



## KUWAIT HEALTH SECTOR REPORT 2012

Kuwait Health Sector | Netherlands Embassy Kuwait & Bahrain  
January, 2012 (Cees Kieft, Fadi Al-Ahmad, Ferosh Aziem)

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## **Kuwait Health sector**

Kuwait is facing many challenges in the health sector. According to a recent report from McKinsey there is an increasing pressure on the health facilities. For instance currently Kuwait has 19 hospital beds per 10.000 people. Although the population tends to be quite young on average, this undersupply is a serious concern to the government given the population growth rate and growing disease burden. For example, obesity levels have reached 80% for women and 70% for men. Kuwait has signalled its priority to remedy the shortcomings in the health care provision when the sector was touted as the main beneficiary of the US\$108 billion infrastructure development plan that was approved in 2010. This development/investment plan was approved to give the economy a big boost after the financial crisis.

In January 2011 it was announced that the government was working on a strategy to bolster the health care system with 3500 beds, new laboratory and surgical facilities. According to the Ministry of Health the private sector will be instrumental in the development of the sector.

There is vast potential for companies offering a broad spectrum of healthcare oriented services including medical equipment, hospital supplies, products and services, and specialized applications. Quality and novel products are much sought after in the market, and Dutch companies are highly regarded in this respect in Kuwait. That means there is an apparent match between the demand and competences of Dutch healthcare companies.

This report has been prepared for the purpose of informing Dutch businesses about the opportunities in the Kuwaiti health sector. It is based on observations, background research and interviews that were held with the CEO's of the top 4 healthcare companies in Kuwait. The following sections provide descriptions about the sector, relevant trends and upcoming projects.

### **Market conditions**

The Business Environment Ratings (BER) for Q4 2011, ranked Kuwait as second of the 19 markets now surveyed in the Middle East and Africa (MEA) region. Kuwait, considered a low-risk market, reflects a stable regulatory and economic environment, plus its harmonized presence within the GCC. The BMI Q4 2011 reports quoted the Kuwaiti pharmaceutical segment as worth US\$711mn, the Healthcare segment US\$4.01bn and Medical Devices segment as US\$275mn.

Bureaucracy and minor political instability remain a hindrance to the execution of the government's plans. Nonetheless, projects are moving forward despite administrative changes. In dealing with government initiatives in Kuwait, companies should take into account a time lag of 15-18 months between scheduled dates and the actual execution.

A common GCC-wide Pharmaceutical import policy has been proposed by the Kuwaiti government to alleviate cost pressures, in order to make pharmaceuticals more affordable in the private sector.

## Government sector

The Kuwait government is the largest investor in the healthcare sector. According to estimations of local companies, it accounts approximately for 80% of the sector’s total investment. The government currently operates 15 general and specialized hospitals. These healthcare facilities are distributed geographically all over the country to serve all the commercial and residential areas. For an overview please refer to part A in the annexes.

## Private sector

The private sector is expected to grow moderately in the upcoming years and is estimated to take up a share of up 15-20%. Investment in the sector has been affected by the global financial crisis to some extent. Even so, patients are avoiding the free government healthcare services and are paying a premium for private healthcare due to some of the following reasons;

<b>Criteria</b>	<b>Government Healthcare Services</b>	<b>Private Healthcare Services</b>
<b>Time</b>	Longer waiting time	Less/no waiting time
<b>Appointments</b>	Patients should schedule many appointments to complete a single treatment	Patients can complete their treatments in fewer appointments
<b>Prestige</b>	No Prestige	Local patients are paying extra for the social status associated with the hospitals visited especially in the Gynecology field

Table 1: Government vs. Private Healthcare Services in Kuwait

The Kuwaiti government has organized the private healthcare establishments based on their size and functionality. For a detailed description please refer to part B in the annexes.

