

The COVID-19 crisis and its impact on the life sciences and healthcare industry
Webinar Insights

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As we continue to live in times of COVID-19, Deloitte is hosting a series of digital dialogues to provide insights for clients and assist decision-makers both within business and government to navigate through the world post-COVID-19.





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– Greg Reh, Global Life Sciences & Healthcare Leader at Deloitte

Times of crisis tend to reveal fragility in countries and governments. A number of fragile and stable countries have shown a high level of urgency in responding to the COVID-19 crisis and managing healthcare systems and actors in these trying times.

There are three main actors in the healthcare sector that will be impacted by COVID-19: traditional actors (national health ministries and the World Health Organisation), pharmaceutical companies, hospitals and medical technology companies; service providers such as intermediaries, and health insurance system providers; and lastly the disruptors such as technological companies that are selling products based on potential outcomes and device-based apps, to name a few.

Digital transformation in the life sciences and healthcare (LSHC) sector

Digitisation is one of the key trends that have been accelerated by COVID-19. For example, Discovery Health has built a digital platform, *DrConnect*, which has seen 30 times more virtual consultations than prior to COVID-19.

The platform has seen stark increases in the adoption of consumer health advisory services, as well as the number of chronic patients ordering medicine online.

There too is a convergence between telecommunications and healthcare companies and this will hopefully be the future as it is a more effective and a safer way to deliver healthcare.

Considering the rapid move towards virtual healthcare, Discovery has partnered with Vodacom to set up a fund dedicated to COVID-19 specific screening and consultations through which doctors are remunerated for delivering virtual consultations to South African patients.¹

In other parts of the world such as Germany, the United Kingdom (UK), and the United States (US), telemedicine has become a key trend in healthcare and this is likely to continue. According to **Greg Reh**, Global Life Sciences & Healthcare Leader at Deloitte, “the use of telemedicine has increased significantly and has been adopted widely across the healthcare industry.” Not only is telemedicine a key trend, but “the spike in usage of telemedicine is one of the key components that will help drive down costs” Reh highlighted.

¹ Discovery, 2020. Free COVID-19 Online Doctor Consultations available to all South Africans through Vodacom and Discovery partnership. Available [Online]. <https://www.discovery.co.za/corporate/covid19-free-online-covid-19-consultations>



“The COVID-19 pandemic has really highlighted inequity and access to healthcare in South Africa. It has brought to the fore the importance of resolving some of the inequality gaps that exist in our healthcare system.”

—Dr Ryan Noach, CEO of Discovery Health

COVID-19 could thus be an accelerator for driving down costs and increasing efficiencies across various parts of the health system in the US. Yet, there are other counterarguments that may affect costs. For example, bringing pharmaceutical manufacturing back to the US could be inflationary.²

One other telemedicine service that has been on the rise is the *Good Doctor* call centre service in China. These telemedicine processes grant easy access to quality healthcare consultation, however, only if the patient has an internet connection.

Although services such as these allow easy access to medical consultations for all, this may not be attainable in some parts of the world, more especially since inequality is one of the main hindrances of accessing virtual consultations.

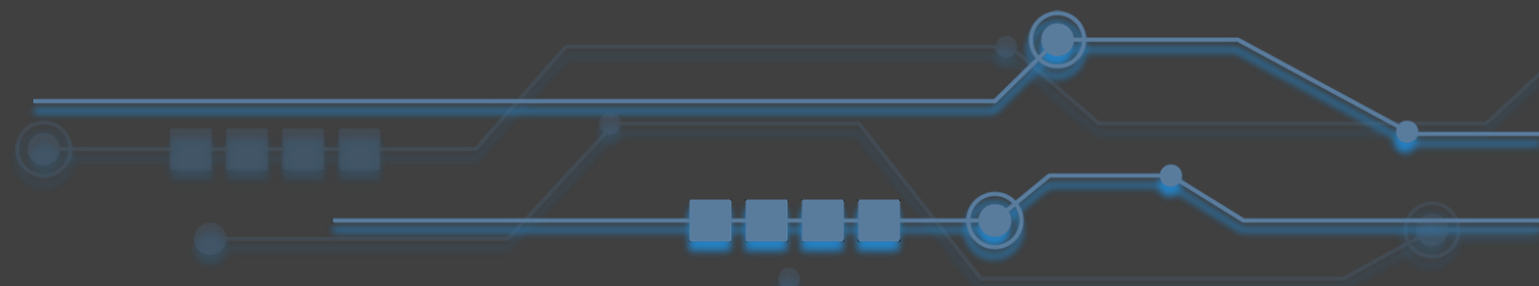
As alluded to by **Dr Ryan Noach**, CEO of Discovery Health “the COVID-19 pandemic has really highlighted inequity and access to healthcare in South Africa. It has brought to the fore the importance of resolving some of the inequality gaps that exist in our healthcare system”.

