

# Changes In Family Medical and Health Care Expenditure PostCovid-19

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## Abstract

The COVID-19 pandemic had a profound impact on the world in many ways, including on health spending and utilization. Expenditure on medicines and health care products plays an important role in the determination of its demand and thus production. This research article examines the changes in the consumer spending on medical and health care that have taken place as a result of the pandemic and concluded that the COVID-19 pandemic has brought to the forefront the importance of good health and the need for individuals to prioritize their health and wellness. The pandemic has also highlighted the necessity of having a robust healthcare system to tackle a pandemic of such magnitude. As a result, people have become more health conscious, and this has translated into increased spending on health. A careful planning and resource allocation will be needed to ensure that all individuals continue to receive the care they need. Primary data for the study is collected from 318 respondents, through a structured questionnaire and then analysed and presented using statistical tools.

**Keywords:** Consumption Expenditure, Covid-19, Medical and Health, Medical Insurance

## Introduction

One of the most significant impacts of the pandemic has been on health spending. The cost of treating COVID-19 patients, as well as the cost of the various measures put in place to combat its spread, has placed a huge financial strain on healthcare systems across the world. In many countries, governments have had to significantly increase their spending on health in order to keep up with the demands of the pandemic. In addition to government spending, private health insurance companies have also seen an increase in the cost of claims. This is due to the higher cost of treating COVID-19 patients and the increased demand for medical services related to the pandemic.

Consumption patterns of many households altered due to the rapid spread of corona virus. They started spending more on medical and nutritious foods and less on tourism, branded clothing, and other non-food consumer goods. Consumer spending on different categories plays an important role in the determination of demand and thus production. The demand for and production of medicines and health-care products is determined by how much of their income consumers spend on them. There is a need to examine the changes in the consumer spending on medical and health care that have taken place as a result of the pandemic to help government and business houses to frame policies accordingly. Not much research has been carried out on this topic in India specifically for Metro areas. This research article examines the changes in the consumer spending on medical and health care that have taken place as a

result of Covid-19. The study is based on responses from 318 respondents from major metropolitan cities.

### Objectives

To study the consumption expenditure of households residing in metro cities of India on medicines and health care products pre- and post-pandemic to help in framing government and corporate policies.

### Methodology

The research paper employs both primary and secondary data. The primary data is gathered using a structured questionnaire in Google Forms, filled by 318 respondents during the period 2021-22. Books, reports, journals, magazines, newspapers, websites, and other published sources are used to collect secondary data. The study's target population is Indian citizens residing in metropolitan areas. The data collected for the study is analysed using percentages, graphical presentations, cross tabulation, and using t-test for paired two samples of means.

Since the sample size is small and is limited to metropolitan population, the results cannot be generalized and are only suggestive.

### Data Analysis and Interpretation

The collected primary data is analysed using t test for paired two samples of means, to test the following hypotheses:

Ho (Null hypothesis): There is no difference in the consumer spending on Medical and Health care products post Pandemic

Ha (Alternate hypothesis): There is a difference in the consumer spending on Medical and Health care products post Pandemic.

t-Test: Paired Two Sample for Means		
	<i>Average Monthly Expenditure before pandemic (%)</i>	<i>Average Monthly Expenditure after pandemic (%)</i>
Mean	13.43	15.03
Variance	186.79	222.34
Observations	318	318
Pearson Correlation	0.77	
Hypothesized Mean Difference	0	
df	317	
t Stat	-2.94	
P(T<=t) one-tail	0.00178	
t Critical one-tail	1.64967	
P(T<=t) two-tail	0.00357	
t Critical two-tail	1.96747	

As p value < .05, null hypothesis is rejected. There is an increase in mean value which shows, following the pandemic, there has been a significant increase in medical and health care

expenditure. This is because, in addition to the cost of medicines, hospitals and oxygen therapy, the cost of post-covid complications and preventive drugs increased. People are becoming more concerned about their and their families' health. They spend money not only on preventive medicines like vitamins and other immunity boosters, but also on home health gadgets like blood pressure machine, blood glucose monitors and oximeters. Many people are opting for medical insurance, which has increased premiums post Covid-19.

