



# 2019 Singapore Healthcare Outlook

June 2019



# Overview

The healthcare sector across the world is changing. Stakeholders – governments, healthcare providers, pharmaceutical and life sciences companies, MedTech companies, insurers and patients are at a juncture where they have to manage clinical, operational and financial challenges internally while burdened by the external forces of digital advancement, aging populations, increasing chronic diseases and growing demand for improvement in access and quality of care.

This outlook reviews the current state of Singapore’s healthcare sector, explores some of the most immediate and most talked-about trends, issues affecting the stakeholders and offers some considerations as to how the stakeholders can overcome these challenges.



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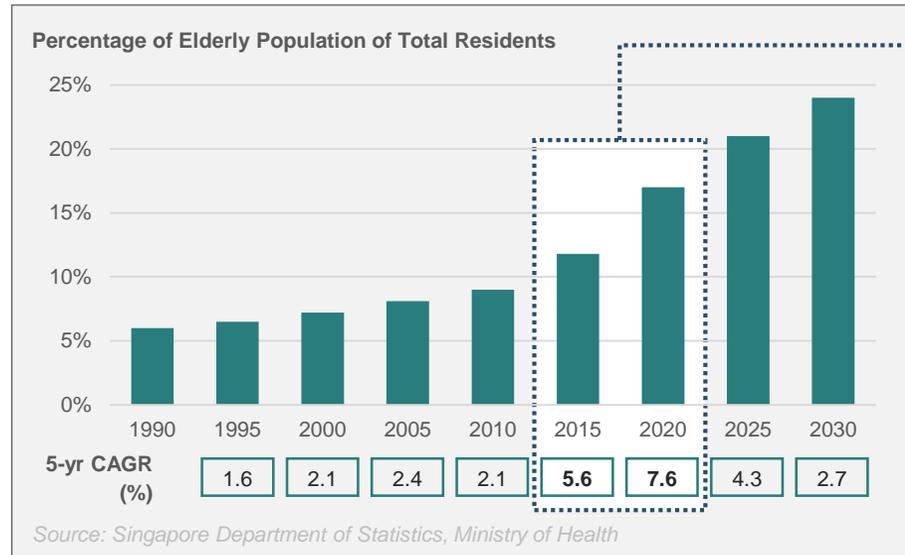


**Closing Thoughts and Contacts**  
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# Increasing demand of elderly-care and scrutiny of the existing care delivery model poses a challenge in providing long-term care for our seniors.

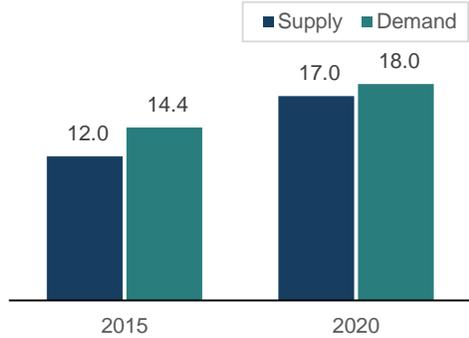
By 2030, almost one-quarter of Singapore’s population would be at the age of 65 and above, equating to about 900,000 people, a 63% increase from its 550,000 people in 2018.

With the oncoming silver age being cast upon the nation, Singapore has to aggressively ramp up its number elderly care facilities to cater to the needs of the elderly population.



### Supply and Demand of Nursing Home Facilities

In thousands of elderly population and beds



Year	Supply (thousands)	Demand (thousands)
2015	12.0	14.4
2020	17.0	18.0

Source: Ministry of Health, WHO



Photo: ST

Most nursing homes follow a dormitory-style infrastructure due to real estate constraints and cost efficiencies

*“Those who stay in nursing homes, their medical condition is complex, and they don’t have a constant caregiver. Some require bed baths... some have multiple conditions... there are also single elderly who don’t have family to support them,”*

