



## Healthcare @ Iskandar Malaysia Opportunities in Private Healthcare in Iskandar Malaysia

There is a strong correlation between income levels and healthcare spending. Higher income/advanced economies spend twice as much in healthcare compared to emerging market and developing economies.

Two thirds of global healthcare spending (USD8 trillion) occurs in advanced economies with the USA accounting for 40% of the total.

Based on the Deloitte's 2015 Global Healthcare Sector Outlook, healthcare spending is expected to grow 5.2% annually to 2018. From a global perspective, growth in the healthcare industry will be from Middle East and Africa and Asia, as demand for better healthcare increases with growing/emerging economies.

In Malaysia, the estimated healthcare spending was equivalent to 4.4% of the GDP in 2013. That is expected to rise to 4.5% by 2018 as spending growth outpaces economic expansion. In dollar terms, Malaysia's healthcare spending is projected to rise by an average 10.5% a year, growing from an estimated USD13.7 billion to USD22.9 billion by 2018. The spending can be attributed by both public and private healthcare spending as Malaysia has a very good and extensive public healthcare system.

Interestingly, in the same report, the estimated healthcare spending in Singapore was equivalent to 3.9% of its GDP and the amount is expected to remain stable in 2014-2018. This actually means that spending per person in Singapore will be much higher than in Malaysia considering its relatively smaller population (5 million compared to Malaysia's 28 million) and their much bigger GDP size.



Within other countries in ASEAN, Philippines spent 4.6% of GDP on healthcare, Thailand spent an estimated of 3.3% of GDP and Indonesia spent the least at 2.8% of GDP (source: Deloitte 2015 healthcare outlook Southeast Asia).

While much of the public healthcare in Southeast Asia struggles with growth and funding, the private healthcare market continues to enjoy solid growth especially in developed and developing countries such as Singapore, Malaysia and Thailand which have an active medical tourism industry. And it is also not surprising that the bulk of the medical tourists in Malaysia and Singapore are Indonesians seeking for quality medical treatments. Singapore which has high quality healthcare facilities and growing clinical-research and biomedical industries is promoting its healthcare industry as a regional centre of excellence for general surgery and specialist services including cardiology and organ transplants.

Besides these ASEAN countries, other Asian countries such as India, South Korea and Taiwan have already made their mark in the growing medical tourism industry.

On health and wellness, more and more private hospitals are linking up with renowned hotels with resort facilities offering various forms of wellness treatment leveraging on Asia's rich culture and heritage.

### Where's the growth expected?





Hospitals Landscape in Iskandar Malaysia



In Iskandar Malaysia, private healthcare is one of the promoted sectors offering good investment opportunities as well as an enabler to deliver quality healthcare services. The Johor government will develop the state into a healthcare hub for the Asian region as it strives to diversify economic development.

Leading private healthcare provider in Iskandar Malaysia is the KPJ Healthcare Group which owns 25 private hospitals in Malaysia including three in Iskandar Malaysia. Some leading private hospitals in Iskandar Malaysia are:

Name of Hospital	No. of beds
Columbia Asia	80
Gleneagles Medini	148 (capacity 300)
Johor Specialist Hospital	252
Kempas Medical Centre	130
Pasir Gudang Specialist Hospital	136
Penawar Hospital Pasir Gudang	80
Penawar Hospital Pandan City	200
Puteri Specialist Hospital	158
Regency Specialist Hospital	218 (midst of expanding to 300)
Econ Medicare Centre (Nursing Home)	200
Jeta Care Centre (Nursing Home)	80
<b>Total</b>	<b>1,682</b>

Upcoming new private healthcare projects in Iskandar Malaysia:

Name of Hospital/ Project	No. of beds
Vantage Bay Healthcare City Thomson Medical Centre Nursing Home Wellness Centre – Traditional Chinese Medicine and Traditional & Complementary Medicine	300 TBC TBC
Dato Onn Specialist Hospital	400
KPJ-UTM University Hospital	150
Hospital Pasir Gudang (public hospital)	300
<b>Total</b>	<b>1,150</b>

The public hospitals provide some 1800 beds in Iskandar Malaysia and in the 2016 Budget, the Government has announced a new public hospital in Pasir Gudang.

