



Healthcare Business Opportunities



Outline

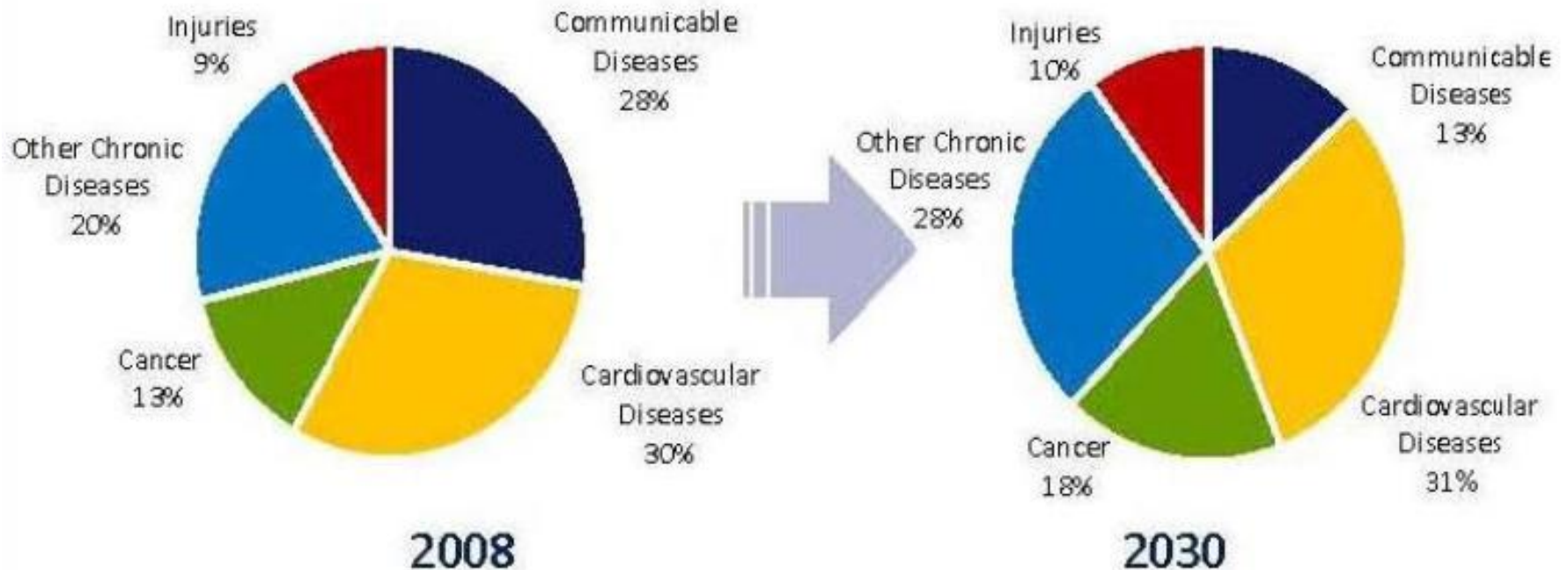
- Indonesians spending on healthcare is expected to grow close to 14%
- By 2019, an estimated 240-260 million Indonesians will be covered by newly implemented National Health Insurance program
- The National Health Insurance program (launched in January 2014) will generate demand in a new population group, by providing access amongst those that never could have afforded it before, driving an increasing demand for clinics, hospitals and clinicians.
- Indonesia has the faster growth rate in Asia private hospital sector, with an increase of 12.95% between 2013 and 2014.
- Hospital beds, medical devices, diagnostic tests, IT systems and skilled manpower demand will steeply raise.
- The local production of medical equipment is limited to only basic equipment manufacturing, while 95% of medical equipment is imported.

