

How prioritizing health could help rebuild economies

The COVID-19 pandemic has given the world a once-in-a-generation opportunity to advance broad-based health and prosperity.

by Penelope Dash, Grail Dorling, Katherine Linzer, Aditi Ramdorai, Jaana Remes, Kristin-Anne Rutter, and Shubham Singhal



Before the COVID-19 pandemic, health typically wasn't part of economic-growth discussions: the policy debate often focused on controlling healthcare costs. Our yearlong research effort, culminating in the publication of *Prioritizing health: A prescription for prosperity*, shows that this focus misses the bigger picture. Informed forecasts suggest that the pandemic and its effects will cost the global economy up to 8 percent of real GDP in 2020.¹ Yet each year, poor health costs twice as much—around 15 percent of global real GDP from premature deaths and lost productive potential among the working-age population. As organizations around the world look for tools to speed up economic recovery, rethinking health as an investment, not just a cost, could accelerate growth for decades to come.

Four lessons from the pandemic show how to build a healthier and more prosperous future.

1. Make health a key part of economic-growth discussions

The COVID-19 pandemic has been an unwelcome reminder of just how much health matters not only to individuals and society but also to the global economy. Better health fueled global growth over the past century by enlarging the labor force and increasing productivity. In fact, economic historians estimate that improved health accounted for about one-third of the overall GDP-per-capita growth of developed economies in the past century.² Our research shows that health continues to have the potential to stimulate growth.

How exactly does better health promote economic growth? First, fewer people are likely to die prematurely, so the working-age population will increase. When people are healthier, absences from sickness decline, and workers are less distracted by managing their own conditions or those of their loved ones. Also, fewer workers retire early because of health conditions.

We sized the economic impact of better health and found that it could add \$12 trillion to global GDP in 2040—an 8 percent boost, or 0.4 percent a year faster growth. These gains could not only help the economic recovery from the COVID-19 pandemic but also, over the longer term, counter demographic headwinds from an aging population.

2. Invest in health to build greater resilience

The COVID-19 pandemic has hit people with underlying health conditions hardest—for example, diabetes, hypertension, chronic obstructive pulmonary disorder, and obesity, which are common across most of the world's economies, have been associated with higher risk from COVID-19 (Exhibit 1).³ By using what we know today, we can improve the health of the world's population, and that would not only build resilience against future pandemics but also dramatically improve the quality of life of millions of people who suffer the heavy daily toll of chronic conditions. In our research, we examined the health challenges of almost 200 countries and found that proven interventions—actions or programs such as adopting healthy behavior, expanding access to primary care, and improving adherence to medication—could reduce the global disease burden by 40 percent over 20 years.

We found that such a reduction of the disease burden would deliver tremendous benefits: a 65-year-old in 2040 could be as healthy as a 55-year-old today, infant mortality would decline by 65 percent, and 230 million more people would be alive in 2040. More than 70 percent of the health benefits would come from prevention through healthier environments, healthier behavior, and preventive care (including safe childbirth, vaccination, and adherence to medications that lower risk) rather than treatment of diseases (Exhibit 2). One way to improve health is to invest in communities so that children can grow up to live long and healthy lives as adults. The remaining

¹ See "COVID-19: Implications for business," full briefing materials, June 2020, McKinsey.com; *OECD Economic Outlook*, Organisation for Economic Co-operation and Development, June 2020, Volume 2020, Number 1, oecd.org; *World Economic Outlook, April 2020: The great lockdown*, International Monetary Fund, April 2020, imf.org.

