

## IMPACT OF COVID 19 PANDEMIC ON THE PERFORMANCE OF MEDICAL AID SOCIETIES IN ZIMBABWE

<sup>a</sup>Tanaka T. T Mutero, <sup>b</sup>Blessed Mveku, <sup>c</sup>Peter Bhibhi, <sup>d</sup>Munyaradzi Chagwasha and <sup>e</sup>Mike Mudzamba  
<sup>a,b,c,d,e</sup> Midlands State University, Gweru, Zimbabwe

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### ABSTRACT

This research study was inspirational to know and understand the impact of COVID-19 pandemic on the performance of Medical Aid Societies in Zimbabwe. The objectives of the study were to determine the impact of COVID-19 on membership uptake, examine the impact of COVID-19 on the profitability of medical aid and assess the impact of COVID-19 on claims management. A literature review provided the foundation and knowledge, understanding and scholarly debates of the impact of COVID-19 medical aid societies. The study adopted the quantitative research methodology and constructed a questionnaire and conducted interviews distributing them to 80 correspondents. Data collected was analysed using IBM SPSS statistics version 20 and the findings of the data were represented on tables. The hypothesis of the study H<sub>0</sub> was accepted as COVID-19 had an impact on the membership uptake, profitability, and claims of medical AID Schemes in Zimbabwe. The sample size used was 80. Recommendations on how to manage medical aid societies' performance in a crisis is according to the findings of the study are proposed. The recommendations include engaged membership, blockchain technology, and hybrid billing model. The study proposed that future researchers can compare the use of telehealth services in other countries during pandemics of this nature and its role in Zimbabwean Medical Aid societies for the sustenance of their performance.

**Key Words:** COVID 19, Performance of medical aid societies.

### 1. INTRODUCTION

Since the beginning of the year 2020 the Coronavirus disease (COVID 19) has rapidly spread globally claiming many lives, bringing the world economies to a standstill as lockdown measures were put in place to curb its spread. Recent disruptions to essential services linked to the COVID 19 pandemic have included, high patient caseloads, under resourced health facilities, shortages of staff, medical equipment and healthcare workers. Zimbabwe was no exception and its health systems were also impacted by the pandemic. This study aimed to find the impact of COVID 19 pandemic on Medical Societies.

In the United States of America (USA), continued spikes in caseloads and unpredictability in utilization created challenges for health insurance plans (Tepper, 2021). As the COVID 19 cases increased, Tepper (2021) highlighted that costs in the fourth quarter in 2020 led to substantial declines in operating income for several major health plans illustrating the volatility of the pandemic. Nearly a third of small business respondents in U.S.A stated that they were not sure they could keep up with premium payments beyond August 2020 which indicated significant coverage disruption by early winter (Leemore et al, 2020)

According to Babun et al (2020), the pandemic in Sub Saharan Africa caused operational issues and an increase in health claims in Ghana. Due to the reduced economic activities compounded by the pandemic, premiums collected reduced and were expected to by the end of 2020. Moreso, profits significantly reduced because more claims were paid out than premiums collected and claims drastically increased as well as efficiency to process claims virtually. Babun et al, (2020) reiterates that profits dropped by 16.6% within a period of March to June 2020 and the total premium dropped by 17.01% while claims increased by 38.4%.

Zimbabwe's first case was recorded on the 20<sup>th</sup> March 2020 and the cases began to rise steadily. The pandemic had a severe effect on the country's healthcare system and resources were stretched to their limit. Medical aid schemes as they are better known in Zimbabwe are primary health financing mechanisms which reimburse members for actual expenditure on health (Kaplan, 2015). According to the Health Times Gwarisa (2021), the Association of Healthcare Funders of Zimbabwe (AHFoZ) which oversees medical aid companies in Zimbabwe, highlighted that there was an upsurge in respiratory and eye related medical aid claims during the COVID 19 period as well as respiratory claims. Medical aid contributions to medical aid companies generally declined and there were delays in claims processing during the lock down period (Gwarisa, 2021). Medical aid societies services were hindered during the lockdown period when the COVID 19 pandemic was at its peak. The uptake increased in 2020 and 2021 during the pandemic. Claims experience was low and contributions were affected during the COVID 19 pandemic.

