Egypt's Healthcare System:

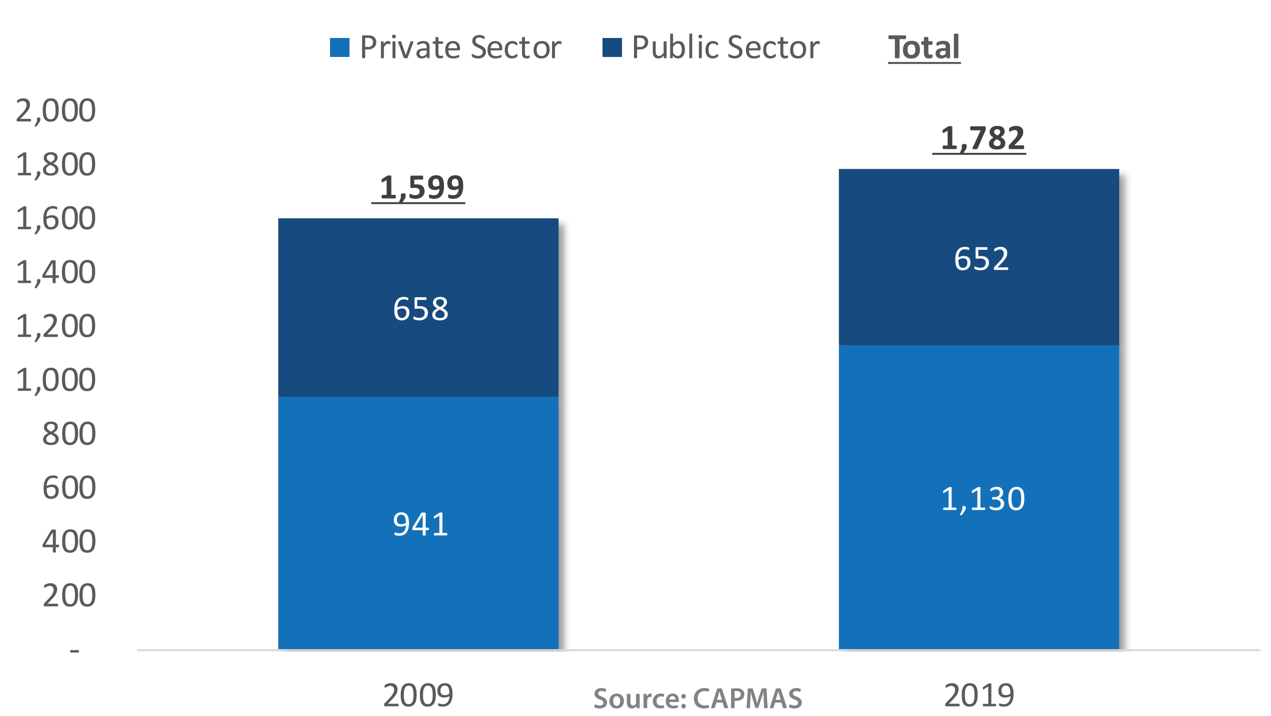
A Snapshot (February 2021)

In Partnership with

The American University in Cairo
School of Business

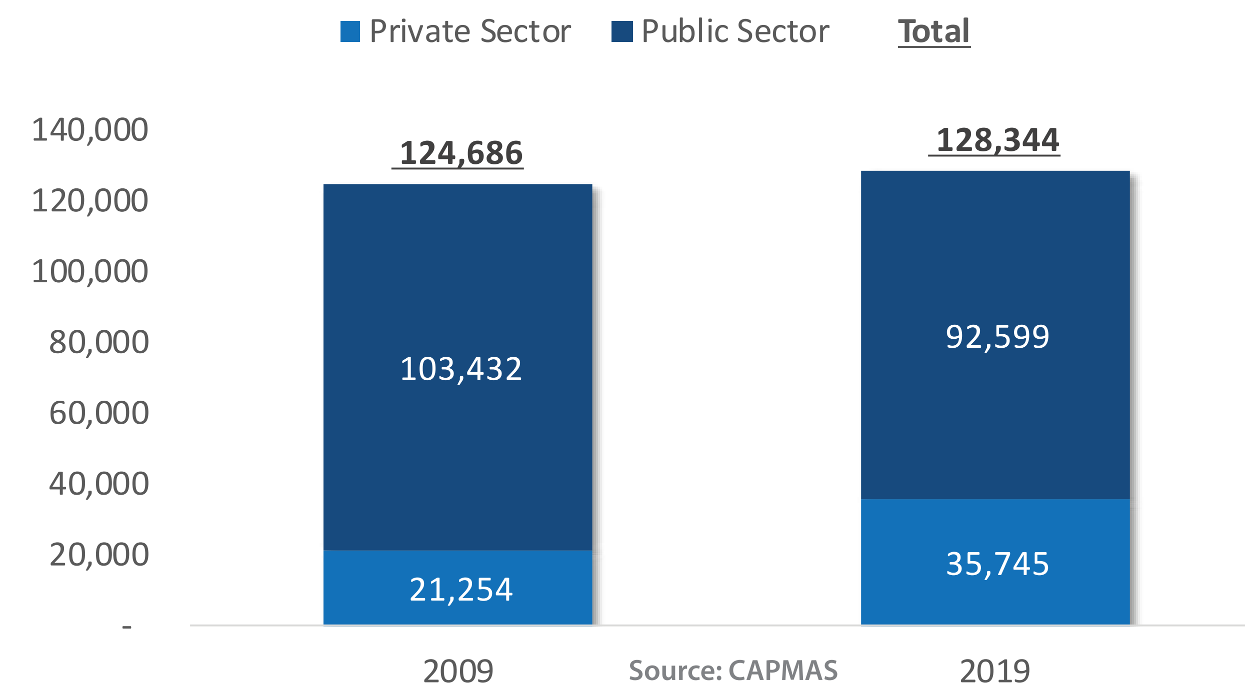
OVERALL HEALTHCARE FACILITIES

Number of Hospitals



Between 2009 and 2019, the total number of hospitals in Egypt increased by 11% from 1,599 to 1,782 mainly due to a 20% increase in the number of private sector hospitals. During that period, the share of the private sector increased from 58.8% to 63.4%.

