Saudi Arabia

Saudi Arabia has made noteworthy strides in adopting Health IT into their health system. The government has a Health IT plan in place and is developing a network to connect all government-supported health facilities and hospitals. Saudi Arabia has also created a favorable environment to promote entry of companies into the Health IT market and currently relies on imported technologies and healthcare workers. Short-term reductions in healthcare budgetary expenditures may slow down Health IT adoption, but long-term trends still look strong.

Overall Rank

34

Description of Rank and Sub-score Measurements

Saudi Arabia has a solid mid-level ranking in this Report (NOTE: the methodology used to rank countries has changed from the 2015 Report, so rankings are not directly comparable between years), primarily due to robust use of mobile phones (approximately 35 million customers) and Internet connections (about 16 million customers, about 60 percent of the adult population), as well as many citizens living in urban areas. Saudi Arabia's preference for importing the vast majority of its health care products and services also supports this ranking. These solid technology usage points are offset by a low rating for unhealthy life expectancy, particularly from an increasingly serious burden of non-communicable diseases among its citizenry (more data on this below), making the need for widespread deployment of Health IT products and services even more important.

Opportunities for U.S. Companies

The Saudi Health IT market is relatively open. Since products and services are typically imported, there is no significant local competition, representing a major opportunity for U.S. companies to enter the market and develop a presence. The national

interoperable eHealth system that connects all levels of healthcare is particularly favorable, as U.S. companies should be able to implement products or services at a national scale.

The Saudi government has already taken several significant steps to create a national eHealth network. First, in 2011, the government developed and started implementing a two-phase, 10-year plan to modernize and expand the Integrated and Comprehensive Health Program, which will connect more than 3,000 government-managed healthcare facilities by 2020. A large component of the plan is generating an interoperable and uniform nationwide information exchange platform. Saudi Arabia took the initiative to launch the system using internationally accepted standards, such as ICD-10,[i] making it easier for U.S. companies to provide products and services for the Saudi health system. The Saudi Ministry of Health (MOH) has taken the lead role in adopting standards so that the nodes throughout the network can easily communicate with each other.

The Saudi government has implemented regulations around Health IT, medical devices, data privacy and security and telecommunications that are generally favorable to foreign businesses seeking to enter the

Saudi market. The MOH operates a procurement process for about 10 to 15 percent of Health IT purchases and has pre-qualified three global consortia to provide a connected Health IT network for all the public facilities and hospitals. In addition, the Saudi Arabia General Investment Authority (SAGIA), the government investment promotion entity, is reviewing policies and regulations to facilitate foreign investment in the country and allow for branches of foreign companies to set up business without a Saudi partner.

Saudi Arabia's healthcare system has multiple tiers of care. Patients must first access care through local primary care centers and require referrals for general and specialized hospital services, which exist mainly in cities. Health services are in high demand because the population has increased nearly 50 percent over the past decade and is becoming more urbanized. In addition, non-communicable diseases, such as cardiovascular disease, diabetes and cancer, are becoming more prevalent due to a sedentary lifestyle and high smoking rate (22 percent, accounting for 71 percent of mortality). This incidence is even more noteworthy because the Saudi population is generally quite young, with 30 percent under age 15. By 2030, about 21 percent of the population is expected to be 60 years of age or older. The Saudi population is young, fast-growing and well-connected to mobile technology, providing a strong consumer base for uptake of mobile health technologies. The MOH has also implemented educational and prevention programs through the Center for Non-Communicable Disease to promote healthy lifestyles.

The government plans to balance the distribution of health services geographically and demographically throughout the country, adopt quality and performance measures/standards, improve healthcare service management and efficiency, and make care more affordable. To achieve these goals, Saudi Arabia must increase the number of healthcare workers and facilities, including providing adequate training and support systems. Currently, the healthcare system is dependent on importing healthcare workers, but the government is starting to develop education programs to increase the domestically trained workforce. In addition, Saudi Arabia is one of the first countries to adopt the AHIMA global curriculum for health information management education.