## Design / Build

The hospital expansion plan centers on the construction of 8 public hospitals and extensions which are the responsibility of the Ministry of Health and 9 new towers for existing hospitals that falls under the responsibility of the Ministry of Public Works. The towers will be annexed to the Maternity Hospital, Al Sabah, Al Razi, Al-Amiri, Ibn Sina, Al-Adan, Al-Jahra and Al Farawaniya hospitals, as well as Hussain Makki Juma Centre for Specialized Surgeries. The new towers will increase the number of operating rooms to 70, and the number of beds in intensive care units to 90 beds. The project will also increase the number outpatient clinics, and improve the services related to x-ray, laboratories, sterilization units, and medical records. They will also provide a centre for disasters and emergency and an isolation ward with a capacity of 90 beds. Under construction is also the largest new public hospital, the Sheikh Jaber Ahmad Sabah hospital (1300 beds).

The Ministry of Health has recently signed a contract with Hill international one of the global construction risk management companies that will provide project management and consultation services for the construction of the 8 public hospitals en extensions. The three-year contract has an estimated value of approximately USD 6.2 million.

Kuwait University is building a new medical campus and a training hospital with 600 beds. Within the Kuwait University the vice president for planning Prof Malek Hussain and the vice president of the Health Sciences Center, Prof Abdulla Behbehani are managing this project. The health sciences center is the governing institution for the faculty of medicine, the faculty of allied health sciences, the faculty of pharmacy and the faculty of dentistry.

### **Global Health Organizations**

Every year the Kuwait government sponsors a huge number of patients seeking solutions for critical medical situation outside the country. The government allocated a budget of approx. 1 Billion USD for medical treatments abroad for the year 2010. According to 2010 statistics, 3000 patients were sponsored by the government and 8000 patients availed medical treatments from private funding. Thousands more are sent by similar programmes run by the military, the police, the Kuwait Oil Company and the Emiri Diwan.

Recently a number of agreements have been signed by the Ministry Of Health with leading hospitals to serve Kuwaiti patients who go abroad for treatment.

### **Medical Recruitment and Training**

A major feature of the Health system in Kuwait is its heavy reliance on expatriate workers, constituting 80% of all doctors and over 90% of all nurses. Local training facilities have started producing some of the required allied health professionals However; continued shortages of health professionals are inevitable in most areas. The manpower shortages have plagued efficient healthcare service delivery in Kuwait.

With the construction of new public hospitals and extension towers an estimated 15,000 healthcare professionals will be needed only in the public sector.

The presence of highly diverse expatriate workforce raises serious problems, concerning worker conflict, differential skills and competencies. Need for standardizing local training facilities and improving the system of hiring expatriates.

Kuwait Institute for Medical Specialization (KIMS) is the authority responsible for organizing all aspects of postgraduate training of health professionals in Kuwait. The institute is engaged in a variety of activities, including specialty training at various levels in different medical fields, medical education and professional development activities.

Also there are local private companies active to manage the needs of healthcare clients.

## **Prevalent Diseases**

Kuwait ranks 13<sup>th</sup> on a global scale in obesity and 7<sup>th</sup> in the number of people who have diabetes that is related to obesity and genetic factors, according to the World Health Organization's statistics. The number of this kind of diabetic patients is dramatically increasing every year. Levels have already reached 40 percent of the population, and reasons behind obesity include lack of movement, desk jobs, and eating unhealthy, dense food. This issue is expected to become even more pressing in the future, as 80% of Kuwaiti children are obese.

Breast cancer is the number one type of cancer diagnosed in women in Kuwait. There is an increase in breast cancer and related deaths. The Kuwait Cancer Control Centre is trying to develop a patient-centered philosophy through collaboration and partnerships such as with the University Health Network.

## **Preventive Healthcare**

Following the global trend, there is an increasing demand for preventive healthcare which could potentially be served by private sector clinics. The region possesses sufficient financial means to shoulder the costs of preventive scans and medical check-ups.

New centres are anticipated to help in detecting cancer in its early stage for effective treatment. The Ministry of Health plans to establish health centres at each district to conduct periodical screening for breast cancer in women in an effort to reduce breast cancer in Kuwait.