With continuous investments and economic growth, there is a need for more public hospitals in Iskandar Malaysia especially a new hospital in Nusajaya or the very least, to expand the existing hospital in Kulai.

Besides private hospitals, we are also seeing more investments into setting up medical suites.

Government Hospitals in Iskandar Malaysia

- Hospital Sultanah Aminah (Johor Bahru) (989 beds)
- Hospital Temenggung Seri Maharaja Tun Ibrahim (Kulai) (93 beds)
- Hospital Sultan Ismail (Mount Austin) (704 beds)
- Hospital Pasir Gudang (as announced in the 2016 Budget) (300 beds)



The healthcare priority sub-sectors can be segmented into the following categories:



**1. Specialist Medical Services**

- Specialists in lifestyle disease eg: dialysis centre, heart centre, eye centre
- Dental specialist services
- Ambulatory care services

**2. Diagnostic Medical Services**

- Diagnostics (including pathology laboratories)
- Telemedicine
- Integrated lab services

**3. R&D COE for healthcare**

- Healthcare R&D
- Healthcare biotechnology
- Education – medical learning institutions
- Contract Research Organization (CRO) e.g. clinical trials

**4. Traditional & Complementary Medicine**

- Acupuncture
- Ayurvedic
- Homeopathy
- Reiki

**5. Wellness Services**

- Rejuvenation centres
- Retirement and nursing homes
- Rehabilitation centres

**6. Medical Equipment Manufacturing**

- Cardiovascular devices
- Orthopaedic devices
- In-vitro diagnostic devices
- Electro medical equipment

With the growing ageing population and our proximity to Singapore, we continue to receive strong investment interest in aged care and rehabilitation centres. Some of the recent investments in retirement and nursing homes were Econ Medicare Centre (200 beds) and Jeta Care (80 beds). We have also received numerous inquiries to set up retirement villages/homes in Iskandar Malaysia and some of these projects are in advanced stage of negotiation with land owners.

On the medical devices segment, recent investments in 2015 include GN Resound from Denmark (production of hearing healthcare solutions) and Owen Mumford from UK (medical devices for diabetics)

We would like to see more investments in the medical devices sector to provide a strong foundation for the healthcare cluster and complement the development in the healthcare sector.

**Medical Tourism**

The Malaysia Healthcare Travel Council was established in 2009 to promote healthcare tourism. The number of healthcare travelers and direct revenue from healthcare travelers continued to grow since 2010.

Year	Healthcare Travellers	Revenue (RM'mil)
2011	641,000	511
2012	728,800	594
2013	881,000	690
2014	882,000	730

Here, revenue from healthcare tourism is only from direct medical fees and hospital stay. It does not include the indirect revenue from hotel stay

for companions and family members and their in spending in Malaysia.

For medical tourism and claim for medical insurance especially for medical tourists from the USA, it is important for the hospitals to have international accreditation of its procedures and facilities. In Malaysia, there are only thirteen (13) JCI-accredited private hospitals including four hospitals under the KPJ Healthcare Group. KPJ Johor Specialist Hospital is the only JCI accredited hospital in Iskandar Malaysia.

(source: [www.jointcommissioninternational.org/](http://www.jointcommissioninternational.org/) JCI)

Under the Malaysian standard through the MSQH (Malaysia Society on Quality in Healthcare), there are three (3) MSQH's accredited hospitals in Iskandar Malaysia and they are:

- ◆ Hospital Temenggong Seri Maharaja Tun Ibrahim (Kulai)
- ◆ KPJ Johor Specialist Hospital (Johor Bahru)
- ◆ KPJ Puteri Specialist Hospital (Johor Bahru)

(source: [www.msqh.com.my](http://www.msqh.com.my))

Besides these hospitals with Malaysian and International accreditations, there are private hospitals with foreign ownership which are already making impact in healthcare travelers to Iskandar Malaysia.

They are:

- Regency Specialist Hospital (part of the Singapore's HMI Group)
- Gleneagles Medini (part of Parkway Hospital/IHH)

Singaporeans and Singapore PRs can make use of their Medisave when they seek treatment in the above hospitals.



