

Healthcare

How will COVID-19 reshape key Australian industries?



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Positive prognosis for healthcare as covid-19 abates

Thanks to its fast-evolving strategy to minimise the number of covid-19 infections and fatalities and to manage a potential surge in demand on health systems, Australia currently has one of the lowest covid-19 mortality rates per capita globally.

One of the reasons this country was so successful at flattening the curve is because the nation's "health system took covid-19 very seriously, very quickly", explains Toby Hall, chief executive officer of St Vincent's Health Australia. He provides more detail in this compelling Q&A, the latest in a series on the impact of the pandemic on major sectors of the economy, created by Westpac IQ in partnership with The Economist Intelligence Unit.

Not all aspects of addressing the health emergency were seamless, but Australia's

approach has delivered an outstanding result to date, along with some salutary lessons for the future—particularly around supply chains for personal protective equipment.

It also has facilitated opportunities for the growth of healthcare services, notably through the wider embrace of telemedicine. The St. Vincent's team is now able to serve people anywhere in Australia—that's truly life-enhancing, especially for people in regional and remote communities who can now access previously unavailable services.

Such a positive outcome in terms of health services and future economic well-being amidst the devastation of the crisis is heartening indeed. Our sincere thanks to Toby Hall for sharing his insight and experiences.



Australian healthcare: Fight or flight?

When the first case of covid-19 was confirmed in Australia in late January, there were widespread fears that an uncontrolled pandemic would overwhelm the health system. With limited knowledge about the novel coronavirus and no medicines or vaccines available, public health interventions were the only way to guard against the worst-case scenario of 150,000¹ deaths in Australia.

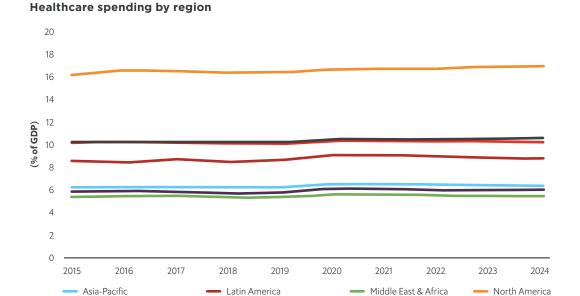
On March 11th 2020, the Australian federal government announced a A\$2.4bn (US\$1.6bn) funding injection into the healthcare sector to help states and territories cover the public health costs associated with treating covid-19 cases.² The overall strategy was to minimise the number of people becoming sick and dying from covid-19 as well as managing the demand on Australia's health systems.

Just four months after the first confirmed case, the country has declared victory in "flattening the curve" of new infections. With just over 100 deaths at the time of

publication, Australia presently has one of the lowest covid-19 mortality rates per capita globally. The possibility of a second wave of infections requires ongoing vigilance, but Australia's lockdown measures are now being cautiously eased.

However, other significant challenges may lie ahead. Globally, healthcare is usually one of the most resilient sectors—even during recessions—but The Economist Intelligence Unit expects the sharp contraction in the global economy to cause global healthcare spending to fall by 1.1% in US-dollar terms in 2020 before recovering in 2021.³

In this interview, Toby Hall, chief executive officer of St Vincent's Health Australia, answers questions from The Economist Intelligence Unit about how Australia's private and public healthcare industries responded to the crisis, some of the vital lessons learned and how the pandemic may open new opportunities for healthcare delivery and expenditure in Australia.



Source: Covid-19: the impact on healthcare expenditure, The EIU, May 2020

Transition economies

Western Europe

World

¹ Transcript of press conference given by Australia's Deputy Chief Medical Officer, Professor Paul Kelly, March 16 2020.

^{2 \$2.4} billion health plan to fight COVID-19, media release from Prime Minister of Australia, 11th March 2020.

³ Covid-19: the impact on healthcare expenditure, The Economist Intelligence Unit, May 2020.



Toby Hall, the Chief Executive Officer of St Vincent's Health Australia

The Economist Intelligence Unit: What has the covid-19 pandemic revealed to be the greatest strengths of Australia's healthcare system?

Mr Hall: "Australia's health system took covid-19 very seriously, very quickly. Once St Vincent's Health saw cases of covid-19 come into Australia, we immediately implemented our disaster management systems. A number of other hospitals also did that, and the statebased crisis management teams within the health departments did an excellent job of responding right away.

"Another strength was having chief medical officers advising senior ministers at a state and federal level, and that advice being taken to heart. Australia took a very consolidated, thorough and research-based approach to the pandemic. That allowed our politicians to make some smart but tough decisions that were based on science rather than emotion.

