

## Executive Summary - Developing Singapore as the Healthcare Services Hub In Asia

### BACKGROUND

1. The Healthcare Services Working Group (HSWG) was tasked to review and recommend strategies to enhance Singapore's competitiveness as a medical hub. Two papers were presented to the Services Subcommittee and the Economic Review Committee (see Annexes 1 and 2). These reviewed the regional market potential, recommended strategies to expand Singapore's share of the Asian Healthcare Services market with a focus on foreign patient attraction, and discussed possible policy implications of this initiative.
2. This executive summary captures the final recommendations that were arrived at, following extensive consultation with industry players, the Ministry of Health (MOH), the Services Subcommittee and Economic Review Committee. In addition, HSWG worked with MOH and the Economic Development Board (EDB) to commission an independent market survey\* [*\*This was conducted by Asia Market Intelligence during the period of April to July 2002.*] to ensure the validity of the assumptions underlying the recommendations.

### PAST PERFORMANCE

	1991	2000	CAGR
Value-Added	\$681 million	\$1,566 million	+9.7%
Employment	13,386	26,163	+7.7%
% Contribution to GDP	0.85%	0.93%	n.a.

Data from Department of Statistics (DOS)\* [*\*Healthcare Services comprises the following DOS categories: 85110 (hospitals), 85123 (specialist medical services), 85192 (medical labs), 85193 (radiology labs), 85199 (other medical services).*]

3. Since 1993, the Government has focused on the provision of affordable healthcare in line with the White Paper on Affordable Healthcare and has not actively promoted Healthcare Services as an industry. Despite this, Singapore has continued to attract patients from the region, particularly from Indonesia and Malaysia. However, following the Asian financial crisis in 1997, other countries launched concerted efforts to develop this sector. As a result, the numbers of foreign patients seeking treatment in these countries have grown rapidly relative to Singapore (see Annex 3).

### SWOT ANALYSIS

4. Healthcare demand is related to population size, life expectancy and purchasing power. On all these counts, the potential growth in regional demand for healthcare services is promising. Asia's population will expand from 3.2 billion in 2002 to 5.6 billion in 2050 (60% of world population)\* [*\*Human Population: Fundamentals of Growth, Population Reference Bureau 2002*]. In line with this trend, consumer expenditure on healthcare services and healthcare goods is expected to double from US\$90 billion in 1999 to US\$188 billion in 2013\* [*\*Euromonitor International Marketing Forecasts 2001. Consumer expenditure is preferred as the market indicator instead of total healthcare expenditure, so as to exclude government payments which are typically captured by domestic government owned healthcare facilities.*] While there is no reliable estimate on the actual market size of Asian patients seeking healthcare services overseas, a reasonable proxy is the 4.8 million high-

income Asian households with income above US\$50,000 p.a.\* [*\*Asian Demographics*] This number will continue to grow, considering the medium-term growth outlook of 3-5% for Southeast Asia and 5-7% for China and India.

5. Singapore is clearly regarded as the leading medical centre in the region in terms of our healthcare system, as well as the availability of skilled medical professional and latest medical technology. In terms of accessibility, our location and air links also play to our favour. On the other hand, our market survey revealed that Singapore's weaknesses are the following: a) lack of communication and promotion of our strengths; b) prices are too expensive and do not represent value for money; c) perception that Singapore's healthcare services lag UK and USA in terms of quality and range; and d) inability to cater to certain ethnic groups in terms of religious and language capabilities.
6. The competition for this market is also growing. Some countries are leveraging on their lower costs and have identified health tourism as a key area of development. As a result, various initiatives are being undertaken by their respective Federal and State Governments working in concert with the private sector, to promote their industry to foreign patients. In addition, the truly well-heeled patients seek healthcare providers on a global basis and are as willing to travel to UK and USA as to Asian countries.

## **VISION**

7. The vision is to develop Singapore as the Healthcare Services Hub in Asia. The HSWG envisions Singapore's share of this growing market to expand from less than 1% in 2000 to 3% by 2012. This would represent 1 million foreign patients contributing some \$2.6 billion of value-add or 1% more to our then GDP and possibly creating about 13,000 new jobs.

