

Coronavirus Crisis - Impact Of COVID-19 on Healthcare Industry



The novel coronavirus has infected over 472,529 people, claiming 21,305 lives (as of March 26, 2020) in a mere span of months. Economies and healthcare systems are under immense pressure to bring the situation under control. COVID-19 originated in Wuhan, China, in December 2019 and has spread to nearly 160 countries in less than three months. On March 11, 2020, the WHO declared COVID-19 a pandemic.

Disruptions in the Healthcare Supply Chain:

With a shortage of hand sanitizers, counterfeiting of face masks, and many other disruptions in supply chain channels, coronavirus has already created havoc in global markets. Disruptions in the healthcare supply chain have significantly impacted the sourcing, procurement, and management of necessary medical equipment inventories. China is among the largest suppliers of a majority of healthcare commodities, namely pharmaceutical APIs and components of medical devices. But with China as the epicenter for the pandemic, the healthcare sector is exposed to the risk of COVID-19.

As a response to supply chain disruptions, healthcare facilities have started stockpiling available products. Such unrestricted purchasing is further imposing financial pressure on the healthcare sector, which is already suffering issues such as procurement inefficiencies and wasted spend. This has also led to the yield of compromised quality of care. Several instances of sanitizer and face masks counterfeiting have been noted in developing countries, which could negatively impact the healthcare sector as a whole.

As per Operation Pangea XIII, in which 90 countries' health regulatory authorities, customs, and police have been involved against the illicit online sales of medical products and medicines, 121 arrests were made globally with the seizure of potentially dangerous pharmaceutical products worth USD 14 million in this dire situation of COVID-19.

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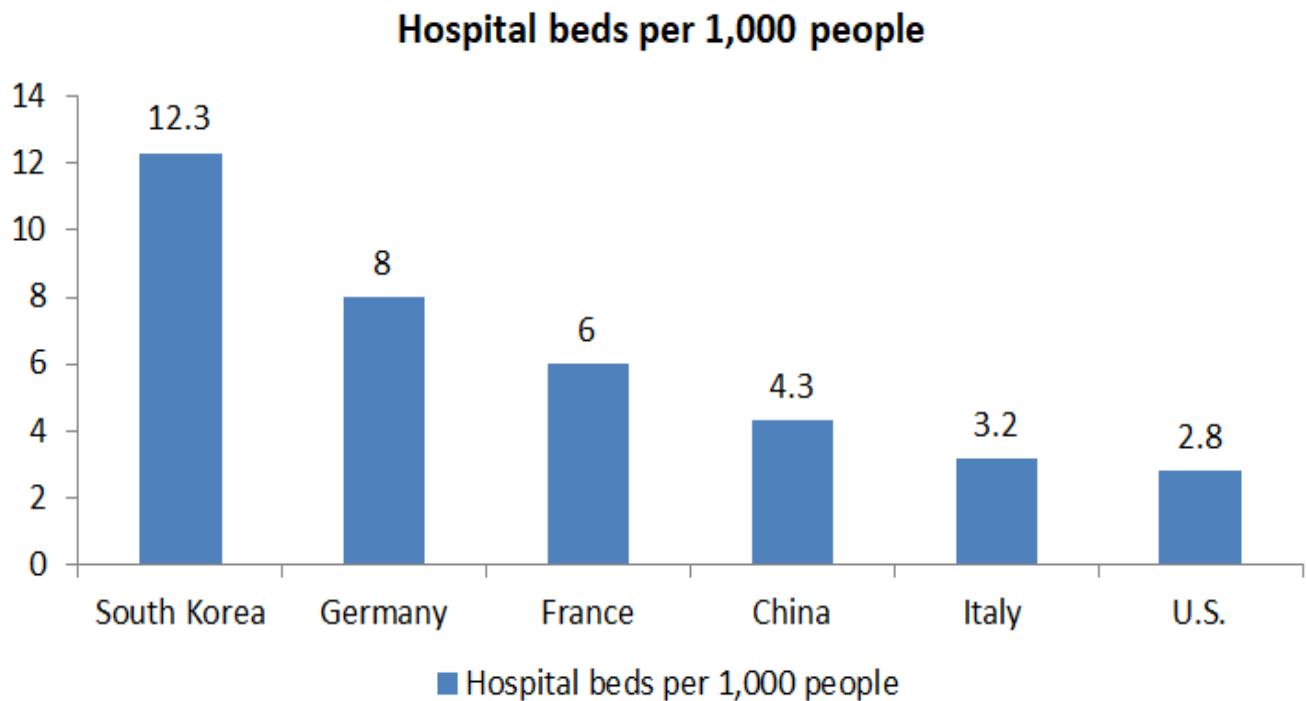
Fall of Healthcare Systems due to COVID-19?

The U.S. has the most developed healthcare systems globally. High healthcare costs and low medical capacity have made the country's healthcare system vulnerable to COVID-19, similar to all other economies. Unlike the U.S., other countries with universal healthcare are testing more people for COVID-19 and seem to be combating it in a better way.

Among developed countries, Northern Italy has one of the best public healthcare systems with well-trained medical professionals and doctors. Earlier, the region showed preparedness for COVID-19; however, in the present day scenario, the country's healthcare system has been pushed to the breaking point.

COVID-19 has affected frontline workers in the healthcare sector, which primarily includes medical professionals. 20–30% of healthcare professionals have been affected by COVID-19, and there have been 2,500 deaths from COVID-19 in Italy in the span of a month, with over 31,500 confirmed cases. As a measure to lower the healthcare system's burden, Prime Minister Giuseppe Conte issued a lockdown of Italy's Lombardy region on March 8, effectively quarantining over 16 million people in the north.

Availability of Hospital Beds by Country per 1,000 people



Source: OECD

Governments are undertaking various initiatives to control the situation. For instance, as the number of confirmed cases in India is increasing, government officials have added 12,000 beds at central government facilities, including Indian Army and Central Armed Police Forces (CAPFs) facilities.

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Measures Taken to Combat the Novel Coronavirus Pandemic:

- Partnerships among governments and private players for COVID-19 vaccine development
- Strategies for planning for medicines supply chain challenges
- AbbVie partnered with global regulators to support the use of HIV medicines for the treatment of COVID-19
- Alnylam Pharmaceuticals, Inc. expanded its collaboration with Vir to advance RNAi therapeutics
- Genentech initiated a Phase III clinical trial of Actemra in hospitalized patients with severe COVID-19 pneumonia
- EpiVax is identifying key regions of viral sequences to include in a COVID-19 vaccine
- GSK is supplying vaccine adjuvant technology to scientists and organizations working on a vaccine
- Grifols has shared technology in convalescent plasma and is working on diagnostic and screening tests
- Chloroquine to be tested for coronavirus treatment in the U.S.
- Launch of a global mega-trial for the four most promising coronavirus treatments by the WHO

Potential Impact of COVID-19 on Pharma & Biotech Industries:

- Potential supply chain disruptions as the U.S. discontinues monitoring the supply chain
- Shortage of critical medical products
- Delays in the manufacture & import of APIs & excipients
- Distressed medical facilities with a lack of employees
- The USA FDA's willingness to become more flexible for priority drugs
- Import of medical devices from china
- Delays in potential drug applications
- Restricted product promotions

Conclusion:

The coronavirus pandemic has tremendously impacted the healthcare sector, including pharmaceutical and medical devices. The sector has experienced a declining growth rate in the first quarter of 2020. It will take the coming two to three years for it to return to normal, where the strategies for mitigating the impact will be fully functional. Till then, the healthcare sector is expected to grow at a stagnant rate.

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