Health Indicator in Indonesia

	Indonesia	SEA
✓ Life expectancy (years)	69	67
✓ Infant mortality rate /1 000 birth	25	42
✓ < 5 years mortality rate/1 000 birth	32	55
✓ Maternal mortality rate/100 000 birth	220	200
✓ Birth by skilled medical worker	80%	59%
✓ Contraceptive prevalence	61%	59%

(Source: WHO world statistics 2013)

Changing Disease Pattern Morbidity



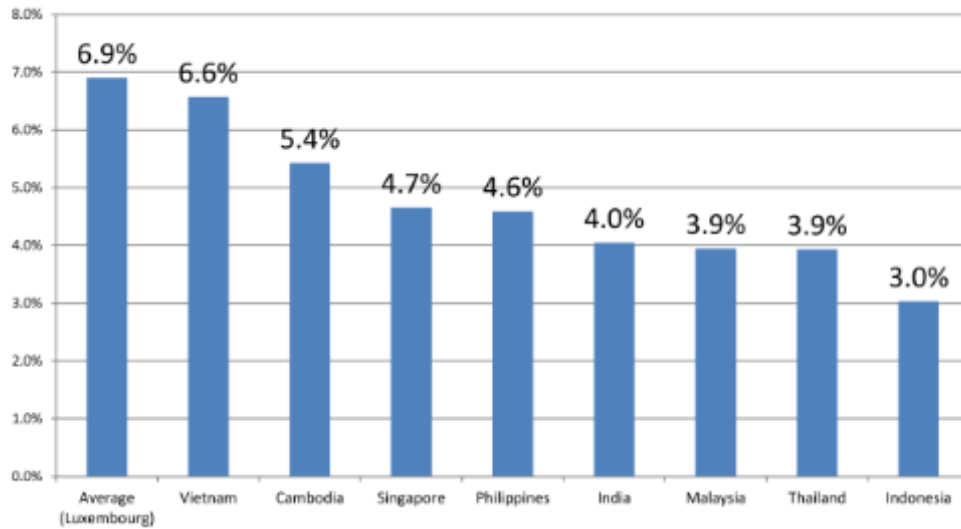
Financing

- **Decentralization:**
 - Since 2002
 - Local funding
 - Generate income for local government

- **Universal Health Insurance – JKN**
 - INA Cost Based Group
 - 2019 the biggest in the world

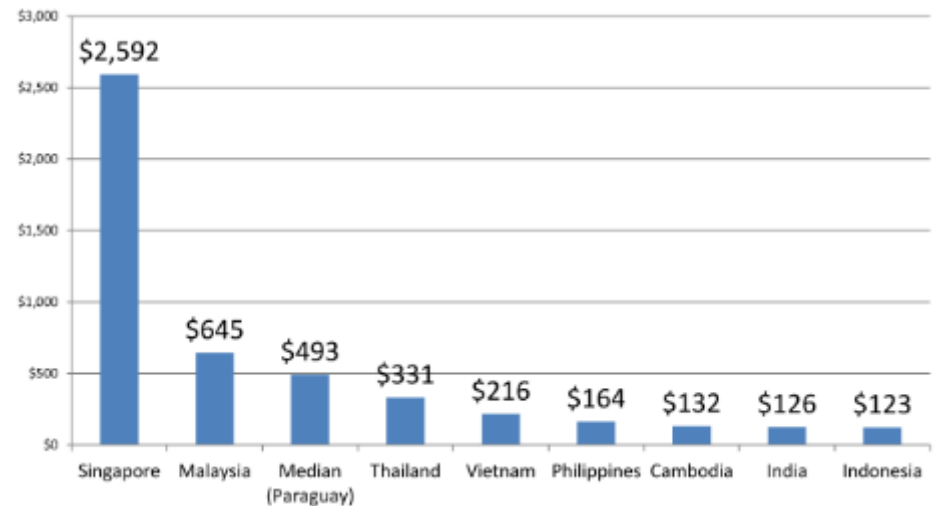
	INDONESIA	SEA
total expenditure on health as % GDP	2.8	3.6
Gen. gov expenditure on health as % THE	36.1	34.7
Out-of-pocket expenditure as % private expenditure on health	75.8	84
per capita gov expenditure on health PPP	44	43

Indonesian Healthcare Expenditure



as a Percentage of GDP

per Capita (in USD)



