LEK™

Global Health and Healthcare Strategic Outlook

A Shared Vision for 2035

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Foreword

The COVID-19 pandemic brought about health, economic, political and environmental challenges. It also exposed global disparities caused by income, age, race, sex and geography. But it also allowed for innovation in science and medicines development, distribution and delivery.

We've now reached a time for reflection and have the opportunity to embed any positive changes from the pandemic response into our global health and healthcare systems moving forward.

This report summarizes a strategic outlook[1] by the World Economic Forum and L.E.K. Consulting that aims to unite stakeholders across different sectors, industries and geographies in a shared vision for health and healthcare by 2035. Investment through this lens can ensure equality, resilience, innovation and sustainability are embedded as key pillars of health and healthcare in the future.

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Overview

This strategic outlook lays out a vision for health and healthcare in 2035, formed of four main strategic pillars with equity as the foundational goal.

- **Equitable access and outcomes:** Equilibrating access to healthcare no matter the determinants of health, ensuring health data is representative of the population and people with equal needs achieve equal health outcomes.
- **Healthcare system transformation:** Structuring resilient healthcare systems to provide high-quality care under both expected and unexpected circumstances.
- **Technology and innovation:** Cultivating an environment that supports funding, use and implementation of innovation in science and medicine.
- **Environmental sustainability:** Reducing the healthcare industry's environmental impact; preparing for and addressing climate change for better health and wellness.

Each strategic pillar has time horizons to demonstrate near-, medium- and long-term impact.

While striving to achieve each of these strategic pillars, public and private stakeholders will encounter several barriers. They include healthcare workforce shortages, supply chain issues, and climate and macroeconomic instability. Long-term impact depends on systemic change, for which there's currently limited support, incentive or monitoring.

To diminish the barriers at play, a range of levers are available to public and private stakeholders.

- Cross-industry collaboration
- Digitalization, artificial intelligence (AI) and big data
- Global collaboration
- Policy and advocacy
- Public-private partnerships
- Innovative funding models
- Patient empowerment
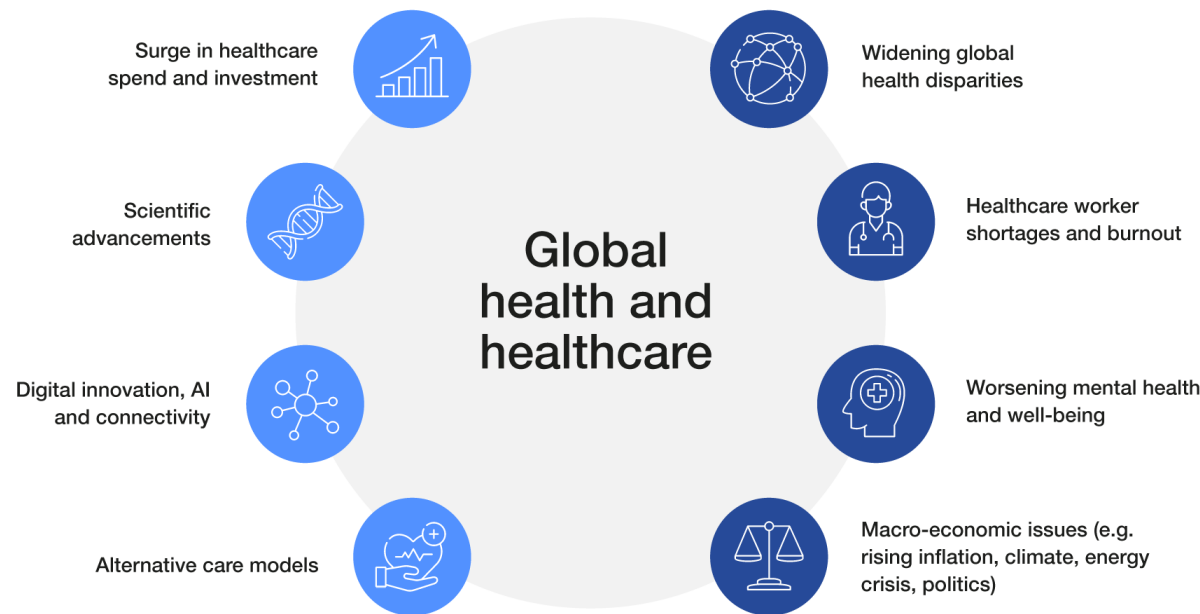- Targeted/selective decentralization

The vision for health and healthcare in 2035 is ambitious yet achievable. Public and private stakeholders, alone and in partnership, each have their role to play in shaping health and healthcare systems that are equitable, resilient, innovative and sustainable.