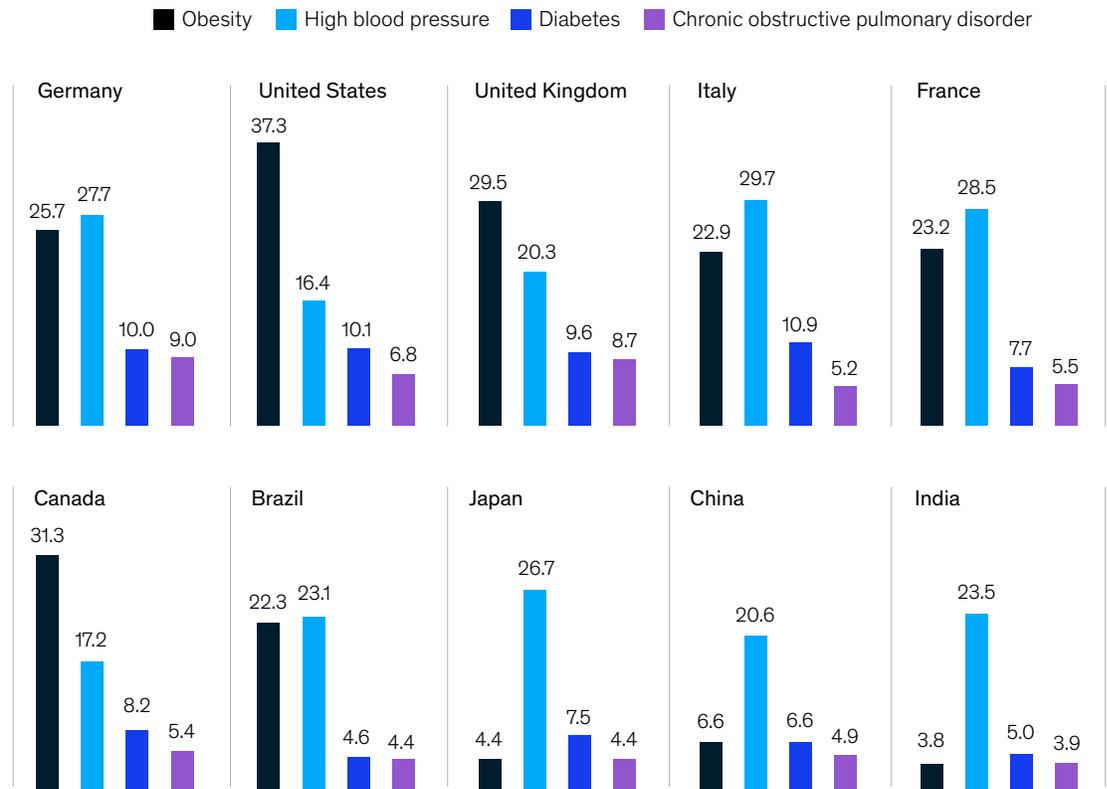
² Based on estimates from Suchit Arora and Robert W. Fogel. See Suchit Arora, "Health, human productivity, and long-term economic growth," *Journal of Economic History*, September 2001, Volume 61, Number 3, pp. 699–749, cambridge.org; Robert W. Fogel, "Health, nutrition, and economic growth," *Economic Development and Cultural Change*, April 2004, Volume 52, Number 3, pp. 643–58, journals.uchicago.edu.

³ See Wei-jie Guan et al., "Comorbidity and its impact on 1590 patients with Covid-19 in China: A nationwide analysis," *European Respiratory Journal*, July 2020, Volume 56, Number 1, erj.ersjournals.com; Norbert Stefan et al., "Obesity and impaired metabolic health in patients with COVID-19," *Nature Reviews Endocrinology*, July 2020, Volume 16, pp. 341–2, nature.com.

Exhibit 1

Certain conditions are tied to worse outcomes for COVID-19.

Prevalence of conditions and health risks associated with severe outcomes in COVID-19, %



Note: Prevalence rates shown are not adjusted for age. Diabetes prevalence includes type 1, type 2, and other types of diabetes. High blood pressure is defined as systolic blood pressure of 140 or diastolic blood pressure of 90 in persons aged ≥18 years. Obesity is defined as a body mass index of 30 in persons aged ≥18 years.
 Source: Global Burden of Disease Database 2017, Institute for Health Metrics and Evaluation, used with permission, all rights reserved; Global Health Observatory, WHO

30 percent of benefits we found would come from proven therapies to treat existing health conditions.

as routine immunizations and cancer screening, that may worsen health outcomes in the future.

