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Healthcare Business International 2018: The new global healthcare landscape

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The new global healthcare landscape

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Healthcare Business International's annual conference is the only CEO-level event focused on private healthcare services, bringing together providers, investors and payors from across Europe and emerging markets to examine the industry's future. The 2018 event, held in London on 10-11 April, hosted over 620 delegates from more than 50 countries. HBI 2018 gave a clear view of the new healthcare landscape across the world.

This year, the event focused on problems around building capacity, reaching out to new customers and deploying new solutions around digital health and artificial intelligence (AI). A selection from the presentations by expert speakers from all parts of the world is included below.

Challenges of the Southeast Asian healthcare market

The Asian healthcare market is desperately in need of good providers, but the operating environment remains challenging, according to the expert panel at HBI 2018.

"Asian streets and healthcare markets are not paved with gold, and the region is incredibly hard to work in," said Thalia Georgiou, head of healthcare at Hong Kong-based consultancy firm Asia Care Group, adding that opportunities in the region are hampered by challenges that include rising operating costs, lack of regulation, and corruption and fraud.

Rising healthcare costs and PPP

With rising healthcare costs in Southeast Asia, there is a significant need for affordable care options, giving rise to public-private partnership (PPP) opportunities.

Dr. Jeremy Low, chief marketing officer of Thailand hospital group Thonburi, which also manages three public general hospitals in Thailand, saw PPPs being used to manage cost: "Healthcare costs are increasing in this part of the world. Some of the regions realise they are not very effective in managing healthcare. The main challenge is culture—it takes some time for the public sector to accept a third-party private operator is there to be efficient.

“In medical technology, there is lots of bandwagon effect. If one party has this machine, others want it too, that drives up the cost. And salaries of doctors and nurses are increasing quite dramatically, and that’s because of a shortage in the workforce.”

He added that telemedicine has been slow to take off in Asia, as many patients still prefer to see a doctor face-to-face, clarifying: “After the consultation they will seek a second opinion, this is where they will use telemedicine.”

Lack of regulation

“A lack of standardisation, reporting or national clinical guidelines result in significant variations in care outcomes,” Georgiou said.

As a result of this lack of regulation, many private healthcare operators are also incentivising services rather than delivering efficient targeted care, according to Christian Ward, director of group healthcare of insurer AIA.

“Sometimes access is not an issue, some of the markets are still very focused on occupancy. In island states like Hong Kong and Singapore, there is a plethora of primary care services which are relatively cheap. Lots of providers have set themselves up incentivising services,” he said.

Georgiou also cited the example of the average length of hospital stay for hip fractures in Hong Kong as being five times longer than in the U.S.

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Corruption, fraud and due diligence

Despite the challenges, there are business opportunities for foreign healthcare providers in Asia due to the growing population, demand and increasing willingness to pay. However, Georgiou warned the importance of due diligence prior to making the investment.

“Half of our work is with big companies, household name companies who come to Asia presuming there’s growth, but whose assets are not performing. It’s really important to sound out the market. If you are on the cusp of deciding whether to go into Asia, a willingness to pay is a healthy indicator (which you have to look for).”

According to Asia Care Group’s analysis, the willingness to pay for healthcare in Southeast Asia has increased by 10-25% in 2017, compared to the previous year.

Georgiou also warned that corruption and fraud could easily account for 10-30% profit loss, so installing good reporting and management systems are vital.

Problems with investing in MENA

The biggest problem with investing in healthcare in the Middle East and North Africa (MENA) isn’t returning capital—it’s raising it in the first place. But it’s not the only problem. Dr. Helmut Schuehsler, chairman and managing partner for TVM Capital in Dubai and Munich, shared his thoughts about it at HBI 2018. He identified several problems:

Do-it-yourself mentality

He explained: “Raising capital for a Middle East-focused strategy today is hugely difficult. A lot of the local investors are very often family offices, other than the sovereign wealth funds which are huge and for whom we are way too small.

“They are usually diversified businesses, and if they want to invest in the Middle East they do it themselves. And if they want to invest in healthcare, they do it themselves.”

Schuehsler explained these groups build hospitals on land that is often donated by the government, or a sheikh.

He added: “There’s very little money from the inside because people don’t want to give me money as a private equity manager to manage it without an influence over what we do, and I think outside the Middle East, you can imagine what everyone is saying when it comes to investing there.

“You are lucky if you get an interview—if people actually listen to your story—whatever they watch, Fox or the BBC or whatever, is so bad about the Middle East that people’s propensity to listen to you is very small.”

Geography

Another problem in the Middle East is that it’s such an ill-defined area that people don’t know where to put it, he says.

“Investment teams in our field think in geographic terms. We’re not in Asia (for the Asian team), we’re not in Africa, in Europe, not North America or Europe. It’s a no man’s land in the middle.”

Change

The region is going through tremendous change at the moment, which is also a problem, said Schuehsler, adding: “The speed of development is tremendous. Determining where the opportunity is has changed dramatically. I’d argue 10 years ago, long term post-acute care, was a huge opportunity because there was no long-term care in all of the Middle East and we had fast-growing businesses.

“Five to seven years later, that success has been noticed by other people and you have a wave of others coming into the market so that opportunity is gone. I think people coming into that market in the next two to four years will have a very hard time. “

Regulation

Schuehsler said: “Regulators change their minds, especially in Abu Dhabi which is a great market by anybody’s standard. You have to deal with a lot of change in terms of how the regulator looks at the world, because we’ve gone back and forth between being invited to invest in certain sub-sectors—and at the same time being under tremendous cost pressure, which I understand, because of healthcare inflation.”

