# THE GCC – OPPORTUNITIES IN HEALTH FUNDING AND MEDICAL TOURISM

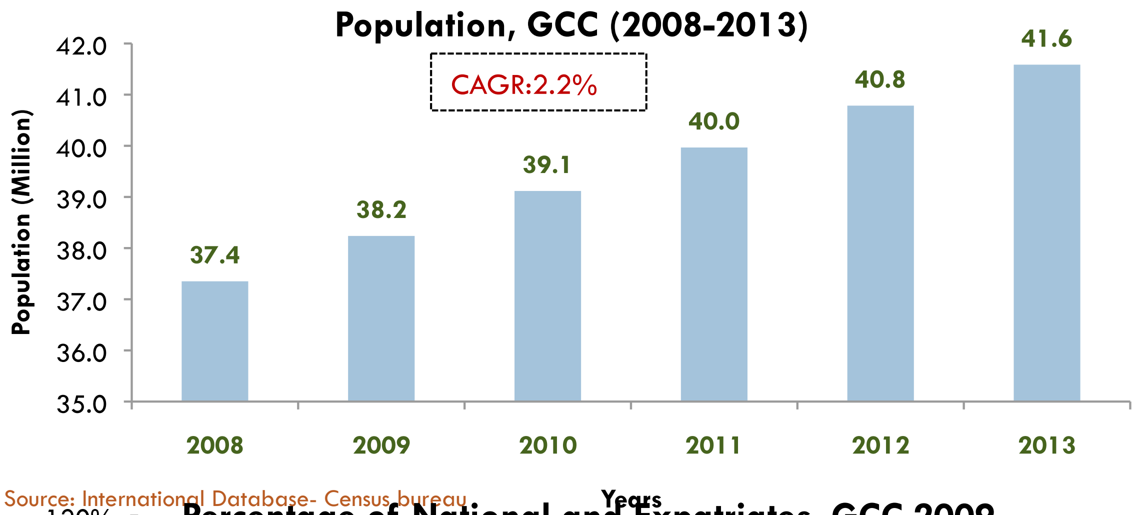
HEALTH beyond borders

6th Arab German Health Forum 2013

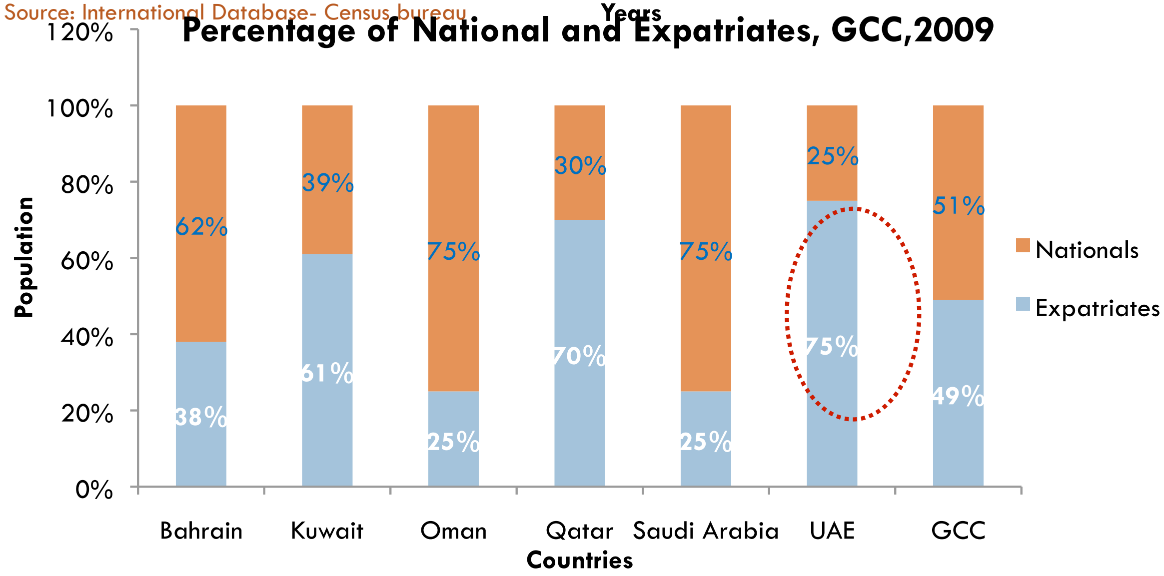
# Demographic Changes and Future Population Trends

