

Coronavirus Risk Assessment Healthcare Services



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Industry Risk Analysis



Home Health Care Services & Nursing Care Facilities

Individuals over the age of 65 are the primary buyers in this industry. The elderly have a heightened likelihood of facing serious infection from the coronavirus, meaning that nursing care facilities could become high-risk environments. As a result, many elderly individuals are likely to opt out of nursing care facilities in favor of home health care services, posing financial risk to nursing care facilities as demand drops.



Telehealth Service Providers

Telehealth services refer to medical services delivered using telecommunication technologies. Telehealth service providers face a low level of risk because, as individuals begin to avoid public facilities and medical facilities in particular, demand for telehealth services is likely to rise.



Offices of Other Health Practitioners

Other health practitioners, such as mental health practitioners and physical and occupational therapists, face moderate risk. These service providers do not treat for COVID-19 or its symptoms, but their facilities pose the risk of infection by their public nature and because the coronavirus can weaken the immune system and exacerbate other physical ailments, causing infected persons to visit these facilities.

Risk Level Key

High



Medium



Low



Offices of Physicians

Physicians, such as family practitioners and pediatricians, face high risk due to COVID-19. Individuals are likely to visit these providers when exhibiting symptoms of the coronavirus. The symptoms that infected individuals exhibit can be mistaken for the common flu, prompting infected persons to visit their doctor's office without taking precautions to prevent the spread of the coronavirus.



General Medical and Surgical Hospitals

General hospitals pose a high infection risk. Each hospital has infection isolation beds, but these beds typically only make up 10.0% of patient beds. Additionally, individuals within hospitals that contract the disease are at greater risk of death than the general population because a large proportion of these individuals has pre-existing chronic conditions that make them more vulnerable to the disease.



Supply Chain Risk Analysis

2nd Tier Suppliers

 Plastic Manufacturers

Plastic manufacturers face a high risk of supply chain disruption because 42.5% of all plastic products imported to the United States originate in China. Chinese factories are facing major shutdowns in the wake of the coronavirus. Additionally, overall demand for plastics is dwindling due to reduced automobile production in China's Hubei region, threatening revenue generation for plastic manufacturers.

 Active Pharmaceutical Ingredient Mfg.

API manufacturers are dealing with moderate risk because 13.0% of raw pharmaceutical materials for US drugs stem from China, where factory closures are limiting production. Production of APIs cannot immediately shift to other regions because the US Food and Drug Administration (FDA) heavily regulates the supply chain for pharmaceuticals, meaning manufacturers would face a lengthy approval processes to shift production.

1st Tier Suppliers

 Medical Device Manufacturers

Manufacturers of medical devices face high supply chain risk because of heightened demand for these products and reliance on factories in areas with a high incidence rate of the coronavirus. Medical device suppliers also rely on raw materials, such as plastics, that similarly exhibit significant risk of supply chain disruption due to the coronavirus.

 Pharmaceutical Manufacturers

Pharmaceutical manufacturers face high supply chain risk from active pharmaceutical ingredient manufacturers. Generic drugs account for 90.0% of US pharmaceuticals, and the United States sources 40.0% of its generic drugs from India. In turn, India sources two-thirds of its APIs from China, where factory closures are prevalent.

Vendor

 Healthcare Service Providers

Market providers face high supply chain risk because of the current shortage of medical supplies and imminent shortage of pharmaceuticals that, down the line, could prevent market providers from delivering services. Moreover, healthcare providers might have trouble preparing for shortages because medical device manufacturers are not obligated to inform the US Food and Drug Administration (FDA) of situations that might result in possible shortages.

Key Buyers

 Individuals

Individuals face high supply chain risk. Healthcare facilities are likely to become hotbeds for COVID-19 contagion, precluding individuals from accessing these services for fear of contracting coronavirus.

 Businesses

Businesses face medium supply chain risk. Services that businesses purchase are typically provided by practitioners that deal with healthy populations, meaning demand for these services is somewhat inelastic.

 Government

The US government, as the largest single payer of healthcare services, faces high supply chain risk because as demand for these services spikes, healthcare providers may be unable to deliver necessary services to the public.

