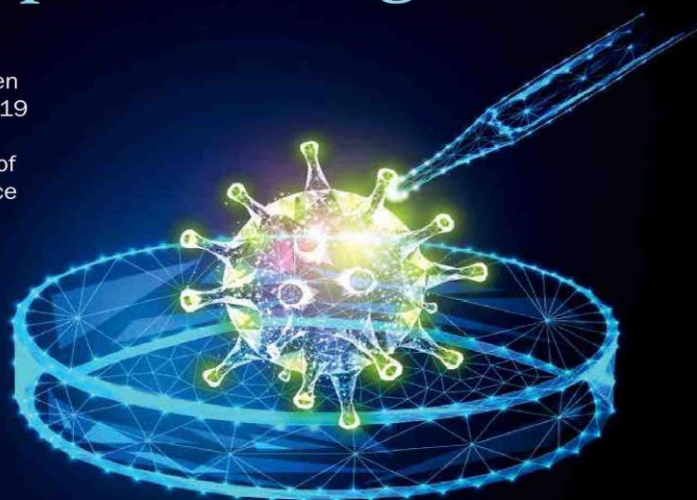


INSURANCE – LIFE & HEALTH

COVID-19 – a pre-existing disease?

Can insurers strike a balance between onboarding those infected by COVID-19 and their own sustainability without bringing COVID-19 into the category of pre-existing disease? Asia Insurance Review spoke with a healthcare professional, an insurer and an insurance broker to get their views.

By Anoop Khanna



Over 55m people have already been infected across the world with the coronavirus. Many more are getting infected every day. Countries that seemed to have got over the worst are seeing resurges in infections. It is difficult to predict the course the pandemic will take in the long run.

It is also difficult to assess the long-term medical and financial burden that may arise due to COVID-19 in the future.

Substantial impact on healthcare system

Speaking with *Asia Insurance Review*, healthcare professional Dr Anuradha Monga said, "It is beyond doubt that whatever the course COVID-19 takes, the burden on the healthcare system and payers will increase substantially.

"The fight against COVID-19 will extend beyond the immediate infectious period and will have significant policy implication for insurance customers. A serious discussion around the burden of the long-term complications of COVID-19 is still missing," said Dr Monga.

Marsh India country head and CEO Sanjay Kedia said, "As insurers deal with the direct cost of COVID-19, they are also faced with paying higher for non-COVID claims, which are now 15-30% more due to an increase in operating costs for hospitals."

He said, "The enormity is compounded by the large number of people affected by COVID-19 already, with a second sero-survey done by Indian Council of Medical Research revealing that 6.6% of Indians have been exposed to COVID-19. This converts to nearly 85m infections. This warrants a look into the potential response of the insurer for health insurance policies."

In such a situation, however, the most obvious issue for insurers is whether or not to consider COVID-19 as a pre-existing disease (PED) for new health and life insurance policies.

What is a pre-existing disease?

Insurance and Regulatory Development Authority of India (IRDAI) defines PED as any condition, ailment, injury or disease-

- a) That is/are diagnosed by a physician within 48 months prior to the effective date of the policy issued by the insurer, or
- b) For which medical advice or treatment was recommended by, or received from, a physician within 48 months prior to the effective date of the policy or its reinstatement.

Ideally, a PED should have an attribute of chronicity, like diabetes or hypertension that is not curable and is lifelong. It must not be resulting from a onetime fortuity with full cure from the disease possible.

But the IRDAI definition of PED does not distinguish between chronic and non-chronic illnesses. It uses the term 'any disease or ailment'.

So COVID-19, which essentially is viral fever, is non-chronic, episodic and should not be a PED. So it should not get excluded as a PED if a fully-recovered COVID-19 patient with no residual conditions takes an insurance policy.

