PwC's 2024 US Healthcare Climate Survey

Sector Insights

October 2024

pwc

Overview of PwC's 2024 US Healthcare Climate Survey

Overview

PwC's **2024 US Healthcare Climate Survey** was designed to understand healthcare executives' views on their organization's climate-related strategy and actions they are taking in response to climate transition.

Results are based on a relatively small sample size of US healthcare executives: **209 responses** (202 panel and 7 client responses). Survey Participants consisted of:

- **57** Payers
- **65** Providers
- **48** R&D
- **39** Medtech

Fieldwork was carried out from April 16 to May 20, 2024, via an online business panel and client registration site.

Survey responses are from **US headquartered companies with $500m+ revenues** across a range of healthcare sectors. All executives have an active role **in the implementation or development of their organization's sustainability and climate strategy.**

Within these materials, you will find:

Summary of survey takeaways

Summary and key findings by sector

Detailed findings by sector

Key considerations

PwC found that climate tops health industry executives' strategic agenda, with opportunity to better focus on the anticipated impacts to human health

PwC has captured key insights into how healthcare organizations are **responding to the increasing threat of climate transition**, their **perspective** on the largest impacts on their organizations and human health, and the **challenges** they're facing to implement climate focused initiatives.

Key Takeaways

Strategy

Climate is a strategic priority for health organizations across sectors. The focus varies by sector, which is based on their position in the value chain.

99% of respondents indicated that climate strategy is a high or top priority and 76% are incorporating at least one element (e.g., strategic planning, financial planning) into their annual planning process

Impact

Executives expect climate transition to impact healthcare by increasing provider stress, physical risks, mental health issues, and overall quality of care.

70% of executives believe that the biggest impact and risk of climate transition is on human health, including physical, mental, and spiritual wellbeing.

Action

Organizations have largely focused their initiatives on decarbonization, sustainable resources and supply chain, and reporting, which are largely driven by regulatory compliance factors, including responding to recent disclosure rules introduced by the SEC, California, and the EU.

80% of all organizations are implementing initiatives to reduce their carbon footprint and 78% are identifying ways to better manage sustainable resources such as solar energy, waste management, etc.

Challenges

Key challenges to delivering climate strategy include meeting regulatory requirements, securing funding, access to data, workforce upskilling, and maximizing returns from climate-friendly investments.

56% of organizations noted that the evolving regulatory landscape can be complex and time-consuming and 47% indicated that realizing returns on climate-friendly investments impacts ability to secure funding and stakeholder buy-in

Health plans and managed care organizations should integrate climate further into their strategic planning to adapt effectively to emerging climate risks

Key considerations for health plans and managed care organizations (MCOs)

Balance cost takeout pressures and total cost of care, with the need to invest in climate and sustainability

Health plans and MCOs anticipate challenges around balancing cost takeout and climate-related total cost of care pressures with investing in critical climate programs. Payers will likely have to evaluate benefits design and risk pricing to account for climate transition.

Improve existing and future initiatives around mental and behavioral health to have a net positive impact on climate-related impacts

Evidence supports that climate transition can harm mental health, further taxing behavioral health services Developing and evolving existing support structures and initiatives can be critical to reduce climate risks that climate transition poses to mental health.

Identify opportunities to collaborate and be proactive in addressing climate impacts on human health

Climate introduces adverse risks to human health, access to care, and food security. Health plans and MCOs should prioritize business relationships, strategies, and initiatives that mitigate climate-related impacts, and at the same time, improve human and planetary health.