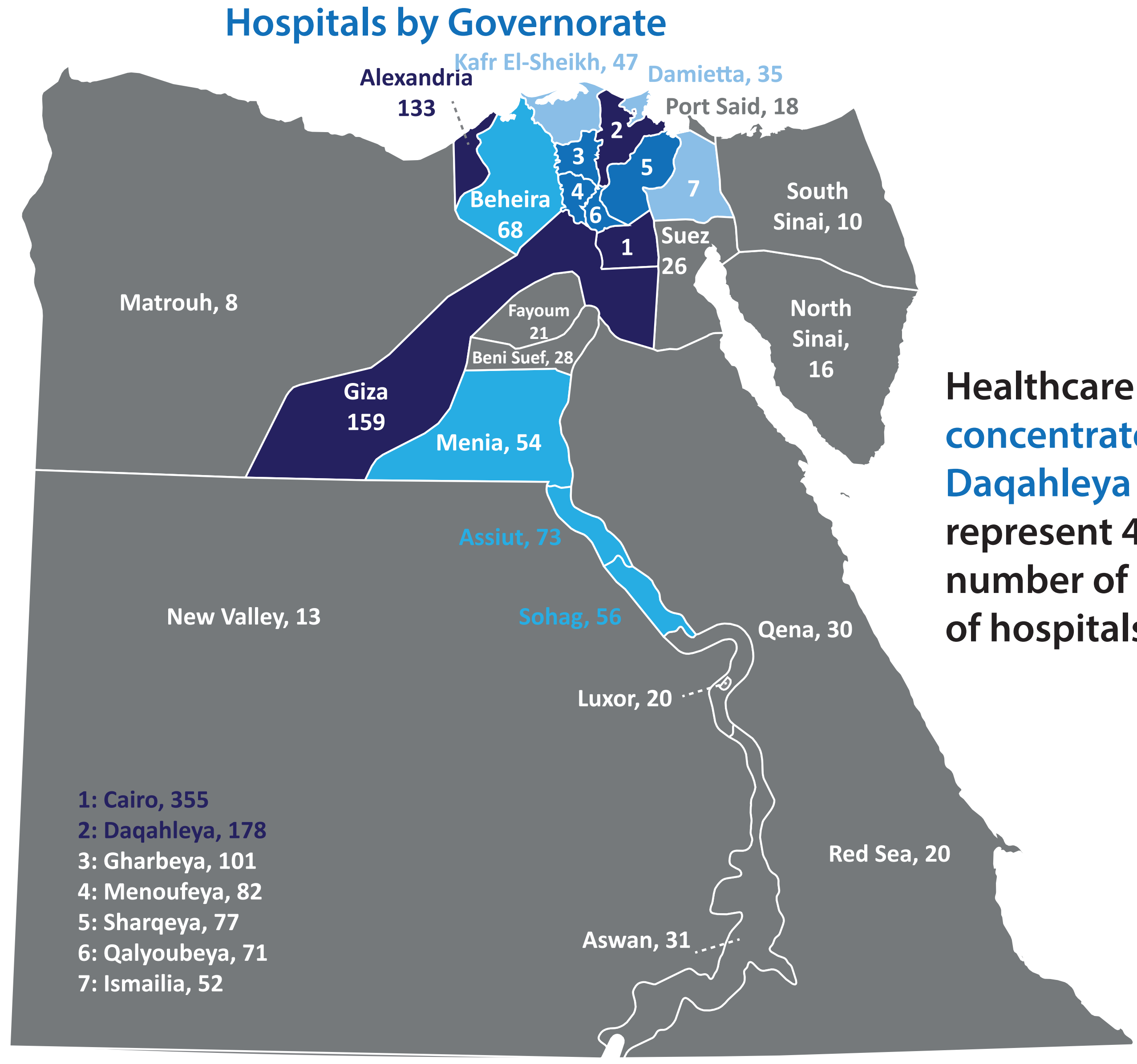
Number of Beds



Meanwhile, between 2009 and 2019, the number of beds in private sector hospitals jumped by 68% in tandem with a 10% decline in public sector beds during the same period, leaving the total number largely stable (3% growth. The private sector accounted for 28% of the total number of beds in 2019 up from 17% in 2009. This can be explained by smaller private hospital sizes as well as higher concentration of beds in public hospitals.

DETAILS OF HEALTHCARE FACILITIES

Hospitals by Governorate



Source: CAPMAS (2019 data)

Healthcare facilities are highly concentrated in Cairo, Alexandria, Daqahleya & Giza which together represent 45.1% of the total number of beds and 46.3% of hospitals in Egypt.

Beds per 1,000 Population by Governorate

	Total Beds in 2019	Population in 2019	Beds per 1,000 Population
South Sinai	1,085	105,953	10.2
Cairo	28,854	9,788,739	2.9
Alexandria	11,908	5,299,718	2.2
Red Sea	830	372,862	2.2
Damietta	2,734	1,539,075	1.8
New Valley	418	249,399	1.7
Assiut	7,246	4,587,577	1.6
Gharbeya	7,227	5,146,411	1.4
Ismailia	1,898	1,352,548	1.4
Menoufeya	6,018	4,441,717	1.4
Daqahleya	8,986	6,679,368	1.3
Suez	989	749,657	1.3
Matrouh	575	461,847	1.2
Qalyoubeya	6,835	5,792,066	1.2
Sharqeya	8,167	7,401,700	1.1
North Sinai	503	463,975	1.1
Port Said	800	764,499	1.0
Aswan	1,601	1,532,400	1.0
Giza	8,176	8,915,164	0.9
Kafr El-Sheikh	2,992	3,478,267	0.9
Sohag	4,155	5,193,052	0.8
Beheira	5,072	6,404,210	0.8
Luxor	982	1,296,540	0.8
Beni Suef	2,328	3,288,219	0.7
Menia	3,812	5,745,212	0.7
Qena	2,000	3,302,894	0.6
Fayoum	2,153	3,747,942	0.6
Total	128,344	98,101,011	1.3

Global Average (2.9)

