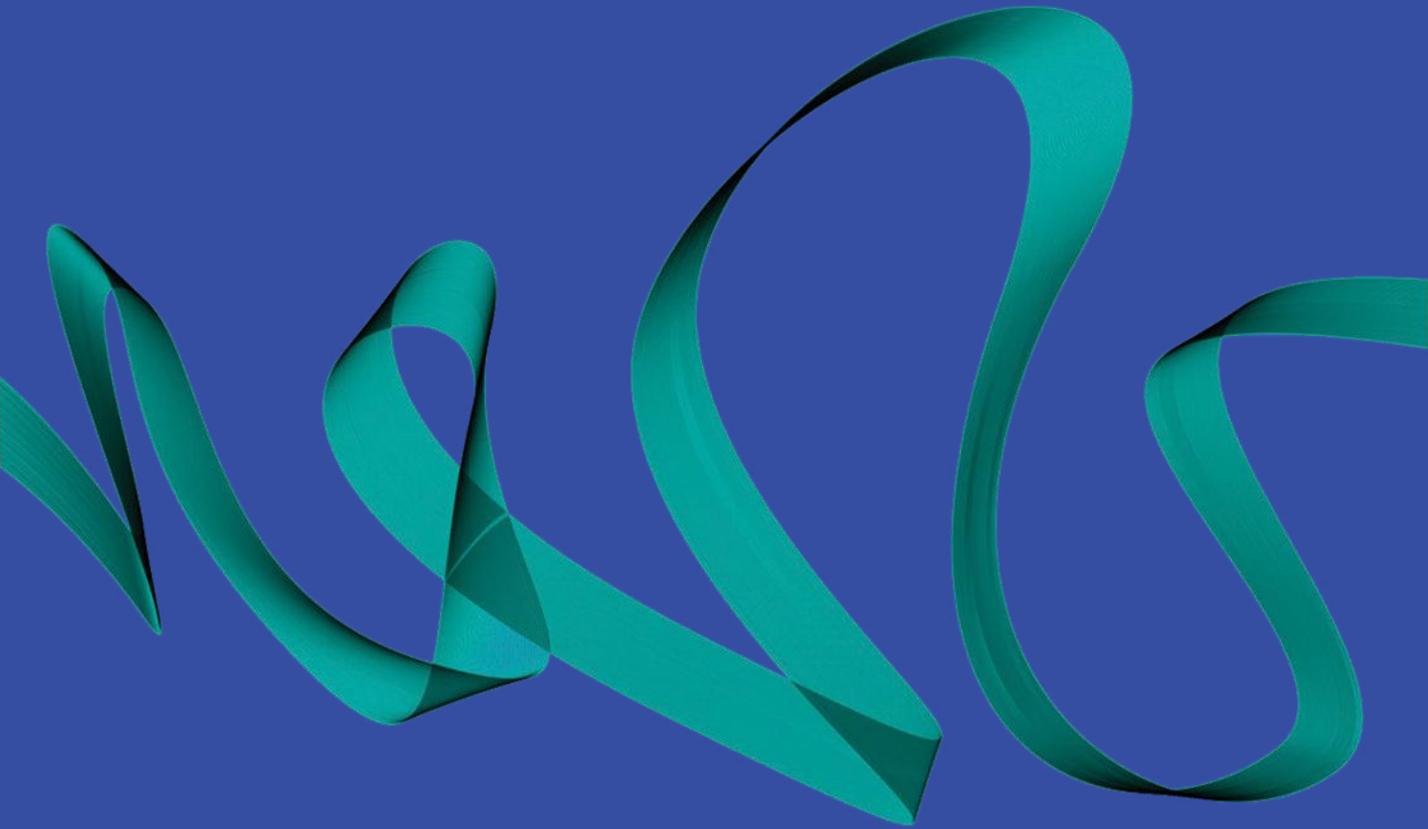




Healthcare in Myanmar



Ipsos Business Consulting

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November 2013

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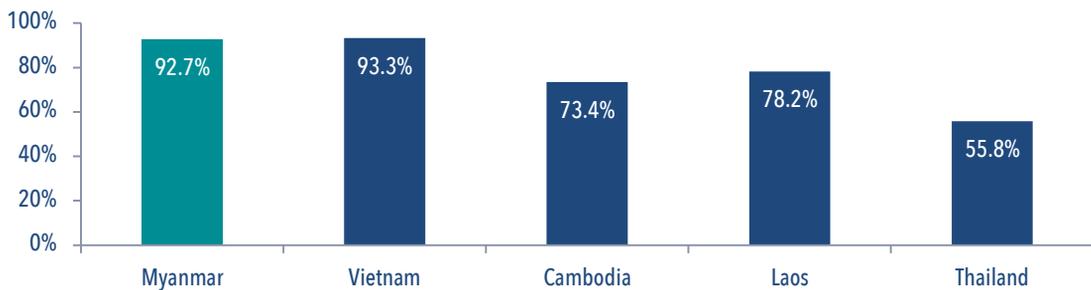
Myanmar healthcare and economy

As the economy continues to grow in Myanmar, one of the areas that has seen a major overhaul is the healthcare industry. The new government in Myanmar has increased government spending on its healthcare budget.

However, the government spending on healthcare is still one of the lowest in the ASEAN region with a total budget of 3.9% which is approximately \$450 million USD of the government's budget in 2013 in comparison to 1.9% in 2012.