

Healthcare sector

Sectoral challenges in light of Covid-19 pandemic

June 2020

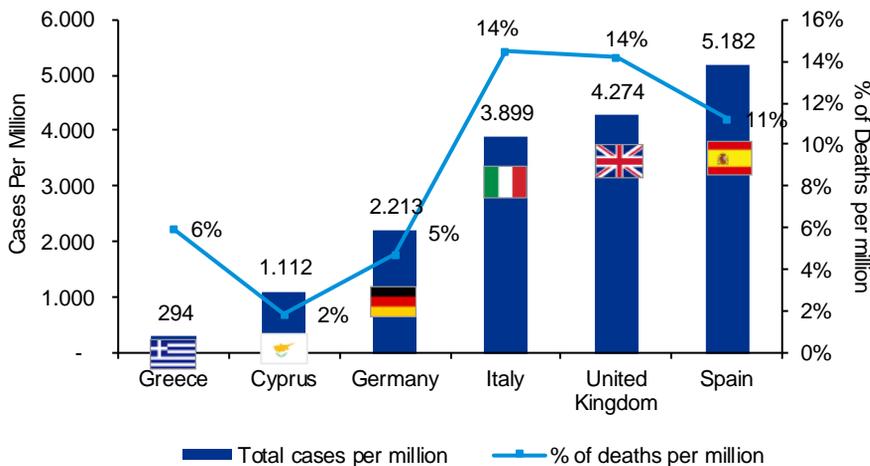
The implications of Covid-19, along with the implementation of the second phase of the General Health System ('GeSY'), will inevitably re-shape the Cypriot healthcare industry as we know it today. The implications of the pandemic caused the reduction of GeSY's overall budget, leading to concerns over the quality of services and the future evolution of the system.

Our newsletter aims to capture how the healthcare system of Cyprus has coped with Covid-19 against other countries, while presenting the challenges and opportunities of the sector in Cyprus. Our sector coverage will include subsequent publications with updates, insights and surveys relating to the healthcare sector.

Covid-19 cases and death rates

Cyprus appears to have fared better, compared to other European countries

Covid-19 Cases and Death Rates (as at 11 June 2020)



Source: One world in data, University of Oxford

Note: % of deaths per million refers to deaths per million divided by cases per million for each country.

Some Country Reactions



- \$2,1 trillion pandemic relief
- Capacity increased by reopening bankrupt hospitals and converting parks into hospitals



- £5 billion extra funding to NHS
- 65 thousand retired doctors returned



- Final year medical students deployed

Key observations

Key Qualitative Characteristics

Lack of personnel – one of the main reasons cited why Italy and Spain did not perform as well as other countries.

Technology - Germany has the highest number of testings and ventilated beds, respectively, and extensively used tele-medicine to surge control for patients suspected with Covid-19.

Lack of protective equipment - Italy and Spain also experienced a lack of essential medicine and protective equipment for both patient care and health workers' safety.

Cyprus Response

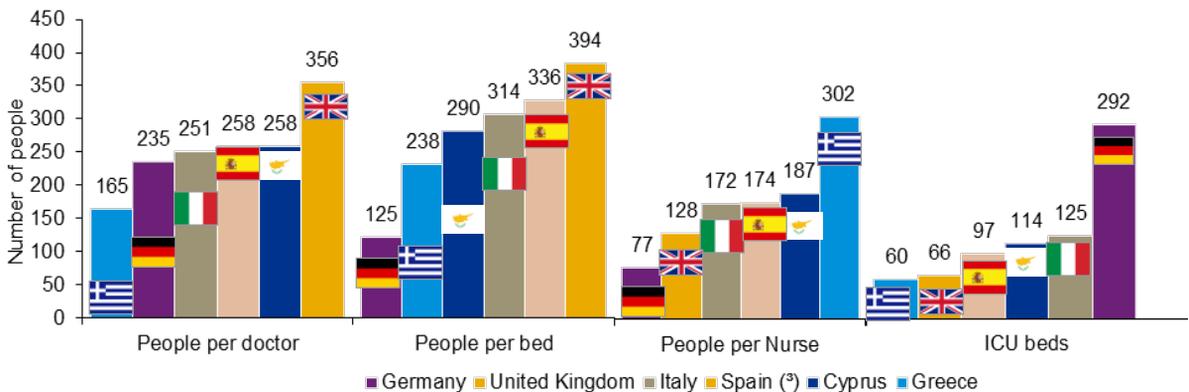
- €1 million financial support from Ministry of Health
- Private doctors and volunteers commissioned
- Postponed elective surgery
- Banned visits to hospitals
- Only 1 surgical unit left open for emergencies

As per the chart below, Cyprus had roughly a similar number of resources, compared to Italy and Spain. Cyprus has dealt significantly better with the pandemic than other countries, as a result of the early adoption of measures and the lower density of its population.