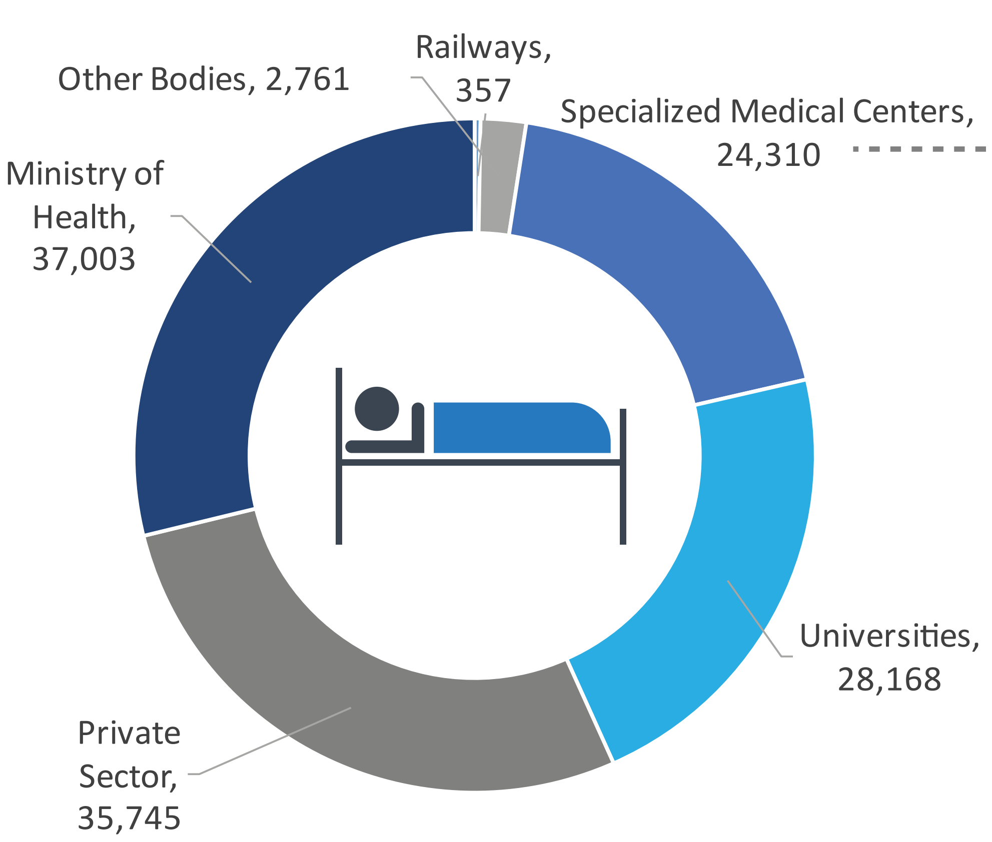
National Average (1.3)

Source: CAPMAS (2019 data)

With the exception of South Sinai and Cairo, all governorates fall well below the global average of 2.9 beds per 1,000 population; while several governorates fall below the national average of 1.3.

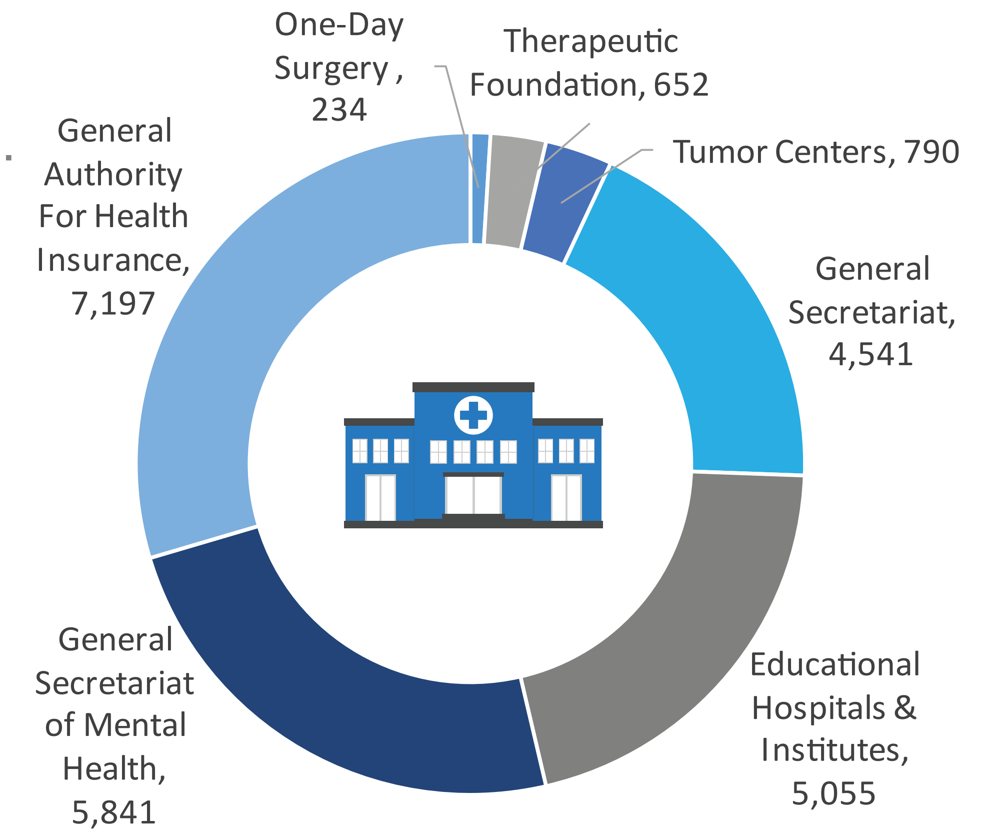
DETAILS OF HEALTHCARE FACILITIES (CONT'D)

Breakdown of Hospital Beds by Entity (%)



Source: CAPMAS (2019 data)

of which:



Source: CAPMAS (2019 data)

Number of Primary Healthcare Units

Primary Care Units (Rural)
4,398

Medical Units (Urban)
441

Health Offices
332

Child Care Units
141

Health Clinics
93

Urban Health Centers
53

Source: CAPMAS (2019 data)