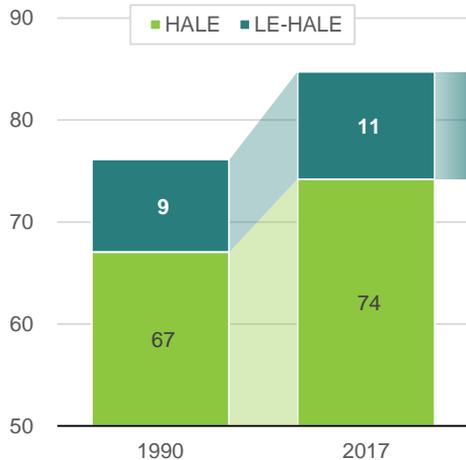
Mdm Low Mui Lang  
Executive Director  
Salvation Army’s Peacehaven Nursing Home

**Stakeholder considerations**  
Elderly-care service providers have to start considering services beyond the hospital walls, giving the seniors more opportunities to be cared for at home, especially for post-discharge follow-up treatments and monitoring of those with special needs.

# Chronic diseases continue to be prevalent in Singapore; cardiovascular diseases, in particular, has been the leading cause of death despite its preventability.

Singapore's population is not only aging but also spending 1.5 more years in ill health. Chronic illnesses plague the population, and seniors are suffering from multiple chronic conditions. It is unfortunate, but the increase in years of ill health has outmatched the gain in number of years expected to be lived.

**Average Life Expectancy at Birth**  
In years

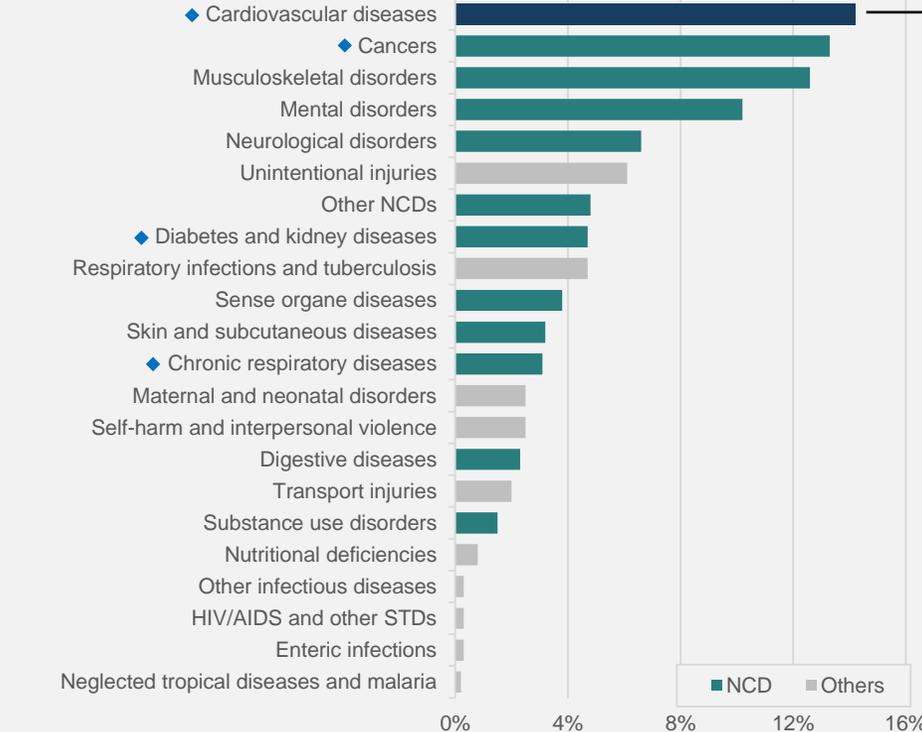


**LE:** Life Expectancy  
**HALE:** Healthy Life Expectancy  
**LE – HALE:** Expected Life Years in Sickness

Source: Ministry of Health

**2017 Leading causes of DALYs in Singapore**

In % of total DALYs



\*DALYs: Disability-Adjusted Life Years which measures years of healthy life lost to premature death and disability.