Investing in health will be important for building resilience against future health shocks and protecting societies against the potential long-term health impact of COVID-19. Three areas of uncertainty surround its lasting effects. First, the long-term consequences of the infection are unknown, but worrying evidence suggests that sufferers may experience conditions requiring ongoing rehabilitation, monitoring, and broader management. Then there are the mental-health effects of the virus and the economic uncertainty and social isolation from lockdown policies. Finally, there are the effects of delayed or missed care, such

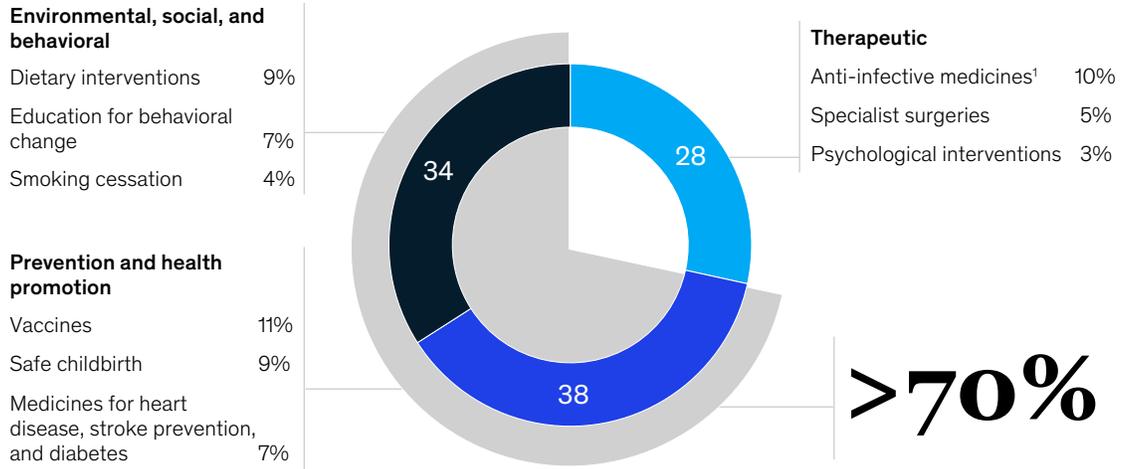
3. Promote social and economic equity by improving health

In many countries, the pandemic has disproportionately hurt minorities and low-income households. In the United States, for example, mortality rates have been much higher among Latinos and Black people than among the white population.⁴ Similarly, in the United Kingdom, ethnic-minority groups reported mortality rates 40 to 200 percent higher than those of white British people.⁵ Minorities and low-income households face a double whammy of health and economic risk.

⁴ Aria Florant, Nick Noel, Shelley Stewart, and Jason Wright, "COVID-19: Investing in black lives and livelihoods," April 2020, McKinsey.com.
⁵ *Disparities in the risk and outcomes of COVID-19*, Public Health England, June 2020, gov.uk.

Exhibit 2

More than 70 percent of the health-improvement potential from known interventions would come from environmental, social, behavioral, and preventive interventions.



¹84% of impact would be in low-income and lower-middle-income countries.
 Source: Global Burden of Disease Database 2017, Institute for Health Metrics and Evaluation, used with permission, all rights reserved; McKinsey Global Institute analysis

McKinsey analysis shows that Black Americans are almost twice as likely to live in the counties at highest risk for health and economic disruption if the pandemic hits those counties.

