

## PRESS CLIPPING SHEET

<b>PUBLICATION:</b>	Al Borsa (Supp)
<b>DATE:</b>	7-September-2015
<b>COUNTRY:</b>	Egypt
<b>CIRCULATION:</b>	51,000
<b>TITLE :</b>	83 Hospitals, 356 Healthcare Units to be Developed in FY 2015/2016: Moaeet
<b>PAGE:</b>	27
<b>ARTICLE TYPE:</b>	Government News
<b>REPORTER:</b>	Fahd Omran-Mostafa Fahmy

## PRESS CLIPPING SHEET

# 83 hospitals, 356 healthcare units to be developed in FY 2015/2016: Moaet

Transforming institutions into "model hospitals" to cost EGP 150m and take place within six months, says health minister assistant



The Ministry of Health plans to construct, develop, complete, and enhance 83 hospitals and 356 health units with estimated investments worth EGP 3bn over FY 2015/2016.

Dr. Mohamed Moaet, Senior Assistant to the Minister of Health for Financial and Administrative Affairs, said that the Ministry's investment plan aims to implement two projects to complete work of hospitals where development operations began during FY 2014/2015, as well as to develop and enhance other hospitals throughout FY 2015/2016.

By Fahad Omran  
and Mustafa Fahmy

The ministry's plan includes the allocation of EGP 2.6bn to complete development for 31 hospitals as part of a national plan to develop hospitals. This plan was backed by the Engineering Authority of the Armed Forces in FY 2014/2015, and through it, 12 hospitals in the Sinai Peninsula were developed, 40 new hospitals were developed and constructed, and a gas network was created in 35 public and central hospitals. Three other hospitals were also improved to provide preventive care and treatment to patients with liver problems.

The ministry seeks to designate EGP 408m to construct, develop, and equip approximately 356 family health units, among which 154 are new and 258 will be completed through the plan for FY 2014/2015.

Moaet explained that spending allocations on health increased throughout FY 2015/2016 by approximately EGP 2.45bn, up to EGP 45bn from EGP 42.5bn during FY 2014/2015. Approximately 60% of this figure is comprised of wages, he explained, pointing out that investment allocations reached EGP 4.5bn compared to the EGP 6.5bn that was required before the budget was adopted.

He added that the allocations were insufficient to meet health needs and that "the government has not taken steps to fulfill the constitutional requirement which obligates it to increase health allocations to 3% of GDP or EGP 85bn by FY 2016/2017."

Moaet pointed out that treatment allocations for state spending stand at EGP 2.7bn but did not take into account the constant increase in decisions, especially those pertaining to treating Hepatitis C patients. He did not rule out the possibility that the health ministry would approach the Ministry of Finance to increase such allocations to EGP 4.5bn before the end of the year.

The Ministry of Health plans to solve issues at a number of non-performing hospitals this year as it did with the Hermal and Dar el Salaam hospitals, according to Moaet.

He also did not rule out the possibility that the Ministry of Health would partner with the private sector to develop non-performing hospitals or establish new ones, saying: "A partnership with the private sector is a good idea, but requires some legal, legislative, and logistical matters, especially in the health sector due to how sensitive it is...but the overall idea is that the idea of a partnership has not been ruled out as a law has been issued and partnerships implemented in this regard."

He explained that a partnership between the public and private sectors in the health sector would mean that the government does the work on hospital grounds while the private sector participates as a financier "and it is certain that if investors provide good projects the ministry will investigate whether they are feasible."

Moaet said the ministry would rely on certain allocations to implement its investment plan and add to the \$75n World Bank loan, which it obtained and reallocated to enhance health units. He pointed out that an initial agreement was made on a second loan between the ministry and the World Bank valued \$200m. This loan is still in the first stages of discussion and will not be signed on until the end of the year, especially as procedures will take some time, he noted.

He also stated that the ministry has received a grant from UNICEF worth \$75,000 to purchase cooling devices to maintain vaccines and immunisation for a center recently established by the ministry in Helwan.

Moaet pointed out that the ministry will allocate between EGP 100-150n to implement a project to transform 5 hospitals into "ideal hospitals" within six months, explaining that the ministry was constantly meeting in order to select the hospitals ready for the transformation.