# GCC Population has grown considerably over the past 5 years






Source: International Database- Census bureau

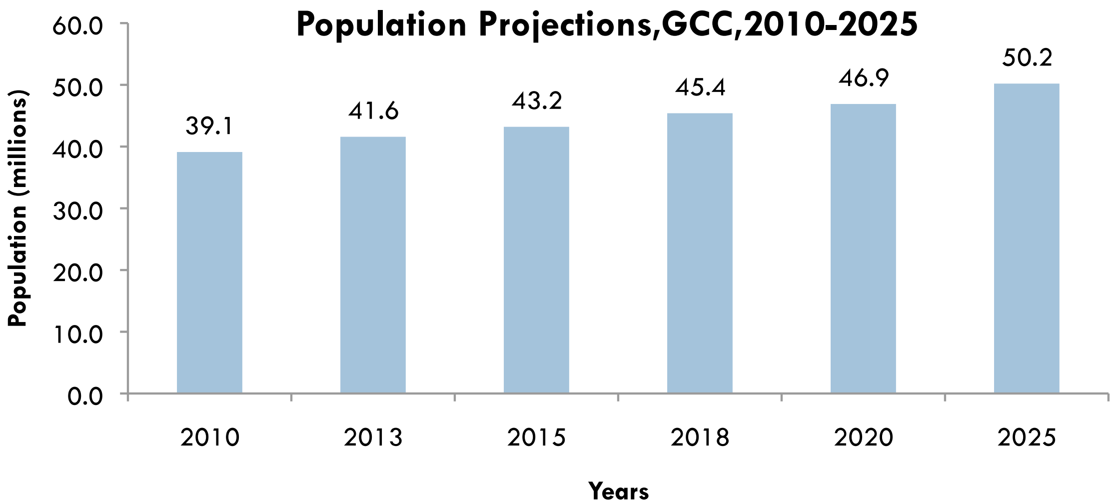



*Source: Frost & Sullivan 2012,report*

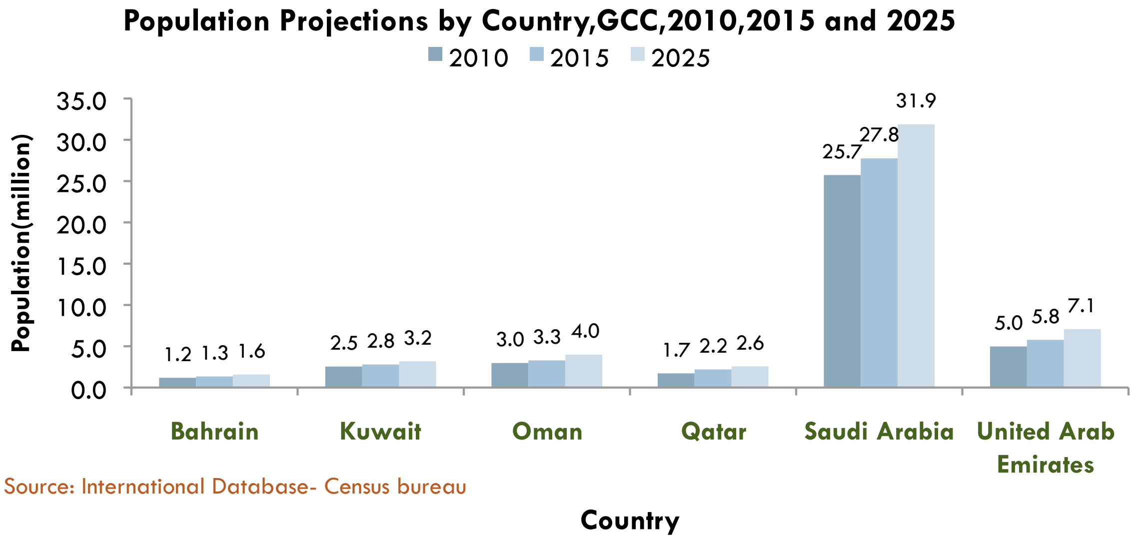
- **The GCC population expanded at CAGR of 2.2% to 41.6 million during 2008-2013.**
- **The expatriates make up to 49% of the region's population.**
- **UAE has the highest expatriate population and Saudi Arabia has the lowest.**

# GCC Population is expected to rise to over 50 mn in 2025






Source: International Database-Census bureau

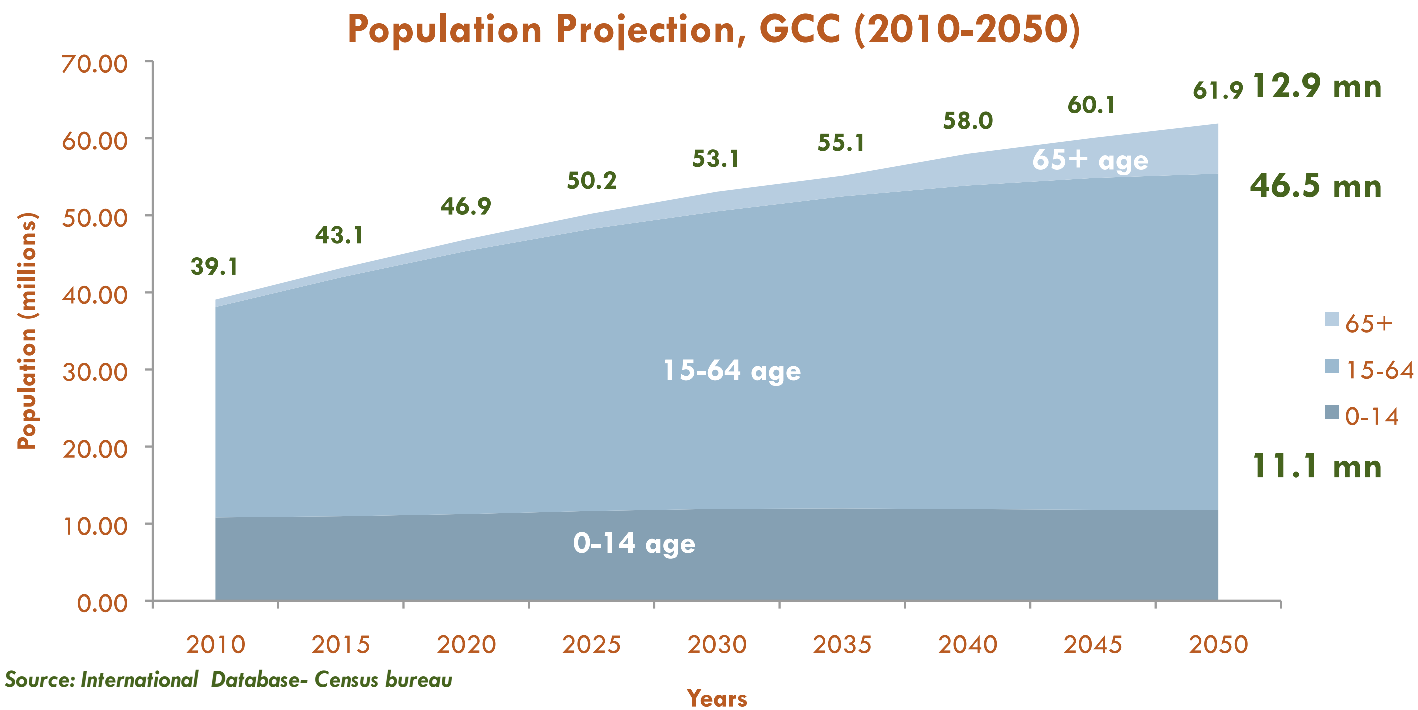



Source: International Database- Census bureau

- By 2025, the population in GCC will reach 50 million. The vast majority will be under the age of 25.
- Growth in GCC is largely due to increasing number of expatriates in the region's developing economies.
- GCC is expected to be a major importer of foreign labor in future as well.

# Overall population is set to rise, the +65 population is set to grow significantly






*Source: International Database- Census bureau*

- Population growth in GCC is heavily driven by immigration trends in the region.
- In addition, improvement in life expectancy over past quarter of a century have lead to the expansion of over 65 age group segment.
- The elderly population in the region is expected to grow leading to increase demand in healthcare in future