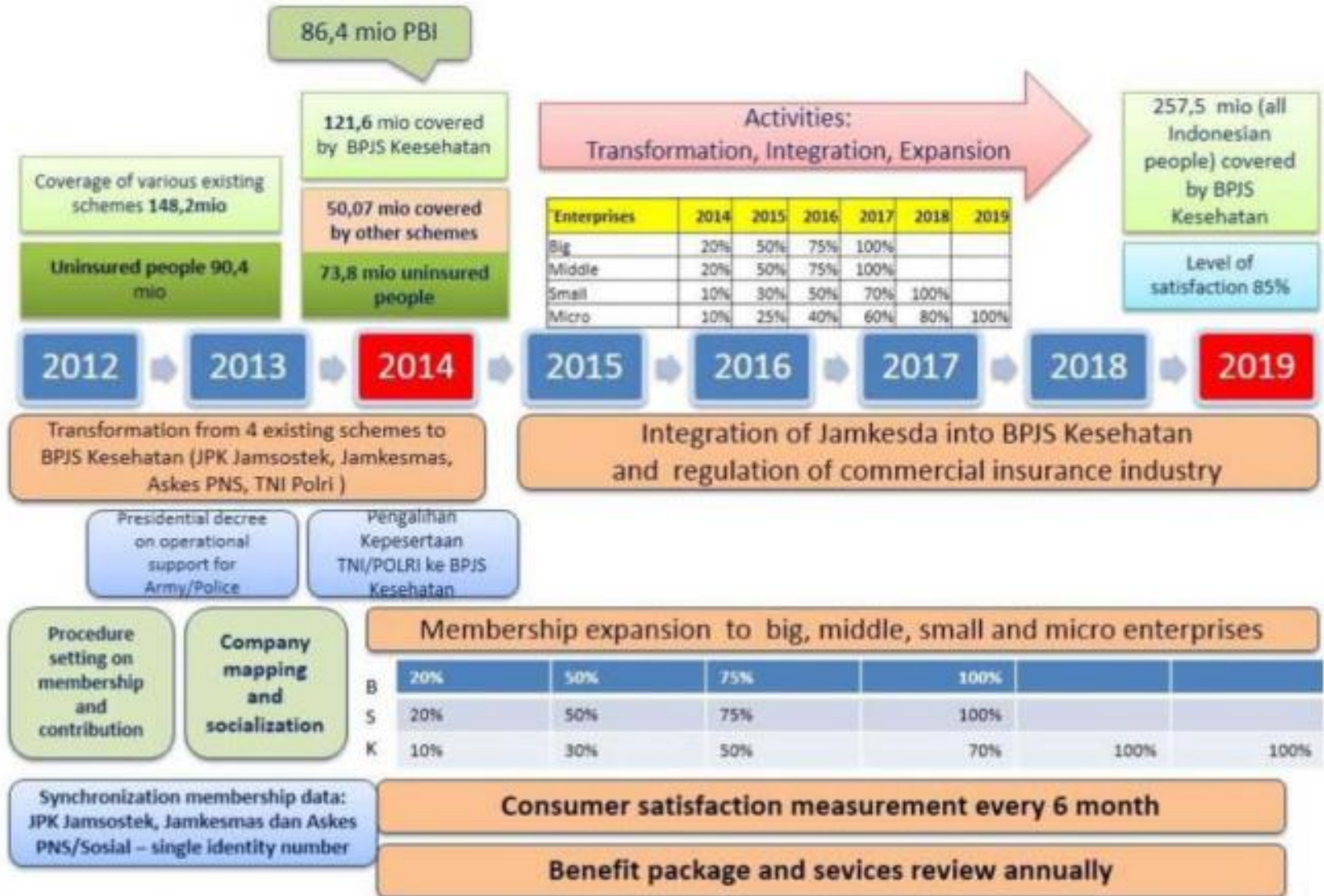
Deficit in the draft 2016 state budget under 2015 deficit outlook