¹ The healthcare sector in Myanmar is also open to foreign investments with 70% of foreign ownership now being allowed in clinics and hospitals.²

Healthcare spending in Myanmar is primarily being paid for by out of pocket (OOP) cost by the general public. According to the World Bank for 2012, OOP payments accounted for 92.7% of the total healthcare expenditures.

Figure 1: Out of pocket health care expenditure as a percentage of total health care spending (2012)



Source: World Bank

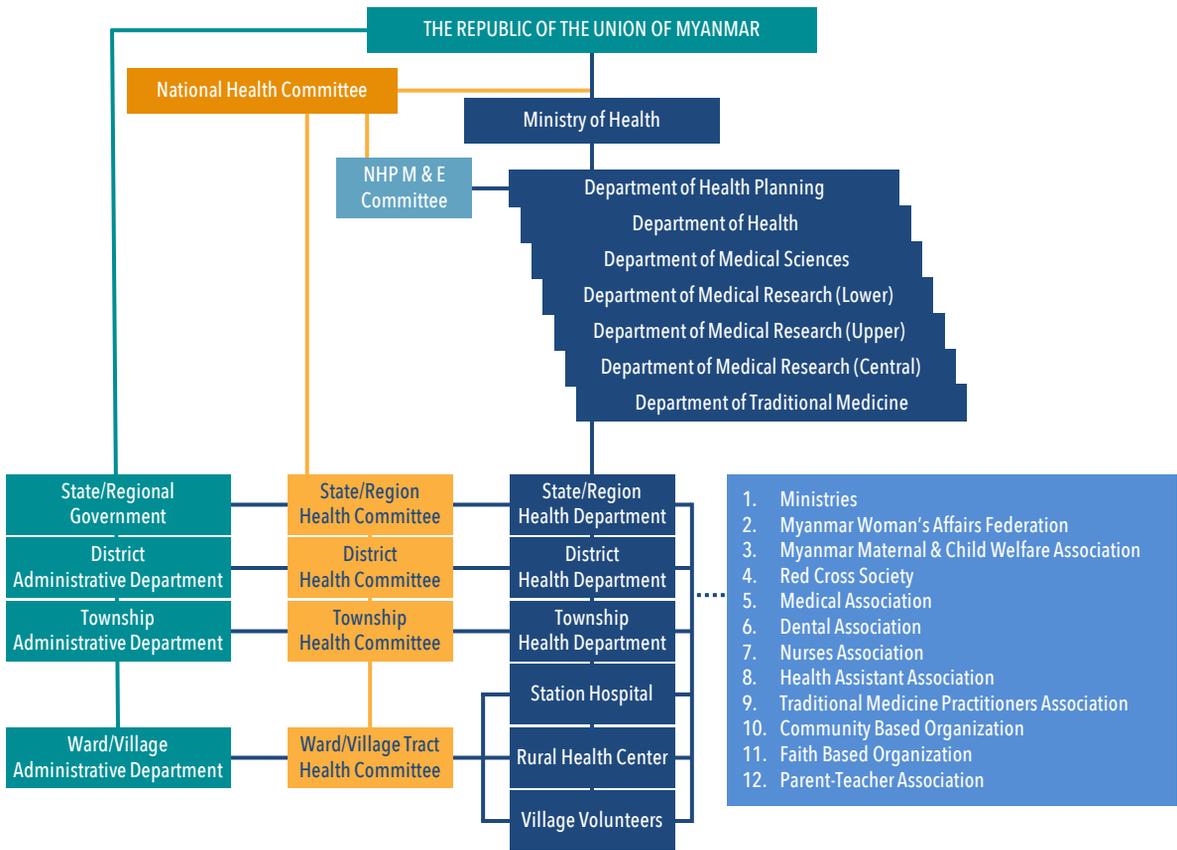
Myanmar government ministry of health structure

