Neeraj Mishra – CEO, Alameda Healthcare Group

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Neeraj Mishra of Alameda Healthcare, the largest private healthcare organisation in Egypt, outlines the organisation's strategy for Egypt and Africa, how - as a provider of private hospitals - it fits into Egypt's public healthcare transformation plans, as well as its work on digitalisation.

What is Alameda Healthcare’s positioning in Egypt and your role within the group?

As a healthcare professional myself, I have been in the industry for over two decades. Before coming to Egypt, I worked in India as the director of Max Healthcare, which is the second-largest healthcare group in the country. I came to Egypt in 2019 to take on the role of CEO for Alameda Healthcare, the largest private healthcare organisation in the country.

We currently manage four hospitals in the country. The first hospital brand is A Salam International Hospital which has two facilities – one in Maadi and the other in New Cairo. The Maadi branch is a 14-year-old hospital with 400 beds, the largest private hospital in Egypt and one of the oldest. The second facility is in New Cairo which is a 150-bed hospital that was recently opened this past March. Our second brand is Dar Al Fouad which started operations in 1999. The first facility of Dar Al Fouad is in 6th October City with around 240 beds and the second is located in Nasr City. This facility has another 176 beds. In addition to A Salam Hospital, we have the German Center for Rehabilitation. This brand is focused on physiotherapy and rehabilitation with two centres in both of the A Salam branches in Maadi and New Cairo.

Aside from our hospitals we also have a home healthcare brand called Tabibi which sends healthcare professionals directly to patients. Therefore, we are the only healthcare provider in the country that provides both in-patient and out-patient care. Tabibi has been in business since 2017 and not only provides home healthcare but also concierge services as a primary care provider to many companies. Tabibi provides our patients with at-home doctor and nurse visits, at-home diagnostics, and a 24/7 call centre for teleconsultations. We offer a full range of home care starting from paediatrics to even intensive care doctors.

Another of Alameda's brands is Elixir, which is a medical centre that provides patients with integrated gastrointestinal medical services. Elixir has two centres in Cairo focused on a full range of services from endoscopy to liver transplant in our larger hospitals.

In total, Alameda Healthcare brands consist of approximately 1000 beds across 128 clinics. Alameda leverages eight centres of excellence that house advanced technology of international standards – delivering quality of care at the same level as countries like the UK and the US. The eighth centre of excellence focuses on areas including cardiac sciences, neurosciences, respiratory disease, renal sciences, GIT and liver diseases, cancer care, minimally invasive and robotic surgeries, and finally orthopaedics. In our hospitals, we provide a full range of care, but these eight specialties are primarily drivers of volumes in our hospitals and are where much of our investments in terms of technology, infrastructure, and clinical capability primarily go.

Apart from this, it is important to mention that Alameda is the first organisation in the Middle East and Africa (MEA) region to receive accreditation from the Joint Commission International (JCI) as of 2005. JCI is a commission from the United States that represents a gold seal of quality and standards. Currently, four of our hospitals are JCI accredited, and we will be aiming for the next in 2023. At the program level, we have this accreditation in acute myocardial infarction (MI), COPD, stroke, and pain management

How has acquiring such recognition impacted the operations and strategy of Alameda?

You can look at that from the perspective of generating quality care. Alameda has been auditing itself through the best practices in the world for 17 years. We are not only bringing new technology, but also an international level of standards by putting ourselves in a rigorous audit process to provide best-in-class care to patients in our hospitals.

It is not easy to find purpose-built hospitals in a country like Egypt. Most of the buildings are converted hospitals which do not have this originally designed purpose. Though some of our facilities are 40 and 20 years old, our founders had the vision and foresight that they were building hospitals to have an international standard. Therefore, they have withstood time and remain adaptable and modern.

Egypt has a sizeable population but remains a low- to middle-income country. What made Egypt the right place to invest in creating hospitals with such a high level of care?

We are proud to be a local Egyptian institution. Our founder was the late Dr Salah Khater, an Egyptian national who was the doctor to the king of Saudi Arabia. He was even one of the first doctors from Egypt to receive the Fellowship of the Royal Colleges of Surgeons (FRCS) degree from the UK.