# Health Indicators, Spending and Risk Factors in the GCC – A snapshot

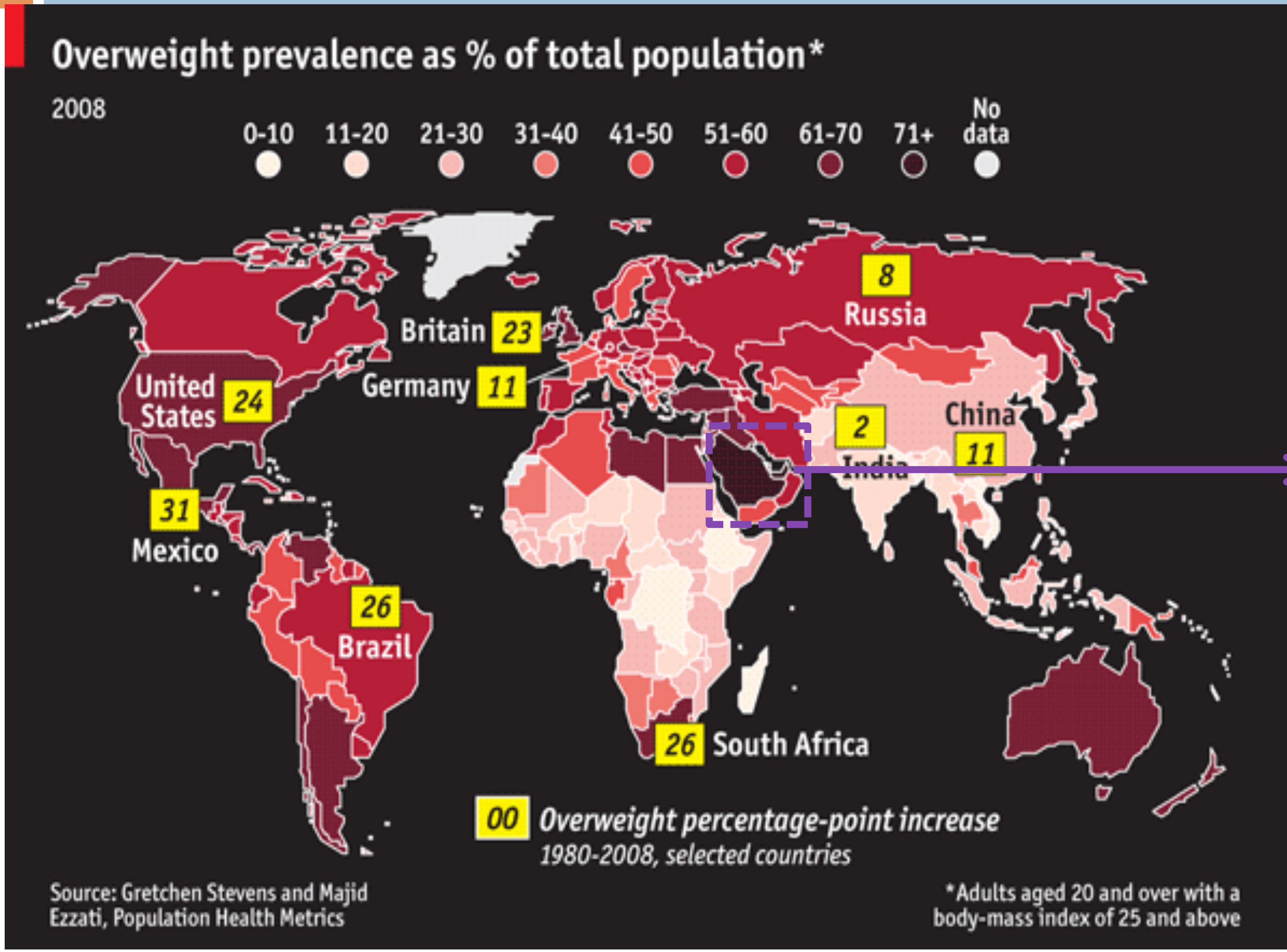
# GCC – Health Indicators and Risk Factors

| | | | | | | |
|---|---|---|---|---|---|---|
| NCD's a % of total for cause of mortality | 66% | 83% | 71% | 69% | 76% | 79% |
| % Overweight out of total population | 71% | 56% | 69% | 72% | 79% | 71% |
| % Obesity out of total population | 33% | 21% | 33% | 33% | 42% | 33% |
| % at risk from raised blood pressure | 28% | 35% | 33% | 34% | 29% | 37% |

