

**Long Term Care**  
INVESTMENT OPPORTUNITY  
**Healthcare Services**



# Healthcare Services

## Long Term Care

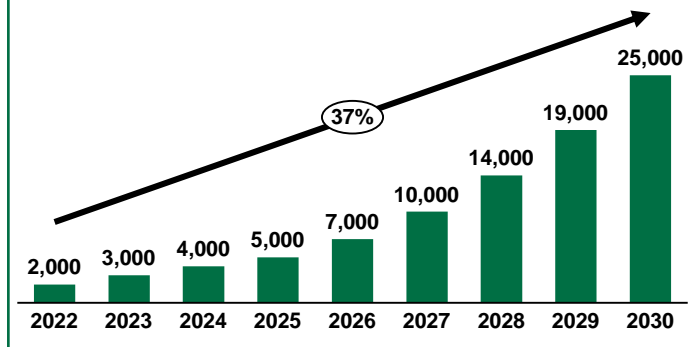
Non-PPP

**OPPORTUNITY DESCRIPTION:** Healthcare service provision of a variety of services for an extended period that includes medical, rehabilitative, restorative, palliative, respite care and assistance with activities of daily living to individuals who have a chronic or subacute illness or disability

### DEMAND

#### MARKET SIZE (SAR M)

Projected total spend on long term care



#### INVESTMENT HIGHLIGHTS

- Facility Size: 16,500 - 24,600 sqm
- Number of Beds: 100-150 beds (single facility)
- Investment Size: SAR 200M - 250M
- Jobs Created: 400 – 600
- GDP Contribution: SAR 2,000M – 4,000M
- IRR: 5 - 15%
- NPV: SAR 400M – 500M
- Project Location: Multiple potential locations across west, east, south, north and central clusters

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- Well developed and mature healthcare ecosystem with established entities (e.g., MoH, HHC, SHC) and largest healthcare budget in MENA (USD 36.7B in 2022)
- Strong existing efforts towards bridging long term care capacity shortages, with HSTP prioritizing long term care
- Implementation of long term care in line with new Model of Care, which requires availability and integration of full continuum of care including post-acute services
- KSA aims to increase healthcare privatization from 25% to 35% by 2030, leading to opportunities for private sector

#### KEY DEMAND DRIVERS

- KSA aiming for universal coverage for the demand (0.7 bed/1,000 population)
- Trends including growing number of chronic diseases, traffic accidents, aging population and disability driving need for long term care
- Currently, number of long term care beds in KSA is limited. Acute care treatment beds in hospitals occupied by LTC patients, creating a burden on bed availability (~77% of MoH LTC patients outsourced to hospital setup) at additional cost (cost at hospital setup is higher by 95% than LTC facilities)

### MARKET OVERVIEW

#### EQUIPMENT/ HUMAN RESOURCE REQUIREMENTS

- Medical equipment including basic diagnostics, non-medical equipment and medical furniture
- Various medical devices required e.g., blood glucose metering, hemoglobin metering, ultrasound and kidney dialysis devices
- LTCs required to have geriatric consultants, radiologists, psychotherapists, anesthesiologists etc.
- For more detailed requirements, please refer to <https://www.moh.gov.sa/eServices/Licences/Documents/18.pdf>

#### GLOBAL TRENDS

- 1% of Germany GDP spent on LTC – total number of 13,596 long term care beds available in Germany, out of which 53% owned by non-profits, 42% by for-profit companies. Included in Mandatory Health Insurance (MHI)
- In Australia, 11% of the LTC providers are public, 37% of the beds in LTC institutions are operated by for-profits. Since 2013, number of residents in LTC institutions increased by 29%
- As per the UN, majority of countries in world to experience substantial increase in size of the population aged 60 years + between 2015 and 2030 – driving demand for long term care facilities



### SUPPLY

#### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Potential to scale long term care further through establishing additional hospitals across clusters - strong scaling potential, with 15 new/ expansion projects for LTC facilities (here: focus on public-private partnerships)
- Potential to expand into synergistic opportunity areas e.g., rehabilitation and home care
- KSA's competitive advantage (e.g., ~15% lower costs for specialized staff, ~10% lower costs for rentals and purchase of land and ~15% lower CAPEX for healthcare equipment against Qatar and UAE benchmarks)

#### PROPOSED PROCUREMENT MODEL



### ENABLING FACTORS

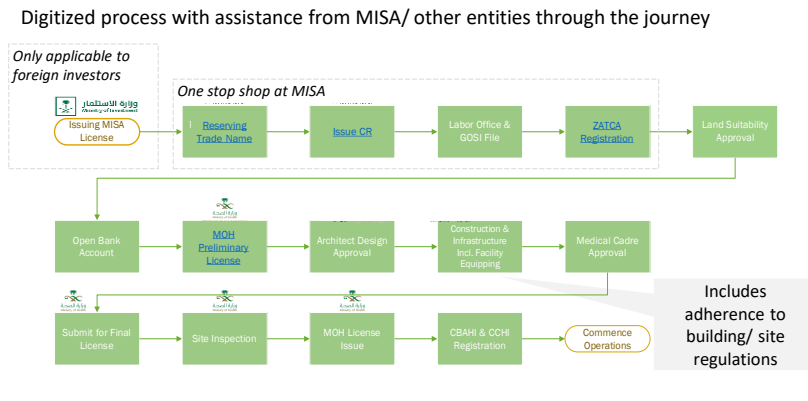
#### ENABLERS & INCENTIVES

- Up to 50% tax credit on KSA national worker payroll and training cost for 10 years
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided cost <USD 4,000
- On-the-job training program for KSA nationals under Tamheer program
- Potential for development of tailored incentives

#### VALUE CHAIN

Patient Assessment	Care Coordination	Service Delivery	Step Down/ End of Life
<ul style="list-style-type: none"> <li>▪ Assessment of patient and needs synthesis</li> <li>▪ Discussions post referral on treatment planning</li> <li>▪ Open, honest communication for end-of-life patients that may require highly customized care plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strategic coordination across patient pathway (e.g., including family medicine and secondary caregivers)</li> <li>▪ Development of tailored care plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Delivery of high quality long term care/ palliative care plan in hospital setting</li> <li>▪ Iteration and adaptation of care plan, based on continuous patient engagement</li> <li>▪ Outcomes monitoring</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of patient needs/ preferences upon discharge to community/ home care</li> <li>▪ Family care support upon discharge</li> <li>▪ Identification of dying phase (for palliative only)</li> </ul>

#### DIGITIZED INVESTOR JOURNEY AND LICENSING



#### COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
Electricity tariffs for industrial players	\$48 /MWh
Productivity adjusted wages	\$3.3 /hour
Logistics Performance Index (1-5)	3.2
Construction Costs (Indexed to US, % 0 is cheapest)	74
Ease of getting credit (0-100)	50

#### KEY STAKEHOLDERS



Primary ecosystem stakeholders listed. In addition, MISA will facilitate investment promotion whilst other gov. entities will support to further catalyze opportunity

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	<b>Market size</b>	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	<b>Business drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Global trends</b>	Latest business developments within the sector/product category
7	<b>Scalability and localization</b>	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
12	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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