## **New Technologies and Medical Equipment**

There is a huge potential for companies offering a broad spectrum of medical-dental-lab equipment, hospital supplies, pharmaceutical products and specialized systems and applications due to the planned upgrades and extension. There is also a demand for unique products and new technologies, such as laser-treatment, nanotechnology and molecular medicine. Laboratory testing is also a growing segment and will require testing equipment and disposable tests.

## **International Standardisation**

The Kuwait health sector is well regulated. There are guidelines and regular audits are taking place to check whether the rules are adhered to. Companies in the sector are now also moving towards ISO-compliance and bring in foreign expertise in order to obtain international certifications. Services sought after range from upgrading existing procedures to organizational restructuring and development of IT infrastructures.

## **E-Health Services and Systems**

At a Saudi e-Health conference 2010, the Undersecretary of the Kuwait Ministry of Health, Dr. Ibrahim Al-Abdulahadi said that Kuwait has worked out plans for upgrading data systems matching international standards in all sectors of Health ministry and promoting the applications of the electronic health system at its departments.

Minister Dr. Hilal Al Sayer attributes great importance to developments in the domains of e-health and genomic information. The Ministry of Health sought to set up an integrated electronic communication network to link up all sectors and departments of the Ministry including hospitals, medical centres and clinics.

The Ministry of Health has already begun applying the e-files system for preliminary health care and plans to expand it to incorporate the engineering sector, the citizen's service, the e-communication and the work shifts system. The private sector is also expected to take up a leading role in developing and implementing e-services.



## Upcoming Opportunities

1200 projects are scheduled for the second Annual Plan (2011 -12). The Government of Kuwait is set to tender approximately 3 billion USD worth of healthcare projects over the next year. These projects follow the similar framework used for the overall Annual Plan related projects. These include:

- 1) *The 9 Tower Extension Plan* – The Ministry of Health in Kuwait is going to build nine medical towers in various health zones throughout the country, aiming to extend hospital capacity by 30 percent. The project includes 5 stages of which the tendering process for the first stage has concluded as per December 2011. It is expected that the next stages will be open for complete tendering of construction, medical equipment and medical supplies. Table 5 in the annexes presents an overview of these stages.
- 2) *Reform of the Health Insurance sector*– with the establishment of new companies like Kuwait Health Assurance Company (KHAC), a 1600 to 1800 bed health maintenance organization, and the yet to be established Private Health Insurance Company for Kuwaiti Nationals (PHICKN).

The establishment of KHAC and PHICKN are seen as strong contributors to the diversification of health system finance in Kuwait. The 2011-12 Kuwait Government budget will be the first time the Ministry of Health spends over one bn KD (3.3 bn USD) on the operational expenditure (OPEX) of the public healthcare system.

With KHAC aimed at refinancing the healthcare costs of the expat population of Kuwait and PHICKN aimed at addressing the healthcare finance needs of the national population, the government of Kuwait is sending strong signals of cooperation to the private sector in an attempt to curb the exponential increases in public healthcare spending.

### *Kuwait Health Assurance Company*

The plan for KHAC is for the principal partner, Agility, to guarantee the management of three hospitals (1600 to 1800 beds and 10 to 15 primary care clinics) as well as provide Health Maintenance Organization (HMO) type plans for users. The KIA makes the distinction between health maintenance and health insurance, whereby KHAC will be incentivized to management the health (and prevention) of the expat population rather than the treatment.

The Government has also mentioned the following benefits specifically for KHAC:

- Immediate patient flow (1.2 to 1.7 million) of expats
- Option for group purchasing with the Ministry of Health
- Unique Designation of a Health System (only license in Kuwait) for 10 years
- Grace period for licensing and implementation
- Sharing of existing Ministry of Health medical records
- Staff designation before entry into Kuwait
- Free transfer of clinical staff within the system
- Use of generic prescriptions
- Unit Dose System



- Preapproved assurance plan premiums with inflation considerations
- Preapproved co-payments for primary care and emergency visits
- Heavily subsidized tertiary care for 5% of pre-approved government premium

Agility is mainly a logistics company and therefore expected to involve international technical partners that have the required expertise and exemplary track records.