## 2.PROBLEM STATEMENT

The COVID 19 pandemic truly became a global event with consequences spanning every facet of daily lives tremendously beyond epidemiology. Health systems were particularly tested to the limit as resources were overburdened to try and curb the spread of the virus and those who were infected by the virus. Further, according to the World Bank Group report (2020), health insurance anticipates an increase in claims as well as increased costs in providing for the benefits arising per claim would be expected. Against the above stated background, this research is based on the hypothesis that medical aid companies faced disruption of services, staff shortages due to restricted travel, delay in claims processing, low profitability, high patient caseloads, decline in contributions, membership uptake was also affected.

## 3.RESEARCH OBJECTIVES

- a) To determine the impact of COVID-19 on membership uptake.
- b) To examine the impact of COVID-19 on the profitability of medical aid.
- c) To assess the impact of COVID-19 on claims management.

## 4.LITERATURE REVIEW

**COVID 19:** Coronavirus 19 (COVID 19) is a contagious zoonotic disease caused by a novel coronavirus named Severe Acute Respiratory Syndrome Coronavirus – 2 (SARS-COV-2) (Srivatava et al, 2020). According to Korneta (2021) COVID 19 resulted in significant change in the primary healthcare along with procedures necessary to change the assessment of quality and availability. Provenzano et al (2020) also asserts that, COVID 19 resulted in significant consequences for medical practices as well as short term and long term implications. Mokhele et

al (2021) noted that in an online study conducted it showed that people had low confidence in the South African health system in dealing with the COVID 19 pandemic.

**Medical Aid Societies:** Zinyuke (2021) noted in the Herald newspaper that a sizeable portion of medical aid members was forced to either downgrade or cancel their membership following the COVID 19 pandemic. Association Health Funders of Zimbabwe (AFHoZ) chief executive stated that the COVID 19 pandemic resulted in the disruption of subscriptions and processing of claims which affected medical aid societies particularly in the first quarter of 2020. In a Herald news report, the chief executive of AHFoZ put it that employer organisations started downsizing and saw employees downgrading medical aid packages and others terminating their membership (Zinyuke 2021).

**COVID 19 on membership uptake:** Results of studies carried out in Tanzania show that there was a significant association between gender, age, education level, the size of house units, source of income, affordable premiums and uptake of health insurance (Mhapa, 2022). Tossou (2021) stated that the level of education contributes to the awareness of the effects of the COVID 19 outbreak. Wolf et al (2020) alluded that the study outcomes of a Chicago survey capture only initial awareness of COVID 19, degree of worry, fundamental knowledge and attitudes. Ghaddar, Byun and Krishanswami (2019) investigated the level of awareness of insurance services among vulnerable members of the Hispanic population in the United States of America. The study indicated that most of the participants lacked adequate knowledge on the services offered through health insurance programs in the USA. Low income, Mykyta and Keisler-Starkey (2021) articulates that health insurance as a type of cover is associated with a family's income to poverty ratio, a measure of family's income. Family resources may determine the ability to afford private health insurance. As many faced job losses resulting in low incomes during the pandemic, families were classified as being in poverty. An analysis suggested that three million Americans lost employer sponsored health insurance between March and September 2020 (Mcdermot, Rudowitz and Garfield, 2020). Employment decline, It was also highlighted that losing a job leads to loss of health insurance and the high cost of COVID 19 related healthcare increased the possible negative consequences of being uninsured. Current Population Survey Annual and Economic Supplement (CPS ASEC) report highlights that health insurance declined for the working age adults from 19 to 64 years from early 2019 to early 2021 as cited by Mykyta and Keisler-Starkey, 2021.