Myanmar's Ministry of Health is the official government healthcare provider in Myanmar. There are also some government ministries that have their own hospitals to provide healthcare services for their staff and families. The Ministry of Industry is responsible for the Myanmar Pharmaceutical Factory which has previously manufactured medicines for use here in Myanmar.

¹Source: Invest in Myanmar

²Source: Eleven Media August 2013

Figure 2: Myanmar Government Health Structure



Source: Ministry of Health

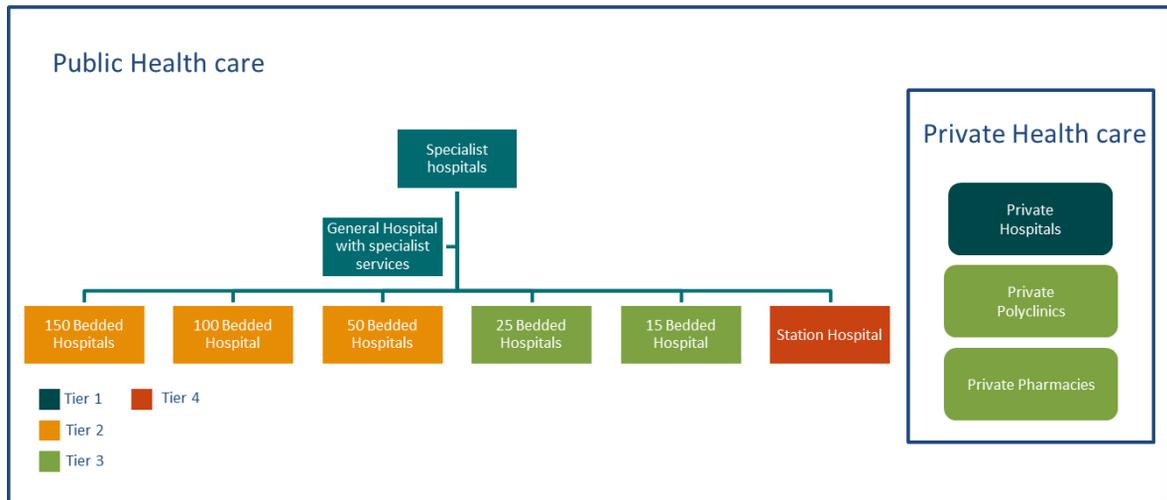
Myanmar healthcare facilities

Myanmar's primary specialist hospitals are located in Yangon and Mandalay. Healthcare facilities located outside of these two regions of Myanmar are more downsized with hospital stations providing basic healthcare services for people living in those rural regions.

The government provides equal opportunity healthcare services in Myanmar regardless of ethnicity. However, regions which still have some armed civil conflicts such as northern Kachin State, Northern Shan State, Eastern Kayin State, and Southern Mon State don't have access to government healthcare providers due to the fact that these regions are currently out with the national governance arrangements.

Myanmar practices both modern and traditional medicine practices with no specific remedies confined to a geographical region.

Figure 3: Myanmar Health Services Classification



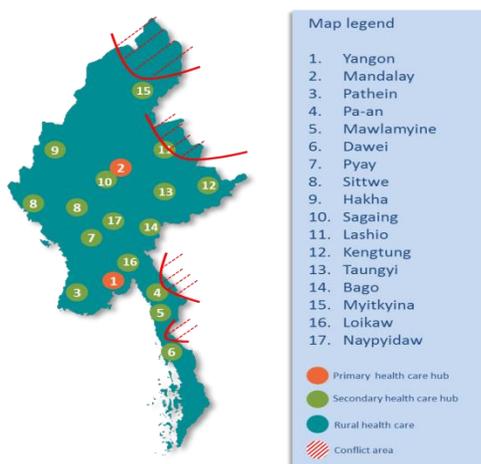
Source: Ministry of Health & Ipsos Analysis

Myanmar healthcare facility location by region

Major specialist hospitals located in Myanmar, including children's hospitals and women's hospitals, are located in Yangon & Mandalay. Second tier cities- capitals of other states and divisions- may have one or two specialist hospitals located in the region.

