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ASIA EDITION

Is the traditional healthcare system collapsing?

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Singapore: Globally, the healthcare industry is in a state of accelerated evolution due to changing demographics and various market forces. These are giving rise to disruptions in the traditional industry value-chain resulting in the transformation and collapse of traditional healthcare systems, highlights Frost and Sullivan.

The balance of consumers has shifted; with public healthcare prioritised for those with greater need, necessitating a focus on cost efficient healthcare delivery through shared responsibility across the value chain. The significant increase in aging populations increases old-age dependency ratios, especially in industrialised countries like Australia, Japan and Singapore, and translates into a higher demand for surgical interventions as well as aging-in-place supportive care. These countries are seeing a transition in healthcare infrastructure towards day or ambulatory surgery, as well as home healthcare. Emerging markets in Asia have been been slower to adopt this as healthcare is still very much treatment oriented and hospital focused.

Australia's healthcare industry is hugely affected by the political climate as potential regulatory changes significantly influence access and affordability of care. The industry is constantly battling to build on healthcare delivery value, employment generation and infrastructure development. Increasing patient population, budget constraints and a shortage of resources supporting healthcare delivery are impacting the medical world. In Australia, efficiency is vital in hospital management and delivery of healthcare services.

Ms. Rhenu Bhuller, Senior Vice President, Healthcare Practice, commented that the integration of care delivery is a key concern across the healthcare delivery landscape. Transitioning and ensuring seamless care across primary and tertiary centres and holistic healthcare management is challenging. A well-established primary and aged care infrastructure has to increase accessibility for patients. "This is changing the way hospitals review their operations, structure, roles, activities as well as their key measurements. Traditional operating models are no longer relevant in today's healthcare environment and healthcare service providers need to focus on areas where they have expertise and can create efficiency and value based care."

Ms. Bhuller added, "Healthcare service providers can move across the value chain through partnerships, collaborations or acquisitions in order to provide end to end services, consisting not only of treatment, but financing, pharmacy and lab services

as well as follow on home care that will enable them to ensure resources are used effectively and for maximum benefit."

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Healthcare providers and industry players need to consider key trends and dynamics driving reform in healthcare systems across Asia-Pacific and Australia, such as mobility and security of information, risk sharing, rebalancing of public and private sector financing, delivery of care and use of data analysis for decision making and patient engagement.

Transparency in pricing

Governments across the region are increasingly introducing populist measures and streamlining healthcare regulations. Transparency in pharmaceutical pricing is an important step toward affordable healthcare for the masses and providing access to underserved communities at minimal cost. This effects aggressive pricing conditions and tiered pricing, affecting profitability. Companies operating in these markets would need to relook at strategies, and increase the importance or private pay sectors, as well as the need to offer varying ranges of products. Generics as well as biosimilars will be a main component of minimising the impact of treatments on the overall system.

Health technology assessments and value based care gain momentum

Payments and reimbursements are increasingly tied to quality of care, with mandatory cost justification linked to clinical outcomes. Measures such as innovation or therapeutic value ratings and cost effectiveness assessment tools are being explored in relation to the cost of the product. Currently, very few governments across Asia-Pacific are introducing regulations and providing funding to support adoption of high level medical technology, making commercialisation models very important. An early adopter of hi-technology, Australia is now at the next level of the technology adoption curve. Physicians are now seeking ways to extract more value from existing systems and learn from best practices models from across the country and abroad.

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Healthcare continues the journey home

Home healthcare is emerging as a key focus area for governments and providers due to aging populations and infrastructure congestion. Service models that are coming into play in emerging markets will revolve around assisted nursing care, meal delivery, holistic care services, retirement villages and aging-in-place establishments. US and Japanese models may also see application in countries like Australia and Singapore. Through these developments, industry stakeholders are working towards the vision of smart communities where concerted advancements in healthcare as well as other industries will pave the way for the progress of society as a whole.

These developments will be enabled by innovation and technology in healthcare. Today, Asia has become a power house for R&D, with the realisation that the concept of high technology does not have to mean high cost. Frugal innovation is the art of making more out of less. Two important trends have resulted in this concept within healthcare - the first is emerging markets are no longer markets that simply adopt Western innovation and the second is the need to serve larger populations, forcing stakeholders to use resources more efficiently. Start-ups as well as multinational companies are investing in frugal innovation by setting up R&D centres in emerging markets, and the products created from such labs are being commercialised in both emerging and mature markets.