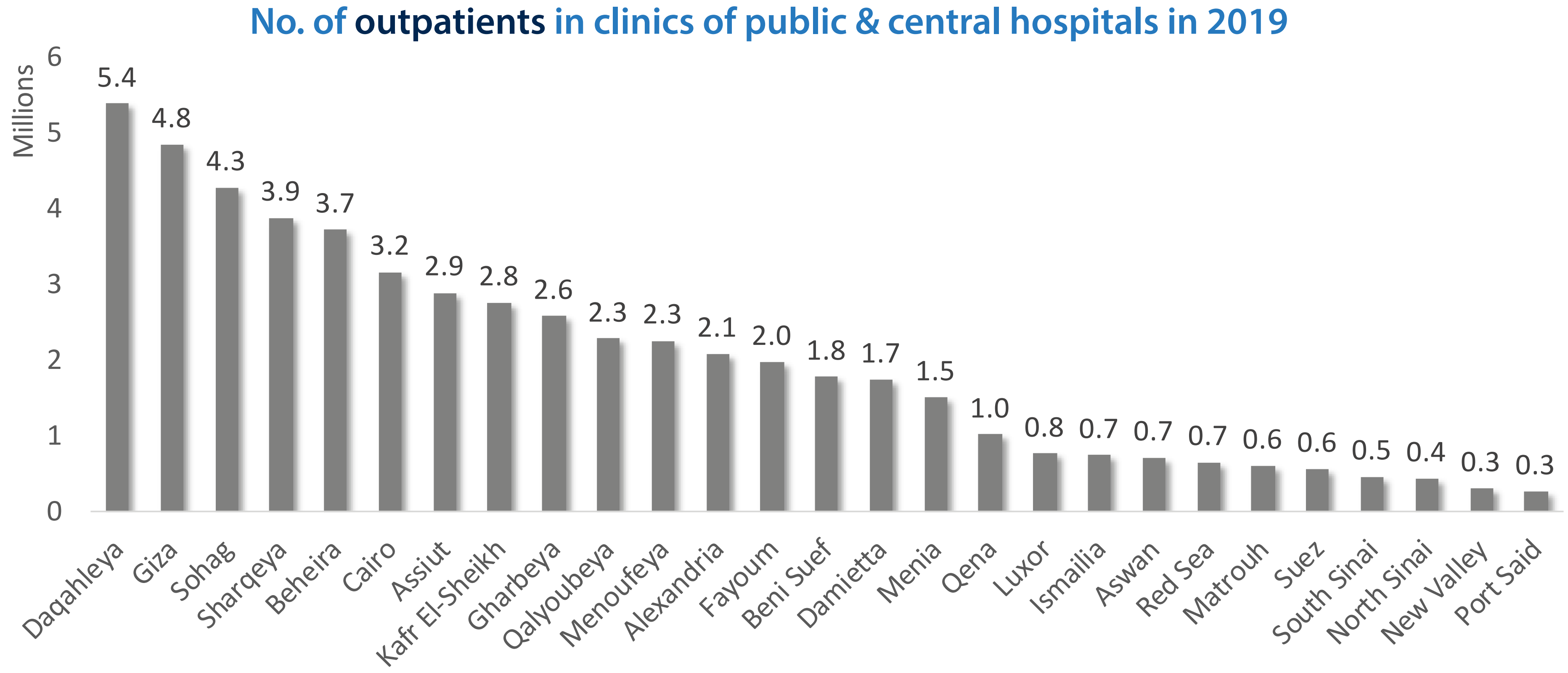
Number of Labs

Licensed: ~12K
Unlicensed: ~70K

Source: El Watan News citing Secretary General of the Daqahleya Doctors Syndicate

NUMBER OF PATIENTS AND ADMISSION CASES

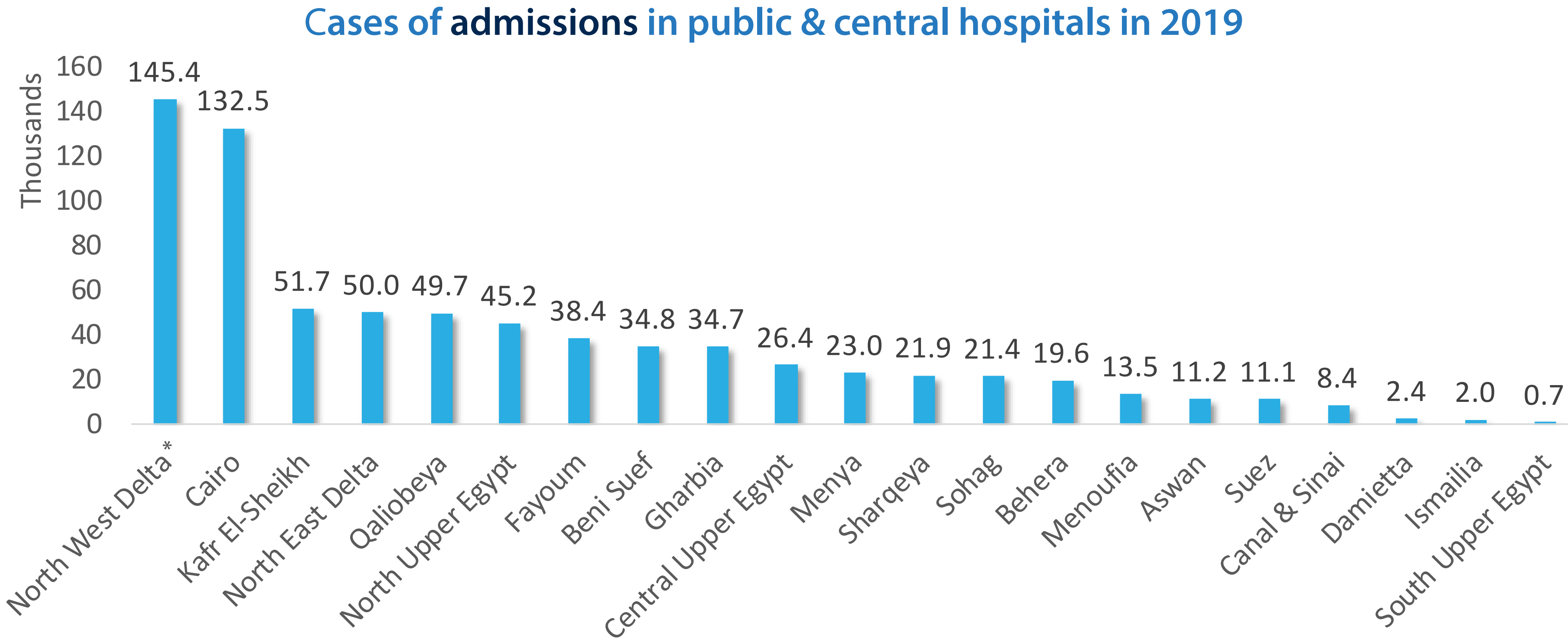
No. of **outpatients** in clinics of public & central hospitals in 2019



Source: CAPMAS

Despite ranking fourth in terms of population size, Daqahleya had the highest number of outpatients in public & central hospitals which may be due to Mansoura University Hospital serving all the Delta region.

