

# Healthcare in 2022

A report by EIU



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# Healthcare in 2022: the aftermath of coronavirus

## Key forecasts

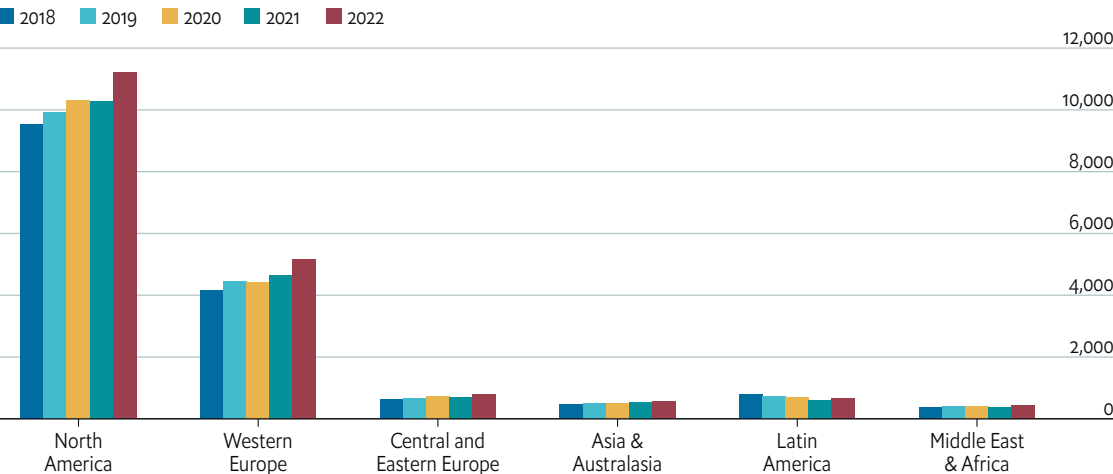
- Global healthcare spending growth will slow to 4.1%, despite rising costs, as governments start to assess the economic damage wreaked by the pandemic.
- Vaccinating the world against Covid-19 (coronavirus) will remain a core priority. However, healthcare systems will also need to start tackling a backlog of non-coronavirus care.
- Healthcare is not exempt from supply-chain problems, and governments will push ahead with regulation designed to increase resilience and lower costs.

## Healthcare budgets will remain generous, but some areas will be squeezed

Healthcare has never been more important to the global economy than during the past two years, and it will be central to the economic recovery. Global healthcare spending will rise by 4.1%, year on year, in 2022 as countries rise to the diverse challenges of coronavirus and non-coronavirus care. This will be a slowdown from the 9% growth seen in 2021, when many countries were spending heavily on vaccines. However, it will still be among the fastest growth rates for a decade. Moreover, as a share of global GDP, healthcare spending will remain at 10.5%, up from 10.2% in 2019, and only marginally lower than in 2020, when the economy contracted.

Despite the cost of vaccination programmes, from 2022 onwards EIU expects growth in healthcare spending to slow as governments seek to reduce budget deficits and pay down foreign debt. Some may be forced into austerity budgets as creditor patience wears thin. Nevertheless, the underlying trend in

**Healthcare spending per head**  
(Projections for 2022; US\$)



Source: EIU.

terms of global healthcare spending is still upwards, driven by economic recovery as well as population ageing, advances in treatments, and the expansion of public healthcare systems.

## Coronavirus and its aftermath will continue to strain healthcare systems

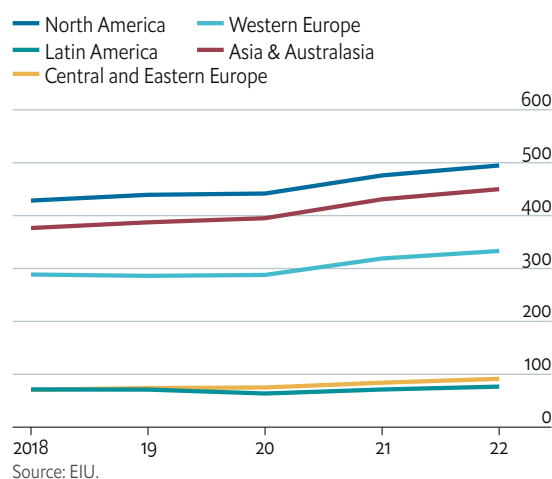
Coronavirus vaccines will remain the priority for most healthcare systems in 2022, given the risks of vaccine-resistant variants emerging or further outbreaks. While most developed countries will roll out booster shots, many citizens in developing countries are yet to receive their first shot—with economic consequences. Fortunately, vaccine-production capacity is finally set to expand rapidly, with new plants coming on tap (see box) and India's export ban lifted. Even so, we calculate that vaccine delays (whether caused by supply constraints or vaccine hesitancy) will cost the world US\$2trn in GDP by 2025, a sum roughly equivalent to the annual GDP of France.