75% of organizations anticipate or report challenges associated with securing sufficient funding for climate initiatives

82% of payers believe that customers' mental health and wellbeing will influence their strategic planning

63% of payers view collaboration with stakeholders across sectors as a high priority to address climate and to achieve sustainability goals

47% of organizations believe that the impact on total cost of care due to climate-related events and illness will be a factor into strategic planning

56% of payers anticipate that climate transition will detrimentally impact mental health within the next two years

60% of payers acknowledge climate transition's impact on human health, including a rise in illnesses and diseases

Health Plan / Managed Care Organization – Key Findings (1 of 2)

Questions/Themes	Responses
Strategy	
Priority areas in organizations' climate strategy over the next two years:	• **Carbon Footprint Reduction**: 82% of organizations are prioritizing carbon footprint reduction through various decarbonization initiatives • **Sustainable Resource Management**: 81% of organizations are focusing on the management of sustainable resources to optimize and conserve them effectively • **Reporting and Transparency**: 75% of organizations are prioritizing climate-related disclosure practices in their climate strategy • **External Collaboration**: Health plans and MCOs are significantly less likely to prioritize collaboration for climate action, with only 9% compared to 23% in other sectors
Top factors influencing organizations' climate strategy over the next two years:	• **Customer Mental Health:** 82% of payers believe that customers' mental health and wellbeing will influence their strategic planning • **Cost of Care:** 75% of organizations believe that the impact on total cost of care due to climate-related events and illness will be a factor into strategic planning • **Regulatory Requirements**: 70% of organizations believe that meeting regulatory requirements related to environmental and sustainability standards will be core to their strategy • **Access to Care:** 58% of payers believe that extreme weather's impact on the access to care will be a factor into their strategic planning
Actions	
Actions being taken to reduce the impacts on human health:	• **Access to Care:** 58% of payers believe that extreme weather's impact on the access to care will be a factor into their strategic planning • **Sustainable Sourcing**: 76% of payers are already implementing or planning to initiate sustainable sourcing practices to meet decarbonization goals within the next one to three years • **Decarbonization Initiatives**: Payers are actively addressing decarbonization, with 82% prioritizing carbon footprint reduction, 81% focusing on sustainable resource management, and 70% adopting renewable energy as part of their climate strategy over the next 2 years • **Addressing Population Needs**: Over 75% of organizations have implemented or are implementing surveillance programs and data analytics to understand the impacts to high-risk populations, but only ~25% of organizations plan to update benefits and services to support the changing needs of populations due to climate transition in the next one to three years

Health Plan / Managed Care Organization – Key Findings (2 of 2)

Questions/Themes	Responses
Impact	
How will climate impact the healthcare industry and human health in the next two years:	• **Access to Care:** 58% of payers believe that extreme weather's impact on the access to care will be a factor into their strategic planning • **Mental and Spiritual Health:** Over half of payers anticipate that climate transition will detrimentally impact mental and spiritual health and disrupt physical and mental healthcare within the next two years • **Physical Illness:** Over 60% of payers acknowledge climate transition's impact on human health, including a rise in acute and chronic illnesses (63%) and infectious diseases (56%) • **Burden on Caregivers**: 65% of payers expect an increase in stress on providers and caregivers as a result of worsening human health outcomes and an increase in demand for care • **Total Cost of Care:** 75% believe the total cost of care due to climate-related events is a top concern and 53% believe there will be an increase in total cost of care due to climate-related illness and events in the next one two years
Challenges	
Top challenges that will impact organizations' ability to deliver its climate strategy over the next two years:	• **Data Management:** 49% of payers reported that gathering, integrating and reporting appropriate data will be a barrier to implementing climate-related initiatives • **Funding**: Over 47% of organizations anticipate or report challenges associated with securing sufficient funding for climate initiatives • **Internal Upskilling:** Over 47% believe education and upskilling of the workforce will be a challenge in delivering on climate strategy

Providers should address climate risks across the healthcare ecosystem to drive resiliency within their organization and infrastructure

Key considerations for provider organizations

Implement sustainable practices across the organization

Providers should identify opportunities to improve resource allocation and invest in upskilling to drive adoption of climate-friendly practices across the organization. In doing so, organizations should look beyond current strategic priorities to the use of sustainable supply chain practices.

Holistically manage challenges posed by increased admission volumes due to climate related events

Providers will likely be impacted by increased climate-related health emergencies and should adapt to changing disease patterns requiring flexible capacity planning while reducing stress on providers and a thorough understanding of how climate affects local health needs.