What's the status quo in health and healthcare?

The pandemic, geopolitical conflicts, the climate and the energy crisis have all detrimentally impacted health and healthcare globally.

The onset of COVID-19 triggered growth and innovation in health and healthcare. But it also brought about significant health, economic, political and environmental challenges (see Figure 1).

Figure 1
Growth and challenges triggered by COVID-19

Surge in healthcare spend and investment

Scientific advancements

Digital innovation, AI and connectivity

Alternative care models

Global health and healthcare

Widening global health disparities

Healthcare worker shortages and burnout

Worsening mental health and well-being

Macro-economic issues (e.g. rising inflation, climate, energy crisis, politics)

Source: L.E.K. Consulting; World Economic Forum

Within this time frame, overall healthcare spend and investment surged against a backdrop of growing recognition that treating patients in lower-acuity settings, such as the home, is less costly.

AI applications are now targeting many aspects of healthcare. Advances in AI and other emerging technologies have allowed the emergence of the metaverse, which can be a platform for several potential applications in healthcare.

While there were developments in technology and innovation, the pandemic tested the resilience of healthcare systems, exposing disparities in global essential healthcare coverage. Mental health issues were prevalent throughout the pandemic. And pressures on healthcare systems affected the mental health of healthcare workers around the globe.

Beyond the pandemic, macroeconomic issues — like the energy crisis and rising inflation — continue to affect individuals' physical and mental health. Government regulations to reduce inflation are expected to affect the pharmaceutical industry. Meanwhile, the climate crisis has continued to have an increasing global impact.

These events highlight the global inequities that exist in health and healthcare and the fragility of healthcare systems. To benefit equitably from technology and innovation in the healthcare industry, these issues need to be proactively addressed.
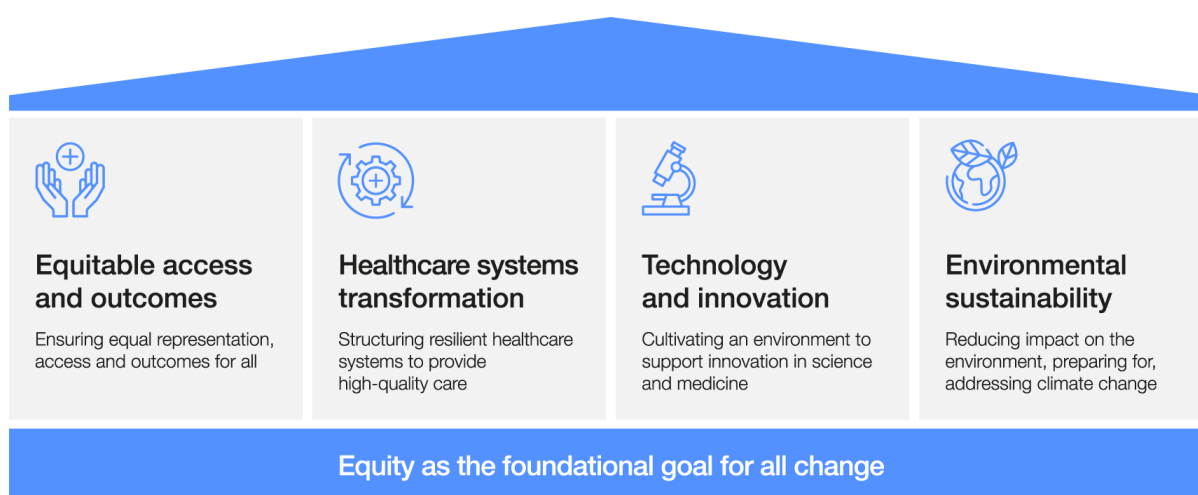
What's the vision for health and healthcare by 2035?

