Health debt: The next crisis for CEOs to anticipate

With people delaying care and avoiding the ER, providers will face a wave of complex patients as delivering care becoming more expensive because of COVID-19 — all while hospitals are operating on declining revenue.

Tom Sullivan | June 4, 2020

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A substantial side-effect of the COVID-19 pandemic is the hard reality that many people, including those with chronic conditions, are delaying care. Diagnostics are down, routine visits are being missed, borderline elective procedures and surgeries postponed. The decreased patient volumes are already taking a financial toll on providers and what could be even worse will be the health debt consumers experience in the aftermath of the pandemic.

Not to be confused with medical debt, as in unpaid or even surprise bills that bankrupt or strain the finances of so many American families, health debt manifests from a lack of care, whether it's medications not taken or skipping screening that could detect disease and adverse health events before they occur.

And while many executives and public health officials are publicly warning of a second wave of COVID-19 infected patients taxing hospital employees, beds, ventilators, PPE and other equipment before herd immunity is achieved, the threat posed by patients carrying health debt is real.

The scope of health debt

Diagnostic testing is down 60 percent, while rising unemployment during the pandemic has driven the number of uninsured Americans up 114 percent, according to research conducted by Strata Decision Technology. And across all service lines, 54.5 percent fewer unique patients sought care at a hospital setting as of this week.

Strata also found that overall volumes were beginning to rebound toward the end of May, but are still far short from last year at this same time, said Strata CEO Dan Michelson.

What's more, the American College of Emergency Physicians estimates that emergency room visits are down 30 percent, while the *Journal of American College of Cardiology* determined that 38 percent fewer procedures to treat a specific type of heart attack are being performed.

Widespread health debt will emerge as a short- and long-term result of fewer patient encounters — and while many health officials in the public and private sectors are expecting a second wave of COVID-19 infections either as states re-open economies or in the autumn of 2020, others are anticipating that people bearing health debt will create excessive demand for care services.

“A second wave is coming and it may not consist of patients infected with COVID,” Michelson said. “If 60 percent of diagnostics volume is down, we're going to see a spike in cases that are more complex, more traumatic from a clinical and financial perspective.”

Cecelia Health CEO Dave Weingard added: “Without question, every day we need to treat people with chronic diseases such as heart health, obesity, diabetes, those are problems that need to be addressed. We have a second wave coming where patients who are not well–controlled in their chronic conditions have a high likelihood of complications.”

According to a *New York Times* analysis of CDC data, more non-coronavirus deaths than normal occurred in the New York/New Jersey region between March 15 and May 2, 2020. Deaths from Alzheimer’s rose 1 percent, flu and other respiratory diseases 5 percent, heart disease and diabetes 15 percent. That’s not to downplay COVID-19, which accounts for 60 percent of excess deaths in the region, states that have seen 40 percent of the nation’s coronavirus death toll to date.

“This pandemic could accelerate health debt by years,” Weingard said. “And I think that’s going to be happening.”

Hospital financials make health debt harder to correct

Increasing health debt inevitably cut both ways: People will carry it for years into the future and possibly for the rest of their lives because there is simply no making up for an untreated heart attack or not catching stage 3 cancer early. *Furthermore,* the financial strain COVID-19 and health debt are placing on providers and health payers will make patient care that much more difficult.

Although the data does not yet paint a complete picture of how much costs will increase, Weingard said that anecdotally Cecelia Health is hearing from clinicians that they could experience somewhere between a 25 percent and 50 percent rise in treating people with diabetes on top of the $327 billion annual expenditure.

Diabetes is just one example. Weingard also pointed to mental health as creating another wave of its own because, with estimates that 1 in 3 Americans will have diabetes by 2030 and 40 percent of diabetic patients experience anxiety, behavioral conditions are also on the rise.

All of this is happening while hospitals are collectively operating on $60 billion a month less revenue than the organizations were earning prior to the pandemic, according to Strata's research.

For hospitals, returning to 85 percent of revenue is an optimistic outlook and, even still, achieving that doesn't get the organizations where they need to be when operating on 2 percent margins and having to preserve space for another influx of COVID-19 infections alongside non-COVID patients.

"More complex patients will be coming, receiving more care, and at the additional expense of treating them because of PPE provisions," Strata's Michelson said. "That is the direction health care is heading."