

## EMERGING TECH BUSINESS OPPORTUNITIES IN OMAN

### Excerpts from the Oman Country Commercial Guide (U.S. Government)

#### HEALTHCARE

This is a best prospect industry sector for this country.

#### Overview

Over the last 40 years, Oman has invested heavily in the health sector and succeeded in creating a relatively modern health care system. Health indicators attest to its comprehensive and well-developed standards. At the same time, the government's determination to provide all of its citizens with free, basic health care, along with treating persistent diabetes and cardiovascular disease, means that health-related expenditures are growing.

According to reports published by the Oxford Business Group at the end of 2016, the Ministry of Health (MoH) had 74 hospitals with a total of 6,589 beds (equivalent to 14.9 beds per 10,000 people), as well as 266 governmental health centers, clinics, and pharmacies, and 1,105 private clinics. Government-run hospitals for the general Omani public accounted for 49 hospitals and 4,659 beds, while the private sector accounted for 15 hospitals with 637 beds. The rest of the hospitals are operated by the Royal Armed Forces, the Royal Oman Police, and Sultan Qaboos University. Despite the fact that Omanis can be treated without charge in government hospitals, some choose to visit private hospitals in order to avoid wait times. The government typically reimburses private hospitals for their care.

Although the government generally pays for specialized treatment abroad for Omani citizens, in November 2017, the MoH announced that only patients suffering from chronic or acute ailments who cannot be treated domestically will be allowed to go abroad for treatment. Over the past five years, there has been a 56 percent drop in the number of patients sent abroad for treatment, according to MoH data. The preferred destinations for most Omanis are India, Thailand, and Europe. Omanis consider U.S. health care expensive, and the few who do go to the USA have friends or family and typically travel at their own expense. The MoH does not usually refer patients to American hospitals.

Oman has been pushing to implement modern technological solutions to boost efficiency in the health care sector and, ultimately, to keep costs down and cut waiting times. Over the past few years, the MoH has been reducing the prices in phases of the most commonly used medicines in Oman, which is in line with the 2012 GCC resolution to standardize the import prices of medicines. In April 2017, the MoH introduced a 45 percent profit cap on medicines.

The Omani government currently spends more than US\$260 million each year on medicines and supplies, with more than 93 percent of medical supplies – including laboratory, surgical equipment, and pharmaceuticals – needing to be imported from abroad. Oman is now contending with the rise in lifestyle diseases, such as diabetes, obesity, and hypertension. The health care sector continues to focus on treatment rather than preventative care, with less priority placed upon wellness education and limited focus on rehabilitative care, including physical, occupational, and developmental therapies.

### **Leading Sub-Sectors**

These include pharmaceuticals, medical equipment and supplies, X-ray and MRIs, ultrasound devices, surgical equipment, management information systems, tele-medicine, medical insurance, fellowships, residencies, specialized short courses, and healthcare administrator training.

### **Opportunities**

The Omani market offers solid prospects for U.S. health care products. Oman is focused on upgrading its facilities and diagnostic capabilities. The current five-year plan includes spending slated for preliminary and secondary healthcare in addition to women's health issues, infectious and non-infectious diseases, radiology, ophthalmology, mental health, and occupational health. The Health Vision 2050 development plan outlines the need for: expanding specialist services; reducing costs; securing results-based project funding; decentralizing management; increasing transparency; and collaboration among providers.

There are opportunities for public-private partnerships as the MoH transitions to regulator status over the long term. Moreover, the cost of public health care in Oman is increasing steadily, and future public investment will need to continue rising in order to meet this demand. Accordingly, the private sector may take on an increasingly prominent role in supplying medical treatment and care.

Current healthcare expenditures in Oman are expected to grow at a compounded annual growth rate (CAGR) of 9.1 percent from US\$3.2 billion in 2017 to US\$4.9 billion in 2022, according to a report published by Alpen Capital. This growth is due to a rising population and the rising cost of care. To accommodate the growing base of patients, the bed requirement in Oman is anticipated to grow at a CAGR of 3.2 percent through 2022, translating into a demand for more than 1,100 new beds to reach a capacity of 7,937 beds. In November 2017, the MoH announced contracts to build three new hospitals in Salalah, Khasab, and Suwaiq. The Royal Oman Police will construct a new 4,600 bed hospital over the next three years, requiring equipment, management services, and drug imports. Large-scale projects such as the US\$1 billion International Medical City (IMC) in Salalah, and the Medical City in Barka by the MoH, have been on hold.

The MoH has expressed interest in U.S. healthcare information management technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's hospitals and regional clinics. The MoH is looking to partner with U.S. universities to train and certify Omani healthcare

practitioners. There is an ongoing push to establish more pharmaceutical operations in Oman, and the development of a local industry could also offer a host of new opportunities.

The insurance market in Oman is small, but it will likely grow, particularly the health insurance market. The MOH has repeatedly stressed the need to develop innovative health care financing and insurance solutions, as the government cannot continue to sustainably finance the majority of health care in the Sultanate. Insurance became mandatory in 2018 for expats in the private sector and compulsory national health insurance will be introduced in phases beginning in January 2019. Under the Oman – U.S. Free Trade Agreement, U.S. insurers in Oman can establish a commercial presence through subsidiaries, branches, or joint ventures, and provide a full range of insurance products. U.S. providers are also assured of swift approval of new products (30 days for non-life insurance and 60 days for life insurance).