The goals are to achieve equity, transform healthcare systems, encourage innovation and secure global environmental sustainability, with equity as the foundation.

The strategic outlook sets out a vision for health and healthcare in 2035, based on four strategic pillars with equity as the foundational goal (see Figure 2).

Figure 2
The vision for health and healthcare in 2035

Equitable access and outcomes	Healthcare systems transformation	Technology and innovation	Environmental sustainability
Ensuring equal representation, access and outcomes for all	Structuring resilient healthcare systems to provide high-quality care	Cultivating an environment to support innovation in science and medicine	Reducing impact on the environment, preparing for, addressing climate change

Equity as the foundational goal for all change

Source: L.E.K. Consulting; World Economic Forum

Equitable access and outcomes in health and healthcare

Health is a product of social determinants, including where one lives and works, and health and healthcare inequity continues to be a pressing issue.[2] Addressing health inequity isn't just a societal goal. There's a business incentive for employers to play a more proactive role in investing in their employees' health.

Time horizons to demonstrate impact in the 2035 outlook:

- Near term: Continue investment in decentralization and alternative care models (e.g., home care) to help improve access to essential health and healthcare systems globally.

- Medium term: Incorporate more equal representation in clinical trials to improve the evidence base for decision-making and unlock understanding of different diseases and appropriate treatment across different regions.
- Longer term: Make disproportionate investment in health and healthcare services in low- and middle-income countries (LMICs) to narrow the global health disparity gap.

Healthcare systems transformation

While COVID-19 put significant pressure on healthcare systems and demonstrated the importance of resilience, this wasn't an isolated incident and likely won't be the only health crisis we will experience in our lifetimes. Beyond pandemic situations, aging populations and the high prevalence of chronic conditions and noncommunicable diseases (NCDs) require forward planning. There's also a need to focus on the preservation of health once individuals are diagnosed with a condition in order to reduce the impact on health systems.

Time horizons to demonstrate impact in the 2035 outlook:
- Near term: Ensure all healthcare systems globally return to pre-pandemic stability.
- Medium term: Invest in and diversify supply chains to ensure healthcare systems are resilient and reliable for all countries.
- Longer term: Refocus healthcare systems on the value of the services delivered, as opposed to the volume, incorporating better prevention and preservation of care and consistent reporting of outcome metrics.

Technology and innovation

Health technology and innovation have significant future growth potential in new treatments and modalities. But healthcare spending continues to outpace GDP growth on a global scale — a development that isn't sustainable. Innovators need to focus not only on their projected revenues but also on the extent to which their products and services will ultimately lead to cost savings, improved efficiencies and true value-add to existing treatment paradigms.

Time horizons to demonstrate impact in the 2035 outlook:
- Near term: Incentivize investment to drive innovation in medicine development and commercialization, supply chain optimization, and healthcare delivery.
- Medium term: Harmonize data use and data's applications across the healthcare industry and across geographies.
- Longer term: Work with policymakers to create a regulatory environment that cultivates and drives innovation across all geographies and all parts of the healthcare system.

Environmental sustainability

The healthcare industry has a large climate footprint, accounting for an estimated 4.4% of global net carbon dioxide emissions.[3] Along with the impact of the healthcare industry on the environment, there's the impact of the climate crisis on health and healthcare. The growing frequency and severity of extreme weather events exacerbates inequities as it affects social determinants of health such as housing and food.

Time horizons to demonstrate impact in the 2035 outlook:

- Near term: Work to embed environmental, social and governance pillars into the health and healthcare industry by defining and tracking a set of metrics centrally.
- Medium term: Make disproportionate investments in LMICs to reduce the impact of climate change on health.
- Longer term: Reduce the climate footprint of health and healthcare as an industry, focusing mainly on addressing key segments responsible for the majority of emissions while maintaining patient centricity and equity.

What are the key issues and barriers?

To achieve the vision, several issues and barriers need to be addressed, many of which require public-private collaboration.

There are several issues and barriers to face in achieving this vision, some of which will become increasingly challenging to address over time (see Figure 3).