Data sharing trends

In times of crisis there is a need for increased multilateralism, collaboration and allocation of data. There are several data trends that have been identified in the life sciences sector such as the adoption of master protocols; the enablement of improved data sharing through partnerships; and the establishment of various platforms amongst key players to share effective data. This creates a precedent that is relevant beyond COVID-19 and will accelerate adoption of digital solutions.

Artificial Intelligence (AI) is undoubtedly accelerating a digital future in the LSHC sector and plays a major role on the development end of the spectrum. The robustness of the data being collected and the aggregation of clinical grade data have become some of the few enablers of identifying more patients that are infected.

² Harvard Business Review, 2020. Bringing Manufacturing Back to the U.S. Is Easier Said Than Done. Available [Online]. <https://hbr.org/2020/04/bringing-manufacturing-back-to-the-u-s-is-easier-said-than-done>



“Emerging partnerships that are being created need to be leveraged to solve problems in other areas of the healthcare industry post COVID-19.”

– Francisco Plaza, Managing Director at Janssen Pharmaceuticals (Johnson & Johnson)

“Healthcare overall is quite well regulated and in some instance traditional healing is also regulated.”

– Dr Barry Kistnasamy, Head of Occupational Health at the Department of Health, South Africa

Public-private collaboration in South Africa

Since South Africa declared a state of national disaster in March 2020, there has been a high degree of collaboration in the LSHC sector, particularly between the private and public sectors. This has ranged from funding consortia, to manufacturing of health-related products and equipment, to collaboration across the entire healthcare value chain.

There has been a true sense of patriotism, specifically towards the national public health response, as seen with the Solidarity Fund as well as the Business for South Africa (B4SA) initiatives.

With the COVID-19 infection wave expected to peak during the flu season, there are ongoing discussions among various partners on how to support the healthcare sector going forward.

A great deal of work is being done in the reindustrialisation sector, particularly on personal protective equipment (PPE). For example, the garments industry is working closely with the Department of Trade, Industry and Competition (DTIC) in this regard, given the increase in demand for PPE (surgical masks, N95, disposables) and the opportunity to shorten supply chains and localise certain products.

In order to drive favourable health outcomes, it is critical for public and private sectors to come together and create more sustainable PPE supply and ensure these partnerships can work in a more meaningful way.

“Emerging partnerships that are being created need to be leveraged to solve problems in other areas of the healthcare industry post COVID-19”, said **Francisco Plaza**, Managing Director at Janssen Pharmaceuticals (Johnson & Johnson).

Of great importance is that lessons are drawn from these public-private partnerships and that they will be extended into the future.

Viability for greater regulatory innovation in the emerging world

“Healthcare overall is quite well regulated and in some instance traditional healing is also regulated”, noted **Dr Barry Kistnasamy**, Head of Occupational Health at the Department of Health, South Africa. Although emerging markets are grappling with counterfeit drug trade, emerging markets still have great potential in becoming even better regulated.



“The country’s ability to fund a very large transformational programme is limited.”

– Ashleigh Theophanides, Life Sciences & Healthcare Leader at Deloitte Africa

With this current crisis, PPE should be handled with care, and this must include the vetting of supply and quality assurance of COVID-19 PPE. The key area is fast tracking regulation in order to help gear up the medical frontline, notwithstanding safety and efficacy practices. This method was successfully applied with some pandemics in the past, such as the Ebola outbreak (a fast track process was used in vaccines) as well as for HIV drugs years ago.

In South Africa public-private sector collaboration has also presented a sense of forward thinking in terms of regulation in the healthcare sector. This is seen with improved medical plans that have been brought forward due to COVID-19. Some of these include the regulation of COVID-19 to be categorised under prescribed minimum benefits, as well as improvements in the Compensation for Occupational Injuries and Diseases Act (Act No. 130 of 1993) where COVID-19 is now being identified as a compensable occupational disease if contracted by an employee arising out of and in the course of his or her employment.³

Health reforms under the National Health Insurance (NHI)

Debates on NHI are often focused on the scheme’s funding element or its level of affordability for the consumer and making sure that consumers have access to good healthcare.

