



Singapore: Healthcare Sector Overview

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SUMMARY

Demand for healthcare in Singapore is set to grow as the population increases and ages. The island state's population is likely to increase from the current 4.5 million to 5.5 million by 2020. Demand for state of the art medical technologies is also expected to grow as Singapore strengthens its reputation as the region's healthcare hub and center for healthcare excellence offering first class healthcare delivery systems and facilities to both its resident population and the international patient market. The Government of Singapore is targeting 1 million foreign patients each year, contributing S\$2.6 billion (US\$1.79) of value-added or 1% of GDP.

Singapore serves as a showcase for healthcare delivery and medical technology. It is also the gateway to the regional economies of South East Asia. The three key healthcare strategies Singapore is pursuing are clinical research, improving long-term care and moving towards more sophisticated care. In 2006, the Singapore government committed approximately US\$1.06 billion / S\$1.55 billion over five years to help put innovations into practice, in keeping with the shift in health policy to encourage more clinical research so as to provide more healthcare benefits.

The national healthcare plan covers almost 100% of the population. This augurs well for the healthcare industry as Singaporeans all have access to medical care.

Over 35% of medical equipment imported is re-exported to the region. The U.S., Japan and Germany are the top three leading suppliers of medical equipment in Singapore. The U.S. accounts for 23% of all imports. There are a significant number of companies that have established a presence by setting up their regional headquarters here in an effort to be closer to, and better serve their customers. The U.S. enjoys a good reputation and is recognized by the industry as technologically superior, providing high quality, advanced and reliable equipment.

As of November 1st 2007, Singapore implemented Medical Devices Regulations. The regulatory framework is aligned to international best practice and adopts regulatory principles endorsed by the Global Harmonization Task Force. Its implementation is phased beginning with Phase 1 on November 1st 2007 right up with Phase III full implementation scheduled for October 1st 2010. Medical devices are classified into 4 risk classes: Class A – low risk; Class B – low to moderate risk; Class C – moderate to high risk and Class D – high risk.

MARKET DEMAND

Singapore's healthcare services are comparable to those of other industrialized nations. The plan is to raise health spending to reach US\$1.37billion / S \$2 billion a year in the next five years. Currently, it is approximately US\$896 million / \$1.3 billion per year. The Singapore government is focused on moving up the value chain by building up services that assist research and healthcare delivery in Singapore and the region. A total of 23 hospitals and six specialty centers, provide a complete spectrum of clinical services from basic health screening to complex quaternary care. Singapore's public hospitals and specialty centers engage in clinical research with the many pharmaceutical, biotechnology and medical technology companies based in Singapore. Singapore's goal is to become Asia's premier healthcare hub via the attraction of foreign patients. The target is to treat 1 million patients by year 2012. There is also an emphasis towards a healthy lifestyle and a focus on preventive care.

As such, U.S. companies with revolutionary or cutting-edge medical technology or focus on health screening and disease management would find Singapore an ideal place to launch their products. Doctors here are also pushing ethical and professional standards, and it is expected that every major hospital in Singapore will have attained the widely recognized American mark of quality health care. Already, several private and public sector hospitals have been accredited by the Joint Commission International (JCI), the overseas arm of the United States' main hospital accreditation agency.

Singapore provides a high level of medical services at a relatively low cost compared to other developed countries. The average Singaporean household spends US\$54 a month on healthcare, excluding Medisave, or 3.0% of monthly expenditure.

Healthcare spending today is at a low 4.0% of Gross Domestic Product (GDP). By 2030, Singapore's healthcare budget will double to about 8.0% of GDP. Correspondingly, this would mean that individuals would spend 12-15% of their income on healthcare. The extra expenditure for the next 25 years is earmarked to go towards coping with a growing, graying population who will live longer and demand more expensive healthcare.

Healthcare Financing

Singapore has a hybrid healthcare financing framework which is driven by two key principles: individual responsibility and with community and government support for those in need. The health care financing framework upholds the principle that individuals must first look to themselves and their immediate family members for the financial resources to pay for the healthcare services they consume. Government subsidies and community support help keep basic healthcare affordable even to those with insufficient means.

To help Singaporeans pay for hospitalization expenses, the government introduced the following healthcare financing plans:

Medisave: A compulsory savings plan to help individuals save and pay for their healthcare expenditure. It is designed to help Singaporeans build up sufficient savings, especially for their old age. Medisave is used for hospitalization expenses including surgery fees, certain outpatient expenses, long-term outpatient treatment such as chemotherapy or kidney dialysis, hospice care, day and convalescent hospitals. Standard outpatient expenses and expenses for cosmetic surgery are not payable under this plan.

MediShield: A basic, low cost catastrophic medical insurance plan to complement Medisave to help meet the cost of large medical bills. Premiums are paid through Medisave. Private insurance firms also provide variations to this basic plan and residents have the choice of insurance provider.

