

Marmore Industry Report 2015

GCC Healthcare

On the Growth Phase



Research Highlights

Analyzing potential opportunities in private healthcare highlighting growth drivers, opportunities and challenges.

MARMORE
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Research

M.R. Raghu CFA, FRM | Head of Research
rmandagolathur@markaz.com

N.C. Karthik Ramesh | Manager – Research
kramesh@markaz.com

Sankara Narayanan | Analyst
snarayanan@markaz.com

Support

Jeneviva Lasrado | Executive Secretary, Research
jlaserado@markaz.com

Nataraj Balakrishnan | Administration Manager
nbalakrishnan@markaz.com

Nael Aboul Huda | Manager, Media & Communications
naboulhuda@markaz.com

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For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: info@e-marmore.com; Tel: 00965 22248280; Fax: 00965 22495741.

Table of Contents

1. Executive Summary	6
2. Drivers for growth	9
Medical Development and Infrastructure in GCC	19
3. Healthcare Industry in GCC – Overview & Opportunities	23
Hospitals and Infrastructure	23
Indicators (per 10,000 population).....	34
Physicians.....	34
Hospital Beds.....	34
Nurses and Midwives.....	34
4. Medical Equipment and Furniture	38
Country specifics for Medical Equipment.....	39
Key players in the UAE medical equipment market	43
Recent developments in the Medical Services Market.....	48
5. Pharmaceutical Market.....	51
6. Inpatient and Outpatient Market Size in GCC Countries.....	59
7. Healthcare education and research	61
8. Healthcare and IT	64
Technological Innovation, Digital Health.....	65
Healthcare Management Services (HMS)	67
Accountable Care Models	69
Medical Tourism.....	70
9. Role of Public Private Partnerships (PPP) in Healthcare.....	71
10. Challenges	77
High Dependence on Expatriates, Shortage of Medical Staff.....	77
Increasing Differentiation between Expatriates in Terms of Skills.....	78

Reliance on Government Expenditure.....	78
Complexity and Lack of Standardisation in Regulation	79
High costs of service, long gestation period, high capital requirements	82
11. Regulators	83
Saudi Arabia	83
United Arab Emirates.....	84
Qatar	87
Kuwait.....	88
Oman.....	89
Bahrain	90
12. Companies in GCC region.....	92
1. Gulf Pharmaceutical Industries.....	92
2. Saudi Pharmaceutical Industries and Medical Appliances Corp	93
3. Yiacco Medical Company.....	94
4. Mouwasat Medical Services Company	95
5. Advanced Technology Company.....	96
13. Appendix.....	98

Tables and Charts

Tables		Charts	
1.1	Health expenditure forecasts (USD billion)	2.1	Per capita Health Care expenditure at current prices (in USD)
2.1	Per capita Health care expenditure, 2013 (in USD)	2.2	Improvement in Life Expectancy (years) at Birth in the GCC Countries
2.2	GCC countries rank high on diabetes prevalence globally, 2014	2.3	Higher Diabetic Population in GCC in age group of 25 years and above (in %), 2013
2.3	Life Insurance Premium (in Mn USD), 2014	2.4	Percentage of Population in GCC in age group of 25 years and above with raised Blood Pressure, 2013
2.4	Non - Life Insurance Premium (in Mn USD), 2014	2.5	GCC Insurance Penetration in 2014 (Premium as a % of GDP) (Total Business)*
3.1	Major Health resource indicators for KSA, 2013	2.6	GCC Insurance Density in 2014 (Premiums Per Capita in USD) (Total Business)
3.2	Number of hospitals in KSA region wise, 2013	2.7	GCC Takaful market projection, USD Billion
3.3	Major Health resource indicators for UAE, 2013	2.8	Share of GCC gross Takaful contributions by country, 2014
3.4	Outpatient Healthcare Facilities & Specialized Centers in Private Sector in UAE, 2013	2.9	Minimum Number of Physicians Required by 2050
3.5	Status of On-going Medical Projects in Kuwait, As of June 2015	2.10	Number of Beds required up to 2018*
3.6	Health Infrastructure in Kuwait	2.11	JCI-Accredited Hospitals in Saudi Arabia, 2014
3.7	Number of Beds planned to be added in Kuwait Hospitals	4.1	GCC Medical Devices Expenditure, 2009 - 2014 (USD million)
3.8	Health Infrastructure in Oman	4.2	UAE Medical Devices Market by Supplier
3.9	Hospital Infrastructure in Qatar	4.3	UAE Medical Devices Market by Category
3.10	Indicators for Qatar	4.4	Saudi Arabia Medical Devices Market by Supplier
3.11	Health Infrastructure in Bahrain	6.1	Market Size (in USD Bn), 2020
4.1	United Arab Emirates Medical Devices Expenditure by Category (USD million)	6.2	Market Share (Country Wise in %), 2020
9.1	Examples of PPP models	8.1	Growth in Diabetes and Affected Population (in '000) during 2000 to 2030
9.2	PPP Potential in GCC Healthcare	9.1	Examples of Public/Private Division Of Services
10.1	GCC Ease of Doing Business and components, 2015 Rankings	9.2	Foundations Needed For PPPs
10.2	Contract Enforcement and Resolution Metrics, 2015	9.3	Healthcare PPP Planning And Implementation Process
12.1	Key Ratios, 2010-2014 - Guf Pharmaceutical	10.1	The Expatriate/ National mix (Population, million), GCC, 2020
12.2	Key Ratios, 2010-2014 - Saudi Pharmaceutical	10.2	Private expenditure on health as a percentage of total expenditure on health
12.3	Key Ratios, 2010-2014 - Yiacco Medical	12.1	Revenue and Net Income of Julphar, (USD mn) - Gulf Pharmaceutical
12.4	Key Ratios, 2010-2014 - Mouwasat Medical	12.2	Revenue and Net Income, (USD Mn) - Saudi Pharmaceutical
12.5	Key Ratios, 2010-2014 - Advanced Technology Company	12.3	Revenue and Net Income, (USD Mn) - Yiacco Medical
Charts Cont...		12.4	Revenue and Net Income, (in USD Mn) - Mouwasat
13.5	Neo Natal and Under 5 Deaths in Qatar, 2006- 2015	12.5	Revenue and Net Income, (USD Mn) - Advanced Technology Company
13.6	Neo Natal and Under 5 Deaths in Qatar, 2006- 2015	13.1	Crude Birth rate (per 1,000)
13.7	Neo Natal and Under 5 Deaths in Saudi Arabia, 2006- 2015	13.2	Crude Death Rate (per 1,000)
13.8	Neo Natal and Under 5 Deaths in Kuwait, 2006-15	13.3	Life Expectancy at birth (in years)
13.9	Neo Natal and Under 5 Deaths in United Arab Emirates, 2006-2015	13.4	Neo Natal and Under 5 Deaths in Bahrain, 2006-15