"The level of consultation across the whole of the health system, led by health minister Greg Hunt, was not something I had ever seen before. The co-operation across the wider public and private health systems was also impressive. It was the first time I've ever jumped on the phone with all of my private hospital colleagues for a policy discussion. Everyone was adaptable to very fast turnarounds and early on in the crisis we were on call 24 hours a day, seven days a week, in order to get the right policy framework in place."

The Economist Intelligence Unit: What weaknesses were exposed by the covid-19 crisis?

Mr Hall: "The separation between primary and secondary health systems and the separation between the federal level and state level systems has led to inconsistencies in policy frameworks and a lack of coordination. The fragmentation of the system and slow bureaucratic processes impeded Australia's ability to do things quickly—at a time when decisions needed to be made almost immediately.

"For example, each state negotiated with private hospitals about the types of public health services that would be provided there. In the UK those negotiations took less than 24 hours to complete. Yet in Australia, some states still haven't finalised some aspects of those negotiations, which really is quite bizarre.

"In a crisis, having one decision-making body would have removed the confusion around some important issues. For example, some states had no idea what access there was to personal protective equipment (PPE) at the federal level. People were desperately trying to procure supplies and states were outbidding one another on price. Ludicrous things like that would not happen under a command and control model of decision-making, which I note exists in New Zealand.

"There will be people who will disagree with me on this, and because the health impacts of covid-19 in Australia have been relatively low, there's a risk that some could say, 'We could just do the same thing again'. But there will be other pandemics in the future, and they may have a far higher mortality rate—that would show us that we're not quite as brilliant as we believe we are right now."

The Economist Intelligence Unit: Australia has one of the world's lowest fatality rates per capita from covid-19. What do you attribute that to?

Mr Hall: "The first thing was that Australia closed down quickly enough to avoid the levels of community transmission that were seen in many other countries. Studies have shown that around 98% of Australians adhered to the lockdown rules, and this had a massive impact. In the few cases where people didn't follow the rules, the outrage from the community was so high that those people realised they were completely out of line.

"We didn't take the route of hospitalising everyone with covid-19, which some other countries did. It was an interesting choice: you could say that hospitalising everyone would reduce the risk of community transmission.

The number of people hospitalised overall was quite low as a percentage of those with covid-19, and the number of people who were in intensive care units was also quite low. This meant that when people did present with covid-19, they received an incredibly high standard of care. Our public hospitals were as close to empty as they've ever been in history. While I'm unsure whether we would be able to replicate that with a much wider outbreak, the fact that we allowed many people to recover at home probably reduced the spread of the virus and protected our health workers."

The Economist Intelligence Unit: Is there anything Australia could have done differently in terms of contact tracing?

Mr Hall: "It would have been useful to have the COVIDSafe app earlier on. I believe it should be mandatory. I think this is one of the areas where there has been inconsistent decision-making. In aged care environments, for example, staff are now required to have the flu vaccine. And yet, the COVIDSafe app is not mandatory, even though it could help protect those aged care residents. While I understand there are privacy concerns, most of the data the app uses is already out there anyway."

The Economist Intelligence Unit: Has the pandemic made you rethink any of the healthcare supply chains in Australia?

Mr Hall: "PPE was a major issue for us. We had staff who weren't used to using PPE, so we had to train our 24,000 people to use it consistently and effectively. We also had to know what stocks of PPE we had in different locations and how to ship it around really quickly. We can never again get into a position where we cannot get local supplies of these products. We've become very content with the globalised system of supply, but when it breaks down it is a disaster.

"Some of the highly publicised purchases of PPE by individuals were very low quality, and that would have put our health workers at risk if we had run out and needed to use it. It was as much by luck as anything else that we avoided that situation. Australia needs to have backup stocks of things like PPE as well as backup supply chains. That probably means that we have to pay more, and it is something we will have to work on together with the federal government to ensure we do better in case of a future pandemic.

The Economist Intelligence Unit: Looking towards recovery, has covid-19 presented any major opportunities for growth?

Mr Hall: "There's been an exciting breakthrough in telemedicine. The process of making it available was expected to take a couple of years, but it basically happened overnight. We've done more telemedicine consultations in the past three weeks than we did in the whole of last year. And it has been remarkably well received by end-users. Australia's regional and remote communities can now access services that were previously inaccessible, and they can receive the same standard of care as they would from an innercity facility.

"In the longer-term, I believe that telemedicine is going to be a major opportunity for growth. My team has essentially gone from working on Australia's eastern seaboard to being able to serve people anywhere in Australia. That has opened up a whole new market for us and it's something we'll pursue quite aggressively.

"To date, Australia's healthcare industry has been remarkably slack in tapping into overseas markets. There is a huge opportunity to provide telehealth services to South-east Asia where the time difference isn't an issue. I don't think we're going to be delivering robotic services from Australia into Asia just yet, but it's certainly not unthinkable in the future."

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