Most of these regions will have general hospitals with specialist services available on-site. Townships have hospital sizes (beds) according to their respective township size with very rural areas having station hospitals. Patient care is referred up the healthcare system when deemed necessary, with the most critical cases referred to Yangon where primary healthcare providers are located. Private clinics and pharmacies serve primarily as ambulatory healthcare in Myanmar.

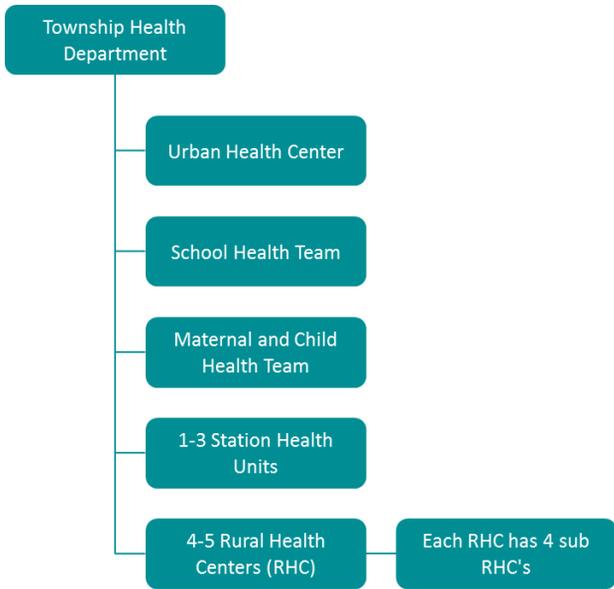
Figure 4: Myanmar Healthcare Services Distribution



Source: Ministry of Health & Ipsos Analysis

The "Township Health System" was introduced in 1964 as part of the healthcare education plan and is now the core of the Myanmar Healthcare System for both promoting and preventive healthcare services.

Figure 5: Myanmar Healthcare Services Distribution



Source: Ministry of Health & Ipsos Analysis

The Myanmar traditional healthcare system

The Myanmar health system still offers traditional herbal medicine along with modern day medical practices, which may come as a surprise to some. The government supports scientific ways of assessing the benefits of therapeutic agents while nurturing famous and rare medicinal plants. The government also supports the exploration, sustention, and propagation of treatises and practices.

In total there are 14 traditional medicine hospitals operated by the Myanmar government. Traditional medical practitioners are trained at the Institute of Traditional Medicine and now a University of Traditional Medicine has been established for further advancement in this field.

Myanmar private healthcare

Nowadays, private hospitals and specialist clinics have become a popular alternative venue for patients seeking immediate medical treatment. These mainly cater to the upper middle and higher income people living in Myanmar. These facilities mostly provide ambulatory care for patients, although some of them provide institutional care as well. These facilities are situated in Yangon & Mandalay.

Private hospitals generally have better, more modern facilities than their government counterparts. They are regulated in conformity with the provisions of the law relating to the Private Healthcare Services of 2007, the General Practitioners' Section of the Myanmar Medical Association.

There also exists private, non-profit hospitals such as the Muslim Free Hospital which is governed by community and faith based organizations. They mostly provide ambulatory care, although some of these facilities do provide institutional care for patients as well.

Small private polyclinics and pharmacies are the first choice for many Myanmar middle to lower class people for minor ailments & surgeries. Typically these people would only go to hospitals for major institutional treatments and surgeries. These pharmacies and polyclinics are the frontline of medical care throughout Myanmar.

The Myanmar food and drug control

The Food and Drug Administration (FDA) was established in 1995 and is responsible for the safety and quality of food, drugs, medical devices and cosmetics issued in the country. Activities of the administration includes approval for new products, changes to existing products, quality control laboratory testing, adverse drug reaction monitoring, good manufacturing practice inspection, licensing of manufacturers, wholesalers, enforcement activities, drug promotion and advertisements.

The FDA works with the Custom Department, the Directorate of Trade and the Myanmar Police Force. The administration takes necessary measures to make sure only registered drugs are imported into Myanmar. The FDA also issues health recommendations for local food manufacturing, imported foods, and exported foods.