Position providers as leaders in sustainability to drive business relationships

Providers can begin to position themselves as industry leaders by developing experience in climate-related health issues, implementing sustainable healthcare practices across their organization, and establishing strategic business relationships. across other sectors.

80% of providers' primary strategic focus area is around the use of sustainable supply chain practices

60% of provider respondents anticipate an increase in stress on providers and caregivers due to climate

82% of all organizations (excluding providers) have worked with or plan to work with providers to help prepare for and respond to climate risks

48% of organizations are faced with resistance from stakeholders, impacting their ability to implementing climate-related initiatives

57% of providers anticipate an increase in mortality associated with severe heat, drought, and water quality over the next two years

80% of providers are emphasizing the establishment of new strategic alliances or joint ventures to enhance healthcare delivery

Healthcare Provider / Hospital System / Integrated Delivery Network – Key Findings (1 of 2)

Questions/Themes	Responses
Strategy	
Priority areas in organizations' climate strategy over the next two years:	• **Sustainable Supply Chain**: 86% of providers are focusing on adopting sustainable supply chain practices to enhance their environmental responsibility • **Strategic Collaboration**: 80% of provider are prioritizing new strategic alliances or joint ventures to improve healthcare delivery • **Climate Risk Assessment & Management**: 77% of organizations are prioritizing assessing and managing climate risk • **Carbon Footprint Reduction**: 77% of organizations are focusing on initiatives to reduce their carbon footprint
Top factors influencing organizations' climate strategy over the next two years:	• **Customer Mental Health**: 77% of hospital systems / providers believe customers' mental health and wellbeing will influence their climate strategy • **Regulatory Requirements**: 77% of organizations see regulatory requirements and environmental/sustainability standards as a key contributor in their strategic planning • **Decarbonization Objectives**: 74% of organizations believe that setting and pursuing decarbonization and carbon emissions reduction targets will impact their prioritized climate initiatives • **Climate Impacts on Supply Chain**: 74% of organizations believe that the impact of climate events on their supply chain will influence strategic planning
Actions	
Actions being taken / planned to reduce the impacts on human health:	• **Community Health Resources**: 74% of providers are collaborating with community health resources to build a more resilient system of care, with 20% planning to expand these efforts in the next 1-3 years • **Decarbonization Goals**: Nearly 80% of respondents plan to implement carbon reduction initiatives within the next two years • **Sustainable Practices**: Over 85% of providers are planning to adopt sustainable supply chain practices as part of their climate strategy in the next two years. Moreover, over 40% plan to execute waste reduction initiatives, and over 70% have sustainable management initiatives underway, with 20% planning to implement them in the next one to three years • **Virtual Care**: Providers are slightly more likely than the overall sample to have implemented virtual care for patients (91% versus 86%) and initiatives for social determinants of health (SDOH) and health equity (78% versus 74%) • **Investments in SDOH and Health Equity Initiatives**: Providers are significantly more likely to report fully implementing investments in social determinants of health (SDOH) and health equity initiatives to reduce inequities, with 40% compared to 24% overall • **Upskilling**: Providers are less likely to have implemented upskilling initiatives for climate-related risks, with 65% having done so compared to 78% of all respondents • **Business Relationships**: 82% of all organizations (excluding providers) have worked with or plan to work with providers to help prepare for and respond to climate risks

Healthcare Provider / Hospital System / Integrated Delivery Network – Key Findings (2 of 2)