When Dr Khater came back to Egypt in the early 1990s, he realised that the country needed a higher level of care. Dr Khater took over the first hospital in 1999, As-Salam International Hospital, and Alameda healthcare was formed. Unfortunately, after a few years, he passed and his son, Dr Fahad Khater, who is the current chairman of Alameda, took it over with a vision to be one of the largest players in the country – bringing an international class of healthcare to Egypt at a time when such a level was not available here. Since then, the journey has been ongoing as we continue to expand. Dr Khater’s vision is to first cover Egypt and then explore the opportunities in East Africa.

Today, Alameda is further expanding; we are constructing new hospitals and plan to double capacity in the next couple of years. Currently, we are planning to expand into the greater Cairo area and are setting up a hospital in collaboration with the Ministry of Housing in the New Administrative Capital. This is a strong example of the public-private partnerships (PPP) we have developed. The Ministry of Housing has a land bank in the newly developing city, and they allowed Alameda to set up an international-level hospital in collaboration with Cleveland Clinic – one of our international health partners. Keeping a purpose-driven design, this will be an international standard hospital with 350 beds that should start operations in 2025.

Having such a long-standing footprint in the company’s home country of Egypt, what is next for Alameda’s growth strategy?

In line with our expansion outside of greater Cairo, three places which are critical for covering Egypt are Upper Egypt, Delta, and Alexandria. We have plans to cover all these areas to best offer healthcare services across the country. Through other PPPs, the Egyptian government has been able to allow some land for which we are in the process of finalising the designs to initiate the process of constructing the hospitals. By end of 2025, we plan to be covering all of Egypt as part of our goal to be a national champion in healthcare.

With these final hospital construction plans in place, the implementation of our Egypt strategy will be concluded. From here we have started looking at opportunities in Africa – particularly East Africa where there is a huge potential and opportunity. Particularly we are exploring Tanzania, Rwanda, Kenya, and also Uganda. Very recently we signed a memorandum of understanding (MoU) with the Ministry of Health in Tanzania, to start surgical camps. We are taking our doctors to perform surgeries there while training local doctors in addition to working closely with the Ministry of Health to find an attractive opportunity for investment.

Since the six countries of East Africa have an open border concept for medical treatment, it is an interesting opportunity where six countries can be considered as one as far as healthcare. While there is a level of care in Kenya, most patients travel outside of the region to get treatment. We believe Alameda can become a referral hub for treatment across all three countries as there is a local talent pool with great clinicians and nurses.

Being a private institution, how does Alameda fit into the Egyptian healthcare ecosystem? How might you describe your patient pool?

Private healthcare in Egypt is primarily focused on two segments: insurance and out-of-pocket. Since most of our hospitals at this moment are in the greater Cairo area, most patients are insured. In Egypt, it is now required that large organisations need to insure their employees. Therefore, these patients often come to private facilities. However, compared to the 100 million population of Egypt, the insurance market covers about seven to eight million including government insurance. When you consider greater Cairo where the whole economy primarily is, you will find that out of the 20 million people here, around six to seven million are insured – a sizeable portion.

Apart from that, the out-of-pocket segment across the country is very high. Comparing insurance and out of pocket, you will find that out-of-pocket expenditure is much higher than insurance. Even in the out-of-pocket segment patients come to our facilities for complex surgeries and intensive care because of our level of care. At this moment, we are primarily providing for the middle and

upper classes – 30 to 40 percent of the population. The working-class population tends to go to the government and university hospitals.

Can you elaborate on the company's operational model?

Speaking about our operations, there are three primary expense lines in healthcare: pharmaceuticals and supplies, doctors' costs, and personnel cost. From the supply side, since we are a large institution, we have huge operating synergies in terms of procurement and strategic partnerships for a consolidated annual tender process across all four hospitals.

Over the last year and a half, we noticed that the overall supply chain in Egypt is becoming slightly difficult because of devaluation, currency issues, and availability of supplies. Therefore, we started moving in the direction of developing strategic partnerships with the likes of Siemens, Medtronic, Roche, and others. We will have long-term partnerships with select players who will provide us not only with better technology but also better pricing.

On the pharma side, it is much easier to manage costs because Egypt produces a lot of its own pharmaceuticals. I do not foresee much of a challenge in terms of the availability of pharma supplies thankfully. For consumables and devices, which are primarily imported, the supply chain and currency issues across the world are taken care of thanks to our partnerships.