Cases of **admissions** in public & central hospitals in 2019

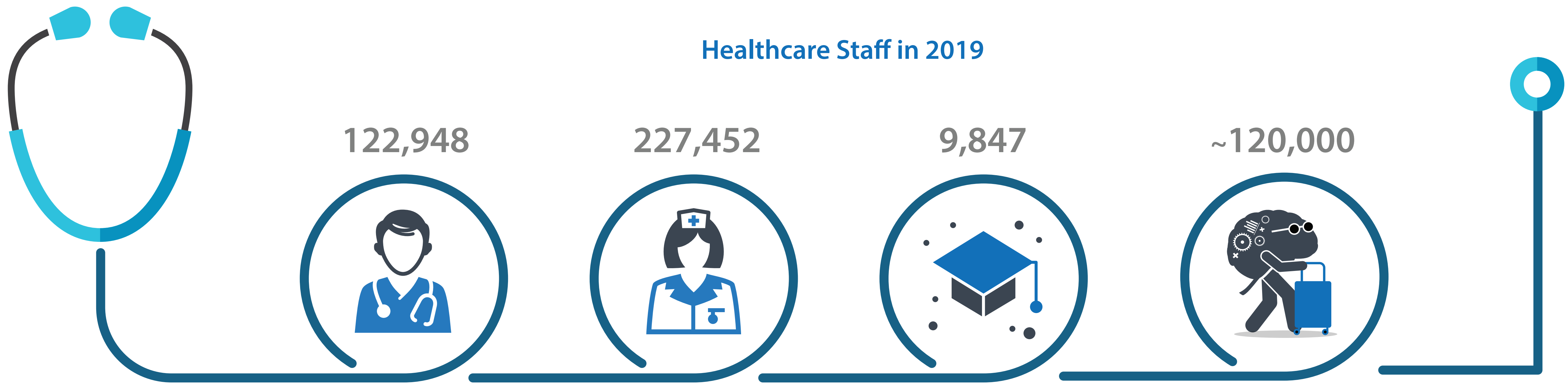


The number of admission cases in public & central hospitals has a moderately strong correlation (0.6) with population, meaning that around 60% of the number of admission cases can be explained by the governorates' population size.

Source: CAPMAS
*The reported data grouped some governorates together without providing a further breakdown for these governorates during that year.

OVERVIEW OF HUMAN RESOURCES IN HEALTHCARE

Healthcare Staff in 2019



Doctors of which 93,012 in the public sector (76%)

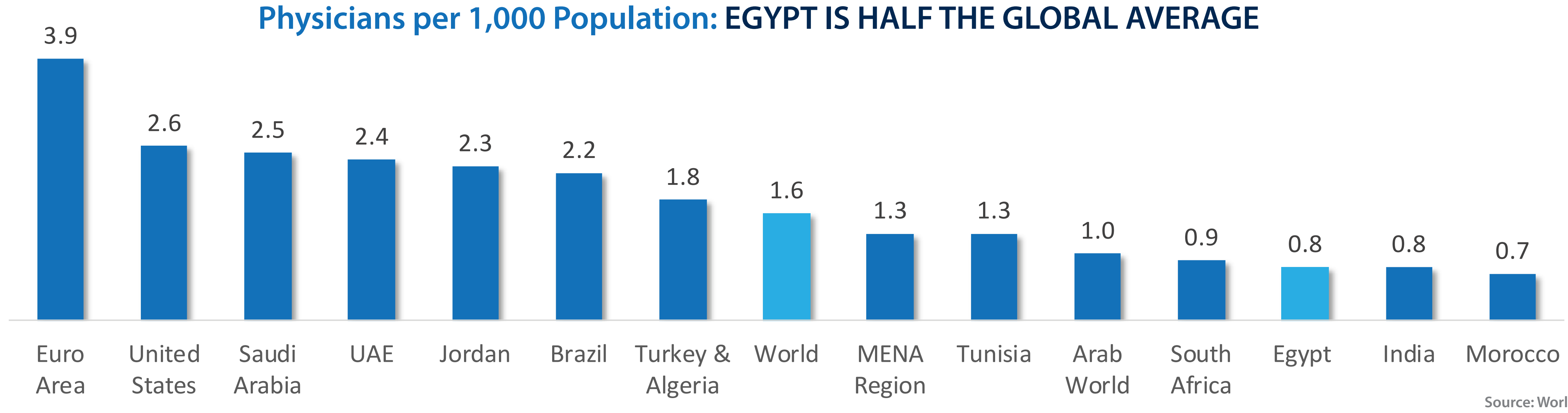
Nurses of which 205,183 in the public sector (90%)

Medicine University Graduates (1.6% of total higher education grads)

Egyptian Doctors Working Abroad (~49%)* of which 65K in KSA

Source: CAPMAS (2019 data)
*Source: Al-Masry Al-Youm citing the Doctors Syndicate