About 67 percent of health expenditures in 2010 were free services through government support. Total healthcare spending is approximately 5 percent of GDP. Private health insurance is perceived to be expensive with high out-of-pocket costs. There were 26 different health insurance companies in 2015, causing system fragmentation and increased inefficiency and cost; however, only about 30 percent (3.1 million) of the Saudi population is covered by health insurance.[ii] The Saudi government plans to get involved in streamlining reimbursement processes. The Council for Cooperative Health Insurance regulates health insurance spending and is trying to implement a scheme to reduce the financial burden.

In the meantime, strategies for increasing healthcare sector efficiency may be of particular value to Saudi Arabia. This may also include telehealth strategies to connect the small healthcare workforce to the geographically distributed population.

In addition to increased efficiency, Saudi Arabia needs more widely available mobile health and telehealth interventions for lifestyle diseases, such as obesity and diabetes.

Saudi Arabia is also a regional leader in the Middle East when it comes to healthcare. It promotes collaboration through its leadership position in the Executive Board of the Health Ministers' of the Gulf Cooperation Council (GCC) and through the creation of the Eastern Mediterranean eHealth Information Network in 2014. Saudi Arabia provides regional support for healthcare through its centers of excellence in healthcare services and research. Therefore, U.S. companies entering the Saudi market, and effectively implementing Health IT solutions there, may serve as a springboard to commercial opportunities in the rest of the region.

Patient expectations are also rising in Saudi Arabia. Comparing satisfaction levels for public and private hospitals, surveys show that patients criticize public hospitals more than private hospitals (particularly for their limited appointment hours, long waiting times and uncomfortable facilities). Healthcare officials in private and public sectors now focus more on the patient's experience. This creates opportunities for Health IT companies to address these needs.

In order to raise standards of care, the Saudi government is already encouraging international institutions and companies to set up and/or manage heath care facilities in the Kingdom. The advent of internationally-acclaimed providers will also bring about opportunities for IT providers to implement systems for clinical quality and cost-revenue analysis, thereby improving transparency and performance. Projects under a Memorandum of Understanding (MOU) between MOH and Saudi company Elm (www.elm.sa, see below) should offer additional procurement opportunities for U.S. Health IT companies.

The MOH recently announced that their IT department would split into two divisions, one covering Operations and reporting to the Vice Minister of Health and the other for eHealth and New Projects, reporting to the Minister of Health. This development should give a higher profile to Health IT initiatives in Saudi Arabia.

The MOH-Elm MOU calls for Elm to oversee and administer all new eHealth projects, including Enterprise Resource Planning, Picture Archiving and Communications System, infrastructure projects and the building of 500 Primary Health Centers (PHCs); the procurement for the PHCs was issued recently.
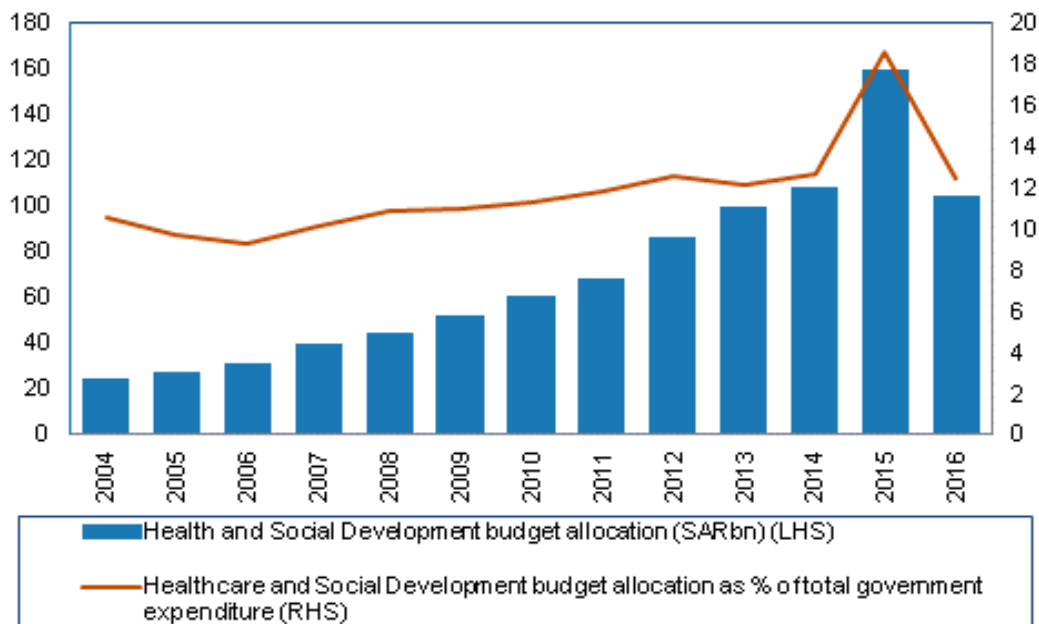
Elm has released a tender for consultancy firms to review the MOH eHealth strategy and make recommendations on possible initiatives. Elm has started to pre-qualify potential companies and various providers but has not yet officially signed a contract with MOH. All of these initiatives are expected to launch by August 2016.

