



# How Covid-19 Has Affected The Healthcare Industry

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## Abstract

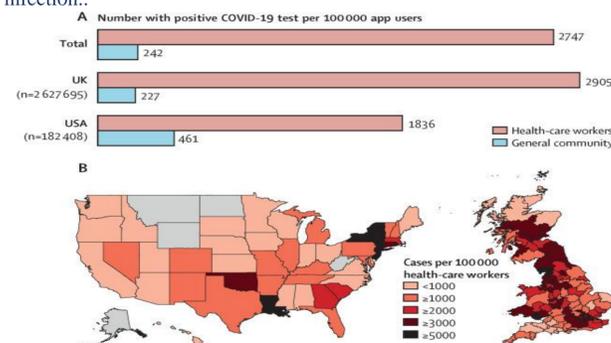
Coronavirus infectious disease (Covid-19) first took rise in Wuhan city, China, in December 2019. The virus has spread globally to the point that the World Health Organization (WHO) declared a global pandemic on March 11, 2020. Beyond our day-to-day life being brought to a halt, the pandemic has prompted a closer look at the country's health care system. In this research three categories of the healthcare system are identified as facing challenges during the pandemic. First, healthcare workers are affected by COVID-19 as their physical and mental health is challenged as they provide frontline critical care. Secondly, hospitals, especially those located in hotspot areas of the pandemic are increasingly overwhelmed within their management infrastructure and underprepared with inadequate facilities placing doctors and patients in life or death situations. Lastly, the insurance industry has not escaped the impact of COVID-19 as enforced self-isolation rules has meant that elective procedures and consultations have been greatly curtailed and subsequently claim volumes have reduced in the short term. However, long-term, the treatment of COVID 19, the severity of the disease, and the length of hospital stays are expected to greatly increase the cost of insurance for individuals as insurance companies reexamine their losses. This research emphasizes the impact Covid-19 is having on sub-groups of the healthcare system.

## Introduction

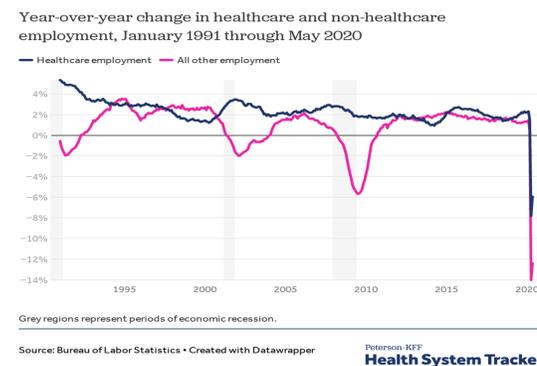
In 2020 the United States was brought to a halt causing a recession throughout the nation, similar to that of the Great Recession of 2008. "At nearly 4 trillion dollars in annual revenues and 18% of gross domestic product (GDP), the health sector is one of the largest components of the U.S. economy and a major employer of U.S. workers." (Rhyan) Covid-19 created such panic that even the most profitable component of the U.S. economy was directly affected by the chaos Covid-19 leaves in its path. Through the eyes of healthcare professionals, health insurance, and hospital management one can view how the healthcare industry has been affected. Health-care workers have continued to provide care for patients despite exhaustion, personal risk of infection, fear of transmission to family members, illness or death of friends and colleagues, and the loss of many patients. The pandemic has significantly undermined health insurance coverage in the United States. A sudden surge in unemployment — exceeding 20 million workers — has caused many Americans to lose employer-sponsored insurance thereby affecting their ability to receive adequate healthcare. The Covid-19 pandemic has also created a multitude of acute challenges for health care delivery organizations, like hospitals, urgent care facilities, and doctor offices. These challenges include but are not limited to inadequate capacity, supply shortages, the need for care redesign, and financial loss. The urgency of COVID-19 and the immense challenges that have come with it, offers a stark reminder of the persistent inequities in our health care system and demand our attention and focus. This pandemic is a watershed moment in American history, one we must seize upon to fix the most glaring problems in our health system (Madara et al.)