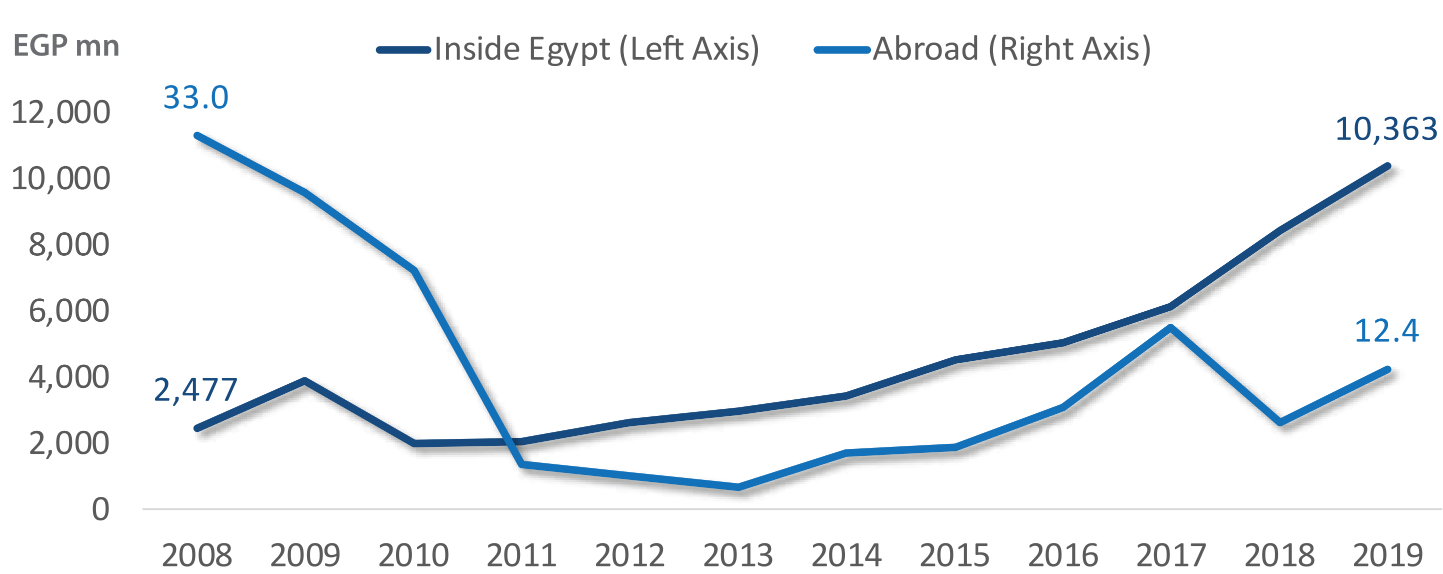
Physicians per 1,000 Population: EGYPT IS HALF THE GLOBAL AVERAGE



Source: World Bank (2017 data)

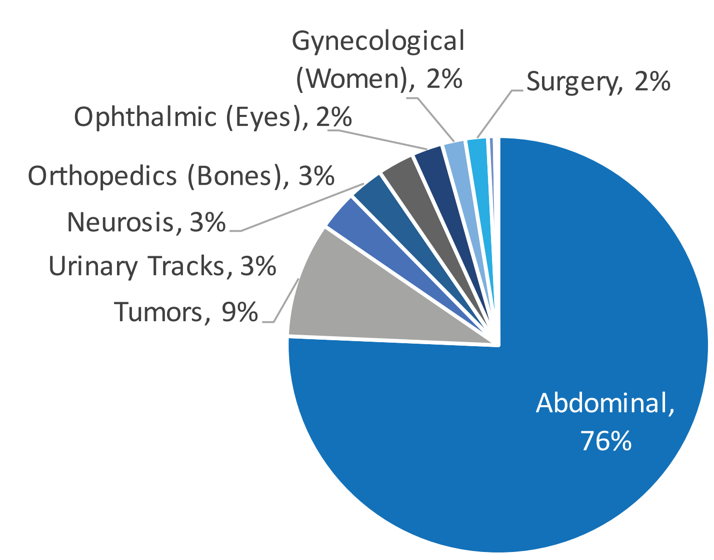
HEALTH EXPENDITURE/ ECONOMICS

Treatment Cost at the State Expense (in EGP mn)



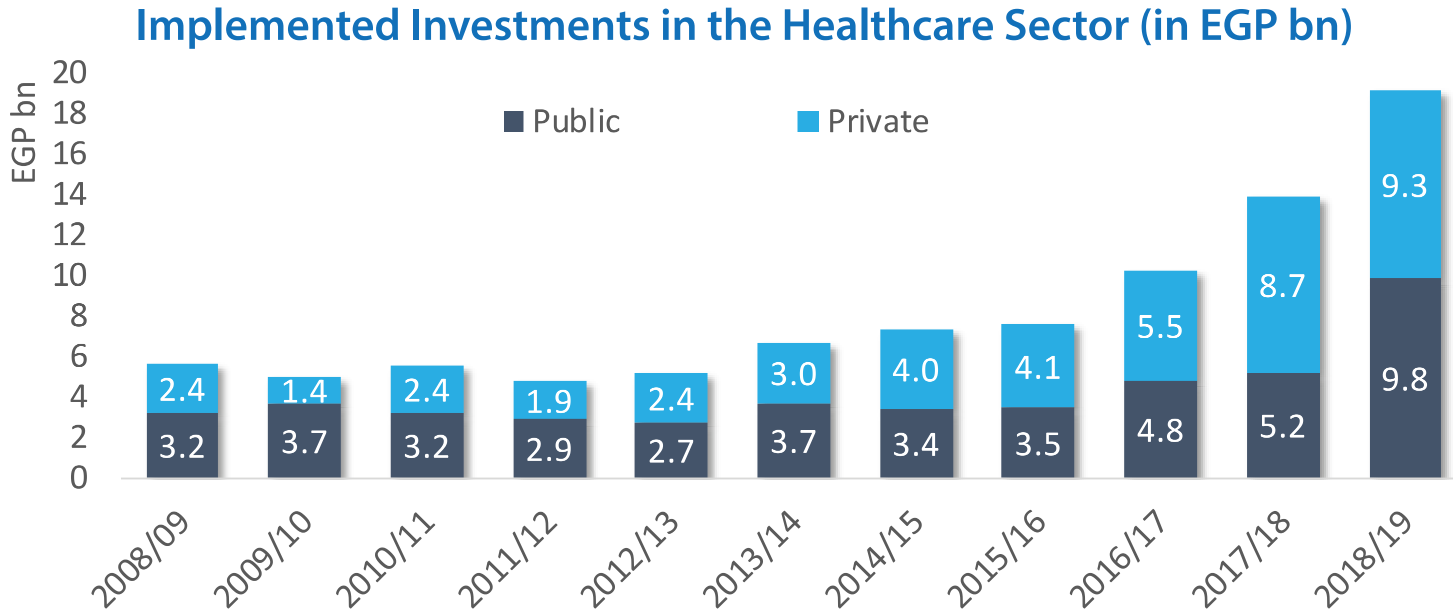
Source: CAPMAS

3.6 mn patients treated at the state expense inside Egypt in 2019, of which:



