COVID-19 and its Impact on the Healthcare Economy

The COVID-19 virus has created not only a healthcare crisis but also an economic one and a COVID-19 recession is now a reality.

Healthcare has generally been immune to recessions in the past. Demand for medical care has been a constant since people get sick, whether times are good or bad. Also, those with health insurance have their out-of-pocket costs taken care of and are still able to afford to get quality care.

But the COVID-19 recession is different. Since people are being asked to practice physical distancing and minimise outside activities, many people who would otherwise be using healthcare are now choosing to stay home. Also, the goal has been to keep medical offices clear so as to reduce the risk of disease spread. People are postponing care that is not urgent. This includes imaging procedures, surgeries, visits to fill prescriptions, etc.

While healthcare workers are busy dealing with COVID-19 patients, healthcare offices are still suffering from the decline in other patients. Some primary care practices have reported reductions in the use of healthcare services of up to 70%. Salaries of clinical staff are being reduced or frozen, and some staff are being furloughed. There has been an increase in unemployment insurance claims from healthcare businesses as well.

Despite relief assistance from governments, the question still remains: how will the COVID-19 recession affect the healthcare economy? It was initially believed that the COVID-10 recession would be short, but that does not seem to be the case anymore. As long as there is community spread of the disease, it will not be safe for people to reengage. There are both formal restrictions in place and a general hesitancy of people to expose themselves to risk. It is unlikely that the healthcare economy will stabilise until the COVID-19 crisis is addressed.

The longer the recession lasts, the greater will be the economic harm. Most businesses can handle short-time shutdowns, but sustained shutdowns might be more difficult to manage. Relief funds will not last forever, and small businesses, including medical offices, will have to make difficult decisions. Jobs will decline, which means fewer people will get paid, and those who are working may have to face wage declines. This will result in reduced spending, and the cycle will continue.

There is one silver lining, however. Medical care that is being deferred today will eventually be sought out later. Postponed visits and surgeries will be rescheduled for later, and medical staff may be able to catch up on billings. This may be true for healthcare, but other industries like entertainment and restaurants may not have such a swift recovery.

Nevertheless, a recession still poses a challenge to healthcare workers and healthcare institutions. It all depends on how long the COVID-19 disease spread continues and how long it takes for life to go back to normal.

Source: JAMA
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