Questions/Themes	Responses
Impact	
How will climate impact the healthcare industry and human health in the next two years:	• **Physical Illness**: 42% of providers expect adverse pregnancy and birth outcomes due to climate, and 57% anticipate an increase in mortality associated with severe heat, drought, and water quality over the next two years • **Mental, Spiritual, and Physical Health:** 60% of providers are expecting mental and spiritual health are also expected to be negatively impacted. 49% of providers are concerned about the physical risks associated with extreme weather & expect disruptions in care for physical/mental health needs due to extreme weather events • **Total Cost of Care:** Over 50% of provider respondents predict an increase in the total cost of care due to climate-related illness and events • **Burden on Caregivers:** Over 60% of provider respondents anticipate an increase in stress on providers and caregivers due to climate transition
Challenges	
Top challenges that will impact organizations' ability to deliver climate strategy over the next two years:	• **Regulatory Requirement Complexity**: 55% of organizations are focused on addressing the growing complexity and volume of regulatory requirements • **Funding**: 51% of providers are facing challenges in securing adequate funding to support their initiatives • **Stakeholder Buy In**: 48% of organizations are faced with resistance from stakeholders, impacting their ability to implementing climate-related initiatives

Medtech organizations will likely have to drive innovation across their value chain and product lifecycle to build climate resilience

Key considerations for medtech organizations

Leverage sustainable resources and implement effective supply chain practices to reduce adverse manufacturing impact on the environment

Several medtech companies are already working to establish a climate-aware R&D strategy. Organizations will likely have to accelerate the adoption of sustainable resources and apply continuous processing techniques, with a focus on simplifying processes to reduce the environmental impact of manufacturing.

Evolve products to better support needs of customers as climate increasingly impacts human health (e.g., diagnostics, med devices, wearables)

Climate is likely to alter disease prevalence, such as respiratory illnesses from air pollution and vector-borne diseases spreading to new regions. Medtech companies should evaluate changing healthcare demands and position themselves strategically to innovate products for climate resiliency. This can require companies to adapt existing products and developing new ones to address emerging health challenges.

75% of organizations are adopting sustainable supply chain practices (e.g., evaluating the sustainability of their suppliers) to promote ethical sourcing practices and ensure transparency throughout their supply chain

74% of MedTech companies believe sustainable supply chain practices (i.e., collaborating with suppliers and vendors, ethical sourcing practices, ensuring transparency, and reducing carbon emissions) will incorporated into their climate strategy in the next two years

56% of MedTech organizations view adapting to climate as a top priority for their company and their workforce

54% of MedTech respondents expect significant impacts on human health, including increased acute and chronic illnesses, infectious diseases, and mortality associated with severe heat, drought, and water quality

Medtech – Key Findings (1 of 2)

Questions/Themes	Responses
Strategy	
Priority areas in organizations' climate strategy over the next two years:	• **Carbon Footprint Reduction**: 77% of organizations are focusing on carbon footprint reduction initiatives to lower their environmental impact. • **External Collaboration**: 77% of organizations are prioritizing collaboration with stakeholders to advance climate action efforts • **Sustainable Supply Chain**: 75% of organizations are adopting sustainable supply chain practices (e.g., evaluating the sustainability of their suppliers) to promote ethical sourcing practices and ensure transparency throughout their supply chain to identify and manage climate-related risks
Top factors influencing organizations' climate strategy over the next two years:	• **Decarbonization Objectives:** 74% of MedTech organizations believe that setting decarbonization and carbon emissions reduction targets will influence their climate strategy in the next 2 years • **Cost of Care:** 72% of MedTech organizations believe assessing the impact of climate-related events and illnesses on the total cost of care will be a factor in their strategic planning • **Investment / Funding**: 72% of organizations believe the availability of investment and funding to support sustainability initiatives will contribute to their strategies • **Regulatory Requirements**: 72% of MedTech organizations believe addressing regulatory requirements related to environmental and sustainability standards will be a factor in their strategy • **Supply Chain Management:** 74% of MedTech companies believe sustainable supply chain practices (i.e., collaborating with suppliers and vendors, ethical sourcing practices, ensuring transparency, and reducing carbon emissions) will incorporated into their climate strategy
Actions	
Actions being taken / planned to reduce the impacts on human health:	• **Sustainable Supply Chain & Practices**: 67% of respondents are focusing on sustainable supply chain practices as part of their near-term climate strategy • **Workforce Upskilling:** 88% of MedTech respondents are implementing initiatives to upskill their workforce to respond to climate impacts • **Collaborating with Stakeholders**: 56% of MedTech companies view adapting to climate as a top priority for their company and their workforce. 77% of respondents prioritize collaboration with stakeholders such as vendors, suppliers, and academic institutions.100% of respondents said they plan to work or are already working with academic institutions, while 92% plan to work or are already working with non-profits • **Health Inequity:** 67% of MedTech organizations plan to prioritize addressing health inequity and SDOH related to climate impacts. 74% of respondents believe that increasing investments in SDOH will impact health inequities in the industry in the next two years • **Benefits and Services**: 26% of MedTech organizations plan to update benefits and services to support population needs resulting from climate transition in the next one to three years