Yet, the NHI has two large components: the healthcare reform component, and the insurance component. Insurance is just one mechanism of how individuals pay for it, while the health reform element is more focused on the ability for the private and public to come together and specifically look at how partnerships can work in a meaningful way to ensure good health outcomes.

South Africa is already coming off a widened fiscal budget deficit and cannot afford additional public expenditure. “The country’s ability to fund a very large transformational programme is limited,” said Ashleigh Theophanides, Life Sciences & Healthcare Leader at Deloitte Africa.

³ South African Government, 2020. Compensation for Occupational Injuries and Diseases Act: Compensation for occupationally-acquired Novel Coronavirus Disease (COVID-19). Available [Online]. <https://www.gov.za/documents/compensation-occupational-injuries-and-diseases-act-compensation-occupationally-acquired-0>



“The focus should be on building the right capabilities for COVID-19, and looking at how non-COVID-19 patients and procedures will be managed after COVID-19.”

– Francisco Plaza, Managing Director at Janssen Pharmaceuticals (Johnson & Johnson)

However, the health reforms in terms of access to facilities, collaboration between public and private sector players, as well as finding new ways to provide healthcare in a meaningful and sustainable way is a priority. Theophanides added that “as society we need to think about how best we do that in a meaningful way.”

Neglected diseases could increase medical needs post-COVID-19

COVID-19 has impacted many livelihoods, jobs, businesses, and the health of people. However, there are patients in the country that are still in need of treatment to be delivered on time for other diseases. With the lockdown having been introduced about two months ago, some individuals could not access adequate antiretroviral care or immunisation care.

Given that the focus in South Africa has been highly concentrated on COVID-19, this could lead to an increase in the number of non-COVID-19 patients seeking treatment in the coming months, with neglected diseases at some point recording increased medical needs.

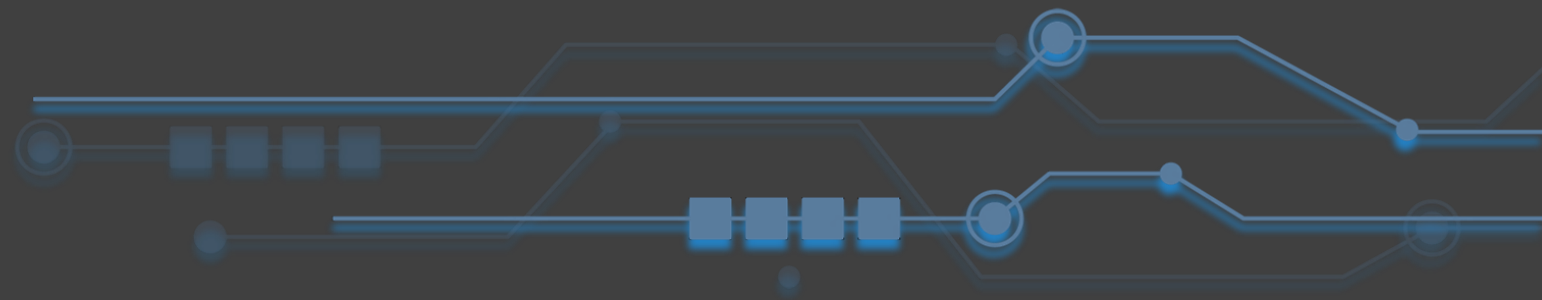
The focus on COVID-19 should not be to the detriment of healthcare access for other patients. Thus manufacturing, functioning supply chains, and the rapid distribution of critical products is still important. “The focus should be on building the right capabilities for COVID-19, and looking at how non-COVID-19 patients and procedures will be managed after COVID-19”, Plaza added.

The urgency of vaccine development

Vaccine production is what is most required at this stage, more so as South Africa is heading into flu season and there will be increased clustering of infections with community transmission.

There are three dimensions that must be considered when developing a vaccine: 1. **Clinical research**; 2. **Production** and capacity; 3. **Affordability** of the vaccine and ensuring that everyone will have access to it.

Some companies have already started clinical trials on developing a vaccine; for example, Janssen Pharmaceuticals (Johnson & Johnson) has a lead candidate to carry out clinical trials for a vaccine in the near future. “The firm is working on producing one billion doses of COVID-19 vaccine by 2021 on a not-for-profit basis,” Plaza added.