Mitigating Supply Chain Risk

Best Practices for Healthcare Service Providers

- ♥ Market providers should strategically guide visitor access within their facilities, including the implementation of substitute means for visitor and patient interactions, such as video calling on mobile devices.
- ♥ Market providers should discourage ill healthcare personnel (HCP), especially those who have been exposed to the coronavirus, from attending work until they are fully recovered so as to prevent the spread of the illness among other staff, patients and visitors. In order to prevent the spread of the disease, providers should offer sick leave policies that are flexible, compatible with public health guidance and are not punitive.
- ♥ Market providers should maintain a stockpile of personal protective equipment (PPE) and encourage HCP to engage in appropriate use of this equipment. Providers should consider implementing additional supervision for the distribution of PPE. Though employees should be mindful of the strained PPE supply, healthcare practitioners should still dispose of single-use PPE as stipulated by the Centers for Disease Control and Prevention (CDC).
- ♥ Market providers should follow recommendations published by the CDC regarding the spread of the coronavirus within healthcare settings. Providers should also regularly check CDC resources for the most up-to-date information regarding mitigating the spread of the disease.
- ♥ Market providers should make use of telecommunications technologies and discourage non-emergency procedures whenever possible to circumvent the need for face-to-face contact with patients, without sacrificing quality of care.

Related Market News

“ The FDA has announced the first drug shortage (which it declined to name) due to supply chain disruption caused by the coronavirus.

“ In a survey of 1,000 California nurses, 47.0% of nurses were uncertain whether their hospital had a protocol to isolate incoming patients potentially infected with the coronavirus.

“ A small study of coronavirus patients in Wuhan that had contracted pneumonia and were being treated in a hospital revealed that 41.0% of the coronavirus cases were transmitted within a hospital.



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Risk Mitigation

Best Practices Checklist

Company-Wide Best Practices

- Designate a company director as the coronavirus “point person”:** In an effort to mitigate risk across an organization, companies should consider selecting a single person (ideally a human resource professional, someone in the legal department or a workplace health professional) to be involved in all personnel decisions related to the coronavirus.
- Develop risk-appropriate contingency plans:** Companies should ask themselves: “How do we quantify our direct and indirect risk exposure to market disruptions stemming from the escalation of the coronavirus outbreak?” Companies should map out what inputs are core to their business and also have a high-risk exposure to economic disruptions stemming from further outbreak of COVID-19 and develop subsequent contingency plans based around these high-risk inputs.
- Ensure contingency plans are consistent with existing employment and health laws:** In the United States, employers may consider sharing the Equal Employment Opportunity Commission’s (EEOC) Pandemic Preparedness in the Workplace amongst their employees. These guidelines specifically warn that testing an employee’s temperature may be unlawful and considered a medical examination under the Americans with Disabilities Act (ADA) unless such action is clearly advised by proper health authorities or where the employer can show the employee poses a direct threat to the health and safety of other employees.
- Develop contingency plans to manage technology risk:** These risks include, but are not limited to, the capacity to enable a large number of employees to work remotely, an increase in online traffic to web-powered platforms and a rise in cybersecurity threats/attacks.
- Clear and consistent internal and external messaging:** Communication and messaging is one of the most important considerations for organizations to consider. As evidenced by the subsequent backlash to the Chinese government’s response to the outbreak and their mixed messaging on the evolving severity of the outbreak, companies too have their personal brands and reputations on the line as they draft contingency plans.



Vendor Risk Mitigation

Best Practices Checklist

Day-to-Day Best Practices

- Implement more frequent and stricter office cleanliness requirements:** Employers can provide N-95 face masks, sanitizers, increase the rate of office cleaning and publish informational reminders for washing their hands and best practices for preventing the spread of germs.
- Consider shifting employee responsibilities in a defined business continuity plan:** Management teams should consider the reallocation of responsibilities between employees and/or establish new procedures for remote employees in the event travel restrictions are implemented.
- Develop policies for clear communication with customers:** It is important to develop procedures for communication with customers and understand the overall impact on the firm's ability to service customers. Firms should determine how customers will be notified about any restrictions to market services.
- Consider implementing split team arrangements:** Split team arrangements refer to when personnel and employees are split into two or more teams (e.g. Team 1 and Team 2) that are deployed with different work schedules or at different work sites to prevent the spread of the virus.
- Implement flexible working arrangements:** Organizations should consider allowing employees to work from home in order to prevent contamination.
- Carry out testing measures in "high-risk" work environments:** The EEOC's Pandemic Preparedness in the Workplace warns that testing an employee's temperature may be considered a medical examination under the Americans with Disabilities Act of 1990 (ADA) unless clearly advised by proper health authorities or where the employer demonstrates the employee poses a direct threat to other employees based on objective medical evidence.
- Implement internal controls to prevent human-to-human transmission:** Companies should consider catering lunches and meals to minimize employee's exposure to crowded areas like the food centers, supermarkets and restaurants.
- Restrict employees from returning to work if they have recently visited a high-risk area:** Many employers have adopted a 14-day or longer work-from-home policy for any employee that has recently returned from China or another country with high risk of contracting the virus.