**COVID 19 and profitability of Medical Health insurance:** Profitability in the healthcare sector was explored in different areas. Digitalization is one of the most influential factors in business activity over the last decade. In a survey carried out in Saudi Arabia, interview results have indicated an increase in health care expenditures due to the rapid implementation of digital health tools in order to combat COVID 19 outbreak and ensure continuity in delivery health care services (Alhodaib and Alanzi, 2021). Financial Risks, COVID 19 has led to the misalignment of claims paid and premiums collected, the number of insurers has rapidly declined due to surging unemployment adversely affecting premium collections (Okepwho, 2020). Okepwho (2020) states that if the unearned premium reserve is insufficient to cover for future expected expenses it would be difficult for the actuary to prepare a PDR account for costs associated with COVID 19 due to the unprecedented nature of the event. Financial Investments, Colenda et al (2020) avers that in

the United States of America, Academic Medical Centres have a strong concern about financial stability of health care centres in turbulent times. The justification was based on the following likelihood of lower cash flows in the healthcare sector because of reduction in profitable services, increased expenses, higher staffing costs and supply and greater use of ICU equipment due to the COVID 19 pandemic.

**COVID 19 and claims management:** Frequency of Claims was affected by COVID 19. Bahlinger (2021) is of the view that the pandemic has impacted all facets of the health insurance industry especially claims. Milliman’s survey requested estimates on the net impact of the COVID 19 pandemic on expected net claims per member per month for each line of business. The results indicated that carriers with commercial lines of business expect a 1%-10% increase in claims in 2021. The 2020 claims payment pattern irregularities were viewed in a similar way to natural disasters in the recent past. In the survey, respondents were asked whether the net impact of COVID 19 pandemic was increasing or decreasing their Incurred But Not Reported (IBNR) claims reserves (Bahlinger, 2021). On Fraud on claims, Dries et al (2022) highlights that during the COVID 19 pandemic fraud schemes were modified and appeared with new entry points to the system through COVID testing, services and treatments. The Department of Justice Criminal Division Fraud Section’s Health Care Fraud Unit of the United States of America, identified \$4,5million in allegedly false and fraudulent claims related to telemedicine fraud.

**5. METHODOLOGY**

The study used the quantitative approach to collect and analyse numerical data to describe, explain and predict data. A correlational type of research design was used to test and determine the relationship between and among a number of facts sought and interpreted. Correlational helps the researcher get a clear picture of characteristics, and trends in relationships as they exist in the real world. Quantitative data obtained easily was analysed with the help of Statistical Package for Social Sciences (SPSS) version 20.

**6. RESULTS AND DISCUSSION**

**Table 1 : Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	42	52.5	52.5	52.5
Valid Female	38	47.5	47.5	100.0
Total	80	100.0	100.0	

Source: IBM SPSS Statistic v20

The research was carried out on an objective group of 80 people. From the findings on table 1, 53% of the respondents were male while 48 % were female. The examination above affirms that there a larger part of the respondents were males in this study. Effendi et al (2020) highlight that there is the low enrolment of health insurance among women since husbands in married couples are the ones who make enrolment decisions in the family.

**Table 2: Respondents Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 24-35years	14	17.5	17.5	17.5
35-45years	10	12.5	12.5	30.0
46-55years	29	36.3	36.3	66.3
57-65years	21	26.3	26.3	92.5
over 65years	6	7.5	7.5	100.0
Total	80	100.0	100.0	

Source: IBM SPSS Statistics v20

The study showed that a sum total of 17% representation of the total population is between 24-35 years, 13% is between 35-35years and 36% is between 46-55years. In the same vein 26% is between 57-65years and finally 8% is over 65years. Liu et al (2020) asserts that age is confirmed to be a factor for COVID 19 severity outcomes and elderly patients are likely to progress to severe diseases if tested for COVID 19, thus a likelihood of an increase in claims and usage of medical aid.

