

## Covid side effects – Not a diagnosis but interesting

Over the last 2 years, we have been living with Covid. Covid experts are born every day, but at Harvard House, we steer away from being healthcare experts. A recent Healthcare Conference hosted by JP Morgan brought some new perspectives on the impact on us of Covid. Will SA ever implement a National Health Insurance Scheme? The participants remain sceptical. More and more people are trying to access some form of medical aid which has resulted in innovative medical insurance products being offered by Dischem and ThymeBank, amongst others.



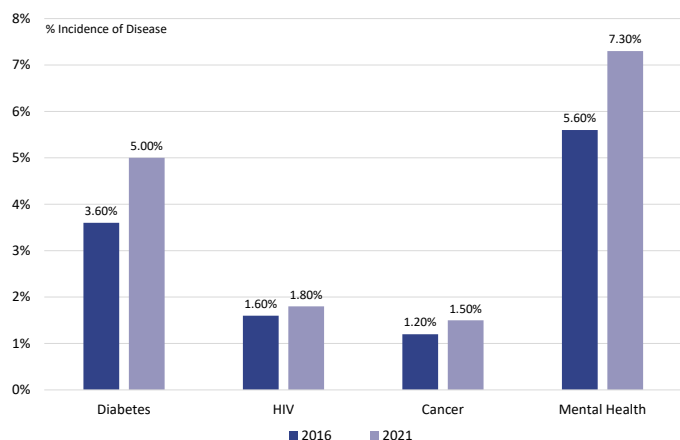
Willie Pelsler

The world has now been living with Covid for more than 2 years. We at Harvard House are by no means medical professionals, but the impact and research around the virus on medical aids, hospital cost structures, individuals' finances, and the development of vaccines are starting to make for interesting research and reading. Earlier this month I attended a Healthcare Conference hosted by JP Morgan.

The topics ranged from hospital company specifics to detailed insight into vaccine manufacturing. Below is a summary of interesting statistics and comments relating to Covid itself and some commentary on NHI.

We can all relate to stories about covid side-effects but some of these might be unrelated to the virus itself.

### INCREASE IN BURDEN OF DISEASE



The burden of disease is climbing across a range of conditions, a testament to the fact that the overall health of our population has deteriorated since the onset of the Pandemic.

### SPEED READ

- Covid-19 has made the population more ill than just the virus infection. Diabetes and mental health issues are on the rise.
- Covid will be with us for a long time. The actual side-effects range from difficulties in concentrating, sleeping, and walking - leaving you with some real headaches.
- Unfortunately, Covid has highlighted again that SA is far from affording a National Health System and consumers remain under pressure to afford private health care.

Unfortunately, another side-effect of the last two years of living under these conditions is that the population's health has deteriorated. Because of the risk of contracting Covid due to exposure to others we have withdrawn from seeing the doctor. Anecdotal evidence of worsening health as provided by the Discovery Health Scheme is summarized in the chart above.

Discovery has noticed an increase in the burden of disease from Diabetes, HIV, Cancer, and Mental Health. These diseases are much more prevalent now than they were pre-covid. The percentage calculation shown is based on a percentage of lives suffering from these health issues (and all numbers based on their membership). One would assume that would be similar across other medical schemes. The main concern is that prevention and screenings, such as mammograms, HIV screening, and wellness events (think all sports) have fallen behind over the last 24 months. The chart clearly shows that the number of people suffering from diabetes is now much higher than in 2016. Mental health also stands out - 7.3% of members now face mental health challenges and has, according to Discovery, resulted in a 36% increase in visits to psychologists from 2019 and a 13% increase in visits to psychiatrists.

Healthcare is expensive. On average, medical inflation runs about 3-5% above the broader CPI index. The impact of Covid has brought about another round of increases in health-related costs, whether it is a personal cost, costs for the healthcare providers like hospitals, or medical aids. From the paragraph above the associated cost increase for these additional lives exposed to HIV, Cancer, etc is shown in the table. How does one interpret the table? The value calculated is the percentage of risk expenditure associated with various conditions. For example, in 2016, diabetes accounted for 12% of risk premiums. Now it is 16%. The same applies to the other conditions.