*Private Health Insurance Company for Kuwaiti Nationals*

The Private Health Insurance Company for Kuwaiti Nationals (PHICKN) endeavors to achieve a similar level of diversified healthcare spending for the local national population of Kuwait.

In August 2011, the Council of Ministers of Kuwait highlighted the government's intention to corporatise the healthcare insurance for Kuwaiti nationals by creating a Kuwait domiciled company that will be 50% owned by the public with the remaining 50% offered to a private sector consortium with a strong preference for a consortium that includes an international technical partner with a proven track record in delivery of health insurance products and solutions both regionally and internationally.

It is believed that the Government of Kuwait will heavily subsidize the premiums of the nationals. Judging by the government's previous lead time on KHAC, it is expected that the PHICKN will be tendered in late 2013.

3) *Strategic Public Private Partnerships* – a 500 bed New Rehabilitation and Physical Medicine Hospital (NPMRH) through a Design, Build, Finance and Maintain (DBFM)

The New Physical Medicine and Rehabilitation Hospital (NPMRH) project involves the Design, Build, Finance and Maintenance of a 500-bed Physical Medicine and Rehabilitation Hospital located in Al Andalus area, Kuwait. The project will also include the provision of facilities management services and will have a term of no less than 25 years.

The project aims to meet the following key strategic objectives:

- a) Build a centre of excellence in rendering Physical Medicine and Rehabilitation services
- b) Promote the State of Kuwait as a regional and international centre for Physical Medicine and Rehabilitation services
- c) Increase and enhance the type and quality of services provided by Ministry of Health
- d) Provide a comprehensive rehabilitation programme for Kuwaiti citizens with disabilities, within their own home environment without language and cultural barriers and thus curtail overseas treatment

An international management consultancy and auditing company won the contract to act as lead consultants to the PTB. The results of the study are expected to be made public by Q4 2011. The new hospital, as envisioned by the Ministry of Health, will provide: Tertiary

rehabilitation, geriatric rehabilitation, extended care for persons with physical disabilities, redevelopment of the prosthetic and orthotic manufacturing unit, supporting building infrastructure and facilities; and the provision of facilities management services.

4) *Project Tenders* –including the following initiatives:

a) Anti-Smoking Centre

The Ministry of Health is performing studies to establish a centre that collects data on smokers in the country and will conduct comprehensive surveys and awareness campaigns on smoking. The centre will also include specialized clinics to treat smokers. Approximately 7 million KD have been allocated for the project.

b) New clinics to diagnose cancer

The Ministry of Health plans to construct a medical facility in every health zone to conduct the aforementioned periodic screening tests to rule out breast cancer. A medical facility in each governorate is believed to help diagnose the disease in its early stages.

c) Maternity Hospital Planned for Jahra

The Ministry of Health has plans to build an integrated maternity hospital at the Jahra governorate with a total capacity of 500 beds. The new hospital will provide top quality medical services for women during pregnancy and after childbirth.

d) The K.O.C. - Ahmadi Hospital

This hospital is supposed to provide treatment for all oil sector employees and their families. The tenders for its construction have already been awarded to the Sayed Hamid Behbehani Company. SHBC is in the process of directly requesting for quotations of medical equipment for several areas of the hospital such as:

- Intensive Care section – 24 beds
- Inpatient Suites & Wards – 278 beds
- OBS/GYN Inpatients & Wards – 14 beds

ANNEX A: DISTRIBUTION OF PUBLIC HEALTHCARE FACILITIES IN THE COUNTRY

There is at least one major general hospital in every governorate;

#	Governorate	Hospital	Beds
1	Al Asimah	Al Amiri Hospital	374
2	Al Asimah	Al Sabah Hospital	438
3	Hawalli	Mubarak Al Kabeer Hospital	409
4	Farwaniya	Farwaniya Hospital	523
5	Al Ahmadi	Al-Adan Hospital	557
6	Al Jahra	Al-Jahra Hospital	621
		Total Beds	2,922