Healthcare resources

Overall Cyprus appears to fare differently in each resource category, compared to other European countries.

Resources by reference to population (2017)



Source: Eurostat

Note: ICU beds data are from 2011 and show the number of ICU beds per 1,000,000 people.

Challenges and opportunities

GeSY implementation challenges

- New Memorandum temporarily reduces the compensation of doctors by 6%, until further reassessment (December 2020) of the state of the Cyprus economy
- Uncertainty regarding the residual size of private healthcare
- Operational continuity and effective capacity planning
- Massive backlog on healthcare procedures causing a significant increase in the accumulated needs of citizens. Pipeline of surgeries amplified by Covid-19 lockdown
- Quality of service may deteriorate as a direct result of hospitals undertaking cost-saving practices to remain viable in the GeSY under the new universal pricing system.

Other challenges

- Logistics and operational barriers; for example, restrictions on import/exports imposed by other governments delaying the imports of healthcare equipment in a period of pandemic
- The need to protect physical health of frontline health employees, while addressing their mental health needs
- Efficient management of intensive care units demands a high-investment in personnel and technology, and it is naturally associated with costs
- The increase in wide scale data processing to centralised information, concerning, amongst others, the spread of the Covid-19 virus, which inevitably raises concerns about the extent to which data controllers are fully complying with applicable data protection legislation
- The fragmented shareholding structure of private hospitals in Cyprus and the lack of independent professional management, in most cases can undermine the ability of such organisations to act rapidly and proactively.

Opportunities

- European funding of up to 2% of GDP, available in the form of loan, to support the healthcare sector to increase capacity, readiness and technological reforms
- Scale-up for Covid-19 diagnostic testing and improvements in patient experience through the use of self-assessing tools checking symptoms before visiting the doctor or the hospital
- M&A opportunities to reduce cost and achieve synergies
- Innovative start-ups partnering with the Ministry of Health, while the local government ensures high-quality care for all people
- Leveraging technology to perform regular daily operations, as well as manage future crises e.g. telehealth, remote patient monitoring and engagement through surveillance and visualisation systems, virtual rehabilitation, virtual assistants and chatbots (known as “conversational agents”) for isolated patients’ care management.



Challenges
and
Opportunities

Digitalisation: the future of healthcare

Healthcare organisations need to be scalable to meet increased demands and should possess health data exchange structures that enable data interoperability to interpret shared health-related information. Hospital efficiencies could be achieved by fully integrating Information Technology (IT) systems to manage operations and promote the seamless exchange of healthcare data and patients' electronic medical records with other providers, state and National Health systems. Various departments in hospitals require automated solutions to integrate their core and support services and back-office operations, to improve the accessibility and quality of patient care and reduce operational costs.

Utilisation of a digital approach

01

Software Asset Management



Software Asset Management (SAM) consists of a centralised request, procurement and deployment processes. SAM can help healthcare organisations manage:

- On-premises software (software license compliance)
- Software as a service (optimisation of third-party subscription management)
- Internet as a service (cost optimisation assessments for the main cloud Vendors)
- IT costs and increase of IT operational efficiencies.

02

Central Dashboards



Each healthcare organisation gathers an overwhelming volume of information across different timelines and formats – especially in a pandemic situation.

A central dashboard refers to an analytical, dynamic tool that snapshots in a condensed, visual manner important KPIs. A central dashboard can capture organisational and departmental performance, predict trends and prioritise spending.

03

Telemedicine



Telemedicine refers to the practice of a central strategy to assess and prioritise patients before they attend emergency departments.



The potential of this approach could boost remote work solutions and address the effects of disaster planning i.e. a health worker quarantined after infection could be deployed digitally from home to dynamically communicate with patients remotely at scale and in real time, irrespective of the geographical location.

04

Intensive Care Unit Telemedicine (tele-ICU)



Tele-ICU refers to a remote video visualisation of patients and biomedical devices which enables access to electronic medical records. Tele-ICU platforms leverage algorithms to scrutinise patient data, combining physiological parameters with clinical risk factors to predict deterioration and provide decision support.

Relevant KPMG services

Below you will find selected services pertaining to the challenges and opportunities of the healthcare sector.



Debt restructuring, loan covenant evaluation, lender negotiation and due diligence



Data Analytics



Business scenario analysis, model transformation and asset strategies



Mergers & Acquisitions assistance



Workforce strategy and recruitment



Digital Transformation



Pricing, marketing, customer experience & loyalty model transformation



Post Covid-19 functional assessment and improvement; supply chain resilience

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