Medifund: A health endowment fund which provides a safety net for the poor and needy.

BEST SALES PROSPECTS

U.S. companies with products and services that cater to health screening and healthcare delivery and management would do well in this market. Serving as a regional medical and research center, Singapore healthcare institutions are always seeking state-of-the-art technology and best practices. Firms that supply such cutting-edge technology and innovative products and healthcare delivery systems will find interest in Singapore. Statistics show that cancer, heart disease, stroke and diabetes are the main health concerns that plague most Singaporeans. Coupled with an aging population, there is a need for healthcare technology, products and services that cater to these health problems.

Health Status of Singaporeans

According to the latest six-yearly national health survey carried out in 2004 and published in mid 2005, Singaporeans are generally healthier now as compared to eight years ago. They are exercising more and suffer less from heart-linked ailments such as hypertension and diabetes. Such surveys are carried out every six years on more than 4,000 adults aged between 18 and 69 years of age. Singapore's health report card showed that between 1998 and 2004:

The proportion of people with high cholesterol levels fell from 25.4 per cent to 18.7 percent; Diabetes among adults fell from 9 per cent to 8.2 percent, High blood pressure fell from 21.5 per cent to 20.1 per cent; the number of smokers fell from 15.2 per cent to 12.6 per cent; Obesity inched up marginally from 6 per cent to 6.9 percent; the rate of regular exercise went up from 16.8 per cent to 24.9 per cent.

A key reason for the overall improvement in health status could be an increased awareness of the need to be healthy and through health promotion campaigns launched by the Health Promotion Board, a statutory board that promotes good health and a healthy lifestyle plus various self-help groups.

While these improvements are encouraging, certain trends are disturbing. The major causes of morbidity and mortality among Singaporeans are cancer, coronary heart diseases, diabetes, hypertension and stroke.

Alzheimers & Dementia

As the society ages, some key areas to focus on is the incidence of Alzheimer's and dementia. According to some news reports, it is estimated that the Asia-Pacific region alone will have over 64 million people suffering from Alzheimers by 2050. According to the health ministry, in Singapore, there were 22,000 cases of Dementia and Alzheimers in 2005 and this is projected to rise to 53,000 by 2020 and 70,000 by 2030. To arrest this, diagnose early and to raise awareness, free screenings are organized periodically.

Cancers

Cancer is the No. 1 killer in Singapore with a 2% rise annually over the last few years according to official figures released by the Health Promotion Board. The 5 most common cancers are colorectal, lung, stomach, liver and nasopharynx. One of the biggest increases is in colorectal cancer, the top cancer here.

Among women, the biggest threat is breast cancer which accounts for almost a third of all cases. Approximately 100 new cases are discovered every month. Ovarian cancer cases are also on the rise.

Among men, prostate cancer is on the rise and is the third most common type of cancer.

Overall, about 249 per 100,000 women got cancer in the five years from 2001-2005, compared with 240 from 1998 to 2002. Among men, it went up from 231 per 100,000 to 236 over the same period. Lung cancer is the biggest killer for both men and women, followed by colorectal and liver cancers for men and breast and colorectal cancers for women.

Stroke

As many as four in every 100 Singaporeans over the age of 50 has suffered a stroke. This already high incidence of stroke is expected to double in the next 20 years as the population ages. Singapore's prevalence of stroke is high compared to other countries such as Taiwan, India and the U.S.

Diabetes

The incidence of diabetes is also of concern as there are 43 million people with diabetes in the region today and this is expected to double to 76 million by 2025. World Health Organization figures indicate that the incidence of diabetes in Singapore is set to go up from the current 9.0% of the population to 17% by 2030. Singapore already has the highest rate of diabetes in Asia. A renowned expert in this area predicts that within 10 years, type 2 diabetes, seen only among older people, will overtake type 1 as the predominant form among children. Singapore started seeing young children with type 2 diabetes more than 10 years ago, and currently one third of young diabetic patients have this form.

In Singapore, diabetes is the single greatest cause of amputations and kidney transplants. What is most alarming is that diabetes is very much a disease multiplier because patients have a higher risk of getting other, often fatal, illnesses such as heart attack and stroke.

Measures taken

In view of these developments, the Ministry of Health has recently embarked on a pilot scheme to enlist the family physicians (General Practitioners) to help manage patients with diabetes, high blood pressure and high cholesterol. Thirty doctors in private practice will each monitor five patients and set specific targets and help their patients meet them.

There is also a major health screening program targeting 1.4 million people between the ages of 40 and 69. The aim is to fight against chronic illnesses like diabetes and hypertension. More than 700 clinics will offer subsidized screenings followed up with counseling by nurses at community centers.