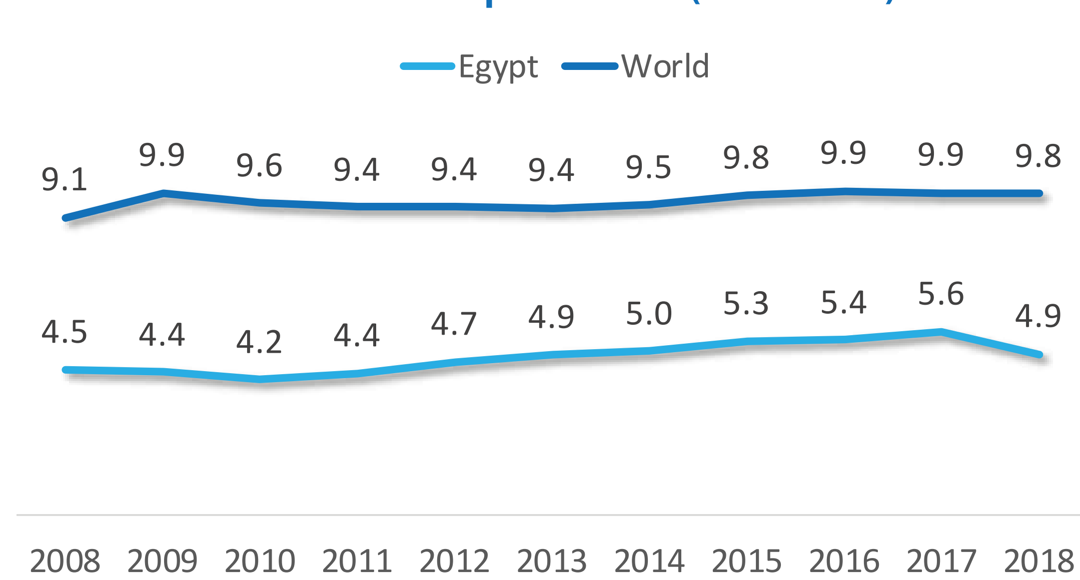
Source: CAPMAS

Implemented Investments in the Healthcare Sector (in EGP bn)



Source: Central Bank of Egypt (CBE)

Current Health Expenditure (% of GDP)



Source: World Bank

Total implemented investments in the healthcare sector have increased by 1.5 folds between 2015/16 and 2018/19 in nominal terms.

Despite increasing investments, Egypt's percentage of current health expenditure to GDP is half the global average. Egypt's out-of-pocket health expenditure stood at 62.3% of health expenditure in 2018.

MERGERS AND ACQUISITIONS

With the increasing need and interest in the healthcare sector especially in light of the COVID-19 pandemic, and with stakeholders around the world realizing how vital investing in the sector is, the healthcare and pharma sectors came in second in terms of number and value of M&A transactions in Egypt in 2020, respectively. Another mega merger awaiting regulatory approval would see Cleopatra Hospitals Group (CHG) acquire Alameda Healthcare. The combined group is expected to hold around 15% of Greater Cairo's commercial bed capacity.**

Source: Enterprise.press
*Building materials, oil and gas and real estate also recorded 6 M&As each in 2020.
**A UAE company that owns and operates Dar El Fouad 6 of October, Dar El Fouad Nasr City, As-Salam International hospital in addition to AsSalam International Hospital Katameya which is expected to commence operations in H1 2021.
It is worth noting that on December 30th, the Egyptian Competition Authority's (ECA) said that its preliminary decision was to not approve the merger but the final decision is yet to be announced.

NATIONAL PROJECTS/ INITIATIVES

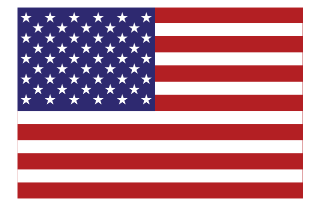
Since 2018, the government has launched a number of public health initatives in Egypt at a total cost of EGP 14.2 bn. This has helped in building a database covering more than 70 mn Egyptians.

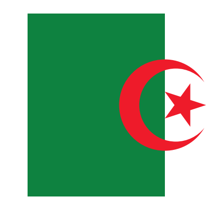
Treatment of chronic diseases & kidney failure	Elimination of Hepatitis C Virus	Early detection of anemia, obesity & stunting	Improving maternal & neonatal health	Women Health	Early detection & treatment of hearing loss	Ending patients' waiting lists
• Launched in June 2020	• Launched in October 2018	• Launched in 2020	• Launched in early 2020	• Launched in July 2019	• Launched in September 2019	• Total cost: EGP 6 bn
• Total cost: EGP 1.5 bn	• Total cost: EGP 5.5 bn	• Total cost: EGP 350 mn	• Total cost: EGP 112 mn	• Total cost: EGP 610 mn	• More than 1 mn babies tested	• 700K patients have so far benefited from it
• 24 mn screened & given free meds	• 70 mn screened • 2.2 mn given free meds	• 22.5 mn school students tested	• Targets screening 2.5 mn/ year	• 12 mn ladies tested		

Source: Statement by Health Minister Hala Zayed in February 2021

GLOBAL BENCHMARKING: EGYPT LAGS BEHIND

Increased investments into the sector over the past few years are yet to yield results, with Egypt still lagging behind global averages when it comes to key health-related indicators as shown below.