## **STRATEGIC THRUSTS**

8. The strategic thrusts are two-fold. The first is to build an enduring brand-name based on clinical excellence, whilst the second is to attract a high throughput of foreign patients for economic impact and economies of scale. These will ensure that Singapore's positioning will possess the two mutually reinforcing elements of Clinical Medical Hub and Economic Medical Hub. Maintaining and enhancing Singapore's position as the regional medical hub will in turn, contribute significantly to Singapore's attractiveness as a total business and services hub.

## **RECOMMENDATIONS**

- i. Undertake a national marketing initiative to regain mindshare as the region's premier medical hub. This would involve:
  - a. relaxing restrictions on responsible, institution-based advertising;
  - b. establishing the Singapore healthcare brand as synonymous with trust, safety and excellence;
  - c. establishing one-stop centres in key regional markets to facilitate the inflow of foreign patients and market Singapore's healthcare services;
  - d. streamlining the immigration process for medical visitors;
  - e. expanding the regional referral network via training of doctors from the region, hosting international/regional medical conferences/exhibitions, and investments in regional hospitals and clinics.
- ii. Establish a responsible healthcare consumer forum for greater transparency on pricing and clinical practice norms. It would provide an informed opinion to address potential grievances by patients on pricing and/or care, and deter inappropriate behaviour by errant doctors. It

could champion:

- a. itemized billing (of consultation fees, drug costs, etc);
  - b. provision of information on professional fee guidelines and average bill size to patients;
  - c. use of Carepaths and Practice Guidelines;
  - d. compulsory internal audit to avoid unnecessary surgeries, over-charging, etc.
- iii. Reduce manpower supply rigidities to enhance the cost competitiveness of the sector and to enable industry players to better respond to market demand by public and private sector, academia and industry. We should:
- a. expand the sources of medical manpower and if necessary, the foreign-trained MD/MBBS graduates could be put through an entry examination to ensure quality and suitability;
  - b. increase the supply of nursing and paramedical manpower, especially by facilitating the flexible recruitment and retention of foreign nursing and paramedical manpower (see Annex 4);
  - c. lift the quota on the female intake at the NUS MBBS medical school.

Specifically on point #3a, past experience has highlighted the difficulty of recruiting and uprooting established specialists from overseas to meet local shortages. Greater flexibility to attract foreign-trained MD/MBBS graduates and training them locally is thus an alternative to meeting the demand for certain specialties in both the public and private sectors. It also provides an opportunity to localize and root foreign talent in Singapore. To ensure flexibility of supply, registration of these specialists should be conditioned upon job and training position availability.

- iv. Increase the porosity of specialists and patients between the private and public sectors to optimize the use of scarce medical expertise through:
- a. dual employment of specialists by the private and public sectors. This would enable foreign patients to better access specialist expertise in the public sector.
  - b. selective introduction of subvented healthcare at private facilities. This would help generate economies of scale in the private sector and enable them to provide more cost-competitive services.
- v. Support clinical research to develop Singapore as a Clinical Medical Hub by:
- a. encouraging a Clinician-Scientist mindset, e.g. ensure protected R&D time, and structure an alternative career track for Clinician-Scientists;
  - b. encouraging physical clustering of basic and clinical research for public and private institutions, similar to that of successful Clinical Medical Hubs, e.g. Mayo Clinic and Memorial Sloan Kettering.
- vi. Introduce and apply existing fiscal incentives to help attract more investments and capability development in the Healthcare Services industry. Regulatory charges and other fees should also be reviewed and kept to minimum levels.
- vii. Appoint a championing agency to promote the Healthcare Services industry and to spearhead the above initiatives.

## **ANNEXES**

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- Annex 1: HSWG Paper 1  
Healthcare Services: The market potential and How Singapore can compete
- Annex 2: HSWG Paper 2  
Potential Implications on Domestic Policy Objectives
- Annex 3: Chart showing the number of foreign patients seeking treatment in Singapore and neighbouring countries
- Annex 4: HSWG's recommendations to the ERC Human Capital Subcommittee