## Healthcare Workers

Health care workers face potential COVID-19 exposure through their job. Data suggest that at least 200,000 health care workers have been infected with coronavirus as of November 2020, but this estimate likely vastly underestimates the number affected due to major gaps in data collection. Studies show that health care workers are at increased risk for exposure and infection relative to the general population, with particularly high risks for health care workers who provide direct patient care, work in inpatient hospital or residential or long-term care settings, are in nursing or direct support staff roles, or do not have adequate access to PPE. Health care workers are also more likely than others to worry about being exposed to the virus through the workplace, to know someone who has died from the virus, to say it has negatively impacted family relationships, and to report someone in their household lost a job or experienced a cutback in hours or income due to the pandemic. Research further suggests that, among health care workers, people of color are more likely to report reuse of or inadequate access to PPE and to work in clinical settings with greater exposure to patients with COVID-19. CDC analysis of antibody evidence of previous infection among health care personnel further found higher rates of seropositivity among people of color compared to their White counterparts (9.7% vs. 4.4%), suggesting higher rates of previous infection.



The healthcare industry was also greatly affected by COVID 19, as several healthcare workers lost their jobs. Small healthcare facilities were closed from a significant revenue loss, and the non-urgent and routine medical services were put on hold. "As a result, healthcare revenue fell sharply in March and April, and more than 1.5 million healthcare jobs were lost from February through April 2020. Health services recovered more than 300,000 jobs in May, mainly in dental offices, but employment in certain healthcare settings continued to decrease." (McDermott & Cox, 2002). The medical office's employment continues to decrease as patients choose not to come into the office, and fewer patients are scheduled to practice social distance in the office. Some primary care practices have reported reductions in the use of healthcare services of up to 70%. (HealthManagement.org Promoting Management and Leadership, 2020) As the infections of COVID decrease and people continue to get vaccinated and normal returns, the small medical offices can resume and employment for healthcare can increase when medical facilities reopen.

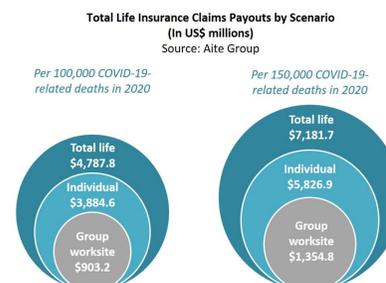


## Health Insurance

So how have health insurance companies responded to this crisis? In terms of COVID-19 testing, hospitalization, vaccines, and the long terms effects of the Coronavirus? With the recent pass of the Families First Coronavirus Response Act in March, it ensures that people will not have to pay for the costing of COVID-19 testing. So this means for insurance companies either public or private must "cover FDA-approved COVID-19s and costs associated with diagnostic testing with no cost-sharing"(KFF). This "waving cost-sharing" is a major deal especially when it comes to COVID related treatments because this means "[insurance companies] are not making patients pay deductibles, copays, coinsurance and other charges of they are hospitalized with COVID-19"(Market Watch). Ensuring that people will get the treatment if they need it. According to a survey, 1 in 7 Americans would avoid seeking treatment for COVID-19 because "they didn't think they could afford it" due to the millions of Americans losing their jobs. But this does not mean there won't be any out of pocket costs due to the waived cost sharing when it comes to hospitalization and COVID related treatments.