Health insurance in Myanmar

Before new liberalisation, there was only one insurance provider in Myanmar- the state owned "Myanmar Insurance"

With the new liberalisation in investment laws in Myanmar, 12 foreign licenses have already been issued by the Myanmar government to sell insurance products and are expected to commence by mid-2013. These insurance products include Japanese firms: Sompo Japan Insurance, Mitsui Sumitomo Insurance, Tokio Marine Insurance, and Taiyo Life Insurance.

In March 2013, the insurance giant AIA announced it had been given approval to operate in the Myanmar market. "[Myanmar] clearly once was a very attractive market and will be again," the company's chief executive, Mark Tucker, told Reuters.

Myanmar opportunity sectors

Myanmar's government welcomes any investment into the country's healthcare system for bettering the healthcare services in Myanmar.

Healthcare equipment	Myanmar's healthcare sector is lacking in is the availability of modern medical equipment which were previously unavailable mostly due to economic sanctions. With the lifting of western sanctions, companies such as General Electric are now actively engaging Myanmar by providing imaging systems to both public and private hospitals. ³
Healthcare & pharmaceutical supplies	<p>Myanmar's pharmaceutical industry is estimated to be worth around \$100-120 million USD in 2013.⁴ Indian pharmacy companies account for 35-40% of the market share followed by Bangladesh, China, Thailand, Indonesia, Pakistan and Vietnam. As western sanctions are lifted, more US and European producers can be expected to enter into the market. Yangon and Mandalay account for 60% of all pharmacy sales in Myanmar. According to the Ministry of Commerce, more than 5,000 categories of medicine are imported annually.⁵</p> <p>Opportunities exist for suppliers of healthcare and pharmacy products that were previously unavailable in Myanmar's present market due to the presence of sanctions.</p>
Healthcare services	Myanmar's healthcare services sector offers opportunities for foreign partnered healthcare facilities that presently do not exist in Myanmar. Myanmar's health services are severely behind neighbouring countries such as Thailand.
Healthcare training	Myanmar's healthcare future relies in large part to the quality and service of healthcare professionals in the region. Myanmar's government understands the need to produce healthcare service professionals of higher quality that are well versed in the latest medical practices. Companies such as GE have already started offering training programs within the country.

Myanmar medical tourism

Due to the lack of quality healthcare services currently available in Myanmar, many well to do Myanmar citizens and foreign expats frequently fly out to neighbouring countries such as Thailand, Malaysia, India and Singapore for medical treatments. Thailand is thought to be the preferred choice for Myanmar's people due to the close proximity, similar cultures and cheaper living costs.

In 2010, Thailand's famous Bangkok Hospital Chain reported that Myanmar is the third largest market after the United Arab Emirates and Qatar.⁶ In Malaysia 2012, there was a 23% increase in Myanmar patients seeking medical treatment from 2011.⁷ These are just some of the indicators of the increasing trend of Myanmar's people seeking healthcare services overseas.

The main types of treatments usually sought abroad are health check-ups, cardiac treatments, orthopaedics, paediatrics, neurology and cancer care. Many Myanmar people are interested in healthcare treatments abroad but don't have the necessary information and are also concerned about the language barrier.

³Source: GE annual report 2012

⁴Source: Medical Myanmar 2013

⁵Source: Medical Myanmar 2013

⁶Source: Myanmar Times July 2010

⁷Source: Medical SEA June 2013

To fill this gap, many foreign hospitals have set up offices with representatives to help with the language barrier along with a local partner hospital to facilitate medical treatment. Typically they provide services such as:

- Specialists flying in for surgery such as the agreement between Pun Haling Hospital and Bumrungrad Hospital of Thailand.
- Arranging appointments at foreign partner hospitals.
- Letters to help with visa applications and assisting with visa applications.
- Promotional rates with airlines for roundtrip tickets. E.g. Bangkok Hospital & Bangkok Airways. (Can be reimbursed if the patient is admitted as in-patient in Bangkok).
- Free consultations with specialists visiting from abroad.
- Emergency air ambulance services to Bangkok.
- Health laboratory services (blood, serum, plasma, urine and tissue biopsy specimens) collected and sent to Bangkok for analysis.
- Airport pick up and accommodation arrangements.
- Myanmar translators.