The analysis of the data also reveals a negative correlation between the percentage increase in medical and health care spending and the monthly income group of the respondents, indicating that higher income groups experience a smaller percentage increase in spending relative to total expenditures than lower income groups. Further, there is a positive correlation between family size, or the number of dependent family members, and an increase in the proportion spent on health and medical care by the respondents.

### **Conclusion**

The COVID-19 pandemic has brought to the forefront the importance of good health and the need for individuals to prioritize their health and wellness. From the data analysis, it is evident that there has been a significant increase in the expenditure on medical and health care post Covid-19. The fear of contracting the virus has resulted in increased discretionary spending on medical expenses. The pandemic has also highlighted the necessity of having a robust healthcare system to tackle a pandemic of such magnitude. As a result, people have become more health conscious, and this has translated into increased spending on health.

One of the major reasons of the increased spending is due to investment in the health during and after the pandemic is by purchasing health instruments like blood pressure machine, blood glucose monitors and oximeters and preventive medicines like vitamins and other immunity boosters.

With the rise in remote work and a decrease in physical activity levels, people are becoming more conscious of their health and are looking for ways to stay active and monitor their health. These include items such as fitness trackers, smartwatches, and other wearable devices that help individuals monitor their health and wellness. The increased demand for these devices has led to a rise in spending on health instruments.

One of the primary ways that people have been investing in their health during and after the pandemic is by taking out medical policies. Post-pandemic, people have realized the importance of having a safety net in case they fall ill. Medical insurance policies provide individuals with the financial protection they need in case they require medical treatment. The increased demand for medical insurance has led to an increase in the number of insurance policies being taken out and also with a higher premium, which has translated into higher spending on health.

In conclusion, the COVID-19 pandemic has highlighted the need for individuals to prioritize their health and wellness. This has led to increased spending on healthcare products, medical insurance policies and preventive medicines. It is expected that spending on health will continue to rise as individuals become more conscious of their health and look for ways to protect themselves. A careful planning and resource allocation will be needed to ensure that all individuals continue to receive the care they need.

### **Suggestions/Policy implications**

People are spending more on medical and Health Care and want to remain healthy. Policy makers and companies should cater to these needs of consumer's both current and future needs. More emphasis should be given to production of health and immunity booster products, medical tools and instruments. Hospitals and dispensaries must be opened in every nook and corner of the country.

The pandemic has also increased the use of telemedicine and virtual health services. Telemedicine should be encouraged for the last mile care in inaccessible areas. For this a robust data network is needed which can connect primary healthcare facilities to centrally located health specialists. Technology for drone delivery of medicines to such remote areas should be established and promoted. Government and policy makers should emphasise it further as this virtual care has the potential to improve access to healthcare in remote areas.

An outcome of the pandemic is the increased focus on healthcare in most households. Various medical devices procured during the pandemic, helps in early diagnosis and better care for many diseases as people seek early medical opinion, thereby reducing the probability of the disease getting life threatening. Government should encourage a greater availability of first level responders like nursing and ambulance staff. The focus must shift from adding more specialised care, to general availability of registered medical practitioners providing first level care and diagnosis.

To prevent shortage of medicines in case of a future pandemic, the industry must be incentivised to have processes to ramp up medicine production in a short time. A clear and dependable communication from regulators and health authorities would help allay the irrational fears. It is also critical to develop domestic production of critical medicines, PPE kits, vaccines and medical devices as the global supply chains would tend to collapse during a widespread pandemic.

Encouraging healthy life practices like meditation and Yoga, making available neighbourhood open spaces for people to exercise, promotion of health foods are required from the Government to ensure a general good health for all.

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