**The impact of COVID 19 on membership uptake.**

**H<sub>0</sub>** There is a negative relationship between COVID-19 and membership uptake.

**H<sub>1</sub>** There is a positive relationship between COVID-19 and membership uptake.

**Table 3: Correlations of Membership uptake and COVID 19**

		Average membership uptake	COVID19
Spearman's rho	Average membership uptake	1.000	-.249*
	Correlation Coefficient	.	.026
	Sig. (2-tailed)	80	80
	N	80	80
COVID19	Correlation Coefficient	-.249*	1.000
	Sig. (2-tailed)	.026	.
	N	80	80

\*. Correlation is significant at the 0.05 level (2-tailed).

Source IBM SPSS Statistics v20

Table 3 indicates there is a negative relationship between membership uptake and COVID 19 as posited by the coefficient relationship of -0.249. The study was statistically significant with a p-value of 0.026 (p<0.05). Therefore, **H<sub>0</sub>** is accepted as there was a negative relationship indicating that COVID-19 had an impact on membership uptake.

**The impact of COVID-19 on the profitability of medical aid societies.**

**H<sub>0</sub>** There is a negative relationship between COVID-19 and the profitability of medical aid.

**H<sub>1</sub>** There is a positive relationship between COVID-19 and the profitability of medical aid.

**Table 4: Correlations of Profitability and COVID 19**

		Profitability	COVID19
Spearman's rho	Profitability	1.000	-.278*
	Correlation Coefficient	.	.012
	Sig. (2-tailed)	80	80
COVID19	Correlation Coefficient	-.278*	1.000
	Sig. (2-tailed)	.012	.
	N	80	80

\*. Correlation is significant at the 0.05 level (2-tailed).

Source IBM SPSS Statistics v 20

As depicted in Table 4, the relationship between the profitability of medical aid societies and COVID-19 is negative. The coefficient was -0.278 with a p-value of 0.012 ( $p < 0.05$ ) which validates its statistical significance. Thus, **H<sub>0</sub>** is accepted since there was a negative relationship suggesting that COVID-19 had an impact on the profitability of medical aid societies.

**The impact of COVID 19 on claims management.**

**H<sub>0</sub>** There is a negative relationship between COVID-19 and claims management.

**H<sub>1</sub>** There is a positive relationship between COVID-19 and claims management.

**Table 5: Correlations of claims received and COVID 19**

		Claims received	COVID19
Spearman's rho	Claims received	1.000	-.239*
	Correlation Coefficient	.	.033
	Sig. (2-tailed)	80	80
COVID19	Correlation Coefficient	-.239*	1.000
	Sig. (2-tailed)	.033	.
	N	80	80

\*. Correlation is significant at the 0.05 level (2-tailed).

IBM SPSS Statistics v 20

From the analysis above there is a negative relationship between claims received and COVID 19 as indicated by -0.239. The p value was 0.033 ( $p < 0.05$ ) making the study statistically significant. Consequently, **H<sub>0</sub>** is accepted as results show the negative relationship meaning that COVID 19 had an impact on the claims management.

## 7. RECOMMENDATIONS

**Engaged membership-** By having an engaged membership, medical aid societies should focus on the current members by keeping them happy and engaged. The very members will in turn become brand ambassadors of the medical aid societies who will spread the word about good services offered which will attract new members and thus increasing membership uptake.

**Blockchain technology-** Medical aid societies should embrace block chain technology as it will improve the way they maintain their records, execute transactions and how they interact with stakeholders. The adoption of Blockchain technology by medical aid societies cuts costs, improve customer service, grow the business and ultimately increase profits.

**Hybrid billing model –** Medical aid societies in Zimbabwe should adopt hybrid billing model because it will help them reduce claims reimbursement period. Instead of payments of claims being done at the Head Office only, claims settlement can be decentralized to the branches thus reducing claims turnaround time.

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