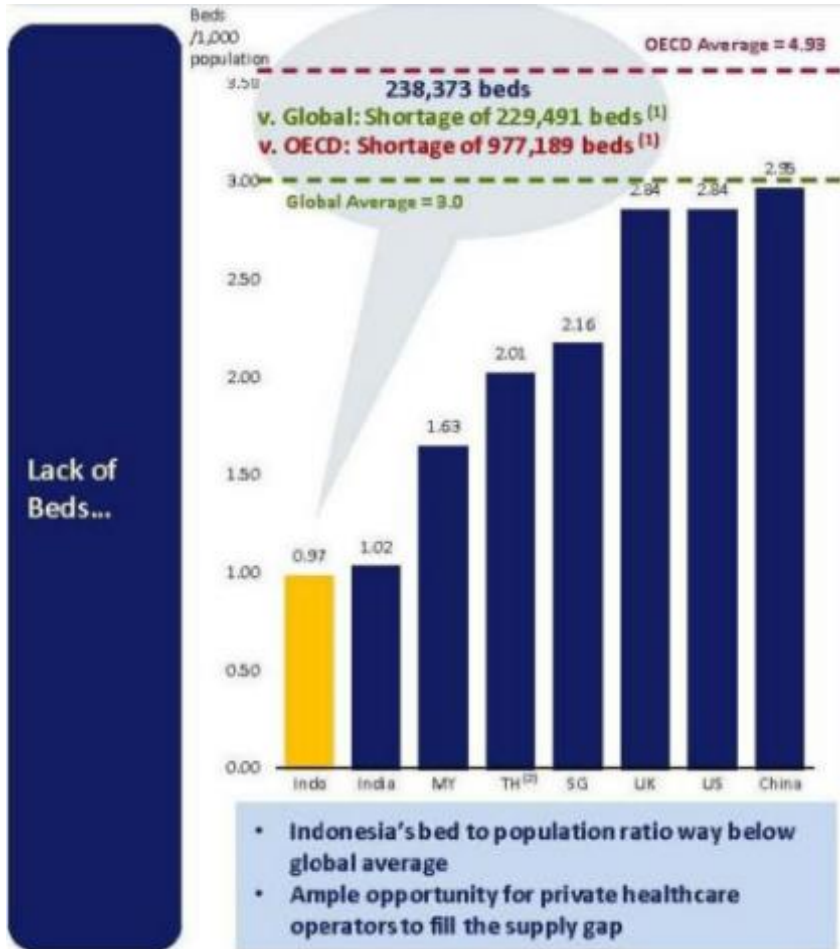
Description (in Rp trillion)	2015 State budget	2016 State budget plan	difference
A. State Revenue	1,761.6	1,848.1	86.5
I. Revenue from domestic source	1,758.3	1,846.1	87.7
1. Tax revenue	1,489.3	1,565.8	76.5
2. Non-tax revenue	269.1	280.3	11.2
II. Grants	3.3	2.0	(1.3)
B. State Spending	1,984.1	2,121.3	137.1
I. Central government spending	1,319.5	1,339.1	19.5
1. Spending for ministries /state institutions	795.5	780.4	(15.1)
2. Spending for non-state institutions	524.1	558.7	34.6
II. Spending for regions and village funds	664.6	782.2	117.6
1. Spending for regions	643.8	735.2	91.4
2. Village funds	20.8	47.0	26.2
Education funds	408.5	424.8	16.2
Education funds ratio	20.6	20.0	(0.6)
Health funds	74.3	106.1	31.8
Total health funds ratio (%)	3.75	5.0	1.3
C. Primary Balance	(66.8)	(89.7)	(23.0)
D. Budget surplus / (deficit)	(222.5)	(273.2)	(50.7)
Surplus / (deficit) to GDP ratio (%)	(1.9)	(2.1)	
E. Financing (I + II)	222.5	273.2	50.7
I. Domestic financing	242.5	272.0	29.5
II. Overseas financing	(20.0)	1.2	21.2

Source: Finance Ministry

Eur1 =Rp16000

Universal Health Care Insurance (BPJS)