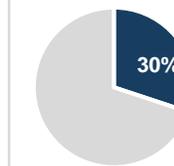
◆ Diseases that WHO have prioritized as the main chronic diseases worldwide

Source: *The Burden of Diseases in Singapore 1990 – 2017*, MOH

Cardiovascular diseases (CVDs), among all NCDs that plague the population has been the most worrying. It is the most common disease and to a large extent, due to age (which adds to the problem of the aging population) and lifestyle. Though it is **preventable with a combination of diet monitoring, stress reduction and increased physical activity**, the diseases have continued to persist among Singaporeans as the leading cause of death.

**Number of deaths caused by CVDs**

Period	2013	2014	2015	2016	2017
Total Deaths	18,938	19,393	19,862	20,017	20,905
Deaths from CVDs	5,587	5,799	5,879	5,905	6,292



On average, 16 people die from CVDs (heart diseases and stroke) in Singapore per day. This rate accounts for one-third of all deaths in Singapore.

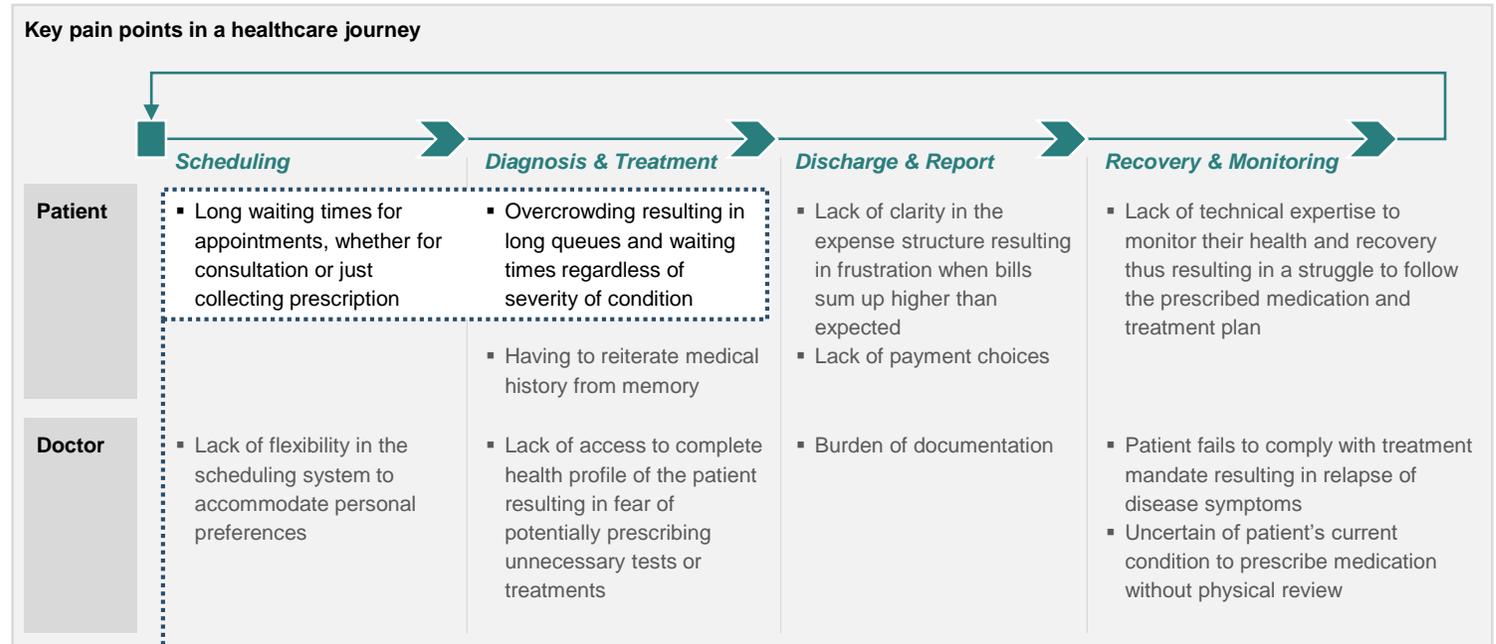
### Stakeholder considerations

Treatment providers should consider integrating some form of chronic disease management (CDM) tools that can be incorporated into the daily lives of the patient to facilitate follow-ups and monitoring as a preventive care solution.