Medtech – Key Findings (2 of 2)

Questions/Themes	Responses
Impact	
How will climate impact the healthcare industry and human health in the next two years:	• **Effects on Human Health:** Medtech respondents expect significant impacts on human health, including increased acute and chronic illnesses (54%), infectious diseases (52%), and mortality associated with severe heat, drought, and water quality (57%). • **Provision of Care:** 49% of Medtech companies indicate extreme weather events may disrupt the provision of care for physical and mental health
Challenges	
Top challenges that will impact organizations' ability to deliver its climate strategy over the next two years:	• **Funding**: 69% of organizations are focused on securing sufficient funding to support their initiatives • **Regulatory Requirement Complexity**: 69% of organizations report that growing regulatory requirements and complexity is a challenge • **Data Management**: 51% of organizations report that gathering, integrating, and reporting the appropriate data is a challenge in implementing climate and sustainability efforts • **ROI**: 51% of organizations find that achieving returns from their climate-friendly investments is an obstacle in delivering on their climate strategy

Pharma and Biotech companies should redesign procurement processes and supply chain to align with evolving environmental expectations

Key considerations for pharmaceutical and biotech organizations

Balance the use of sustainable resources and practices with increasing complexities and regulatory pressure around drug pricing and environmental impact

As regulations are increasingly focused on environmental standards, pharma and biotech organizations should invest in sustainable resource management. Simultaneously, companies are under scrutiny to maintain affordable drug prices. These pressures necessitate innovative approaches to reduce environmental impact without significantly increasing production costs (e.g., green chemistry, energy efficient facilities).

Prepare for potential increasing challenges in maintaining drug supply stability due to climate-related events

Extreme weather events can damage production facilities, interrupt transportation routes, and affect raw material availability, leading to shortages. Additionally, climate transition is altering disease patterns, potentially causing sudden spikes in demand for certain medications. To drive consistent access, organizations should invest in resilient supply chains, diversify manufacturing locations, and improve predictive modeling for climate-induced health trends.

85% of pharma/biotech companies are implementing carbon footprint reduction initiatives to minimize their environmental impact

90% of pharma/biotech companies are currently working with other pharmaceutical organizations and healthcare providers to prepare for climate transition risks

75% of pharma/biotech organizations are focusing on the management of sustainable resources to enhance environmental stewardship

81% of pharma/biotech organizations believe evaluating climate impacts on their supply chain will bring initiatives focused on increased resilience to the forefront of their climate strategies

Pharma / Biotech – Key Findings (1 of 2)