“The key element to factor into the healthcare delivery system is having asymptomatic patients coming in for elective procedures, and other procedures and how this is managed.”

– Dr Barry Kistnasamy, Head of Occupational Health at the Department of Health, South Africa

Collaboration between the private and public sectors could create remarkable outcomes in developing a vaccine in record time.

The South African journey to recovery

The South African health system has presented some form of resilience in dealing with the pandemic. The country's overall ability to be resilient however depends on its capability and commitment to preserve its health workforce. Italy and Spain's health workers have experienced devastating consequences with a large number of health workers contracting the virus and some succumbing to it.⁴

A similar incident was seen in Durban, South Africa, where infections had spread and health workers became “the vector” through infection control procedures.⁵

Dr Kistnasamy stated that “the key element to factor into the healthcare delivery system is having asymptomatic patients coming in for elective procedures and other procedures, and how this is managed.”

This is where an ecosystem approach is needed, where organisations consider the worker at various touch points: at home/in the community, commuting to/from work, at the work place, as well as a consumer. All these touch points must be considered to avoid higher transmission rates.

This points out that investments in Occupational Health and Safety are critical to ensure the LSHC workplace is safe and that patients coming with a range of other illnesses and injuries that are not COVID-19 related are protected.

Various interventions can be applied to manage infections and ensure that South Africa finds a balance of having a sustainable economy along with a sustainable public health system.

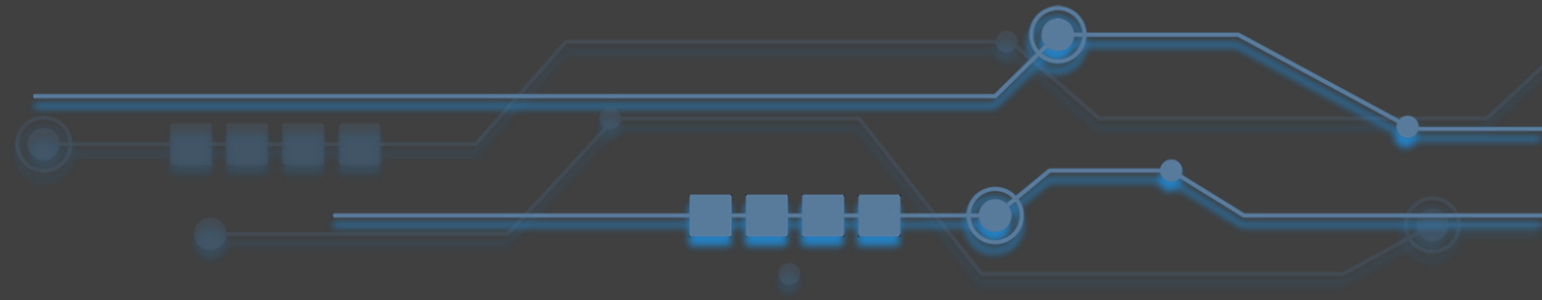
As South Africa moves to Alert Level 3 the government and policy makers must think about ensuring safety of citizens, not just at their places of work, but also how they get to work by ensuring safe public transportation.

In addition, South Africans have the responsibility to change their behaviour and practice appropriate social distancing. These factors will contribute positively in reducing community-based infections.

⁴ The Guardian, 2020. 'As if a storm hit': more than 40 Italian health workers have died since crisis began. Available [Online]. <https://www.theguardian.com/world/2020/mar/26/as-if-a-storm-hit-33-italian-health-workers-have-died-since-crisis-began>

⁵ News24, 2020. How one Covid-19 case at St Augustine's Hospital led to 135 infections within 51 days. Available [Online]. <https://www.news24.com/SouthAfrica/News/breaking-how-one-covid-19-case-at-st-augustines-hospital-led-to-140-infections-within-21-days-20200520>

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This insights summary is based on a webinar with the same title that was hosted by Deloitte Africa's **Dr Martyn Davies**, Managing Director of Emerging Markets and Dean of Deloitte Alchemy School of Management on 27 May 2020. Speakers included:

- **Ashleigh Theophanides**, Life Sciences & Healthcare Leader, Deloitte Africa
- **Dr Ryan Noach**, CEO, Discovery Health
- **Dr Barry Kistnasamy**, Head of Occupational Health, Department of Health, South Africa
- **Francisco Plaza**, Managing Director, Janssen Pharmaceuticals (Johnson & Johnson)
- **Greg Reh**, Global Life Sciences & Healthcare Leader, Deloitte



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