Opportunity

Despite all this, Schuehsler believed there to be tremendous opportunity in the region, especially with Vision 2030 in Saudi Arabia, the plan to reduce the country’s dependence on oil and develop public sector services like health.

He explained: “It’s not only way the biggest market in the Gulf Cooperation Council (GCC) region, but a development where you hold your breath and ask, ‘am I brave enough and is the time right to raise a fund to go into Saudi healthcare?’”

“At some point you have to make a decision. When everyone comes, it’s too late. Do we deploy big time and put all our resources into Saudi Arabia? For anybody who is in the investment business, that’s the biggest question.”

Abdul Hamid Oubeisi, CEO of Abu Dhabi and Dubai-based National Reference Laboratory, also saw opportunity in the region.

He explained: “There are great opportunities in outsourcing. Governments are interested, whether in PPP, or privatisation. The UAE Ministry of Health, for example, recently outsourced their entire diagnostics. We also hear they are looking at the hospital operator market.

“In Saudi Arabia, it is taking a bit longer, but we see PPPs coming. There are a lot of opportunities where providers like us could bring productivity and efficiency.”

Want to enter Africa and other emerging markets? Make friends with government first

Conversations with delegates at HBI 2018 highlighted that a heavy focus on PPPs by some of the major healthcare actors in Africa is proving to be the right approach in countries where governments hold a lot of sway.

Dr. Amit Thakker, chairman of the board at Africa Healthcare Federation, has an almost activist-level presence in conversations around private healthcare in Africa, travelling the continent to preach the benefits of private-public-partnerships at numerous meetings springing up across the region. It’s easy to dismiss the public-focused approach for being slow to yield results and lacking in vision.

But delegates agreed the approach is the right one. “Yes, working the government is slow but you need to make those connections. Become friendly with the key stakeholders and then you can talk to the private sector partners,” one said.

The implication was that it is difficult to become a major private player without cosying up to the governments in emerging markets, in Africa and beyond, where the regulatory environment and official bodies’ oversight play second fiddle to relationships. If you want planning permission or an operating licence, let alone public contracts, it isn’t enough for your organisation to just tick the official boxes.

Using AI and big data for outpatient transformation

How can artificial intelligence (AI) and big data be used to transform outpatient services? Healthcare Business International spoke to tech expert Mark Ebbens, senior partner at GE Healthcare Business International, to find out.

The starting point, says Ebbens, is identifying the problems: “In most outpatient settings, you face the same challenges, how quickly people go through the system (throughput), low clinic capacity, the ratio between new visits and follow-up visits, and how do you manage the fact the doctors in the outpatient clinics are the ones you want in surgery, or seeing patients on ward rounds. There’s always a balance between planned and unplanned care. Outpatients tends to suffer. You can speed it up or slow it down.

“The only thing that really drives performance in outpatients is when people get beaten up for performance times—so in the UK it’s the 18 week referral time— however, I’d say the way they hit targets is highly inefficient. Everywhere booking and scheduling of outpatient appointments is done non-intelligently.”

There’s currently very little analytics being applied. The question to ask is this: “How do you defrag that hard disk so the empty white space is filled up more efficiently?”

Ebbens explains: “There are algorithms that can optimise theatre and outpatient schedules. It takes more planning than it would to schedule the Premier League’s games. You’re looking at physician preference, specialty, the days he likes to work, available slots, the size of the waiting list, the sequence in which you manage the waiting list as some people who wait may become urgent during the process, and another 15 constraints —and these are fed into an optimising tool.

“The biggest constraint is consultant job plans. They’ll say “I’m not doing it”. It’s an issue in the UK but it’s even bigger elsewhere where they will say “You’re not paying me to do that” —in the US for example”.

The savings can be substantial. “Even if you capture 25% or 20% of that potential, it’s 20% better than it is now. And that’s 20% of your time back.”

“AI and big data can help maximise your limited resource. We did a bit of tracking where we put radio-frequency identification (RFID) tags on

patients, doctors, and around an outpatient clinic and we watched where they went. They didn't like it. We got to measure actual face-to-face time between patient and doctor.

"That's real-time data but you can't make decisions in real time for something that's scheduled. Unlike managing an emergency department where you are trying to think on your feet, this is about learning from planning mistakes and optimising and that's something AI is good at.

"The real power of AI is spotting patterns you wouldn't see yourself—it compares variables and normal outcomes. It can even spot patterns for individual employees. A nurse might underperform in cold weather after a public holiday.

"Outpatients should be an easy to solve problem digitally. Why hasn't anyone solved it? You've got to get doctors and patients to change their behaviour."

Another way to do this is to keep patients informed of something as simple as waiting times. He explains: "Take Humber River Hospital in Canada. They publish their data live—if you've got an appointment, they can tell you that you will be waiting two hours—so you can go grab a coffee or whatever and come back later. It improves the experience, perception of choice and alleviates crowding. It is like electronic signs at bus stops telling you when the bus is going to arrive."

Mark Ebbens's presentation at HBI 2018 is available at https://iii.hm/jp8

Healthcare Business International 2018. Going for growth. Conference agenda. Available from https://iii.hm/jpa

Healthcare Business International 2018. Going for growth. Presentations available from https://iii.hm/jp9

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