WHO: Non communicable diseases country profiles 2011

# Overweight Prevalence – A global snapshot



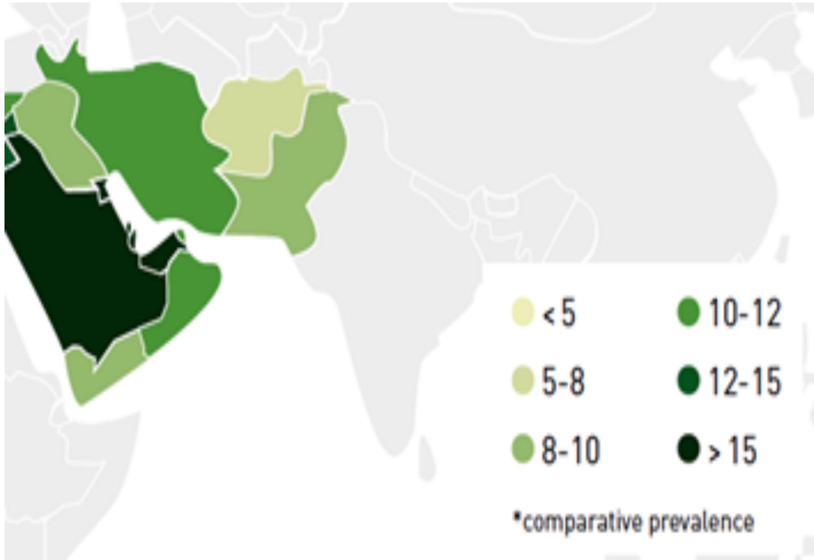



GCC – ranges from 51-60% to over 71%

# Rising Prevalence of Diabetes in the GCC, a leading risk factor for CVD

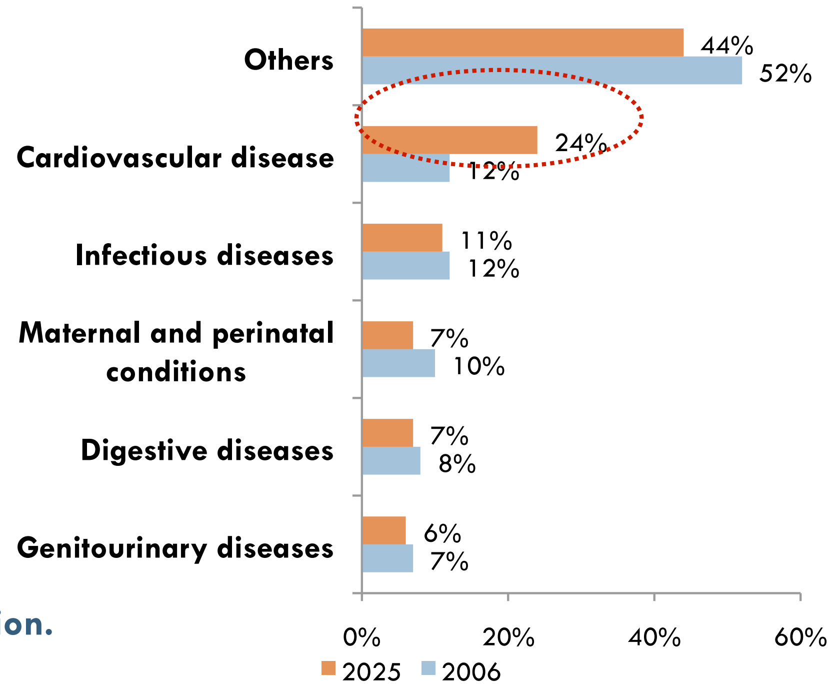


**Comparative Prevalence of Diabetes (2011, MENA Region)**




Source: IDF 2011

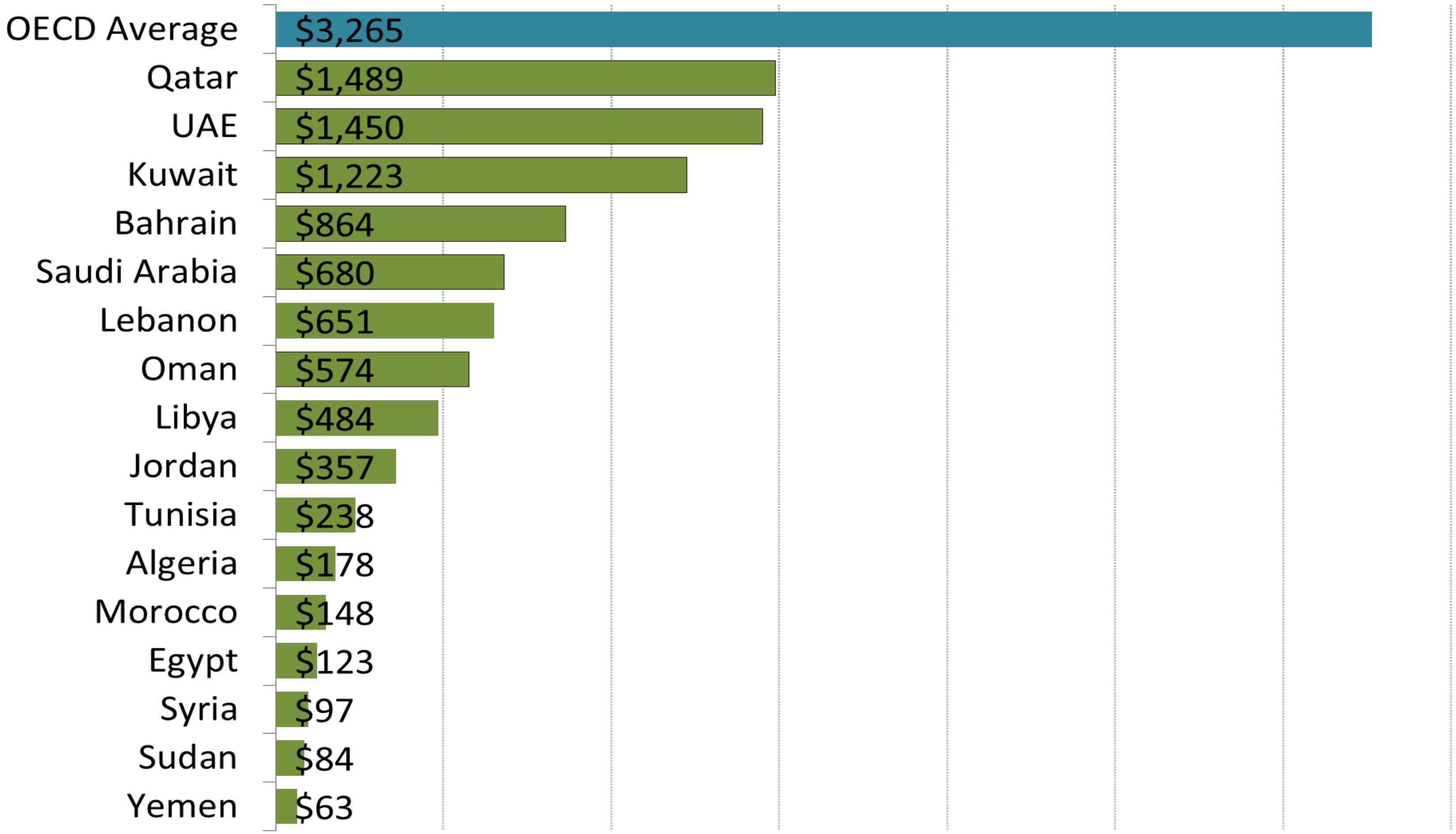
**Projected burden of cardiology – 2006 vs 2025 (est.)**




- Diabetes prevalence is over 25% of the GCC population.
- 5 of the 6 GCC countries in the top 10 countries in the world in terms of % prevalence of Diabetes (2011 Diabetes Atlas).
- Lifestyle disease such as diabetes, Hypertension, Heart diseases accounts to 50% of deaths in Gulf region.

*Source: McKinsey & Co. Research*

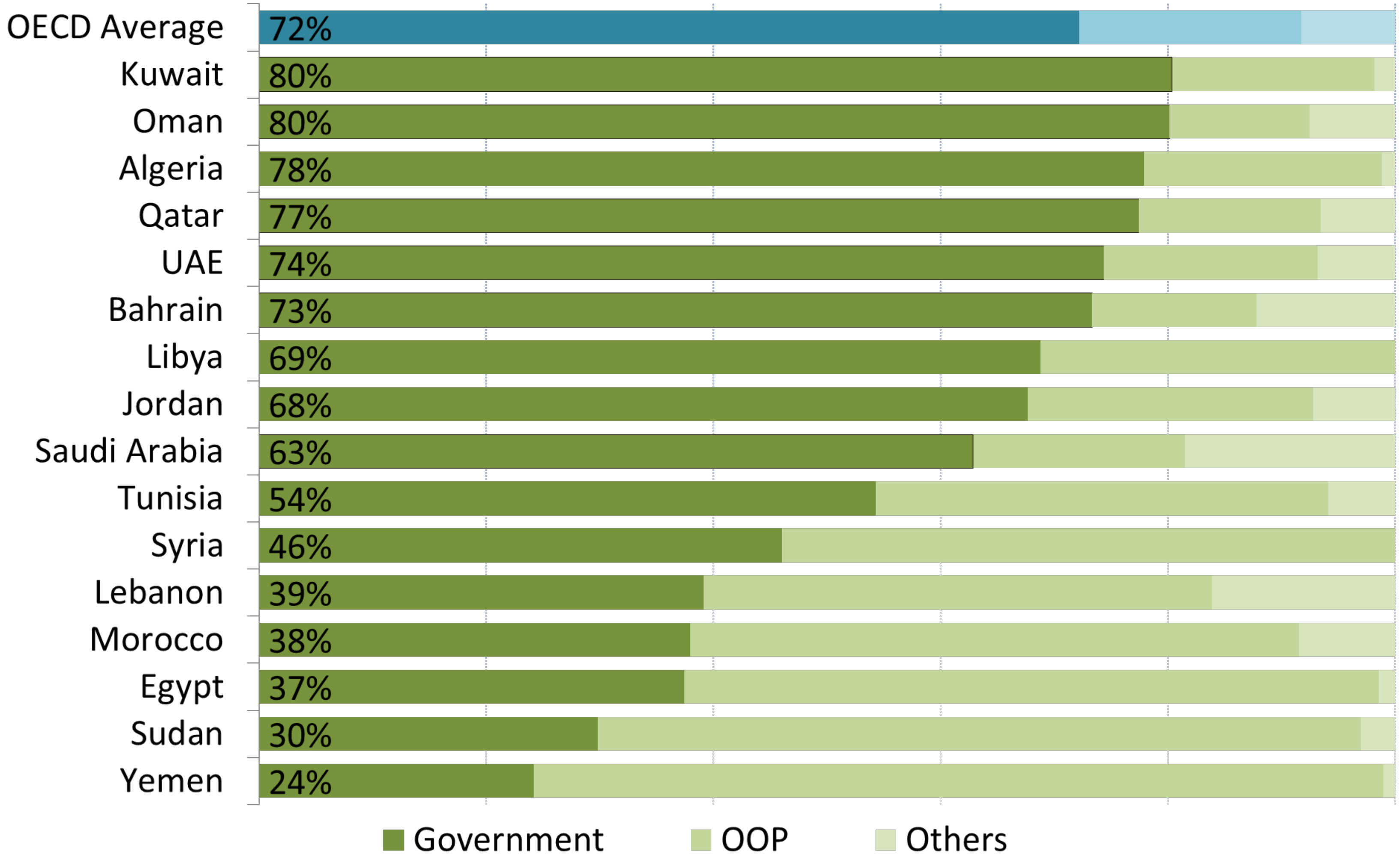
# Per Capita Total Expenditure on Health in the region is reasonable but lower than OECD Avg.