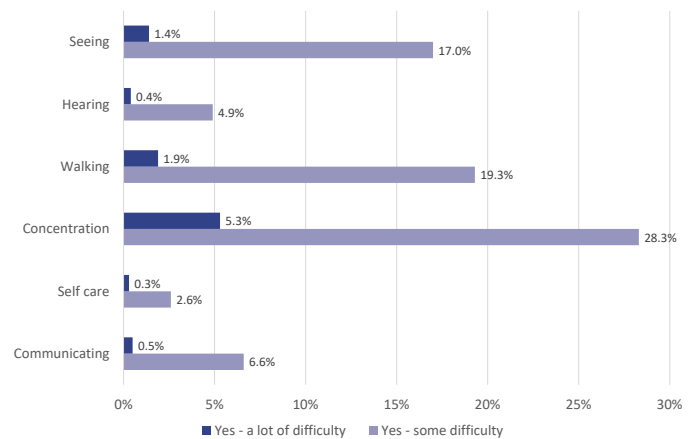
How often have we heard people complaining about some

% of Risk expenditure by Condition		
Column1	2016	2021
Diabetes	12.0%	16.0%
HIV	2.6%	2.5%
Cancer	10.0%	11.0%
Mental Health	24.0%	26.0%

form of niggle after suffering from Covid? Initially, the popular symptom was the loss of taste. However, as we have learned to live with Covid, statistics are starting to confirm that Covid is exhausting the body for many months after contracting the disease. Remember that the huge strides made in the use of technology and digitization (a key theme in our investment approach for the next 5 years) makes data analysis and research so much quicker and more interesting.

The chart below - also courtesy of Dr Ryan Noach from Discovery Health - is based on surveying their members' experience of recovering from Covid. The survey analyzed changes in key activities associated with daily living about 5 months after contraction. Answers to questions around topics such as walking and communicating were in multiple-choice format, and ranged from "I have a bit of difficulty", "some difficulty", "no difficulty" etc. Some conclusions from the survey point to people finding daily living a bit more challenging than before they contracted the disease. From the survey, it is clear that it is becoming more difficult to cope with some simple activities such as seeing, concentrating and walking. Not shown on the chart, but another point that he highlighted, is that the most common side effect is persistent headaches, followed by distorted sleeping patterns. No wonder mental health has

## DETERIORATION IN ABILITY POST COVID



According to Discovery Health, members report increased difficulty doing basic tasks after contracting Covid.

deteriorated so extensively.

### Covid highlighting Healthcare issues

The pandemic nature of Covid has highlighted the constraints that healthcare systems face daily. Covid-19 was the largest clinical driver of claims experienced in 2021 (12%) vs cardiovascular and tumours at 9.2% at 11.1% respectively. To illustrate the burden on global healthcare systems, infections – the category under which Covid falls - only made up 2.1% of claims in 2017.

Like most healthcare systems globally, more than 60% of South Africa's annual healthcare budget goes towards paying salaries. In a tight global market of health professionals, this creates ongoing pressure as skilled people are constantly lured away for higher salaries and better working conditions. Unfortunately, on almost all metrics, South Africa performs the worst when it comes to investing in public healthcare.

We have mentioned before in budget-related articles that SA has a shrinking tax base hence inequalities continue to persist and are worsening. The recent National Budget continues to show constrained healthcare spending. Treasury expects to spend about 17% more on debt servicing costs than it will on healthcare in the 2023 tax year. Unfortunately, debt servicing costs are expected to grow at 10.7% per annum to 2025, while healthcare spending is expected to increase by a mere 0.2% over the same period. Public healthcare infrastructure will thus not improve much. Although the merits of a National Health Insurance scheme make sense, especially when we are faced with a pandemic such as Covid, affordability

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remains the stumbling block and the highest first hurdle.

NHI will inevitably raise its head again in the foreseeable future. In the meantime, access to private healthcare remains a personal budget constraint for the working class, let alone the unemployed. Only 2% of South Africans are covered by medical insurance and 15,5% have access to medical aid. Access to private healthcare is getting a boost with the launch of a number of products aimed specifically at those who can't afford the medical aid premiums. Although health insurance products have been available for a while, Dischem and TymeBank have launched new

offerings over the last month. These insurance products should not be confused as similar to traditional medical aid products. Medical insurance provides access to services such as general practitioners, optometrists, and dentists as well as basic medication, but they carry restrictions when it comes to hospitals and specialists.

**“Access to private healthcare remains a personal budget constraint for the working class, let alone the unemployed.”**

Covid has certainly kept everything related to healthcare on public, private and personal agendas. I therefore think an appropriate ending to this article would be: Stay Healthy, Wealthy and Wise.



Thyme Bank has recently introduced medical insurance.



**Topic:** **To be advised**

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**Natal Midlands**

Date:	TBA
Venue:	Oasis Conference Centre, 72 Main Road, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

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**Johannesburg**

Date:	TBA
Venue:	Rosebank Union Church, Cnr William Nichol and St Andrews Road, Hurlingham
Time:	7am for 7.30am

The topic for the next Insight seminar will be released shortly.



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