Gleneagles Medini, opened in Nov 2015

## Special Article on Singapore's Healthcare System with focus on the Ageing Asia Economy

(by Joanne Tan, July 2015 Ageing Asia Alliance Journal, article adapted with permission)

In an annual ranking by Bloomberg in 2014, Singapore's healthcare system was ranked the 1st most efficient in the world. Singapore has designed her healthcare system to ensure that everyone in the nation has access to the different levels of healthcare in a cost-effective, timely and seamless manner.

With a population of over 5 million, and around 16% of the population aged over 60 as of 2013, Singapore is one of the top three countries with the longest life expectancy in the region, after Japan and Hong Kong, and is one of the countries that records the longest healthy life expectancy at 73 years. The early prevention and detection for chronic diseases programmes initiated by the government bodies have cultivated in an active and health conscious elderly population.

According to the 3<sup>rd</sup> Asia Pacific Silver Economy Business Opportunities Report 2015's Ageing Asia Silver Economy Index - a ranking of countries in Asia Pacific by market potential for the ageing population, Singapore emerged in the top position followed by Hong Kong SAR and Australia in the second and third placing respectively.

As a soon to be super aged nation, the Singapore government is boosting spending on medical services to support an ageing population. The government's projected healthcare expenditure is expected to increase to S\$12 billion a year by 2020. To prepare for higher demand in aged care services, the government introduced various programmes such as the EASE (Enhancement for Active Seniors) programme that allows for home improvements for seniors to public flats by the Housing Development Board (HDB) and building more senior-friendly communities – Silver Zones.

In 2014, Singapore has set aside S\$9 billion to the Pioneer Generation Fund targeting about 450,000 citizens aged 65 and above, to aid the elderly citizens in health care and other old-age matters. The Ministry of Social and Family Development has also committed S\$400 million to transform community and home-based services to support ageing-in-place over the next five years.

Singapore's Ministry of Health launched a Care-at-Home innovation grant in August last year to encourage innovation and adoption of technology to provide home care services in more productive and cost-effective manner. Qualified participants will receive up to 80% funding for qualifying costs to develop and implement proposed solutions for up to a period of three years.

Singapore currently has 66 nursing homes housing 12,000 beds. Plans to increase 5,000 more beds by 2020 are underway. Since November 2014, International aged care operators can seek opportunities for global collaboration in Singapore under the Build-Own-Lease (BOL) scheme. Nine homes that will provide about 2,000 beds are slated to build under the BOL scheme from 2017 to 2020.

Singapore has also taken measures to review the rising number of people with dementia. Minister of Health, Mr Gan Kim Yong shared in a news report by Channel News Asia on 30 July 2015, "We will be expanding the capacity of our dementia nursing home beds and community-based dementia care services such as dementia day care centre. We will also develop more Eldersit teams, which is a home-based service that engages clients with dementia in cognitive activities while providing respite for their

# BizWatch

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No. 3:  
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caregivers."

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**AGEING ASIA SILVER ECONOMY INDEX: APAC MARKET POTENTIAL BY 2020**  
**US\$3.3 TRILLION**

Malaysia	<b>US\$29 billion</b>
Singapore	<b>US\$46 billion</b>
Vietnam	<b>US\$9 billion</b>
Hong Kong	<b>US\$38 billion</b>
China	<b>US\$1.7 trillion</b>
Indonesia	<b>US\$59 billion</b>
Thailand	<b>US\$43 billion</b>

### BizWatch

Iskandar Malaysia is a strategic location for investments in private healthcare and wellness as well as the medical devices industry. These are some of the sub-sectors under the Healthcare sector that we are promoting in Iskandar Malaysia. While there is relaxation in foreign equity especially where foreigners can own 100% in private hospitals, specialist medical clinics and specialist dental clinics, the majority of private hospitals in Malaysia and Iskandar Malaysia is locally owned and/or with joint venture with foreign investors.

The growing ageing population in Asia especially from Singapore is already impacting the healthcare landscape in Iskandar Malaysia where we have growing investments from Singapore such as the Regency Specialist Hospital (owned by HMI Group), Gleneagles Medini (owned by IHH) and Econ Medical Care (nursing home). In planning stage is the Thomson Medical Centre within the Vantage Bay Development.

However, as the healthcare industry is highly regulated, there remain challenges for new investors to understand and navigate the approval processes to set up new private healthcare facilities as well as to bring in foreign doctors and practitioners.

#### Editorial

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