In terms of doctors, Egypt has a unique model as most of the doctors are working in universities but not full-time. They are professors and lecturers in the universities and then in their free time, they're allowed to do private practice. Therefore, the model is more of a fee-for-service, consultant model, but to ensure that patient care doesn't suffer, we have specialists in areas across the board that will be available inside the hospital 24/7. This model is economical because we are not committing to a fixed cost and the doctor will be only paid when they perform a procedure or a consultation. This is basically productivity-based payment.

With efficiency being a key factor of Alameda's operational strategy, have you been able to leverage health digitalisation technology in your hospitals?

Primarily, we are an SAP-backed organisation – our offices, supply chain, HR, finance, and pricing – everything is basically on SAP. Additionally, we are currently creating an app to fully digitalise the outpatient experience, starting from the appointment to the prescriptions by the doctors, to the

claim management with payers, and patients getting their online records via the app.

The app has been under testing for over a year and a half now in one of our newer hospitals. We expect to roll out this outpatient digitalisation full-scale in 2023. For inpatient services, we are in the process of implementing an electronic health record system through a hospital information system developed by Cerner and SAP called i.s.h.med. Our vision is to have all our hospitals under a single medical record number with a fully digitalised outpatient experience and an electronic health record system.

Another initiative we are partnered with SAP for is the implementation of a business intelligence tool. We expect to see a lot of dashboards including financial, material, operational, and clinical dashboards to help improve management and decision-making based on real data.

Of course, the biggest recent development in Egypt has been the move towards universal healthcare. Even private groups like Alameda will eventually have to be part of the universal healthcare delivery. What has your experience been in these negotiations with the health regulators?

When universal healthcare started in the country it was a new initiative by the government, so they actually came to us private players for help. They utilised private hospitals for training – helping them to understand the health pathways and we served as a model for implementing the universal health insurance scheme in their hospitals.

For example, in Port Said you will find three public hospitals with our logos because we were given access to the hospitals to support the training of residents and even working with management inside the hospital to make the model efficient and viable for the government. As you can see, the private sector has been collaborating with the Ministry of Health and universal health insurance from the very start.

The next phase of consideration is how to offer universal health insurance care for patients in our hospitals. The plan of the government is to cover the whole country by 2032. By then, I believe this model will be well tested and the ongoing dialogue between private players and universal health insurance teams will result in the right pricing. Right now, the price point of universal coverage is not what we generally charge compared to the normal insurance model, but we believe it will be very well compensated by volume.

We have a plan to expand out of greater Cairo in the next few years and have hospitals in the other governorates of Egypt where 80 percent of the population is. Apart from the 20 percent of the population in greater Cairo that has private insurance, universal health insurance coverage is going to be very critical in the governorates. We need to build capacity there to be able to treat the patients in these areas. Although the cost of providing care in those areas will be lower than the cost of providing care in greater Cairo, the economies of scale will create a win-win solution for patients, hospitals, and the payer.

What has been the level of cooperation and partnership between the private and public healthcare systems in Egypt? How do you expect the relationship to develop as universal healthcare is implemented?

For all practical purposes, healthcare is still a fragmented industry in Egypt. Out of the 130,000 beds in the country, private healthcare accounts for roughly 35,000 beds, out of which about 17,000 or 18,000 beds are in greater Cairo. So, you can see it is not fully balanced across the whole country. Even among the 35,000 beds in the private sector, a maximum of 4,000 beds are maintained by organised players with an international level of care.

The opportunity is huge for the government to bring in a universal health insurance scheme. As the private industry, we need to participate in helping make healthcare organised and set a class of standards. Then the pricing mechanisms will be very easy to determine on a basis of the level of clinical care and technology a hospital is providing.

We believe that setting a tiered model with a base price that increases with the level of care provided will motivate providers to really invest in modern healthcare. This will ensure that patients can access the most modern treatments, not with 1980s technology due to the pricing model being inappropriately designed.

This is where we all see a great opportunity, and a real initiative has been taken by the state when they announced universal health insurance. With each person having the right to a minimum insurance from the state, they can add their private insurance in case they want a further level of extraordinary care. With a base level of care, if patients want a particular level of treatment, they can pay a partial amount themselves, which still reduces out-of-pocket spending significantly thanks to the universal insurance covering a major part of the expense.