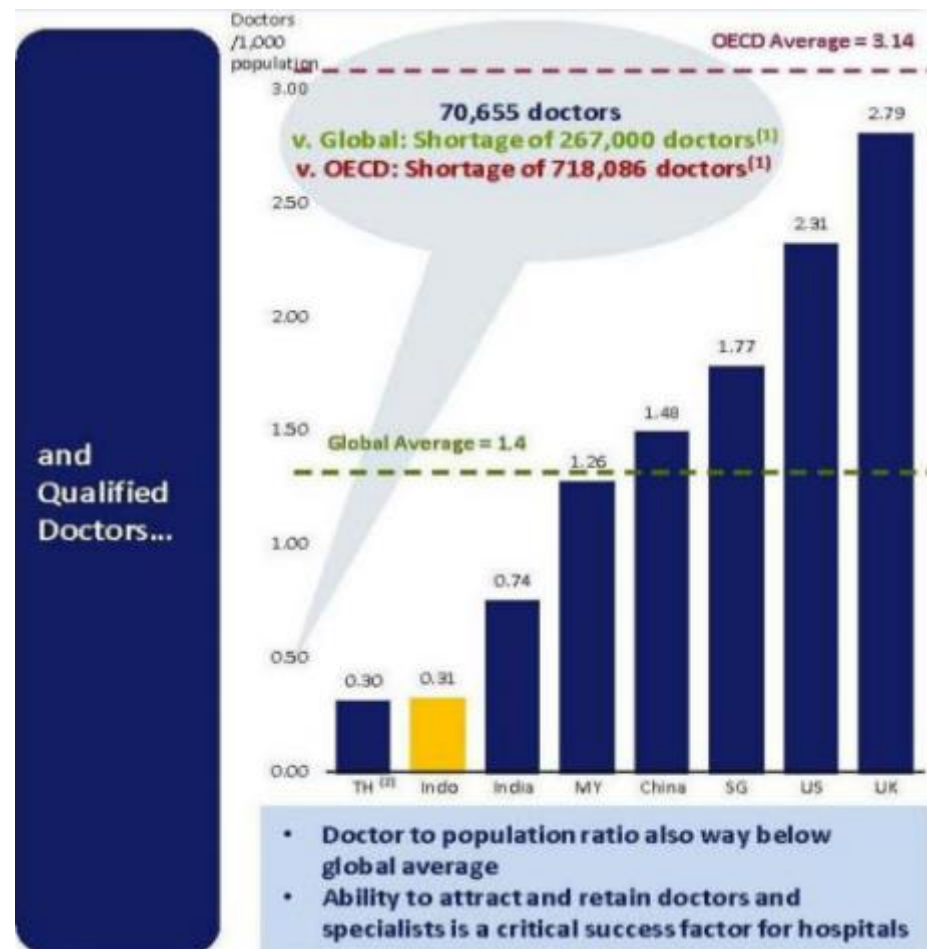




Based on WHO standard, the Bed ratio is **1 : 500**

While currently in Indonesia the bed ratio is **1 : 1.330**

Government target is to improve the bed ratio into **1 : 1.000**



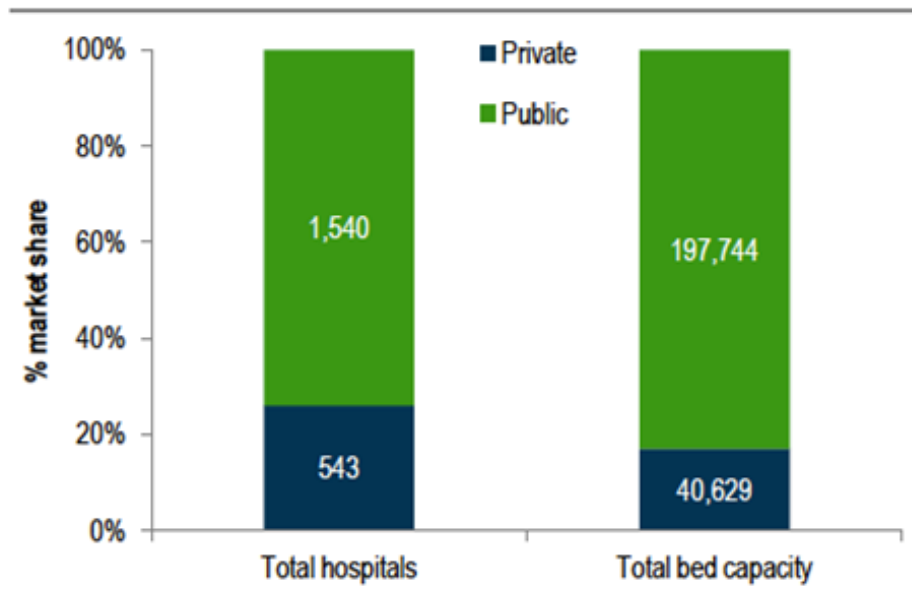
One of the challenge of health service in Indoensia, where we need more competent Healthcare Professional (HCP)