Figure 3
Barriers to achieving goals in each pillar

Issues and barriers to address for achieving goals in each pillar	Equitable access and outcome	Healthcare systems transformation	Technology and innovation	Environmental sustainability
Significant public and private role				
Challenges with funding and reimbursement	●	●	●	●
Baseline health and wellness and global discrepancies	●	●		●
Healthcare literacy and trust in industry	●	●	●	
Skilled labour shortage and hospital capacity constraints	●	●		
Deteriorating mental health and well-being	●	●		
Data interoperability and confidentiality	●	●	●	
Connectivity to internet and lack of digital infrastructure	●		●	
Maintenance and scalability of required pandemic capacity		●		
Ensuring patient centricity and high quality care in decarbonization				●
Significant private role				
Supply chain issues	●	●	●	●
Restrictions/lack of incentives for innovation	●		●	
Limited diversity in health data and gaps in data/evidence generation	●		●	●
Significant public role				
Pace of regulatory change	●	●	●	●
Limited standardization in measuring outcomes over time	●	●	●	
Disproportionate impact of climate issues on health of LMICs		●		●

Source: L.E.K. Consulting; World Economic Forum

Challenges with funding due to continued increases in healthcare spending above GDP growth are placing significant pressure on healthcare systems. Meanwhile, **baseline health and wellness** have been deteriorating as a result of aging populations and unhealthy habits, increasing NCDs.

The COVID-19 pandemic has exacerbated public skepticism about technology and innovation in healthcare. Following the large volumes of misinformation about the pandemic and vaccinations, there's a need to improve **healthcare literacy** and rebuild and reinforce trust in the healthcare industry.

There's also a need for a large and well-trained workforce to undertake the expected and unexpected challenges that will be faced. However, a **shortage of skilled labor and hospital capacity constraints** are growing issues in healthcare provision. The pandemic exacerbated the challenges faced by healthcare workers, including burnout, illness and **mental health and well-being** issues.

Given the expected heavy reliance on digital and cloud-based solutions in the future due to a lack of workers, **data interoperability and confidentiality** issues are important barriers to fully using digital solutions and gaining sufficient trust for their widespread use. There's also a need to ensure solutions are compatible with communities **without internet access** and countries with **limited digital infrastructure**.

During the pandemic, there was a significant increase in scale and repurposing of capacity in drug manufacturing and diagnostics. However, issues remain when it comes to **maintaining and scaling the required capacity** in non-pandemic situations and showing agility in repurposing resources on short notice should other pandemic situations arise.

Supply chain issues were prevalent during the pandemic. In the healthcare industry, a lack of availability of medicines or equipment means that the lives of healthcare workers and patients are at risk. While the aim is to ensure that the right capacity and sufficient supply chain infrastructure are in place, the environmental impact needs to be taken into account. One of the main issues with decarbonizing healthcare systems is ensuring that changes are made in a **patient-centric** way and that **quality of care** is maintained in this transition.

Global access and reliable supply chains also have been hampered by strict national export bans and a lack of regionally diversified sourcing and production due to

restrictions. These challenges are paired with a **lack of incentives** for tech transfers and broader innovation in product development, process design, service or business models.

Discrepancies in health equity are entrenched in healthcare data, given the **limited diversity** in clinical trial demographics. Despite the increase in data, there are significant **gaps in data and evidence generation** that restrict the ability to identify priority areas for funding, deliver outcomes-based care and raise awareness of issues that need to be addressed.

Unfortunately, the pace of innovation is currently faster than the **pace of regulatory change**. Regulatory change needs to be linked to outcomes, as what is efficient isn't always the most effective. The **lack of standardized outcomes measurements** by disease is another barrier to being able to offer outcomes-based care and making informed reimbursement and investment decisions.

Finally, the impact of climate issues **disproportionately affects LMICs**, which contribute less to emissions but are particularly vulnerable to climate change and have less resilient healthcare infrastructures.[4] Policy changes to encourage lowering emissions are at odds with encouraging urbanization and economic growth in LMICs, which in effect can exacerbate climate change's impact on healthcare.

What are the solutions to address these issues?

Public and private stakeholders can use a range of levers to resolve issues in health and healthcare globally.