Non-Arab Countries:							
Beds/ 1K people	2.9	8.0	5.2	2.9	2.8	2.1	0.5
Physicians/ 1K people	1.6	4.2	3.9	2.6	1.8	2.2	0.8
Expenditure (% of GDP)*	9.8	11.4	10.1	16.9	4.1	9.5	3.5
Healthy Life Expectancy**	64	71	68	66	68	65	60

Arab Countries:							
Beds/ 1K people	2.2	2.2	1.5	1.4	1.4	1.0	N/A
Physicians/ 1K people	2.5	1.3	2.3	0.8	2.4	0.7	1.8
Expenditure (% of GDP)	6.4	7.3	7.8	4.9	4.2	5.3	6.2
Healthy Life Expectancy	64	67	68	63	66	64	66

Source: World Bank (2017 data)
*Current health expenditure % of GDP (2018 data)
**Source: World Health Organization (2019 data)

CHALLENGES AND OPPORTUNITIES

- The gradual roll out of the comprehensive health insurance system
- Initiatives advancing public health in Egypt
- Increased political will to develop the sector
- Large market size (demand)
- Large pool of highly trained doctors and pharmacists
- Growing pharmaceutical market above global rates
- Increasing role of the private sector
- Low labour costs
- Digital transformation efforts
- Improving infrastructure & mega projects
- Progressing investment climate and legislative reforms

- Brain drain and immigration of doctors
- High cost of physicians' training
- Low healthcare staff compensation
- Weak healthcare system governance
- Role of the health ministry as a provider not as a regulator
- Poor efficiency and readiness of primary care units
- Poor service quality of public hospitals
- Absence of a fully-integrated database
- Absence of a knowledge-based strategy
- Lack of an all-encompassing law governing all players
- Low government healthcare expenditure that is below global averages
- Inequality when it comes to receiving medical services
- High initial cost for investing in the sector including land price

Source: The Egyptian Center for Economic Studies (ECES), WHO white paper, Multiples Group & Fitch Ratings.

Email info@dcodeefc.com
Website dcodeefc.com
Phone +202-25656383/4
Fax +202-25656385

Dcode
Economic & Financial Consulting

OVERVIEW OF EGYPT'S UNIVERSAL HEALTH INSURANCE LAW NO. 2 OF 2018

KEY HIGHLIGHTS OF THE LAW

Subscription
Coverage plan subscription will be compulsory for Egyptians living in Egypt.

Hospital Choice
Citizens have a free choice to go to any chosen hospital within the network.

Coverage
System covers all diseases & injuries excluding those offered freely by the state.

People in Need
Government shall cover health expenses for those in need (30-35% of the population).

New Database
A database shall be established to include the necessary data for those covered by the law.

System Valuation
An actuarial valuation of the system shall be undertaken at least once every 4 years.

Family Unit
Family is the new health insurance unit instead of individuals.

STAGES OF IMPLEMENTATION

According to the law's initial plan, the system was to be applied gradually on six stages between 2019 and 2032 as follows.*

2019

1. Port Said, Suez, Ismailia, North Sinai, South Sinai**
2. Aswan, Luxor, Qena, Matrouh, Red Sea
3. Alex, Beheira, Damietta, Sohag, Kafr El Sheikh
4. Assiut, New Valley, Fayoum, Minya, Beni Suef
5. Dakahlya, Sharkeya, Gharbeya, Menoufia
6. Cairo, Giza, Qalyubia

2032

*The system was introduced on a pilot basis in Port Said in July 2019. In February 2021, the President announced that GoE is planning to to cover the entire country in 10 years instead.
**According to latest updates, the 1st phase now includes Port Said, Luxor, Ismailia, Aswan, Suez and South Sinai. The rest is yet to be announced.

THREE NEW AUTHORITIES

Universal Health Insurance Authority
In charge of the insurance scheme

Healthcare Authority
Managing the contracts with private & public medical service providers

Accreditation & Quality Control Authority
Supervisory agency in charge of accreditation & quality control

LAW VIOLATION PENALTIES

The law criminalizes the following violation cases:

- Not subscribing to the Authority on behalf of employees
- Not submitting employees' subscriptions within 30 days of collection
- Providing incorrect statements
- Illegally facilitating the attainment or selling of medication
- Assisting participants to not pay their contribution
- Hindering work of Authority employees with Judicial Police power
- Providing claims for medical services that did not take place

SOURCES OF FUNDING

A. COPAYMENTS BY THE INSURED UPON RECEIVING MEDICAL SERVICES

Home Visits
EGP 100* per home visit

Medication
10%** of medicines
Max of EGP 1K

X-Rays, Check Ups & Examinations
10% (Max of EGP 750 per case)

Inpatient Care
5% of fees (Max of EGP 300 per time)

All items exclude chronic diseases and tumors whose patients are entirely exempt from fees.
*Fixed amounts mentioned above shall increase by 7% annually.
**To be increased to 15% by the 10th year of application of the law.

B. CONTRIBUTIONS

Employee Premium
1% of total salary* plus
3% for non-working wives
1% for each dependant

Employer Premium
4% of employees' total monthly salary (Min of EGP 50/mo.)

*5% in cases of freelancers, Egyptians working abroad, laborers subject to the Comprehensive Insurance Law No. 112 of 1980 & individuals subject to the Social Insurance Law No. 108 of 1976.

2% of total monthly pension for pensioners and widows.

C. OTHER SOURCES OF FUNDING

In addition to the copayments and contributions, sources of funding of the system also include the following premiums, taxes and service fees.

Percentage of Revenues
0.25% of total revenues of all companies & entities.

Highway Toll
EGP 1 from vehicles passing in highways.

New Service Providers
An amount ranging between EGP 1K- 15K for hospitals & centers plus EGP 1K for each bed during licensing.

Cigarettes Tax
EGP 0.75 on every pack sold in the domestic market (to be increased every 3 years by EGP 0.25 to reach EGP 1.5).

Other Tobacco Products Tax
10% per sold unit of other tobacco products.

Licenses Fees
EGP 20 for issuing/ renewing driver licenses
EGP 50-300 annually for issuing or renewing licenses of vehicles.

Excise Stamp
EGP 5 on the applications presented to any of the three Authorities.

ROI
The return on the Authorities' investments & accepted grants, gifts, loans & donations.

Email info@dcodeefc.com
Website dcodeefc.com
Phone +202-25656383/4
Fax +202-25656385