Hospitals & Puskesmas

Category	Owner	General Hospital	Specialized Hospital	Total
Public	Government	775	87	862
	Private non Profit	532	174	706
Private	Private	514	267	781
	State-owned enterprise	56	7	63
TOTAL		1.877	535	2.412

- The private sector represents almost 60% of total hospitals in Indonesia and continued growth
- The growth rate of hospitals is 12.95%.
- 9.599 Puskesmas across Indonesia, only 18.6% have obsetric neonatal facilities
- Currently there are 1061 hospitals working wiith BPJS Kesehatan

Hospital Beds Breakdown 2012



Note: Figures exclude bed capacity available at community clinics.

Source: Frost & Sullivan, Ministry of Health, companies, Standard Chartered Research

Hospitals Major Groups



SILOAM Hospital

Investment Plan 2,5 Md USD

14 existing hospital

20 new projects

Objectives to have 90 hospitals by 2018 and has an advance HIS

Mitra Keluarga Group

Investment Plan 2,5 Billion USD , where 1/3 of their budget is for medical equipment by 2020.



Ciputra Hospital

3 hospital under construction

10 hospitals by 2018

TOP 5 Private Hospital Groups

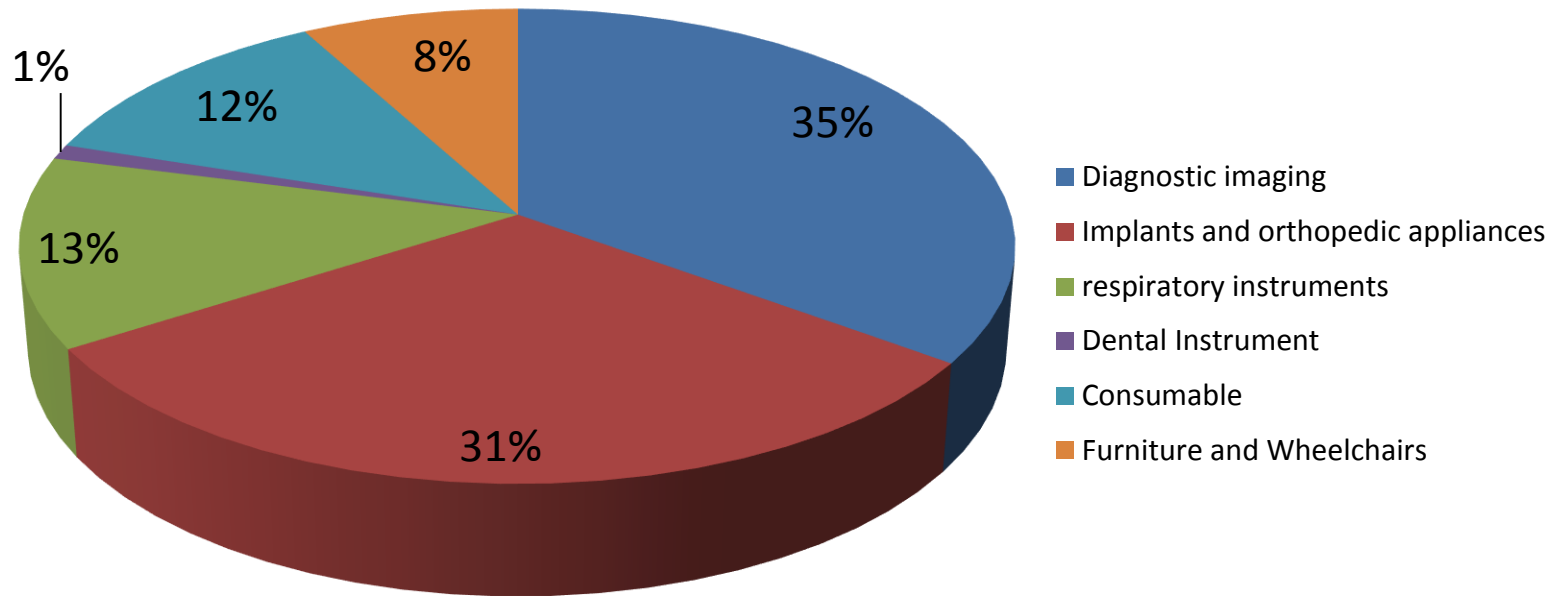
Name of the Hospital	Number of Competing Hospitals	Estimated Number of Beds
Siloam Hospital Group (SILO)	14	3,000
Mitra Keluarga Group	10	1,200
Awal Bros Group	7	1,000
Sari Asih Group	6	900
Ramsay Sime Darby Health Care	3	650
	41	6,750