However, the healthcare spending is significantly higher than rest of Middle East where the current spending is grossly inadequate to meet healthcare demand in a number of the countries

Source: Global Health Expenditure Database, WHO 2012 and OECD Health Data 2012

# A large portion of the health spending in the GCC is financed by the Government

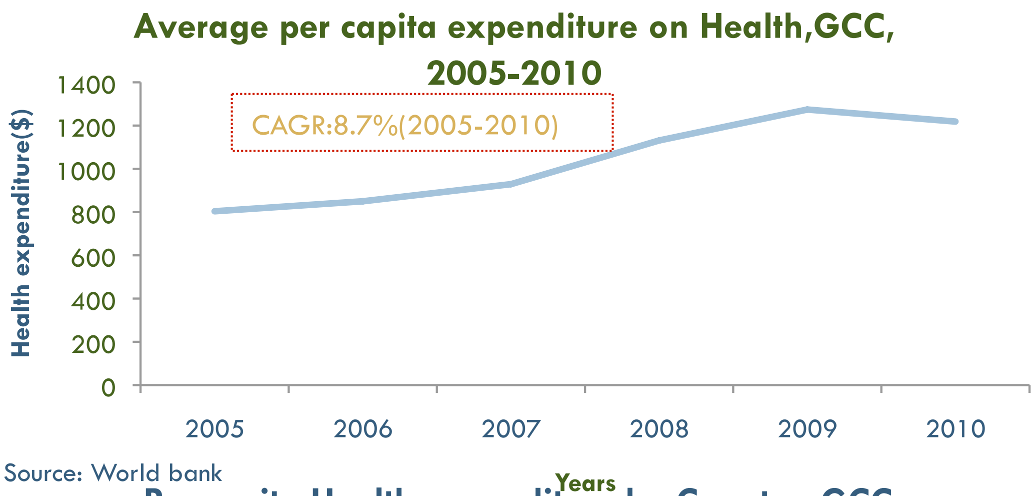



Efforts are being made by many Gulf States to shift the burden of spending from the Government and OOP to health insurance

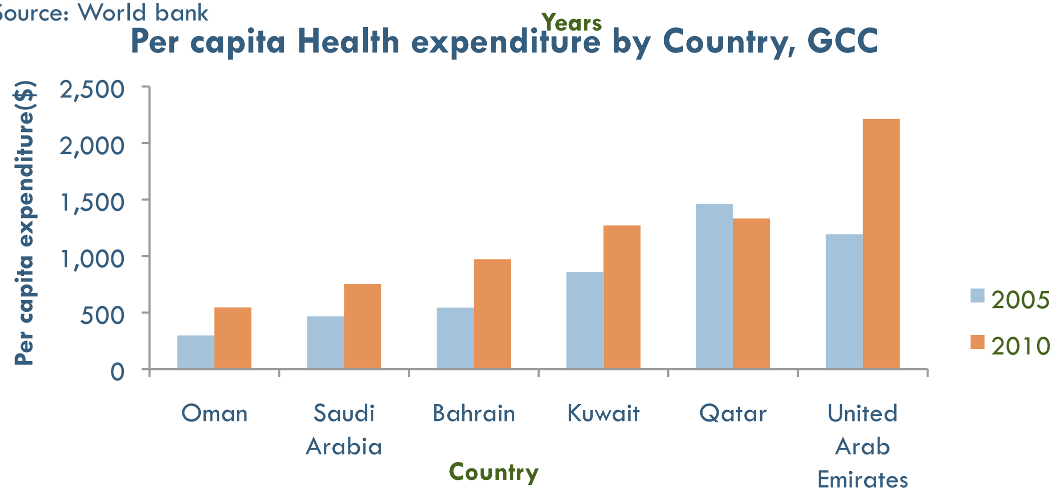
Source: Global Health Expenditure Database, WHO 2012 and OECD Health Data 2012

# There has been an Increase in spending on Healthcare(per capita) since 2005






Source: World bank

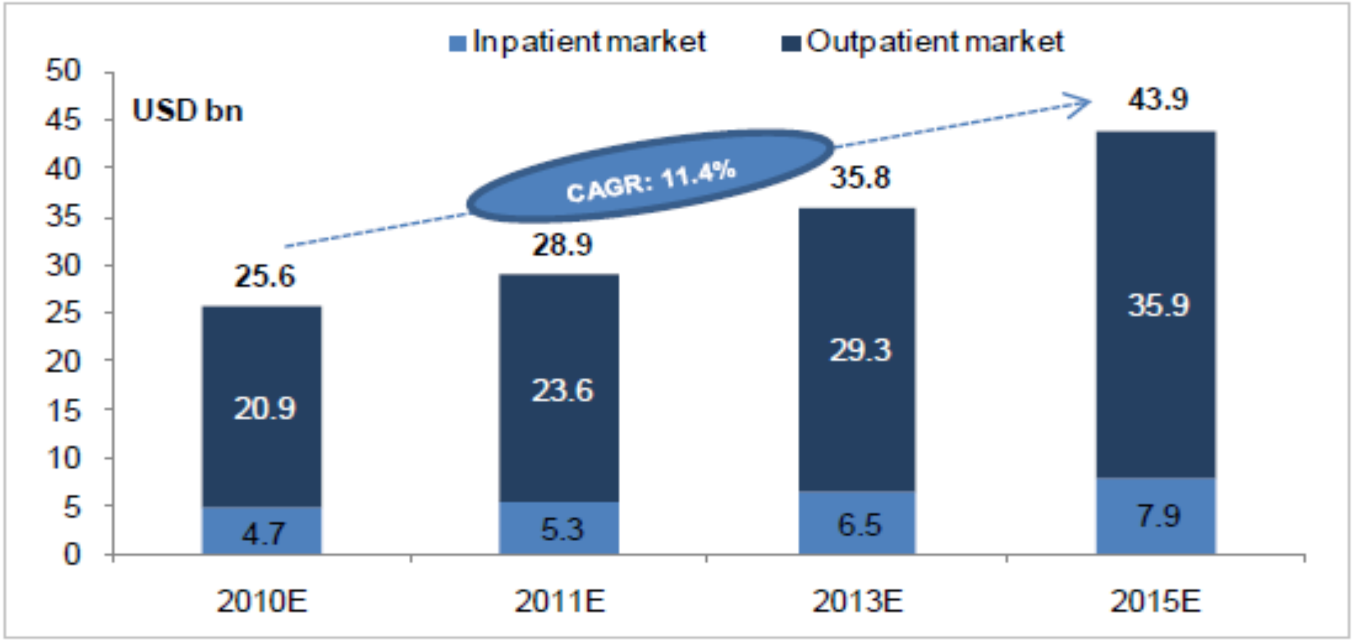



Source: World bank, IDB-census bureau

- During 2005-2010,per capita health spending in GCC has grown in tandem with rise in income.
- The growth is quite significant in UAE compared to other GCC countries.