Overcoming these barriers provides opportunities to create value for businesses, governments and society. There are several levers to resolve these issues driven by public, private or both stakeholders (see Figure 4).

Figure 4
Levers to address issues and barriers in health and healthcare
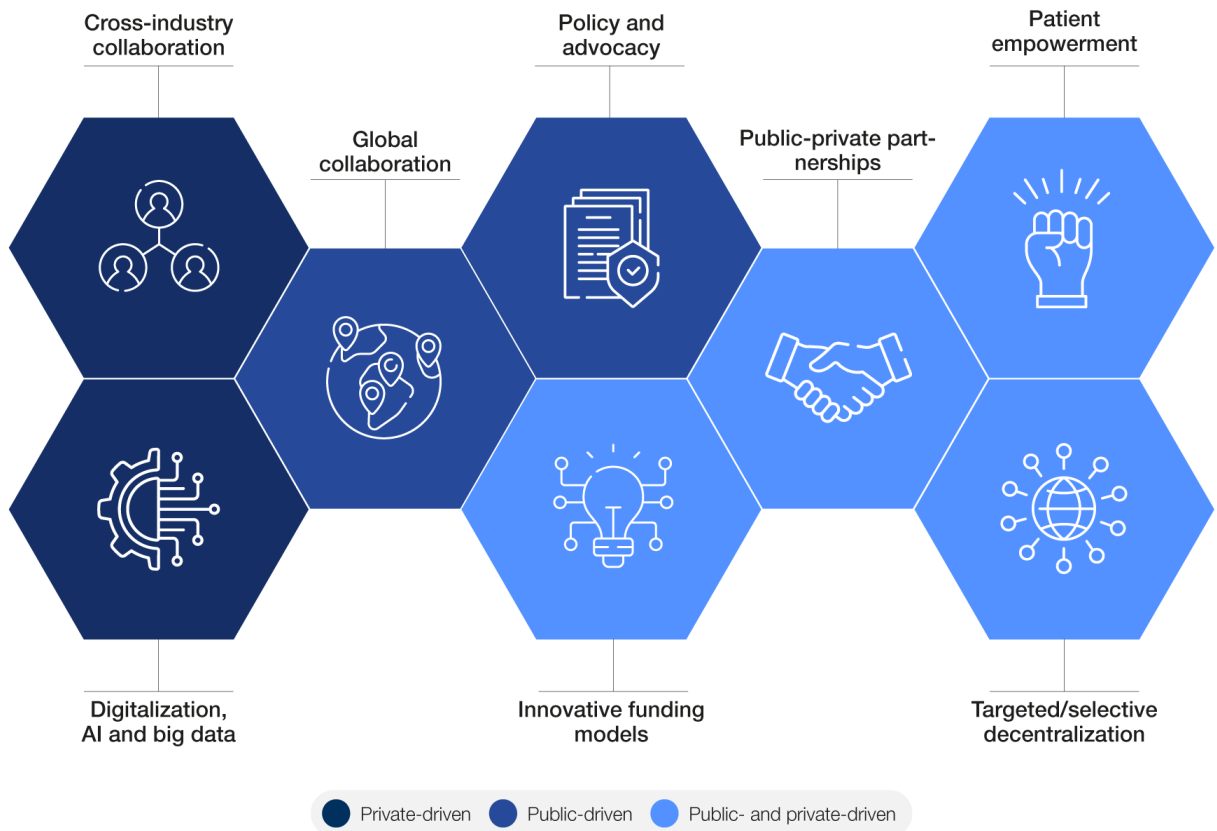
Source: L.E.K. Consulting; World Economic Forum

Cross-industry collaborations can occur between healthcare providers and other industries to address a number of barriers. The key to success is mission alignment across the two organizations joining forces.

Patient empowerment is a key lever to encourage patients to have ownership of their health and wellness. The key to success in supporting behavior change is offering incentives.

Policy and advocacy are important levers to drive systemic change across a broader population. When it comes to digital health solutions, the key to success is the security and privacy of data as well as data interoperability. Adoption is another major element.

Digitalization, AI and big data is an important underlying theme. The emphasis should be on building the right data infrastructure for the future while understanding the best way to apply the minimum data set now to inform decision-making and improve outcomes for patients.