Regional competitors from Singapore and Penang:

- Mount Elizabeth Hospital
- Gleneagles Hospital
- Penang Adventist Hospital

Medical Devices

Import of Medical Equipment in 2013



The size of the medical apparatus is nearly USD 1 billion, with growth rate of 15%
In 2013, It is estimated that **97.2%** of medical apparatus in Indonesia is imported



Medical Devices

- **Less than 3%** Local Producers: furniture, tensimeter, wheelchair, dental chair, hospital billing system, etc
- **97.2%** Import: high tech devices: MRI, CT-Scan, dental equipments. (US, German, China, etc)
- Indonesia has joined in the agreement of ASEAN Medical Devices regulation trough ACCSQ. The MRA remain in process
- Indonesian Minister of Health re-enforce to the implementation of Standardization Equipment Facilities.
- Implementing E-Planning in the Purchase Planning Program of Medical Devices in every healthcare facilities.



Medical Devices Trade

EU – Indonesia

Value in thousand US\$

Product code	Product label	European Union (EU 28)'s exports to Indonesia			Indonesia's imports from world	
		2012	2013	2014	2012	2013
'9018	Electro-medical apparatus (electro-cardiographs, infra-red ray app, sy	63.734	84.032	70.571	224.001	304.596
'9022	Apparatus based on the use of X-rays/of alpha, beta/gamma radiations	36.063	30.246	24.783	76.494	84.624
'9021	Orthopaedic appliance (crutche/surgical belts & trusse)	4.886	5.607	7.233	197.944	127.760
'9019	Mechano-therapy appliance (artif resp, massage app, ozon/oxygen)	3.542	7.494	6.354	25.812	44.151
'9020	Other breathing appliance & gas masks	487	1.156	1.573	6.741	20.429



Exporters	Imported value in 2013
World	2.353.099
European Union (EU 28) Aggregation	394.751
Germany	168.549
France	68.891
United Kingdom	36.659
Austria	25.993
Italy	21.609
Netherlands	20.355
Belgium	10.536
Ireland	9.074
Sweden	8.818
Spain	5.680
Finland	3.750
Denmark	2.748
Hungary	2.411
Bulgaria	2.276
Greece	1.991
Czech Republic	1.835
Poland	1.620
Romania	811
Slovakia	507
Slovenia	235
Estonia	138
Lithuania	89
Luxembourg	77
Portugal	53
Latvia	32
Croatia	13
Malta	1
Cyprus	0

Medical Devices EU export to Indonesia

(value in thousand US\$)