# Health Spending in the GCC – Future trends

- The healthcare services market in GCC expanded at a CAGR of 18.8% since 2004 and reached around USD23.1 billion in 2009.
- It is projected to grow at an annual rate of 11.4% to **USD43.9 billion by 2015** from an estimated USD25.6 billion in 2010
- Some experts estimate spending to grow to **USD 60 billion in 2025** with growth in inpatient and outpatient market due to increased disease prevalence coupled with rising healthcare cost/inflation






Source: Alpen Capital GCC Healthcare Report 2011, Mc Kinsey & Co. GCC Healthcare Outlook

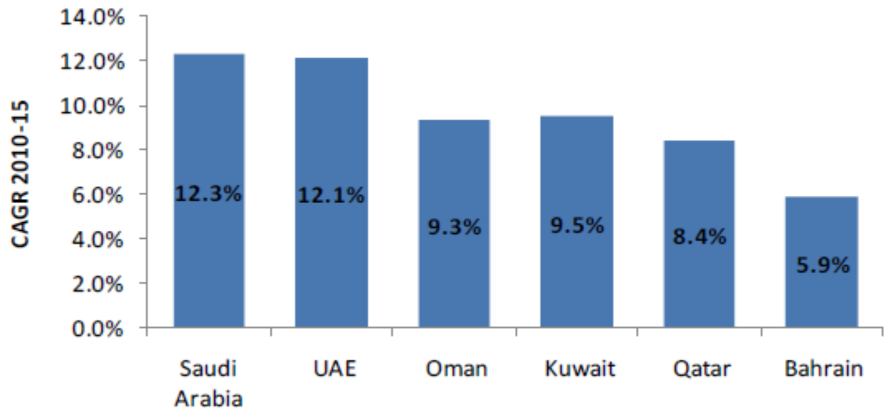
# Health Market Growth in the GCC

## Saudi Arabia and the UAE are the largest markets together accounting for 75% of health spending in 2015 and are expected to be the fastest growing markets in GCC over 2010–15 growing at over 12%

**Country-wise healthcare market within GCC (%)**

| Country | 2010E | 2011E | 2013E | 2015E |
|---|---|---|---|---|
| Saudi Arabia | 56.2% | 56.4% | 57.6% | 58.5% |
| UAE | 17.6% | 17.6% | 17.9% | 18.2% |
| Qatar | 8.5% | 8.2% | 7.9% | 7.4% |
| Oman | 5.1% | 5.0% | 4.8% | 4.6% |
| Kuwait | 10.2% | 10.5% | 9.9% | 9.3% |
| Bahrain | 2.4% | 2.2% | 2.0% | 1.8% |
| GCC Total | 100% | 100% | 100% | 100% |

**Country-wise healthcare market growth over 2010-15**




Source: Alpen Capital GCC Healthcare Report 2011

# Overview of Future Health Investments in the GCC

# Upcoming Healthcare Projects in GCC



| Country | Project | Status | Value |
|---|---|---|---|
| Kuwait | Jaber Al Ahmed Al Sabah hospital | Construction | $1057 m |
| | Razi Hospital | Construction | $ 1200 m |
| | Sidra Medical & research | Design | $ 2300 m |
| Oman | Medical City Oman | Concept Stage | $1000m |
| Saudi Arabia | 10 Specialized hospitals in Saudi Arabia | Concept Stage | $1,350m |
| | Prince Nayef Specialization Medical city | Concept Stage | $1,000m |
| | King Abdullah Medical City | Design | $1,200m |
| UAE | New Hospital for Sheikh Khalifa Medical City | Design | $2,000m |
| | Cleveland Clinic in Al Maryah Island | Construction | $1,300m |

Source : Frost& Sullivan Report 2012, Alpen GCC Healthcare Report 2011, Contructionweekonline.com

# Upcoming Healthcare Projects in Dubai



| Project | No. of Beds |
|---|---|
| **Public** | |
| Al Jalila Pediatric Hospital | 200 |
| Al Makhtoum Trauma Hospital | 400 |
| **Private** | |
| University Hospital (DHCC) | 400 |
| Al Jord Orthopedic Specialty Hospital | 53 |
| Suliman Al Habib Hospital expansion | 200 |
| Aster(DM Healthcare) Dubai | 300 |
| The City Hospital expansion (Oncology) | 200 |
| Lifeline – Umm Hurrair Hospital | 94 |
| Al Zahra Hospital | 200 |

Source : Dubai Health Authority/ DHCC

# Financial Challenges in the GCC Health System

# Financial challenges facing the region

- Increase “pre-payments” through health insurance, levies and/ or taxes
- Reduce government burden on health expenditure
- Reduce Out-of-Pocket expenditure by increasing health insurance coverage
- Complexity projecting future health spending, which requires;
    - Current expenditure on hospitalization, doctor visits, pharma.
    - Demographic factors: population structure
    - Health factors: burden of diseases
    - Economic and social factors: income, new technologies
    - Public policy factors: health promotion, health regulation

# Health Insurance can play a role in promoting investments & reducing the prevalence of lifestyle diseases

Insurance industry can design and implement innovative health coverage packages that have varied benefits and have a specific focus on prevention

Benefits of future Health Insurance packages

- Primary prevention –They include immunization, smoking cessation, regular physical activity, good nutrition etc.
- Secondary prevention - It includes Pap smears, blood pressure check-ups, mammograms, and other forms of screening.
- Tertiary prevention - Tertiary prevention may include both drug treatments and actions like physical activity and good nutrition that can help control heart disease and hypertension.

GCC Employers are likely to adopt health insurance schemes that are aimed at reducing cost. Specific Programs focusing on wellness & prevention could be an innovative approach e.g Weight loss or smoking cessation.

# Medical Tourism – Overview and Opportunities

# Industry Drivers: Factors that have lead to the rise of Medical tourism

**Government policy** - Around 50 countries have now identified medical tourism as a strategic national industry. In Asia, one impetus came from the Asian crisis of 1997, when some countries seized on medical tourism as a way to increase foreign currency earnings.

**Developments in information technology -** The Internet has enabled patients to research options beyond national borders, and has expanded international marketing opportunities. It has also broken down cultural barriers.

**Lower air fares** -The advent of budget airlines and a drop in airline fares have made foreign travel-and therefore medical tourism-more affordable.

**Trade liberalization -** The General Agreement on Trade in Services, agreed by the World Trade Organization (WTO) in 1996, paved the way for trade in medical and other services.

**Increasing foreign investment -** The relaxation of restrictions on foreign ownership in many emerging-market economies has channeled FDI into provision of healthcare services, leading to improvements in quality and efficiency.