Dr Monga said, "A case in point for this argument is the ear disorder

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Dr Anuradha Monga



Mr Sanjay Kedia



Mr Gurdeep Singh Batra

Otitis media that is subjected to a waiting period in a new health insurance policy. Although these conditions may be a consequence of recurrent viral infections, waiting period is applied to the consequence, otitis media but not the 'infection' per se as it is difficult to establish a proximate cause-effect relationship between the two."

PED: Case-to-case basis decision important

Mr Kedia said, "COVID-19 is a new disease and the patterns of the disease are still evolving. While the response from insurers is mixed, most agree that, as of today, COVID-19 is an acute viral illness and hence should be treated as such from a pre-existing disease perspective."

"However if symptoms can be clearly traced back to COVID-19 with supporting documents in place, then this may be treated as PED. Thus such decisions for some time may be dealt with on a case-to-case basis," he said.

Although not adequate to definitively establish and characterise a post-COVID-19 syndrome, the emerging scientific data does show evidence of potential long-term consequences in many cases of COVID-19.

Bajaj Allianz General Insurance head – retail underwriting Gurdeep Singh Batra said, "A lot of unpredictability revolves around COVID-19 and its impact on those who have already been affected. It has been observed that COVID-19 may also lead to long-term impact in various ways on one's health, not just physically, but also mentally."

Severe cases of COVID-19 often progress to acute respiratory distress

syndrome and may need mechanical ventilation. Consequently, such patients may develop irreversible damage or scarring of the lung tissue. Such a damage results in long-standing respiratory problems even long after recovery. It is estimated that between 35% and 75% of critically-ill patients with COVID-19 may need to be placed on mechanical ventilation, sometimes for weeks.

Post-infection care is important

Prolonged intubation may have significant short- and long-term effects and those on ventilators become more prone to respiratory infections and are at an increased risk of permanent lung damage. The long-term damage may get exacerbated due to the lack of post-hospitalisation physical and occupational therapy owing to concerns about the spread of infection.

Dr Monga said, "COVID-19-infected patients have shown long-term negative effects and post-COVID syndromes. Hence, depending on the severity of the infection, period of infection and after recovery care exercised by the individual, COVID-19 may be considered as a pre-existing condition for health insurance."

The mortality and severity of COVID is higher in the elderly and people with comorbidities. In India, the overall case fatality rate of people with comorbidities stood at 17.9% and for those without comorbidities it is 1.2%.

In the age group of 60 years and above, the case fatality rate for people with comorbidities is 24.6% and for those without comorbidities it is 4.8%. This drops to 8.8% and 0.2% respectively for those below 45 years.

Thus insurance coverage of those with prior or recent COVID episode has significant implications for the elderly and those with comorbidities from a cost of care perspective.

Mr Kedia said, "COVID-19 is a viral infection and nearly all severe viral and bacterial diseases affect one organ or other and COVID-19, by virtue of being an infectious virus, may have some post-infection effects. Hence, this should not be taken as a PED and the policy should respond in a uniform manner."

Tenure of COVID-19 specific policies should be prolonged

Mr Batra said, "COVID-19 is still a wait-and-watch situation for insurers. A lot of underwriting decisions will depend on the research done in this area, which can help provide clarity and further learnings on the ways through which COVID-19 can affect a person's health."

Dr Monga said, "IRDAI can consider extending the benefits of COVID specific policies to a longer follow-up period of something like two to five years and offer cover for post-COVID-19 syndrome and add benefits like mental health services for those at increased risk of anxiety, post-traumatic stress or depression."

"Considering that patients with post-COVID-19 syndrome may have special medical needs that may not be admissible under regular health insurance policies, porting their COVID-19 specific standard policies to a regular health insurance policy may not be of much benefit to policyholders."

"Insurers should make efforts to create awareness amongst policyholders about the potential long-term complications of COVID-19, encourage them to renew their corona specific policies, especially in case of diagnosed symptomatic and asymptomatic cases," said Dr Monga.

Including COVID-19 and its complications as PED may make it more difficult, if not impossible, to obtain health coverage and considering that almost all body functions may get affected for many more people, it will impact insurance penetration which is already low. ■