# Pain points exist for both patients and doctors, and addressing these issues mean more than providing excellent healthcare and services.

As patients become more knowledgeable and gain more influence over their healthcare decisions, they become more demanding of greater service, convenience and value.

Stakeholders have to start viewing patients as customers “shopping” for healthcare, and as with all other industries, review how they make their products and services more accessible to these savvy consumers. Patient satisfaction has to be one of the top priorities, considering that they always have other options available.





**Patient's pain point of waiting times**

**At most hospitals (for subsidized outpatients):**

- Routine MRI scan: **2 to 3.5 weeks**
- Routine CT scan: **1 to 3 weeks**

**New appointments at specialist outpatient clinics:**

- Subsidized patients: **29 days**
- Private patients: **8 days**

**Average daily wait times:**

- Polyclinics: **0.7 to 1.2 hours**
- Public Hospitals: **1.4 to 3.3 hours**

**Average waiting time for urgent conditions (e.g. suspected cancers):**

- Polyclinics: **Around 1 week**

Source: MOH

**Stakeholder considerations**

Integrating healthcare apps and platforms is one way to stay engaged with the patients throughout the healthcare journey. In the context of scheduling appointments, a platform that connects patient and doctor directly can alleviate the pain points of both parties.

# Emerging business opportunities for healthcare stakeholders to improve the sustainability of their organization in the long-term.

Sustainability is not new to healthcare, but it has been gaining attention given the changing landscape and challenges posed.

It is increasingly essential for healthcare organizations to not just question the viability of the existing business model, but to craft strategies that ensure their organization has the necessary resources over the long-term. Long-term vision and sound investment strategies are key components of a sustainable business plan.

Understanding that every organization's journey will be unique in the challenges they face and the solutions they implement, here are two possible approaches to these challenges and case studies for the consideration of the stakeholders.

**1**

**Provide a generalist care delivery service that caters to the three immediate healthcare issues**

As we have reviewed, the aging population, increasing chronic conditions, and growing consumerism are the three most immediate issues in Singapore, and these issues have a compounding effect on each other. The resulting landscape is one where there is increasing demand for convenient healthcare options from seniors with chronic diseases.

Stakeholders could consider taking a generalist approach to cater to this demographic.

**2**

**Focus on providing treatment for diseases that have exhibited trends of increasing number of cases**

Given the landscape of increasing chronic care needs, stakeholders could consider to specialize in the treatment of specific diseases. This can be to increase in the capacity or quality of treatment.

Since there is already considerable demand for chronic care needs, an acquisitive approach will jump start market access or accelerate market-share growth

1

# Homage specialises in catering to the on-demand healthcare needs of the seniors. Similar opportunities for such a business model are plausible within other age groups.



Homage is a Singapore-based startup that matches caregivers and organizations with the elder patients and their families, providing on-demand care professionals depending on the senior's illness or other specific needs.

