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# The Economic Effects of COVID-19 on the Hospital Industry in Iran and the World

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## LETTERS

### **The Economic Effects of COVID-19 on the Hospital Industry in Iran and the World**

#### ***Le conseguenze economiche della pandemia di COVID-19 sull'industria ospedaliera in Iran e nel mondo in generale***

Sir:

The new Coronavirus is spreading rapidly around the world these days, and many countries are heavily infected with it. Corona is a large family of viruses that cause respiratory infections, from the common cold to the SARS epidemic that broke out in 2003, and now the newest member of the family (SARS-Cov-2) is present in Iran. Like other countries, it is expanding rapidly. Currently, COVID-19 pandemic is one of the most important health issues in Iran and around the World (1-4). The "Corona crisis" has led to various effects in the World, including economic, political, educational, cultural, lifestyle, and so on. But over time, the Corona outbreak appears to have led to an economic shock in the World. According to economists, there are three types of economic shocks caused by the virus; *type L economic shock*, in which economic growth slows and never improves; *type U economic shock*, in which economic growth decreases and subsequently improves, but never returns to its previous state; and *type V economic shock*, in which economic growth gradually decreases, but gradually returns to normal (5-8). It seems, in Iran, due to COVID-19 crisis, the hospitals as a heart of health services providing system were faced with the L type of economic shock.

The assessment of the economic effects of this crisis on the hospital industry, as the heart of the health system in Iran, shows that the Corona crisis has faced hospitals, almost exclusively the private hospitals, with an economic defeat, so that many of them have reduced their staff and even closed their wards. This is due to the decrease in the number of people attending, due to fear of the Corona, as well as to the postponement of non-urgent visits, and instructions to postpone elective medical services on the other hand; in addition, the obligation to daily disinfection of hospital wards (bedrooms, waiting rooms, toilets, emergency rooms, and other places), and to provide staff and visitors with gowns, gloves, face masks, hand sanitizers, etc, imposes heavy additional costs on hospitals and clinics and leads to their crisis because these additional costs cannot be included in patients' bills or recuperated otherwise.

Of course, in public hospitals, we see fewer problems, due to the support that the government is obliged to provide to them, and we will face less economic problems in these hospitals after the Corona era, but in the case of the private sector, the story is very different. The private medical sector will suffer economic losses due to fixed tariffs, delays in insurance payments, and many other problems, and this is due to the reduction of elective operations, which will cause private hospitals to be partially closed. In this situation, it should be said that, along with the sharp decline in revenues, we will see a largely increasing in costs, and this will lead to the accumulated losses of medical centers and will ultimately disrupt the continued service of these centers.

On the other hand, the recuperation of public trust is also an issue that needs to be addressed in both public and private hospitals. This because, at present, many people refuse to be hospitalized due to the fear to get in touch with Corona patients and being infected.

In the current context of the Corona virus outbreak and crisis, it may be better for the health system to move to e-services, e-prescribing, telemedicine services, the opening of field hospitals for the Corona

patients, or the temporary reservation of some hospitals to them exclusively, to escape the risk for hospitals to be transformed into a source of further contagion and, finally, to avoid for them the risk of economic crisis and bankrupt (9,10).

But the main question is: what to do in the post-Corona period? To answer this question, one possibility is that the Iranian medical network – to resist a crisis which all of us hope will be temporary, should down-size, temporary reducing the number of departments and also reducing the work hours of the personnel. This situation has already started in private hospitals, but this is not correct from a human and managerial point of view. We therefore suggest, if the hospitals can afford it, that they should maintain unmodified their staff and organization unmodified as long as possible.

But there could be another, creative solution. A country like Iran, with its inherent potential of health manpower, particularly specialists and subspecialists, compared to the lack of sufficient and skilled manpower in neighboring countries of the region, should encourage the expansion of “health tourism” by foreign people to be assisted in Iranian hospitals. To help this solution, in order to get out of this crisis with minimal damage, it is suggested that more governmental temporary support be given to the hospital network, such as tax exemptions and allocation of low-interest loans.

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