Even before the COVID-19 pandemic, researchers found a ten-year gap in life expectancy between the most and least disadvantaged groups in the United States.⁶ Disparities of this magnitude are observed in most countries and societies around the world. Poorer people tend to have worse health, which can limit their economic potential and may even create a vicious cycle. Emerging evidence suggests that ill health may perpetuate a poverty trap: poor childhood health translates to lower socioeconomic status in adulthood, increasing the exposure to health risks (such as poor-quality nutrition, unsafe housing, and unsafe neighborhoods) and the barriers to accessing health services, which then affect subsequent generations of children.⁷

Strategies to improve health will have a greater impact if an understanding of the underlying health inequities within the population informs and shapes them. Interventions could be tailored to meet the needs of disadvantaged groups by recognizing and addressing the additional health barriers in different communities. In many cases, this would require multisectoral approaches involving not only healthcare services but also, for example, housing, education, social services, and employment. Addressing the underlying social factors driving poor health could play an important role in narrowing health inequity.

4. Build on the innovation momentum sparked by the COVID-19 crisis to address other health conditions

The response to the COVID-19 pandemic has shown that innovation can be accelerated in the right

⁶ Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, "The effects of exposure to better neighborhoods on children: New evidence from the moving to opportunity experiment," *American Economic Review*, April 2016, Volume 106, Number 4, pp. 855–902, aeaweb.org.

⁷ Anna Case, Angela Fertig, and Christina Paxson, "The lasting impact of childhood health and circumstance," *Journal of Health Economics*, March 2005, Volume 24, Number 2, pp. 365–89, sciencedirect.com; Janet Currie, "Healthy, wealthy, and wise: Socioeconomic status, poor health in childhood, and human capital development," *Journal of Economic Literature*, March 2009, Volume 47, Number 1, pp. 87–122, aeaweb.org; "The social contract in the 21st century," McKinsey Global Institute, February 2020, McKinsey.com.

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circumstances and that collaborative approaches, the sharing of knowledge, and transparent information are critical aspects. The full genome of SARS-CoV-2, for example, was sequenced weeks after the novel coronavirus was identified. As of June 2020, scientists around the world had shared more than 50,000 viral genome sequences, and around 180 vaccines were in the pipeline, many representing cross-sector and cross-country collaborations.⁸

We could also build on other areas of innovation from the COVID-19 pandemic. The adoption of telemedicine has skyrocketed: in 2019, 11 percent of US consumers used telehealth services; now 46 percent use them to replace in-person consultations suspended during the crisis.⁹ The pandemic response has also demonstrated that when the situation demands it, the architecture of healthcare can be transformed rapidly—for example, rethinking flows of patients and the workforce in COVID-19 wards. In addition, billions of people around the world are demonstrating that, in some circumstances, behavior can change. For instance, people have begun to wear face masks, wash their hands regularly, and reduce the number of face-to-face interactions to curtail the spread of the virus.

Our research finds that healthcare innovations will be needed to prevent or treat diseases for some

60 percent of the global disease burden that cannot be tackled effectively today. That includes mental and neurological disorders, cardiovascular disorders, and cancers. Innovation will be essential to combat these and emerging health threats, such as antimicrobial resistance. Yet we can do more to prioritize research in the areas with the largest unmet needs and to overcome some of the incentive barriers that drag down research in preventive science and antibiotics. Could the renewed energy now charging vaccine research and cross-country collaboration be sustained beyond the COVID-19 pandemic?

Our research leaves us with a strong conviction: improving health could be a societal and economic game changer. After all, few investments meet so many of today's social needs, substantially improving well-being and reducing inequity, while also delivering an impressive shot in the arm to the global economy. As the world confronts the pandemic, it has a once-in-a-generation opportunity not merely to restore the past but also to advance broad-based health and prosperity dramatically. Let's make sure we seize it.

⁸ "COVID-19 treatment and vaccine tracker," Milken Institute and First Person, July 2020, covid-19tracker.milkeninstitute.org; Freunde von GISAID, gisaid.org.

⁹ Oleg Bestsenyy, Greg Gilbert, Alex Harris, and Jennifer Rost, "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?," May 2020, [McKinsey.com](https://www.mckinsey.com).

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