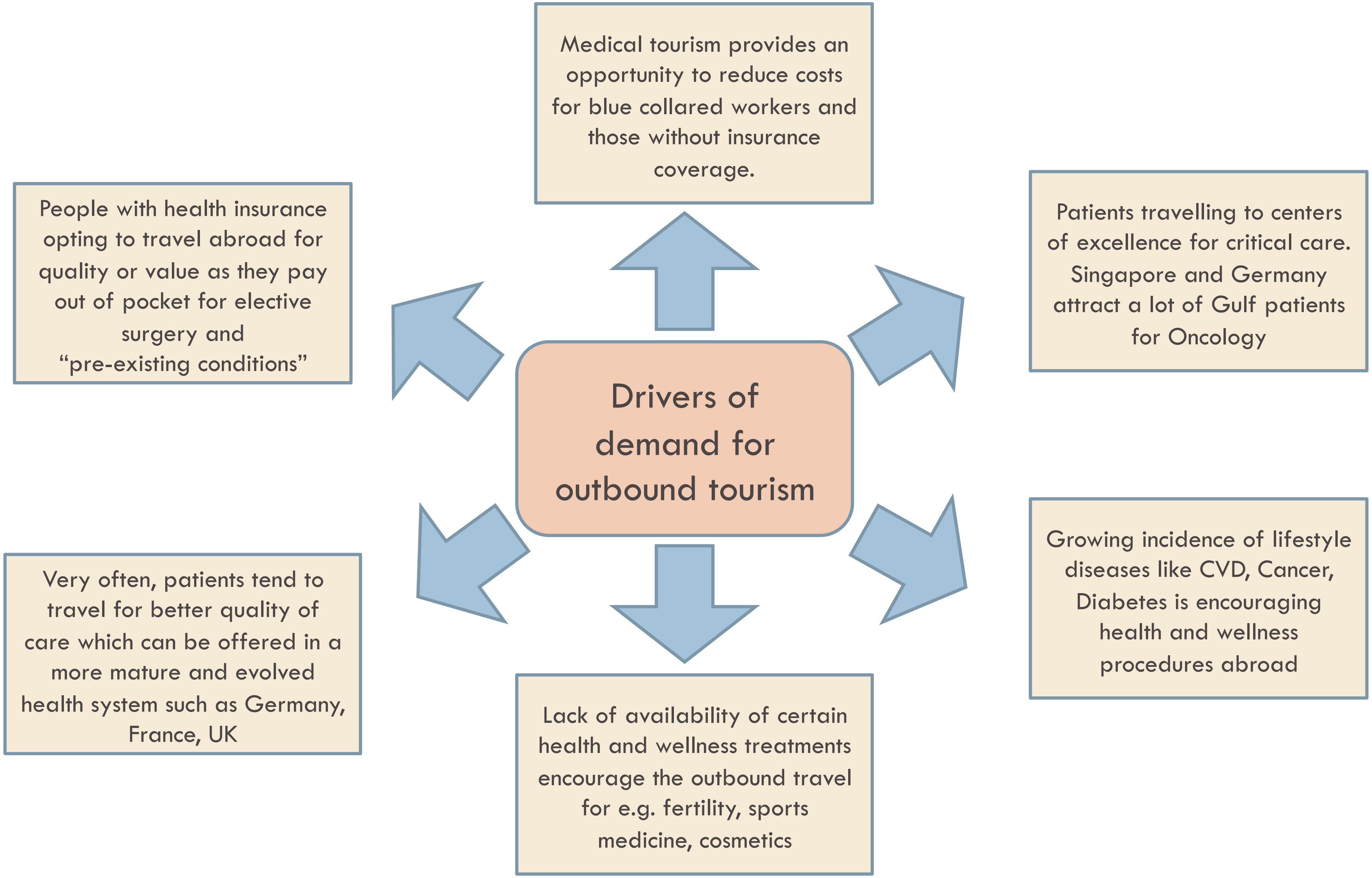
**Internationalization of the medical workforce -** As healthcare systems have expanded, developed countries have recruited more immigrant healthcare workers. This has given medical staff valuable international experience, and has allowed Western patients to become familiar with dealing with foreign medical staff.

**Internationalization of medical training and accreditation -** The vast majority of IMGs in the US trained in developing countries, which originally led to concern over standards. This prompted some harmonization of medical training, which, combined with the spread of English as an international language, has made medical skills more portable.

**The rise of facilitator firms** - Thousands of agencies now offer medical tourism services to healthcare travelers, such as arranging accommodation and acting as a mediator with the hospitals. These agencies also act as a channel for governments and hospitals to promote medical services.

- Source: Healthcare Special report - EIU 2011)

