

Five areas of opportunity in Asean healthcare

[ASEANBUSINESS STAFF](#)

btnews@sph.com.sg [@AseanBusinessSG](#)



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South-east Asia's major economies are facing an unprecedented rise in healthcare cost in the coming decade that will pose a major challenge to strained public health budgets. But this challenge also offers prospects for plugging gaps in the healthcare sector, according to a report by corporate strategy consulting firm Solidiance.

Rising healthcare costs, demographic changes

In nearly all Asean nations the cost of healthcare per capita has been rising faster than GDP per capita, meaning the healthcare burden is growing faster than economies' ability to sustain these expenditures.

Asean is also undergoing major demographic shifts. Nearly all Asean-6 nations - Malaysia, Singapore, the Philippines, Indonesia, Thailand and Vietnam - show either negative or close-to-zero growth for the youngest part of their population (age 0-14). While the working-age population (age 15-64) in all nations except Singapore is still growing, growth in the retirement age population (age 65 and above) is outpacing them rapidly, with relative growth rates three to 10 times higher than the working age population.

At current growth rates, the Asean-6's estimated 2017 total healthcare spending of about US\$420 billion will reach US\$740 billion in 2025, an added burden of US\$320 billion.

What should governments do?

The Solidiance report said governments need to accelerate the development of their healthcare systems in terms of both quantity and quality. They can do this by:

- Generating new sources of funding eg. taxing unhealthy products like tobacco
- Streamlining processes to reduce overhead costs
- Investing more in prevention at early stages of treatment

Companies can fill the gaps

The changing healthcare landscape in Asean will create valuable opportunities for the private sector - especially for health services, medicine and care equipment, age care services and products, as well as fitness and health programmes.

Companies can provide technologies and services to help ease key problems in the healthcare sector, for example:

- **Private hospitals, pharmaceuticals, medical devices manufacturers.** The massive increase in health demand in the Asean-6 nations presents valuable opportunities for players such as private hospitals, pharmaceuticals, and medical device companies.
- **Consulting.** Companies can help policymakers by advising on the most effective use of their equipment and services and also consult, where possible, on best practices.
- **Geriatric care services.** The demographic transition will result in rapid development of the geriatric care services market in the Asean countries.

- **Preventative healthcare services.** Even as governments invest more in preventative healthcare, healthcare companies can look into providing related services and programmes, such as patient fitness and health monitoring
- **Digitalisation.** The most significant opportunity of all is imminent digitalisation of healthcare, which will raise demand for hospital information systems, cloud solutions for medical data, digital tracking of patients and treatments, automation of health monitoring, etc.