The Saudi government has made progress in combating illiteracy. Additional investments in ICT systems would also bridge the gap between physicians and their patients, as the latter are increasingly using the Internet to find health care information and engage with other patients and providers through social media. As Saudi healthcare officials adopt global best practices, increasing the functional health literacy of its citizens will be crucial in improving patient engagement and treatment. Engaging the family caregiver is a cornerstone of patient engagement in Saudi Arabia.
Health IT companies offering products and services that enhance patient engagement will find a market with extensive but special needs in Saudi Arabia.

Challenges in the Market

The size of the Saudi Arabian Health IT market is in a range between $150 million and $200 million, a notable decline from 2014 estimates of $500 million

Figure 13: Austerity In Wake Of Lower Oil Prices
Saudi Arabia Government Budget For Health And Social Development

Source: Saudi Ministry of Finance

This case study is part of a larger Top Markets Report. For additional content, please visit www.trade.gov/topmarkets.

to $1 billion. This decrease can be primarily explained by an approximately 20 percent decline in overall 2015 healthcare expenditures to $22 billion, a result of lower crude oil prices. Expenditures for the Ministry of Health and Social Development expenditures are budgeted to decrease from $42.6 billion in 2015 to $27.9 billion in 2016 (see Figure 13), a decline of more than a third.[iii] The healthcare expenditure figure is still the highest in the Gulf region, and the Saudi government has long prioritized healthcare spending in their budgetary plans, so expectations are that Health IT spending will rebound in the near future. In the immediate future, however, some previously announced projects (including healthcare facilities) are likely to be delayed or cancelled.

The Saudi mobile communications market is saturated by three main network operators (Saudi Telecommunications Company, Mobily and Zain), with three others (Virgin Mobile, Elm and Lebara) recently joining the market. As a result, most mobile service providers are seeing revenue declines. Consumers often have more than one mobile phone plan (179 percent of the population has a mobile subscription but roughly half of these are prepaid subscriptions). 4G services are prevalent in the big cities, with 3G available elsewhere. Saudi Arabia intends to expand 4G coverage in the next few years. The mobile market is not predicted to grow overall; U.S. companies interested in mobile health should rely on currently available handsets and services.

The high level of prepaid subscriptions may eventually impose limitations on availability of sophisticated mobile services, due to the sizable amount of data and bandwidth needed for sharing images and downloading video. Future developments related to the consolidation of the health insurance market and review of reimbursement policies may also become challenging to Health IT providers, particularly those seeking reimbursement for novel mobile health and telehealth interventions.

NOTE: Most of the information in the Saudi Arabia Country Case Study comes from U.S. Commercial Service sources in Riyadh, Saudi Arabia.
[i] Information about ICD-10 can be found here: http://apps.who.int/classifications/icd10/browse/2016/en , and here: http://www.cdc.gov/nchs/icd/icd10.htm.

[ii] "Saudi Arabia - Only 3mn Citizens Possess Medical Insurance Coverage," BMI International, December 23, 2015.
[iii] "Saudi Arabia - Medical Device Market Forecast Revised Downward," BMI International, February 5, 2016.