Living with the virus will be challenging in 2022. That aftermath will include “long Covid” and mental-health problems, as well as a backlog of non-coronavirus care. A survey of 61 countries published in *The Lancet* concluded that one-seventh of planned cancer surgeries have been delayed in regions with lockdowns. McKinsey, a consultancy, warns of a backlog of more than 1m joint and spinal surgeries in the US by mid-2022. In the UK, the waiting list for treatment could reach 13m in 2022, nearly triple its pre-pandemic level. In Africa, delays to routine vaccinations could put 80m children at risk of contracting preventable diseases such as malaria, tuberculosis (TB) and measles across 45 countries. TB deaths are set to rise again for the first time in a decade.

The strain on healthcare systems will be exacerbated by rising staff turnover and international competition for healthcare workers. According to the British Medical Association (BMA), the UK is currently short of 49,000 full-time doctors, while, in the US, the Association of American Medical Colleges (AAMC) predicts a shortfall of between 21,400 and 55,200 primary-care doctors by 2033. Coronavirus has also killed between 80,000 and 180,000 healthcare workers worldwide, according to the World Health Organisation (WHO). Clinics and hospitals around the globe are struggling to recruit and retain staff, and the pharmacy sector is facing a similar problem.

## Pharmaceutical spending has accelerated

(sales by region; US\$bn)



## Pharmaceutical supply systems will come under regulatory scrutiny

Healthcare is not immune to the supply-chain problems that have pushed up the prices of commodities and inputs. In 2022, we expect global pharmaceutical sales to increase by 4.6% in US-dollar terms (about half the rate seen in 2021, but still faster than that seen in most of the previous decade). The disruption suffered in 2020—when many countries were scrambling for medtech supplies—has died down, but the pharmaceuticals industry is still suffering the knock-on effects of the broader logistics crisis. Coal shortages in China have affected the vital production of active

pharmaceutical ingredients. Pharmaceutical companies reliant on Asia-US shipping routes are also experiencing delays and added costs as container prices soar, and the effect is likely to last for a few months. The magnesium shortage that is affecting carmakers might lead to shortages of foil packaging for drugmakers.

During 2022 the EU and US will push ahead with the reshoring initiatives they started last year, when supply-chain disruption underlined their reliance on China. The US will use the purchasing power of public healthcare schemes to favour medicines produced within the US, although efforts to use the Defense Production Act to direct industrial production may fall foul of political gridlock in Congress. The European Commission (EC) is currently wrapping up far-reaching consultations over pharmaceutical regulation, including supply chains, which should result in reform proposals in 2022. Meanwhile, in China, the government is slowly centralising and reorganising the process of drug procurement, a process that is likely to be to the benefit of domestic companies.

### What to watch for in 2022

#### **There will be fewer unexpected medical bills:**

The US No Surprises Act seeks to protect consumers from unexpectedly high medical bills when they seek treatment from out-of-network providers. It will become effective in the US from January 2022, making it illegal for providers to bill patients for more than the in-network cost-sharing fee under their insurance policies.

#### **Africa's vaccine-manufacturing capacity will expand:**

Less than 5% of Africa's population is fully vaccinated against the coronavirus, partly because of problems with securing supplies. From late 2022 the Pasteur institute of Dakar in Senegal will start producing 25m doses of coronavirus vaccines a month, with international backing. Vaccine capacity will also rise in Egypt, South Africa and Morocco as existing plants expand.

**The EU will tighten medtech regulations:** The In Vitro Diagnostic (IVD) Medical Devices regulation, agreed in 2017, will be enforced across the EU from May 2022, setting uniform safety standards for the notified bodies that approve IVDs. However, some parts of the regulation will be delayed in order to avoid excessive disruption. The new EU Clinical Trials Regulation will also come into force in January 2022.

#### **The UK will bring in a health and social-care levy:**

The pandemic exposed gaps in the UK's social- and aged-care system, which the government plans to plug by increasing health and social-care funding by £12bn over the next three years. It will fund this hike by adding another 1.25% to workers' national-insurance contributions from April 2022.

### **China will tighten regulation of health apps:**

Under its 14th five-year plan, China aims to integrate telehealth services into the basic health-insurance system, to alleviate pressure on overcrowded hospitals. However, the government also wants better regulation of health apps such as Tencent's We Doctor, Ping An's Good Doctor and Ali Health. Draft rules, released for consultation in October 2021, caused share prices to drop.

### **New technologies**

The groundbreaking technologies behind the Pfizer and Moderna coronavirus vaccines, which use **mRNA delivered in lipid nanoparticles**, are being developed to produce better treatments or vaccines for other diseases in 2022. Researchers are investigating the use of mRNA vaccines for cancer and HIV treatment, as well as infectious diseases such as influenza, rabies and zika.

Lipid-based delivery systems are being assessed for their potential to allow chemotherapy or immunotherapy drugs to target cancer cells more directly to enhance effectiveness or reduce side-effects. Other research focuses on their use for gene therapies, and to treat neurological diseases, especially those that provoke strokes.

Data will be one of the most important commodities in healthcare in 2022. To analyse that data, healthcare providers, payers and suppliers will increasingly rely on **machine-learning algorithms and software** to improve diagnoses, treatment and outcomes. Regulators will be struggling to catch up, focusing on issues around data security and privacy, as well as competition and intellectual-property rights. Such regulation may also cause controversy, as the EC has found in the reaction to its draft EU regulation on artificial intelligence.

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