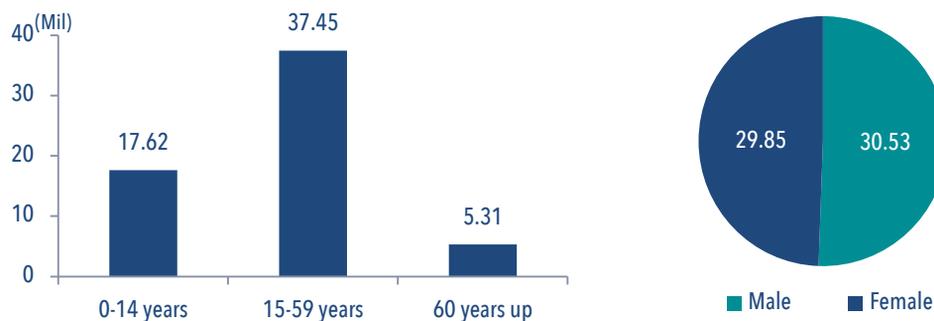
Some of the foreign partnered hospitals in Myanmar are listed below with most of them from neighbouring Thailand.

- Bangkok Hospital – Thailand
- Vejthani Hospital – Thailand
- Bumrungrad Hospital – Thailand
- Chaophaya Hospital – Thailand
- Praram 9 Hospital – Thailand
- Yanhee Hospital – Thailand
- Vibhavedi Hospital – Thailand
- Samitivej Hospital – Thailand
- Amri Hospital – India
- Apollo Hospital – India
- Mahkola Hospital – Malaysia
- Singapore General Hospital – Singapore
- Parkway Hospital – Singapore
- Raffles Hospital – Singapore
- Tan Tock Seng – Singapore

Until healthcare services and professionals in Myanmar reach international levels, this exodus of medical tourism is expected to continue for the foreseeable future.

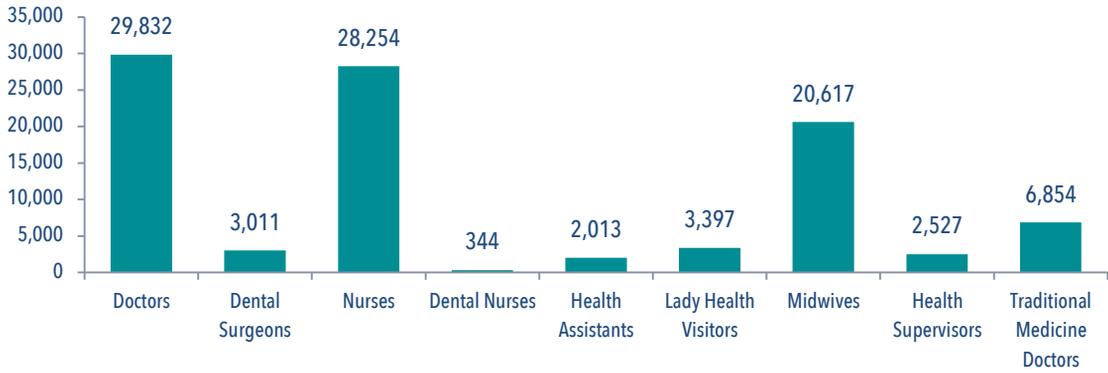
Myanmar healthcare statistics

Figure 6: Myanmar Population Estimate 2013 (In Million)



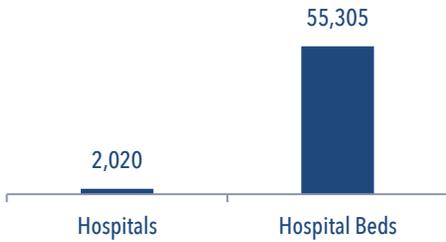
Source: Health in Myanmar 2013, Ministry of Health

Figure 7: Myanmar Healthcare Manpower (2013)



Source: Health in Myanmar 2013, Ministry of Health

Figure 8: Myanmar Government Healthcare Facilities (2013)



Source: Health in Myanmar 2013, Ministry of Health

Conclusion

Since Myanmar's medical healthcare system is now mostly a private pay system, the demand for healthcare services and products will go hand in hand with the economic development and increasing per capita income of the Myanmar people. As Myanmar continues its economic growth, the demand for quality healthcare will undoubtedly increase.

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