Decentralization is a lever to alleviate pressure on hospital capacity. However, it needs to be done in a selective and targeted way. Although many examples of decentralization use digital solutions, the key to success is having a human component to encourage use and empower members to manage their health conditions.
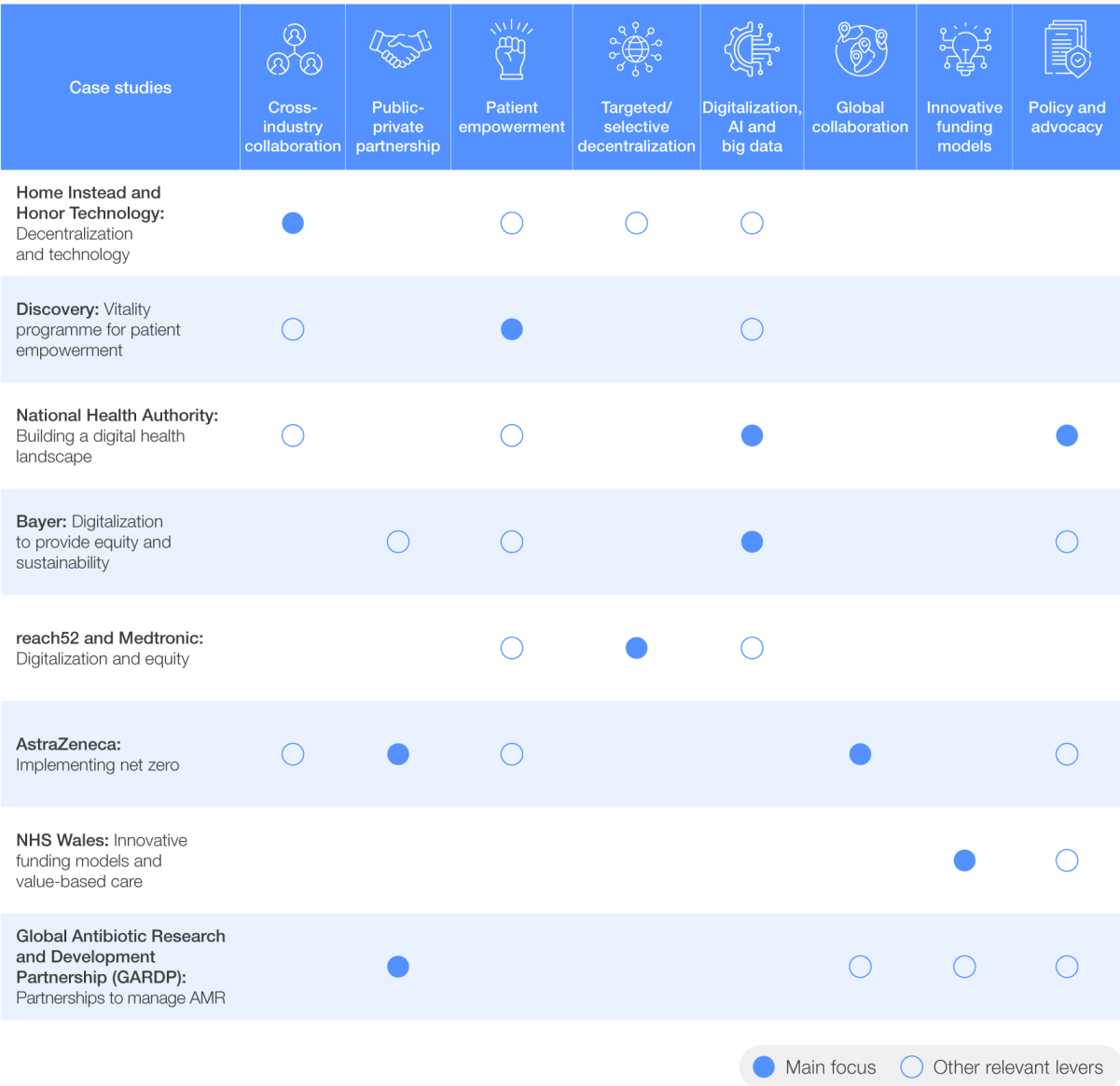
Global collaboration is important to the effectiveness and sustainability of delivered solutions. Public and planetary health are deeply interconnected. Beyond climate, many other health and healthcare problems require global collaboration, including coordinated investment in global health and neglected disease areas.