On a related note, Moaet said the Egyptian health sector was attractive for investment in light of the fact that healthcare spending in the country grows annually in addition to the private sector's acquisition of a large portion of service providers.

Moaet predicted an EGP 120b increase in spending on healthcare b



Moaet

**EGP 120bn total spending on health expected by year-end, 60% self-funded by individuals**

**EGP 45bn in health allocations in public budget, 60% of which is wages**

**The government has not taken steps to increase allocations to 3% of GDP**

**90% of draft law on comprehensive health insurance completed, application requires EGP 90bn**

the end of FY 2015/2016, or 155% growth over the previous year, as a result of continuous population growth, an increased incidence of disease, and new technology which reflects on cost.

He explained that health spending comes from two sources: state entities and institutions (budget allocations – public and private sector companies) and direct spending (out-of-pocket spending from individuals). He said that the latter accounts for approximately 60% of total spending. He added: "Countries aiming to reduce poverty rates must reduce direct spending on treatment and increase institutional spending rates to more than 75% of total spending on health through a comprehensive insurance programme."

He said that there is no system or model for receiving health services in Egypt and services are acquired from health insurance, public hospitals,

health units, and university, military, and private hospitals. He explained that the only solution is to provide a comprehensive health insurance problem to form an umbrella for all this, and provide services at a satisfactory level of quality for a large segment of society.

Regarding the draft health insurance law, Moaet said that a near-complete agreement has been reached on the features of the new law, and that the ministry is now agreeing on strategies for applying the law and making coverage and contributions mandatory. Discussions are also underway on the role of the private sector, insurance companies, and healthcare under the system.

According to Moaet, the draft law was put to community discussion for a significant period of time and this will continue until the law is approved. He anticipated that the law would be in its

final form "very soon" and said that a parliament is not required to approve the system. He said that the president, who is responsible for legislation until the parliament is elected, may do so, "but until now, when the law will be issued has not been specified."

He said that the comprehensive insurance law is a social system whose philosophy depends on separating the funding from the service. This means one entity is responsible for financing with a second in charge of providing the service and a third playing a supervisory role. He explained that the first institution in charge of purchasing the service from its providers and negotiating prices "are the public and private sectors."

The draft law has not yet specified a role for the private sector according to Moaet, but they are expected to cover a number of procedures that are not covered by government hospitals

or which are unavailable in areas the government is unable to reach in the provinces.

The ministry intends to negotiate with the private sector and military and police hospitals in the near future to integrate them within the insurance system price list for services. The goal is to enter into a contract with such institutions on a package of operations covered by the insurance system, while the citizen must pay the price difference if they obtain premium services.

He said that the government is planning to introduce all its hospitals (550 in total) into the comprehensive insurance system once it is ready, while also absorbing private sector hospitals which provide 35% of services.

The health insurance budget currently stands at EGP 6bn and will increase to EGP 10bn next year or the year after once the law that will cover all citizens (both able-bodied and non-able-bodied families) is approved, according to Moaet. He also emphasized that the participation of social insurance, alongside government contributions, will enable the sector to implement the system.

The estimated cost of applying the comprehensive social health insurance law ranges from EGP 80-90bn and will vary depending on the application mechanism, which will most likely take more than three years on a gradual basis. This mechanism has yet to be disclosed.

Moaet bet on citizens' abilities to bear the financial burdens associated with implementing the comprehensive health insurance system through their confidence that they would receive the medical service required at a high, satisfactory level of quality.

"If the government is able to gradually gain citizens' trust and the healthcare system improves, there will be no funding problem," he added.

He explained that there are several alternatives for application, including a geographical gradient. Application would start in various provinces and then the results of such experiences would be measured before being fully circulated. Another option is to begin with a variety of social groups among the types of citizens targeted.

The timeline depends on several factors, the most important of which is how the programme will be implemented in a gradual manner as well as popular, executive, and political support for the system, which will entail a financial burden. Also important is that infrastructure for service provision be at the required level, according to Moaet.

Moaet expects implementation of the law for all Egyptians to take approximately five years in order for basic infrastructure for the insurance system to be put in place.