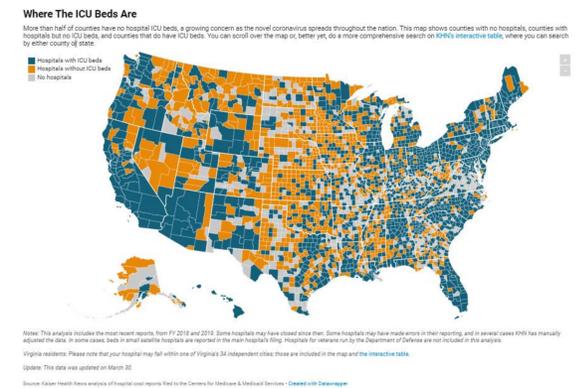
Insurance Type	Testing	Treatment
Employer Insurance	No cost-sharing (including self-funded plans and HDHPs)	Cost-sharing may be waived depending on the state, insurer, and/or employer. AHP details specific insurer decisions here.
Individual Market	No cost-sharing (this requirement applies to grandfathered plans but does not apply to short-term limited-duration plans)	Cost-sharing may be waived depending on the state and insurer. AHP details specific insurer decisions here.
Medicare	No cost-sharing	Cost-sharing can apply in both traditional Medicare and Medicare Advantage plans.
Medicaid/CHIP	No cost-sharing	Cost-sharing can apply to Medicaid/CHIP. AHP details specific insurer decisions here.
Uninsured	Patients face full price unless they can find free or reduced-cost care.	Patients face full price unless they can find free or reduced-cost care.

The multi-faceted nature of the Covid-19 pandemic has meant that it has affected many lines of business where there is insurance coverage. The affected areas include, but are not limited to, business interruption (for example, disruption to supply chains and inability to operate as normal due to government measures), trade credit insurance (cover for businesses if customers who owe money for products or services delay payment or do not pay at all), travel, cyber liability (due to increased working from home) and event cancellation. An immediate and obvious insurance implication of the pandemic for life insurance companies has been the tragic human toll affecting life insurance and annuity coverage. The pandemic has resulted in a significant number of premature deaths, which has increased the many life insurance claims. General insurance has also been affected in various ways by the pandemic. For example, travel has been severely disrupted, affecting travel policies. Motor claims have also been affected as various lockdown measures have resulted in an unprecedented drop in the number of road users, leading to a drastic fall in the number of motor claims from accidents. Theft claims have also decreased as both vehicles and vehicle owners have remained at home. Although the pandemic has caused severe disruption and economic fallout for insurance companies, the crisis may also act as a catalyst for some positive change. Like most other industries affected by the pandemic, insurance companies have been forced to consider how they operate and to focus on becoming more agile and digital.

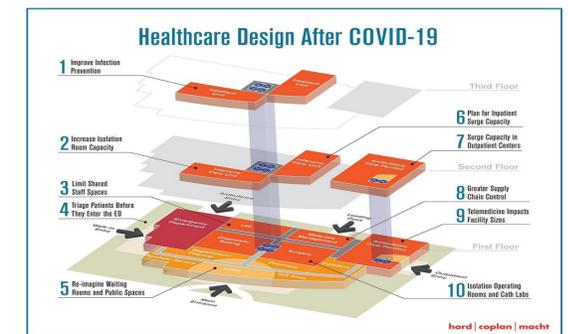


## Hospital Management

With the unforeseen pandemic, it has taken a toll on the hospitals. Hospitals have been placed in a bad situation with everything that is going on. The first challenge most hospitals are going through is the lack of adequate capacity to handle the patient volume. The need for ICU and regular beds, ventilators and staffing far exceeds the maximum capacity. Before COVID-19 there were enough of beds for the patient volume that most hospitals were intaking each day.



Another challenge is the need for real-time redesign of care models for patients. Before COVID-19 it was not a concern of the space between patients and staff members with patients. Now since COVID-19, we have been mandated to keep 6 feet apart from one another. Its necessary for physicians, nurses and clinicians to have appropriate care model and room design



There has also been financial loss due to cancellation of procedures and disruptions of routine care. "In 2018, hospitals at the 25th percentile had -4.4% operating margins and 7.6 days of cash on hand. Lacking sufficient liquid assets could put these health care organizations at risk of bankruptcy." Before COVID-19 surgeries were no problem because hospitals did not have to worry about lack of beds and staff. "To manage capacity, financial loss and care design health care organizations have made the critical decision to release or reduce workforce or to shift many employees to remote work." Having to experience these challenges it allows the management an opportunity to transform into more agile and resilient learning systems.