In the area of cancer screening, Tan Tock Seng Hospital, a public-sector hospital, has embarked on a program with Johns Hopkins Singapore International Medical Centre to treat public hospital patients receiving government subsidy. This program is a first of its kind with a foreign institute and will continue to enhance Singapore's position as a regional and international medical hub. Cancer screening is also offered at the Singapore Cancer Society, a not-for-profit organization, that offers free cancer screenings to Singaporean and Permanent Residents for colorectal cancer (faecal occult blood test), cervical cancer (pap smear), Breast Cancer (clinical breast exam). Colorectal Screening is only available to those aged 50 and above. The majority of Singaporeans pay for health screenings through out-of-pocket expenses.

To better understand the health profile of its citizens, Singapore has embarked on its largest-ever medical study to explore the link between genes, environment and disease. It will start with 22,000 people and will eventually involve up to 250,000 and span decades to probe how diseases, such as diabetes, heart problems, breast and colorectal cancer affects people of different races. In the future, this will enable Singapore healthcare professionals to tailor public health programs and policies to be more effective. Singapore's Agency of Science, Technology and Research has committed US\$13.7 million / S\$20 million to this study for the next five years.

KEY SUPPLIERS

Medical professionals regard the U.S. as the leader in medical research and development (U.S. R&D is considered five years' ahead of other developed countries), and are continuously seeking new devices from the U.S. However, the U.S. is not price competitive in the lower-end consumables, typically supplied by manufacturers in more labor-abundant countries throughout Asia. For high technology equipment, the after-sales service provided by the manufacturer's agent/distributor is an important factor.

Major competitors of the U.S. are medical devices from Germany, other European countries, Japan and Australia. Local production by multinational corporations and indigenous Singapore companies is primarily for export. Over the past 10 years, the Singapore government has successfully developed the

manufacturing sector for medical devices. Under the Economic Development Board's (EDB) promotion plan, the medical manufacturing sector is one of the areas of the life sciences industry, which is targeted for growth. Pharmaceuticals manufacturing is the other area. The EDB has identified the biomedical sciences as the fourth pillar of Singapore's manufacturing sector.

PROSPECTIVE BUYERS

Singapore has a mixed healthcare market comprising competent public and private providers and together they provide excellent healthcare services and offer choices to both Singaporeans and foreign patients.

Demand for medical devices comes from public and private hospitals and clinics. The Ministry of Health (MOH) is the largest consumer, accounting for nearly 70% of local demand. The Parkway Group, owner of the three largest private hospitals in Singapore, is also a significant consumer of medical devices. More than 80% of local demand is met through imports.

There are two public sector healthcare clusters which account for 80% of healthcare facilities and approximately 6200 hospital beds, providing both acute and extended patient care. The two clusters are the National Healthcare Group and the Singhealth Group. Both clusters are positioned as not-for-profit entities which allow them to be exempt from corporate tax and the pressure to pay dividends to shareholders.

The private sector consists of the Parkway Healthcare Group which manages 3 acute hospitals and medical centers, the Raffles Medical Group, Mount Alvernia Hospital and several more.

Hospital Projects

Overall, approximately 400 beds will come on stream in the private sector while approximately 910 beds are expected to come on stream for the public sector soon.

Private Sector

Parkway Health's new hospital named Novena Hospital aims to attract mainly foreign patients and is touted to be the best hospital money can buy in the region. The group plans to spend between US\$207 and US\$345 million (S\$300 and S\$500 million) on the new 324-room hospital, scheduled to be completed by 2011. The 17-storey hospital will have 350 beds.

There will also be 64 more clinics at Novena Medical Centre by 2010 while a group of doctors and investors have teamed up to build a "mediplex", with a hospital, hotel and specialist medical centre rolled into one. This is expected to house 210 medical suites.

The Paragon, a medical center in the heart of town, will also be adding three floors of medical suites to its existing 12 floors.

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Public Sector

Over the next five years, the Government will plough US\$620 million / S\$900 million into building the new Khoo Teck Puat Hospital, a new hospital to cater to the northern part of the island and upgrading and expanding the facilities at the National Heart Centre, National University Hospital and Singapore General Hospital. Construction of the Jurong General Hospital, a hospital project in the western part of the island, will be deferred to 2010, although the hospital will still be ready by 2015.

National Healthcare Group

More information can be found on www.nhg.com.sg

Singapore Health Services (SingHealth)

More information can be found on www.singhealth.com.sg

Private Hospitals

-Parkway Group of Hospitals

More information on the Parkway Group of Hospitals can be found on www.pgh.com.sg

- Raffles Medical Group

More information on the Raffles Medical Group can be found on www.rafflesmedical.com

- Mount Alvernia Hospital

More information on Mount Alvernia Hospital can be found on <http://mtalvernia-hospital.org>

- Thomson Medical Centre

(specialize in gynecology, obstetrics and pediatrics)

More information on Thomson Medical Centre can be found on www.thomsonmedical.com

. For large government procurement, purchases are typically made via tender announcements.