Questions/Themes	Responses
Strategy	
Priority areas in organizations' climate strategy over the next two years:	• **Management of Sustainable Resources:** 92% of pharma/biotech organizations are focusing on the management of sustainable resources to enhance environmental stewardship • **Adoption of Renewable Energy**: 90% of pharma/biotech organizations are adopting renewable energy sources as part of their sustainability efforts • **Carbon Footprint Reduction Initiatives**: 85% of pharma/biotech companies are implementing carbon footprint reduction initiatives to minimize their environmental impact • **Strategic Collaboration**: 85% of pharma/biotech companies are forming new strategic alliances or joint ventures to improve healthcare delivery
Top factors influencing organizations' climate strategy over the next two years:	• **Supply Chain**: 81% of pharma/biotech organizations believe evaluating the impact of climate on their supply chain will bring initiatives focused on increased resilience to the forefront of their climate strategies • **Internal and External Pressures**: 81% of pharma/biotech companies report internal and external stakeholder demands as a key influence for their climate strategy initiatives • **Decarbonization / Carbon Emissions Objectives**: 79% of organizations believe decarbonization and carbon emissions reduction targets will be a factor in their strategic planning • **Cost of Care**: 79% of organizations believe the impact of climate on the total cost of care will impact their near-term strategic planning • **Investment / Funding**: 79% of pharma/biotech companies believe financial support / funding will influence their climate strategy
Actions	
Actions being taken / planned to reduce the impacts on human health:	• **Reducing Health Inequities and Increasing Resources**: To address the impact of climate on human health, 27% of pharma/biotech organizations plan to increase investments in SDOH and health equity initiatives to reduce the inequities over the next one to three years. Roughly 70% of pharma/biotech respondents have already increased or are increasing access to mental health resources, and 21% plan to do so in the next one to three years • **Workforce Upskilling:** 85% have upskilled or are currently upskilling their workforce on climate-related risks and strategies • **Partnerships:** 90% of pharma/biotech companies are currently working with other pharmaceutical organizations and healthcare providers (significantly more than other sectors, 90% vs. 73% overall), and 79% are currently working with technology companies to prepare for climate transition risks. Over the next 2 years, 85% are prioritizing formation of new strategic alliances or joint ventures to improve healthcare delivery

Pharma / Biotech – Key Findings (2 of 2)

Questions/Themes	Responses
Impact	
How will climate impact the healthcare industry and human health in the next 2 years:	• **Physical and Mental Health Risks:** 75% of pharma/biotech organizations believe climate will have an impact and disrupt care for physical and mental health needs due to extreme weather events and 67% believe that it will impact and increase physical risks associated with extreme weather, which will impact the conditions they need to treat over the next several years. 65% foresee an increase in stress on providers and caregivers over the next two years. • **Increase in Workforce Development and Governance:** 65% of pharma/biotech companies recognize that the impact of climate will increase workforce development and governance around climate-related initiatives.
Challenges	
Top challenges that will impact organizations' ability to deliver its climate strategy over the next two years:	• **Funding**: 60% of organizations are concentrating on securing adequate funding to support their initiatives. • **Regulatory Requirement Complexity**: 58% of organizations are focused on addressing the growing complexity and volume of regulatory requirements. • **Internal Upskilling**: 56% of organizations are prioritizing the education and upskilling of their workforce to handle emerging challenges.

Healthcare organizations should consider how they can combat the impacts of climate transition

Industry-Wide Considerations

- What are the climate risks (acute and chronic) you may be faced with?
- What risks to physical and mental health does that pose?
- How can the populations you serve be impacted?
- How are you prepared to respond to a climate related event? Are your employees prepared?
- How are you supporting your community? Your employees?
- What business relationships do you need to be successful?

Payer

- How can you shift your climate transition focus beyond decarbonization to human health?
- How can you manage total cost of care and strategic cost takeout pressures, while investing in critical climate programs?
- How can you improve existing initiatives around mental/behavioral and digital health to have a net positive impact on climate?
- What opportunities are there to collaborate and be more proactive to address climate impacts on human health?

Provider

- How can you balance climate friendly practices and required sanitation obligations?
- What tactics do you need to implement to retain clinicians if admit volumes continue to increase following climate related events?
- How can you position yourself to be a collaborator and leader in the climate industry as strategic business relationships become high priority for other sectors?

Pharma

- How do you balance the use of sustainable resources and practices with mounting regulatory pressure on drug prices?
- How can you combat potential drug shortages and/or access to drugs given the increased demand due to climate related events?

Medtech

- How do you leverage sustainable resources and supply chain practices to reduce the adverse impact of manufacturing on climate?
- How can you evolve your products to better support the needs of your customers as climate impacts human health (e.g., diagnostics, med devices, wearables)?

Thank you.

www.pwc.com