Table 1: Kuwait General Hospitals

The government also operates specialized hospitals as exhibited in Table 2 below;

#	Hospital	Specialization	Beds
1	Al-Razi	Orthopedic surgery	267
2	Physical Med. & Rehabilitation	Physical Med. & Rehabilitation	78
3	Maternity Hospital	Maternity	375
4	Chest Diseases Hospital	Chest Diseases	131
5	Infectious Diseases Hospital	Infectious Diseases	151
6	Psychological Medicine	Psychological Medicine	749
7	Ibn Sina Hospital	Spinal Surgery	363
8	Kuwait Cancer Control center	Cancer Control	112
9	Allergy Center	Allergy Center	128
		Total Beds	2,354

Table 2: Kuwait Government Specialized Hospitals

## ANNEX B: CLASSIFICATION OF HEALTHCARE FACILITIES BY THE STATE OF KUWAIT

- 1) Private Hospitals: the Ministry of Health divides the Private Hospital into three categories;
  - a) General Private Hospital: is a private hospital that has a minimum of 60 beds where patients can be admitted for treatment. The General Private Hospital must at least provide all the following medical practices;
    - i) Internal Medicine
    - ii) General Surgery
    - iii) Pediatrics
    - iv) Gynecology & Obstetrics
    - v) Anesthesiology
  - b) Specialized Private Hospital: is a private hospital that has a minimum of 40 beds where patients can be admitted for any specialized medical practices such as Pediatrics, Ophthalmology, E.N.T., etc.
  - c) Private Dispensaries: are medical establishments that must at least one of the below mentioned medical practices.
    1. General Practice
    2. Dentistry
    3. Medical Labs and Bacteriology
    4. Radiotherapy
    5. Physiotherapy

The Dispensary should have at least 3 General Practice clinics and no more than 2 specialized clinics. The Manager of the dispensary must be a Kuwaiti General Practitioner with at least 5 years of experience and not retired. The manager is required to be full time employee for the dispensary.
- Private Clinics: are one room medical facilities that are managed by a doctor with any medical specialty. The clinic shall provide waiting areas and an examination room for patients.
2. Private Healthcare Centers: are medical facilities that can provide all the following practices;
  1. General Surgery
  2. Internal Medicine
  3. Pediatrics
  4. Gynecology & Obstetrics

The license is only given to Kuwaiti doctors with at least 10 years of continual experience. The Healthcare Center should have a minimum of 6 general or specialized clinics. The clinic cannot provide overnight admission.

<b>9 Towers Extension Plan</b>											
#	Hospital	Budget (Mil. KD)	Beds	Operating Rooms	Emergency Rooms	OPD Clinics	Labs	Radiology	Pharmacy	Physiotherapy	Additional Services
	Stage 1										
1	Amiri Hospital	125	360			65	Yes	Yes	Yes	Yes	Nuclear Medicine, Medical records
2	Al-Razi Hospital	40	192					Yes	Yes	Yes	Administration Area, Anesthesia Offices
	Stage 2										
3	Farwaniya Hospital	200	564	24	30	34	Yes	Yes	Yes	Yes	Morgue, Cardiac Cathertization, Lab, IVF Unit
4	Infection Disease Hospital	55	255					Yes	Yes		All beds will be private rooms for infection control purposes
	Stage 3										
5	Kuwait Cancer Center	215	600	10	20	52	Yes	Yes	Yes	Yes	A fully integrated new hospital
	Stage 4										
6	Al Jahra Hospital	90	300					Yes	Yes		Medical Offices , Auditorium
7	Al Adan Maternity Hospital	21	433	28	8	23	Yes	Yes	Yes	Yes	New Born Nursery, IVF, Medical Records
	Stage 5										
8	Ibn Sina Hospital	100	300	10			Yes	Yes	Yes		Neurophysiology department
9	Al Sabah Hospital	110	300	12	20	40	Yes	Yes	Yes	Yes	New Integrated Hospital
	Total	1.145	3.334	84	78	214					

Table 4: Nine Towers Extension Plan