There are central purchasing departments consisting of a team from the various public sector hospital's Material Management Departments (MMDs) who work together to achieve economies of scale for large purchases. Singapore medical distributors are familiar with the process.

Typically, hospitals make their own purchasing decisions and source for products through the MMDs in the various hospitals. They will in turn consult with the end-users (healthcare professionals) of the medical equipment on the product specifications.

For public sector hospitals, tenders will be issued for purchases that exceed US\$6900 / S\$10,000. Information on tenders are made available through "GeBiz" or through direct invitations to the trade. GeBiz (www.gebiz.gov.sg) is the Government of Singapore's one-stop e-procurement portal. All the public sector's invitations for quotations and tenders are posted on GeBIZ. Suppliers can search for government procurement opportunities, download tender documents, and submit their bids online.

For purchases below US\$6900 / S\$10,000, the MMDs will invite at least 4 suppliers who can supply the equipment to bid. The public sector purchasing/planning cycle follows the Government of Singapore's financial year, from April 1 – March 31. Besides the two healthcare clusters, other end-users of medical equipment and supplies include the Singapore Armed Forces and Civil Defence Force.

For the private sector, purchase decisions are made by the end-users of the equipment in consultation with the hospital's MMDs. Suppliers of U.S. products are required to aggressively market their products and keep abreast of requirements of the healthcare institutions.

MARKET ENTRY

U.S. companies who are new to the market and interested in exporting to Singapore may consider appointing a local distributor to represent their company's product and services. Given the small market size of the island state, most potential distributors would request for exclusive rights to sell the product. They will also likely to request for distribution rights for the regional South East Asia countries as Singapore serves as a gateway into the region.

By assigning exclusive rights to distributors, these firms will then commit their resources to promoting the product to the appropriate end-users. There is no special legislation in Singapore covering agency agreements. Such contracts should be based on mutually agreed terms and conditions between the two parties.

Depending on the medical equipment, the U.S. company will be required to either provide samples, or accord special rates to the potential distributor for “demo units”. The potential distributor will use the samples to conduct a survey of the market to ascertain interest in the product while the “demo units” will be used as they demonstrate the U.S. products’ technology to the potential buyers.

U.S. exporters of medical equipment should evaluate the suitability of the distributor based on the company’s contacts in the market, their product range and whether their products complement that of the U.S. firm.

As the sales in the local market increases, the U.S. firm can look into setting up an on-going presence in Singapore much like how some large MNCs have set up regional offices in Singapore. This brings the U.S. firm closer to their customers, demonstrates their commitment to the region and allows for prompt and enhanced customer service.

MARKET ISSUES & OBSTACLES

There are no custom duties on medical devices. A 7.0% goods and services tax (GST) is imposed on all goods sold and services provided, locally. Imports are subject to GST, but payments are refundable on re-exports.

Price and quality are often cited as primary factors that determine purchasing decisions of medical devices. Other considerations are reliable and prompt after-sales service.

Regulatory Environment

As of November 1st 2007, Singapore implemented Medical Devices Regulations. The regulatory framework is aligned to international best practice and adopts regulatory principles endorsed by the Global Harmonization Task Force. Its approach is measured and is aimed to protect public health without unduly restricting choice and access to new technologies. To minimize its impact on industry, its implementation is phased beginning with Phase 1 on November 1st 2007 right up with Phase III full implementation scheduled for October 1st 2010.

TRADE EVENT

Singapore is rated as Asia's top convention city. U.S. exporters interested in the Asian market should consider participating at the following trade show:

Event	:	Medical Fair Asia 2010 (<i>previously known as Hospimedica Asia</i>)
Dates	:	September 2010 (<i>exact date unavailable at time of writing report</i>)
City / Site	:	Singapore (<i>Venue not confirmed at time of writing report</i>)
Event Industry	:	Hospital, Pharmaceutical, Medical & Rehabilitation Equipment & Supplies
Event Description:		Medical Fair Asia is considered one of Asia's leading regional platforms for the medical and health industry.
Website	:	http://www.medicalfair-asia.com

RESOURCES & KEY CONTACTS

Ministry of Health
Website: www.moh.gov.sg
Email: moh_info@moh.gov.sg

Health Sciences Authority
Website: www.hsa.gov.sg
Email: HSA_CMDR_Info@hsa.gov.sg

Singapore Economic Development Board
<http://www.sedb.com> or <http://www.Biomed-Singapore.com>

For More Information

The U.S. Commercial Service in Singapore can be contacted via e-mail at luanne.theseira@mail.doc.gov; phone: (65) 6476-9037; fax: (65) 6476-9080; or visit our website www.buyusa.gov/singapore.

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