Speaking about demand, data shows that in developed nations the average number of hospital beds stands at 2.9 per 1000 people. Egypt is at around 1.4, so we have a long way to go. This kind of model will help bring investment and infrastructure to the country. Plus, from the perspective of brain drain, roughly 120,000 Egyptian doctors are working outside of the country – of which 65,000 are in Saudi Arabia alone. Technically and practically, Saudi Arabia is run by experts who are not necessarily Saudi. Why are these doctors going and practising there? It's because they do not see the same level of infrastructure and salaries here in Egypt. However, with these new efforts, the same resources will be available within their own country – helping retain and maybe even bring back our talent.

In Egypt, we have the demand, good technology and capabilities, and international accreditation. We just needed support from the state side and now we feel that support through this universal health insurance and public-private partnerships. This is the start of the journey, and while there will be some teething problems as we go forward like in any emerging country, we expect a certain level of maturity by 2030.

With all these improvements happening in Egypt, the opportunities are bound to be noticed by providers who are not in the country yet. How do you feel about the potential competition that is likely to turn their sights here?

Actually, having more players coming to Egypt will be beneficial because of how fragmented the industry is. With the current individual doctor-driven model there is a lack of consistency across the industry. At this point, even hospitals without international standards our still competing with us. It would be very encouraging to see some larger providers come because they would push the current market towards being more regulated and set higher standards of care.

Looking at countries like Saudi Arabia or the UAE, you find that hospitals may be a different brand, but by and large, they follow certain standards and even pricing models. This would help close the pricing gaps from the 50 percent gaps we see in Egypt now down to 10 or 15 percent.

Having said that, Egypt has its own nuances and the key players have run their institutions in a particular model that is heavily invested in and costly. At the current price point at which Egypt operates, new players will have to make value-driven differentiations in their practices in order to be successful. Some newer international players who have been here for nearly a decade have taken up to seven years to break even. Egypt has its own technicalities and players can have one hospital which can take a long time to break even but then scaling up is a different journey.

Many stakeholders in Egypt, including the Egyptian Authority for Unified Procurement, are excited about a pan-African strategy with Egypt at the centre of healthcare within Africa. However, the infrastructure in other parts of Africa is still quite undeveloped. Where do you expect these investments that are necessary to set the scene to come from?

Many institutions are interested in Africa and are very excited about this strategy. There are many funds which are earmarked towards Africa, so I don't think that getting investment is a challenge. The real challenge is to determine the right operating model to make it successful. There is a segment of the population which can afford private care, but the larger population cannot. That population will have to be funded through charitable institutions or through the state. Keeping that in mind, if we are successfully able to create a model which is very high volume although not high value with decent returns for a private player, I think we will be able to drive that agenda.

Having practised in Egypt, we ourselves have driven a lot of economies of scale and efficiency models. We know how to leverage lean resources and therefore we feel very confident about successfully operating in Africa. Plus, we have a huge talent pipeline with our own doctors, nurses, and caregivers so there is no need to import professionals from anywhere. From that perspective, we don't foresee any massive challenge in deploying the manpower to any place in Africa. For our professionals, this is not going to be permanent, but a deployment by rotation and after they can come back to their own country and work with us.

Is there a message you would like to share with our audience, regionally and globally, about Egypt?

When I came from India, I had a certain perception of medical care here in Egypt. However, these four years have been an eye-opener. The level of medical care advancement has not been propagated well outside of Egypt. People think that in Egypt, high levels of care are not provided, which is simply not true. Egypt has phenomenal medical science and the level of complex work which happens here isn't the same across the whole Middle East. Doctors here practice at impressive volumes – we treat 1 million people every year in our hospitals. Every day I see very complex procedures being performed in my hospitals and when I talk to my fellow health professionals in India, they are impressed to learn about what our doctors are doing here on a regular basis.

Since being here I have travelled across East Africa and seen the kind of care they need. With the level of care which Egypt has, we can create something unique not only in terms of medical

tourism, but to become a hub and deploy our resources so that African patients can get the treatments they need without leaving the continent. Together, Egypt can be its own health ecosystem covering pharmaceuticals to devices to caregivers.

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