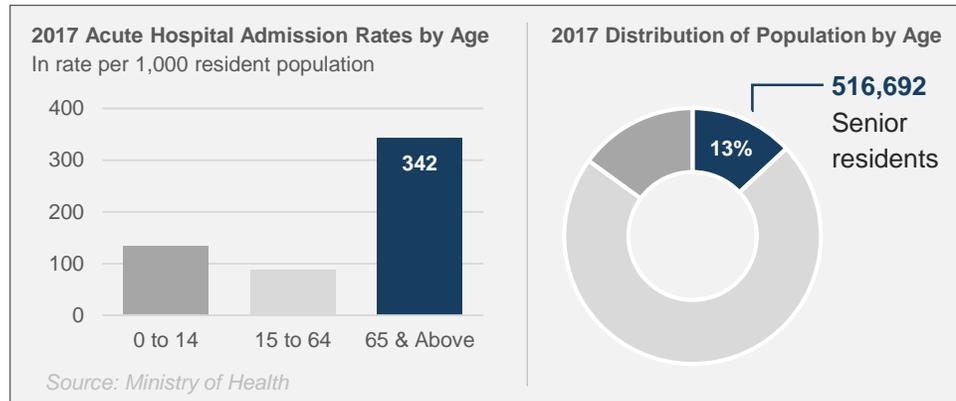
**Main Services**

- **Daily Living Care**  
(e.g. showering, meal preparation, medication escort and reminder)
- **Nursing Care**  
(e.g. stoma and wound care)
- **Home Therapy**  
(e.g. physiotherapy, speech therapy)

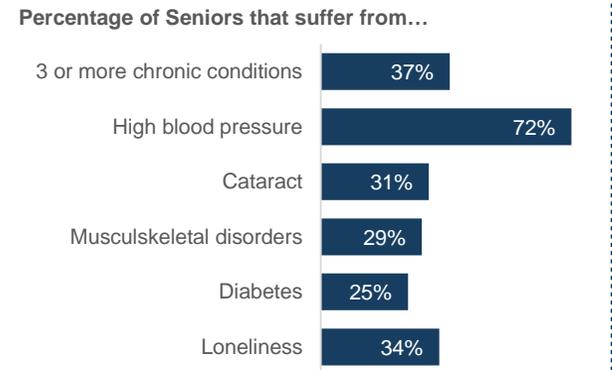
**Specialized Services**

- **Dementia Care**
- **Stroke Care**
- **Parkinson's Care**
- **Cancer Care**

**Supporting research for business model:**



Equivalent to an average admission rate of **484 seniors per day** in 2017



*Source: Duke-NUS Medical Schools Centre for Ageing Research and Education*

**Opportunity for the population of ages 15 to 64 years old**

Considering that this age group makes up more than half of the population, there is significant potential for an on-demand service catering to this population segment.

Since this age group mostly comprises of working adults, the type and severity of chronic conditions and the preferred delivery model is different.

Stakeholders considering this form of expansion should review what ailments are most common within this age group, and the most effective delivery channel.

## 2 Luye focus on speciality areas, providing treatment to specific diseases. Potential routes of expansion lie in preventive and post-treatment care.



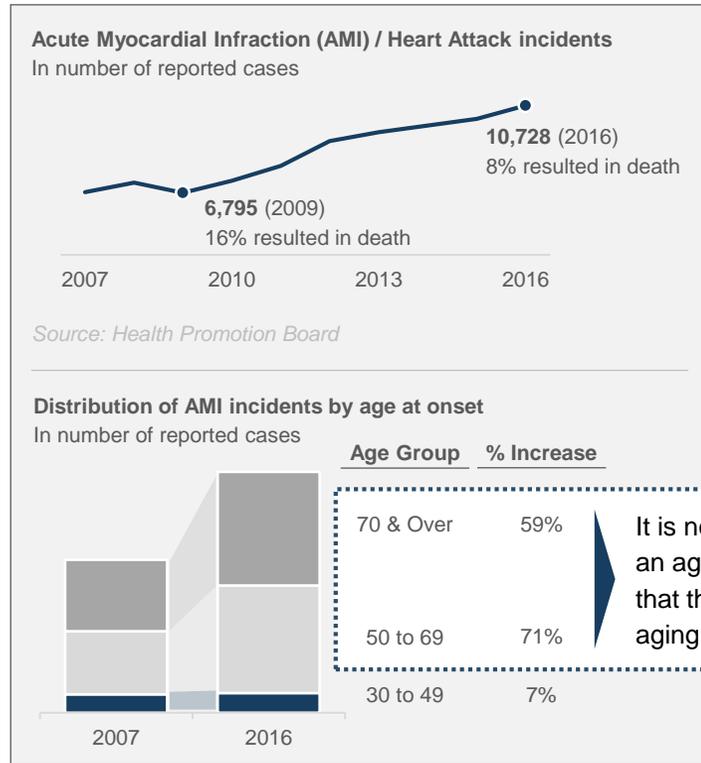
Singapore-based Luye Medical Group (Luye) acquires a majority stake in Novena Heart Centre (NHC). Luye's acquisitive strategy to improve the organization's financial sustainability is based on the rationale that the trend of increasing incidences of cardio vascular diseases will continue to rise. Consequently, the demand for cardiovascular treatment will increase.