# Drivers demand for Outbound Medical Tourism from GCC

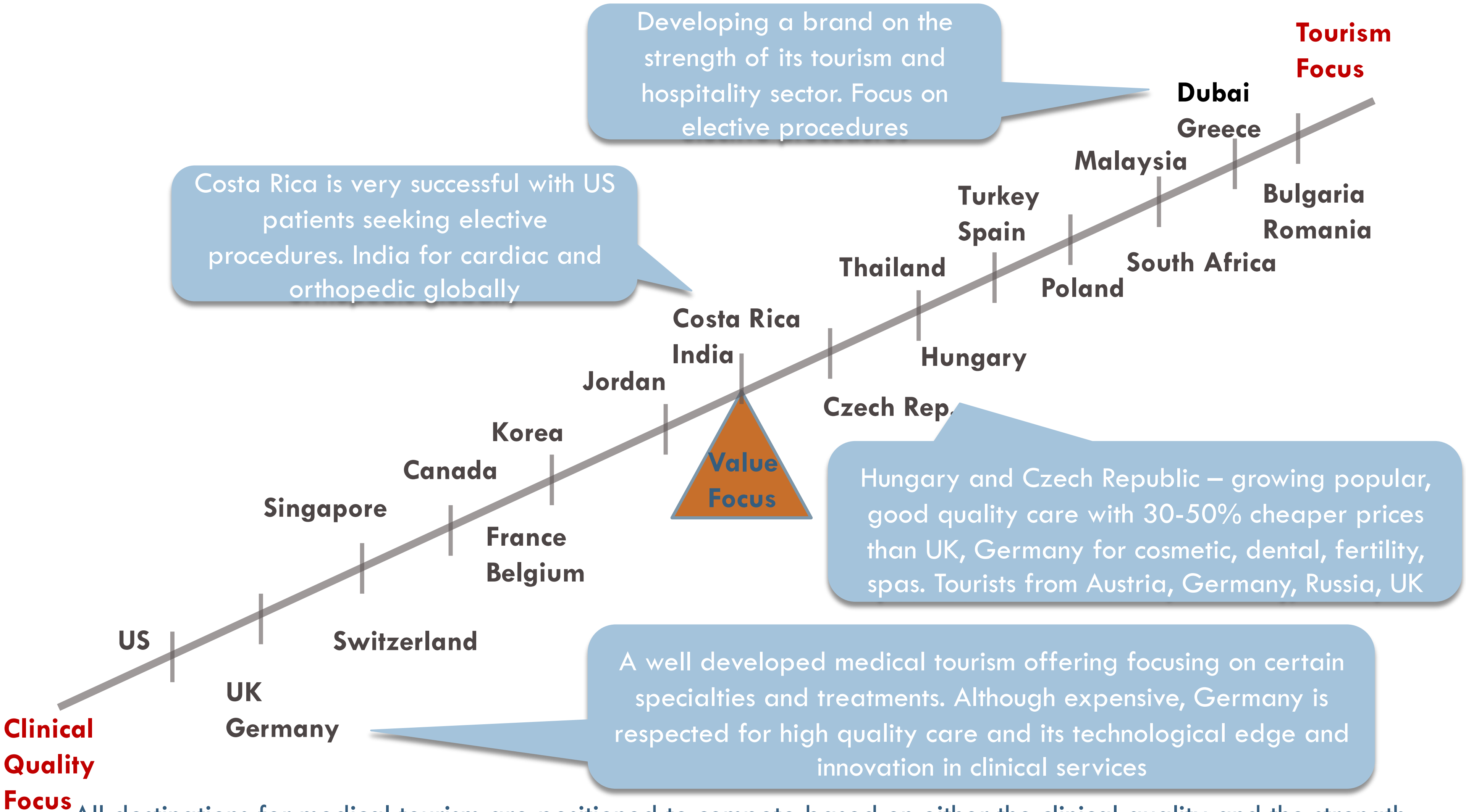


# The reasons behind a decision to travel for healthcare

| The factors that could affect each patient's choice of location are: |
|---|
| **Expertise** of the doctors or surgeons involved, and the **quality of aftercare**; |
| **Ease of travel**, including the possibility of combining **treatment** with a **holiday**; |
| **Familiarity** with the country, the **language** and the **healthcare system**; |
| **Risks for the patient**, which range from quality concerns in the healthcare system to general risks, such as terrorism; |
| **Cost**, both for **the treatment** and for the **stay**. |
| The **perceived value** from treatment abroad considering the **quality of health system** in the home country and malpractice by clinicians. |
| The **waiting time** for the procedure in the home country compared with the location they consider for medical travel. |
| The **availability of after care** services post surgery |
| The availability of **information** on **quality and experience of surgeons** and on the **costs** |

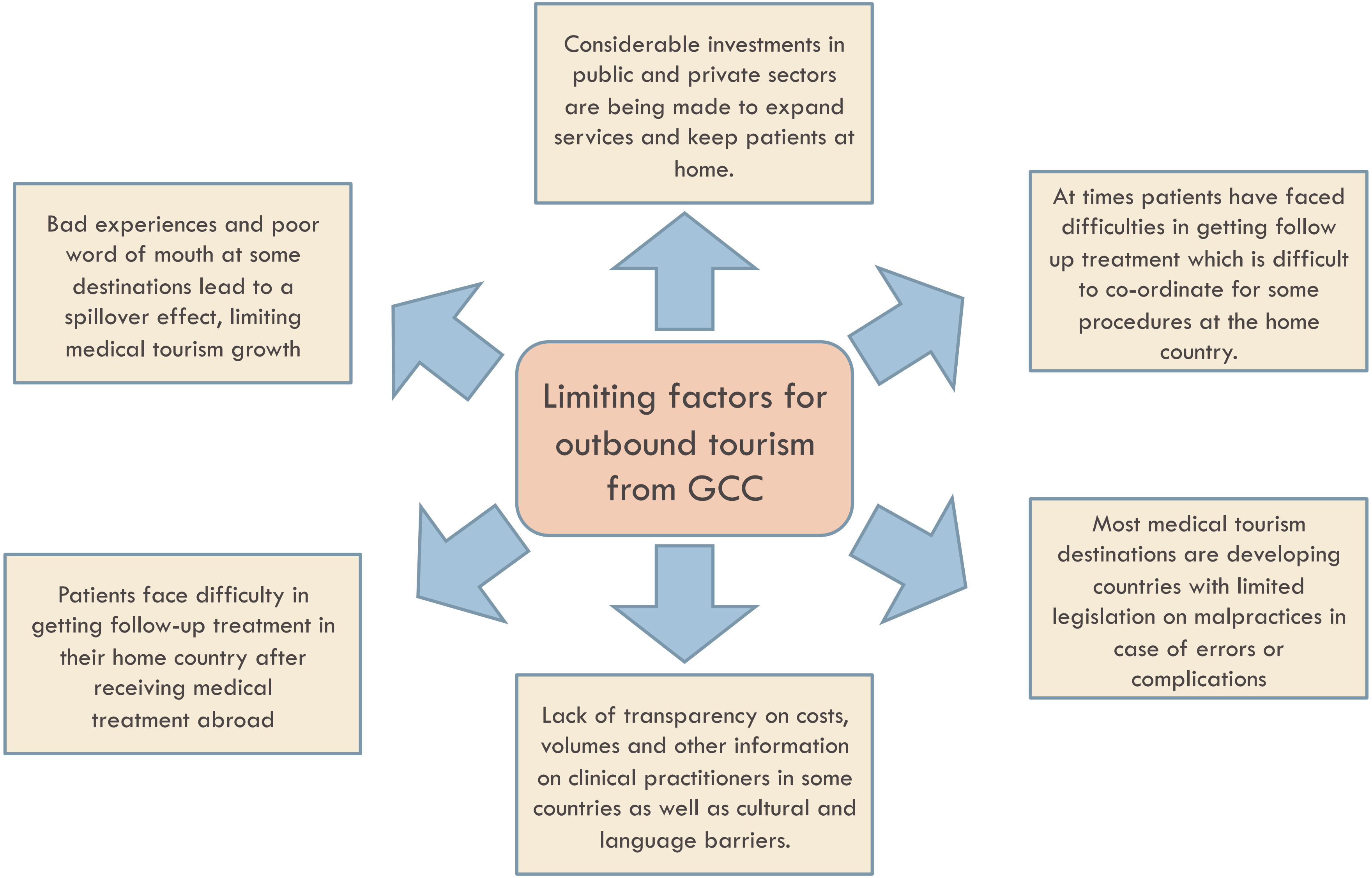
Source: Healthcare Special report - EIU 2011 and DHA Overseas Treatment Survey 2012

# Perceptual Mapping of leading destinations in Medical Tourism




All destinations for medical tourism are positioned to compete based on either the clinical quality and the strength of their health system or on the strength of their tourism brand and infrastructure

# Factors limiting the growth of outbound medical tourism in the GCC



# Germany, UK, US, India and Thailand are leading destinations for GCC medical tourists

- **Providers** seeking and receiving accreditation from organizations such as JCI in order to alleviate concerns about quality of care. Hospitals are also getting accredited as certified medical tourism facilities from MTA and Temos.
- Reputed **medical institutions** and providers collaborating with institutions abroad to create brand recognition for organizations and for the destination.
- State health providers, ministries of health and big companies have recently launched plans that **reimburse treatment costs** in foreign locations, alleviating concerns about follow up care and coverage once back at home
- Destinations like Thailand, US, India and Germany are providing **concierge services** and a cultural environment.
- Destinations such as Turkey, Korea, Jordan & Malaysia are growing in popularity.

**…appears to be having an effect on patient sentiment**

Multiple surveys of patients' experiences at facilities abroad suggest that most feel satisfied with the quality of care and would encourage friends and relatives to travel abroad for medical care

Germany has an **87%** satisfaction based on a recently concluded survey with **90%** of patients who've sought treatment in Germany would recommend it to friends & family.

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# Thank You

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