of the essential therapeutic role factually-informed holistic analysis can and must play moving forward.

Their elected officials have been other-directed, uninformed and inattentive, not purposefully malicious. Efforts that enhance awareness and understanding in a manner that informs both audiences are essential.

**Key Takeaway** LEI  
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**YOU CAN'T GET THERE FROM HERE.**



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The underlying message for all audiences in this effort must be, that whatever it is you want, you can't get there from here.

Resistance to change is a cultural given and history suggests that the most powerful anecdote is self-interest. Given the need to correct the current situation as quickly as possible, efforts demonstrating efficacy and highlighting self-interest should focus on policymakers, corporations, and institutions.

In a paper describing the need for better analytical tools to inform healthcare policy decision-making, the CAG noted, "In this era of change, Einstein's definition of insanity has emerged as one of the "go-to" quotes because it so clearly makes the point that whether or not something works is an observable, measurable phenomenon. Even more important, it counsels that whatever process failed to produce the desired result is highly unlikely to lead to a different and better result without some modification in methodology."

**Translating enhanced understanding into action will be even more difficult.**

We have reached a tipping point in our response to the COVID 19 pandemic and would be well-advised to heed Einstein's wise counsel. Ultimately that will require a plan for transitioning to a policy decision-making process-driven and informed by factually-informed holistic analysis.

CAUS' Comparative Actuarial Assessment Model (CA2M) is designed to provide enhance policymakers' decision-making capacity. It is a matrix-based computer model



that improves the capacity to evaluate holistic impact across a range of issues and activities. A similar approach is needed to address this need.

***Key Takeaway***

There will have to be a politically persuasive call for action.

The COVID-19 pandemic has clearly illuminated the need for the nation to address the serious flaws in its policy decision-making processes. Whether it has created an opportunity to address that need - that is to pivot as quickly as possible to factually-informed holistic analysis decision-making processes - will only become clear when some effort is made to raise public and policymaker awareness, enhance their understanding and intellectually and technologically support the desired pivot.

*Last modified on Friday, 28 August 2020 17:07*