### Luye Medical Group Business Segments (SG)

- **Novena Heart Centre**  
Specialist cardiology services
- **Oncocare Cancer Centre**  
Specialist oncology services
- **AsiaMedic Limited**  
Medical imaging services

### Supporting research for acquisition rationale:

In addition to the research on Slide 4,



**Opportunity to target lifestyle of working-class population**

As with most chronic conditions, CVDs and AMIs are typically resultant of poor lifestyle habits. Further research into the demographics of the target group should reveal pain points that eventually lead to such illnesses or cause relapses.

Stakeholders that specialize in specific diseases can explore long-term preventive or post-treatment monitoring services/devices that cater to the patients.

# Collaborations and partnerships are essential in building an integrated and patient-centric healthcare system that delivers life-long care to the people.

The industry will continue to transform as healthcare focus shifts to enabling patients with accessible and personalized care and not just treatment when they are ill, but also preventive and life-long well-being.

Stakeholders, regardless of government or private, will have to refresh their business model to enable a more patient-centric and consumer-style care delivery model. And though each organization is unique in its own right, and there is no one-size-fits-all strategy, it is necessary to consider strategic partnerships within the ecosystem. It is only through a collaborative effort that stakeholders can realize the opportunities.



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## Expansion efforts can be eased with the use of government grants and incentives. Here are some for your consideration.

This outlook has highlighted only a few of the more pressing challenges of the healthcare sector and provided a slight glimpse of the possible solutions.

In reality, the opportunities are plenty, promising and accompanied by other barriers (e.g. the potential complications of personal data in the context of electronic health records as technology-enabled care becomes more prevalent in the industry). It is necessary for stakeholders to properly understand its addressable market opportunities and the challenges that lie ahead, specific to its position and objectives.

Cost implications are naturally an additional layer of complexity in decision-making for the stakeholders. For the purpose of aiding the expansion journey, here is a list of some of the government grants and incentives that could be of use to you.

Incentive	What they offer	Approving authority
Market Readiness Assistance (MRA)	Up to 70% of eligible costs for pre-determined activities such as Business Matching, capped at SGD 20,000 per company per fiscal year.	Enterprise Singapore
Enterprise Development Grant (EDG) <sup>1</sup>	Up to 70% of research/advisory fees of qualifying projects such as market research and feasibility study, development of M&A strategies and due diligence work.	Enterprise Singapore
Double Tax Deduction for Internationalization (DTD <sub>i</sub> )	Up to 200% tax deduction on eligible expenses for international market expansion and investment development activities, which includes investment feasibility/due diligence studies and master licensing and franchising	Enterprise Singapore
Mergers & Acquisitions (M&A) Scheme <sup>2</sup>	Allowance of 25% of the cash consideration paid (capped at SGD 10 million), stamp duty relief on the transfer of ordinary shares (capped at SGD 80,000), and double tax deduction on transaction costs incurred (capped at SGD 100,000) for a qualifying acquisition.	Inland Revenue Authority of Singapore (IRAS)
Development and Expansion Incentive (DEI)	Corporate tax exemption of 5% or concessionary tax rate of 10% on income derived from qualifying activities such as service fees, franchise fees and management fees.	Economic Development Board of Singapore (EDB)

<sup>1</sup> Incentive expires 31 March 2023

<sup>2</sup> Qualifying period ends 31 March 2020

## Your Reciprocus contacts

If you would like to have a one-on-one discussion on how this subject may affect your business or have enquiries on the applicable government grants and incentives in Singapore you could tap on for our advisory practice, please contact one of the Reciprocus professionals listed.

For more information on our advisory practice, please visit [www.reciprocus.com](http://www.reciprocus.com)



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