Innovative funding models, where the innovation is derived either from the source of funding or the degree of innovation, will be needed to meet the growing demand for services and the increasing funding gap. Funding solutions need to be context-dependent to maximize impact and sustainability, as well as be implemented into systems that are reoriented to focus on the outcomes achieved versus the volume of services delivered.

Public-private partnerships (PPP), where partners share risks, resources, accountability and decision-making authority, are a key lever that makes use of the collaboration of different stakeholder groups.[5] Success is driven by the ability to work closely with partners to understand their specific needs and work flexibly across projects to address identified gaps.

Certain case studies demonstrate how a range of solutions can be applied to address important barriers in health and healthcare today (see Figure 5).

Figure 5
Opportunities to use levers to a range of barriers

Case studies	Cross-industry collaboration	Public-private partnership	Patient empowerment	Targeted/ selective decentralization	Digitalization, AI and big data	Global collaboration	Innovative funding models	Policy and advocacy
Home Instead and Honor Technology: Decentralization and technology	●		○	○	○			
Discovery: Vitality programme for patient empowerment	○		●		○			
National Health Authority: Building a digital health landscape	○		○		●			●
Bayer: Digitalization to provide equity and sustainability		○	○		●			○
reach52 and Medtronic: Digitalization and equity			○	●	○			
AstraZeneca: Implementing net zero	○	●	○			●		○
NHS Wales: Innovative funding models and value-based care							●	○
Global Antibiotic Research and Development Partnership (GARDP): Partnerships to manage AMR		●				○	○	○

● Main focus   ○ Other relevant levers

Source: L.E.K. Consulting; World Economic Forum

Although the challenges vary, the most common barriers included a lack of healthcare literacy and trust in the healthcare industry, low baseline health and wellness, global discrepancies, skilled labor shortage and hospital capacity constraints. The most used levers include digitalization, AI and big data; patient empowerment; and cross-industry collaboration.

Conclusion

It's increasingly important to work together and define clearly what the vision for health and healthcare looks like in 2035. Each strategic pillar is important, but collectively striving for them all will help ensure that sustainability, equality, resilience and innovation are embedded into future health and healthcare systems.

In 2023, **private stakeholders** should:

1. Implement the WHO guidelines on mental health at work[6] and other evidence-based research to preserve, monitor and remediate employee welfare, as well as define and track metrics over time.
2. Incentivize private industry investment to drive innovation in medicine development and commercialization, supply chain optimization, and healthcare delivery. Also, work with policymakers to support rather than restrict the adoption of technology and innovation.
3. Mandate that environmental, social and governance pillars are embedded equally into the health and healthcare industry.

Public stakeholders should:

1. Internationally cooperate to facilitate and promote distributed supply chains, with a focus on building capacities and investing in underrepresented geographies with vulnerable populations.

2. Redesign systems to focus on the value of outcomes achieved over the volume of services delivered. Implement policies that ensure the changes are at the system level but allow for local autonomy and flexibility in funding models.

3. Mitigate national divergences in data regulations by convening an international body that sets out rules and guidelines to harmonize data use and its applications within health and healthcare. Keep policymakers updated on data-related trends.

For more information, please contact healthcare@lekinsights.com.

Endnotes

[1]Lek.com, "Global Health and Healthcare Strategic Outlook for 2023." https://www.lek.com/insights/hea/global/sr/global-health-and-healthcare-strategic-outlook-2023

[2]U.S. Department of Health and Human Services, Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders — A Report of the Surgeon General, 2021.

[3]Pencheon, D. and J. Wight, "Making healthcare and health systems net zero," BMJ, 2020.

[4]Health Care Without Harm, Health Care's Climate Footprint: How the health sector contributes to the global climate crisis and opportunities for action, 2019.

[5]World Economic Forum, Public-Private Partnerships for Health Access: Best Practices, 2021.

[6]World Health Organization, Guidelines on mental health at work, 2022.

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