1. Executive Summary

There is a need to improve the quality and standard of healthcare facilities available in the region.

Over the course of the past decades, sustained GDP growth in the Gulf Cooperation Council states have led to increasing state-led development in many different socioeconomic sectors. Each of the six countries have undertaken robust efforts to build infrastructure, to expand and modernize educational and healthcare systems, and to provide social and health services which are commensurate with citizens' expectations and national needs.

Awareness needs to be created among the GCC nationals about the importance of life insurance.

While the Gulf States have devoted considerable efforts to boosting the healthcare sector, the region still does not match other developed nations in terms of infrastructure and capacity. The GCC states also face a number of healthcare challenges, and, across all six states, policymaking reflects the rising concern over the escalating demand for quality healthcare and the mounting economic burden to the state. Rapid population growth, higher rates of life expectancy and an aging population, along with increases in certain health conditions prevalent in the region have brought to the fore the need for more private intervention. Additionally, there is a need to improve the quality and standard of healthcare facilities available in the region.

On the insurance front, penetration continues to be very low in spite of participation from private players. The market holds potential for consolidation and the entry of accomplished insurers with experience in the Takaful market. Penetration of life insurance segment is very low when compared to non-life. Awareness needs to be created especially among the GCC nationals about the importance of life insurance.

Rapid changes to the environment and lifestyle in the Gulf over the course of the past 3 decades have completely changed the health profile of the region. While major successes in combatting infectious diseases and improving standards of primary healthcare have been reflected in key health indicators—such as the decreasing levels of infant and maternal mortality rates and increases to life expectancy—new patterns and trends in healthcare have emerged which pose different and yet significant challenges. Higher incidences of chronic diseases such as diabetes, heart

The scope for private sector participation in the health care segment in GCC is high.

disease and cancer, requires highly trained and skilled healthcare workers, and an environment that supports local training, state of the art diagnostic laboratories, research production and dissemination, and knowledge acquisition to meet emerging healthcare needs. The scope for private sector participation in the health care segment in GCC is high as there is a gap in the demand and supply of healthcare services provided in the region. The share of private sector in total GCC health expenditure is forecast to increase to 36% by 2015, with the biggest contribution coming from Saudi Arabia of around USD 20 billion. The trend is expected to continue to 2020 where private healthcare expenditure is forecasted to rise to USD 35 billion.

Table 1.1: Health expenditure forecasts (USD billion)

Bn USD	Public		Private	
	2015	2020	2015	2020
Saudi Arabia	27.14	30.47	19.92	22.23
UAE	10.01	12.20	3.44	5.76
Kuwait	6.56	7.13	2.19	2.85
Qatar	2.85	3.32	1.12	1.53
Oman	2.94	2.90	0.86	1.34
Bahrain	1.46	1.49	0.53	0.75
GCC	50.96	57.51	28.06	34.46

Source: IMF, World Bank, Marmore Research

Health care industry is dependent on expatriate population for manpower.

The demographics of the region also impact the needs and conditions of the healthcare system. Segmentation of the population into categories of nationals and highly skilled expatriates with greater disposable incomes, and the large numbers of low income migrant workers creates different health profiles and calls for specific attention. The dependency of the healthcare industry on the expatriate population for the manpower from highly specialized surgeons to nurses and midwives is another challenge faced by the GCC healthcare industry.

Public health professionals have drawn attention to the critical need for the GCC to develop national and regional expertise in healthcare management. Many regional states have recently established state-of-the-art medical teaching and training programs, specifically designed to build a national cadre of health professionals. Medical technology remains a key determinant of strong healthcare systems, so additional areas such as

Medical technology remains a key determinant of strong healthcare systems.

Healthcare costs for GCC nationals have been primarily borne by their governments.

research and development are pivotal to new strategies developed by the states.

Healthcare costs for GCC nationals, to date, have been primarily borne by their governments, and this has become a major challenge for the state. Particularly in the wealthier states of Qatar and the UAE, most nationals prefer to receive medical treatment abroad instead of relying on the national healthcare system, an undertaking that in most cases is funded by the state. With the increasing costs associated with healthcare provision, governments may move from the traditional approach of publically-run healthcare to alternate models. By providing infrastructure and a strengthened regulatory environment, the governments can create a more enabling environment for the private sector, and play a more active role in managing regional healthcare needs. The transition from a state-led healthcare system to that of a supportive role played by the government is yet to be seen.

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info@e-Marmore.com or call us at +965-2224 8280.