Italy export to Indonesia

HS6	HS9	DESK	KEL_ALAT KESEHATAN	Value : US\$						
				2010	2011	2012	2013	2014	JANUARI - JUNI	
									2014	2015
901890	901890300	Electronic instruments and appliances	Medical Devices	906,031	237,732	1,336,938	1,704,858	2,398,039	1,007,609	615,421
901890	901890900	Other instruments&appliances in medical	Medical Devices	661,125	1,089,713	1,189,187	1,008,062	849,300	376,836	325,448
902214	902214000	Oth. computed tomography apparatus for medical, surgical/veterinary uses	Medical Devices	851,430	814,616	1,073,160	1,290,305	988,816	154,089	265,625
901890	901890200	Intravenous administration set (adult)	Medical Devices			0	557,580	403,183	224,735	235,111
940290	940290100	Furntr.designed for medical,surgical /veterinary surg.purp.&parts thereof	Medical Devices	544	196	83,819	113,751	183,894	117,937	162,889
901812	901812000	Ultrasonic scanning apparatus	Medical Devices	8,691	143,703	194,933	250,765	151,691	31,753	98,325
901839	901839900	Other instruments and appliances, used in dental science	Medical Devices	495,026	295,309	371,762	161	353,339	21,097	72,861
902213	902213000	Oth. computed tomography apparatus for dental use	Medical Devices	9,423	281,262	214,121	369,131	168,590	12,392	30,067
901920	901920000	Ozone therapy,oxygen therapy, aerosol therapy, artificial respiration/other	Medical Devices	15,120	131,977	3,969	137,974	75,833	30,376	22,341
901839	901839100	Oth. catheters	Medical Devices	959,852	1,009,985	687,587	529,695	328,005	13,931	19,780
901820	901820000	Ultra-violet/infra-red ray apparatus	Medical Devices	5,192	3,934	0	35,026	57,467	22,992	15,589
901814	901814000	Scintigraphic apparatus	Medical Devices			52,183	10,502	29,976	0	15,174
901811	901811000	Electro-cardiographs	Medical Devices	0	39,579	242,886	233,232	102,233	21,840	9,089
901849	901849000	Oth.dental drill eng.,whether/not comb. on a single bs with oth dental equip.	Medical Devices	423,329	13,344	91,074	1,109,974	81,576	48,076	8,854

Poland export to Indonesia

NEGARA	HS6	HS9	DESK	KEL_ALAT KESEHATAN	VALUE : US\$							Perub. % 15/14
					2010	2011	2012	2013	2014	JANUARI - JUNI		
										2014	2015	
POLANDIA	841920	841920000	Medical,surgical/laboratory sterilisers	ALAT KESEHATAN					9,488	9,488	3,296	-65.26
POLANDIA	901812	901812000	Ultrasonic scanning apparatus	ALAT KESEHATAN	0	13	11,678	39,013	437	0	2,585	-
POLANDIA	901890	901890900	Other instruments&appliances in medical	ALAT KESEHATAN	77,967	203,866	233,274	208,066	185,636	120,795	245,587	103.31
POLANDIA	901839	901839100	Oth. catheters	ALAT KESEHATAN		17,687	6,855	12,375	158,404	40,032	116,562	191.17
POLANDIA	901920	901920000	Ozone therapy,oxygen therapy, aerosol therapy, artificial respiration/other	ALAT KESEHATAN			155,604	154,452	180,060	18,557	56,282	203.29
POLANDIA	901839	901839900	Other instruments and appliances, used in dental science	ALAT KESEHATAN	186,606	80,016	141,142	47,068	72,870	29,671	22,616	-23.78
POLANDIA	901890	901890200	Intravenous administration set (adult)	ALAT KESEHATAN	10,684	4,590	19,109	14,657	53,554	26,209	14,068	-46.32
POLANDIA	940290	940290100	Furntr.designed for medical,surgical /veterinary surg.purp.&parts thereof	ALAT KESEHATAN	0	30,725	18,999	16,239	66,865	0	3,611	-
POLANDIA	901890	901890300	Electronic instruments and appliances	ALAT KESEHATAN			0	131,252	26,068	590	106	-82.03
POLANDIA	901819	901819000	Other electro-diagnostic apparatus	ALAT KESEHATAN	25,791	57,168	108,039	148,109	93,321	31,100	0	-100.00
POLANDIA	901832	901832000	Tubular metal needles and needles for sutures	ALAT KESEHATAN			20,911	29,858	78,946	66,457	0	-100.00

Medical Devices

Local Production Capacities

Medical Equipment		Capacity
No.	Jenis Alkes	Kapasitas per th.
1	Hospital Furniture	141.000 unit
2	Mercurial Sphygmomanometer desk/mobile type	25.000 pcs
3	Aneroid Sphygmomanometer	500.000 pcs
4	Aneroid Clock System (large scale)	50.000 pcs
5	Stethoscope	150.000 pcs
6	Latex & Nitrile (PVC) Examination Gloves	1.2 M pcs
7	Vinyl Examination Gloves	480 M pcs

Medical Devices

Local Production Capacities

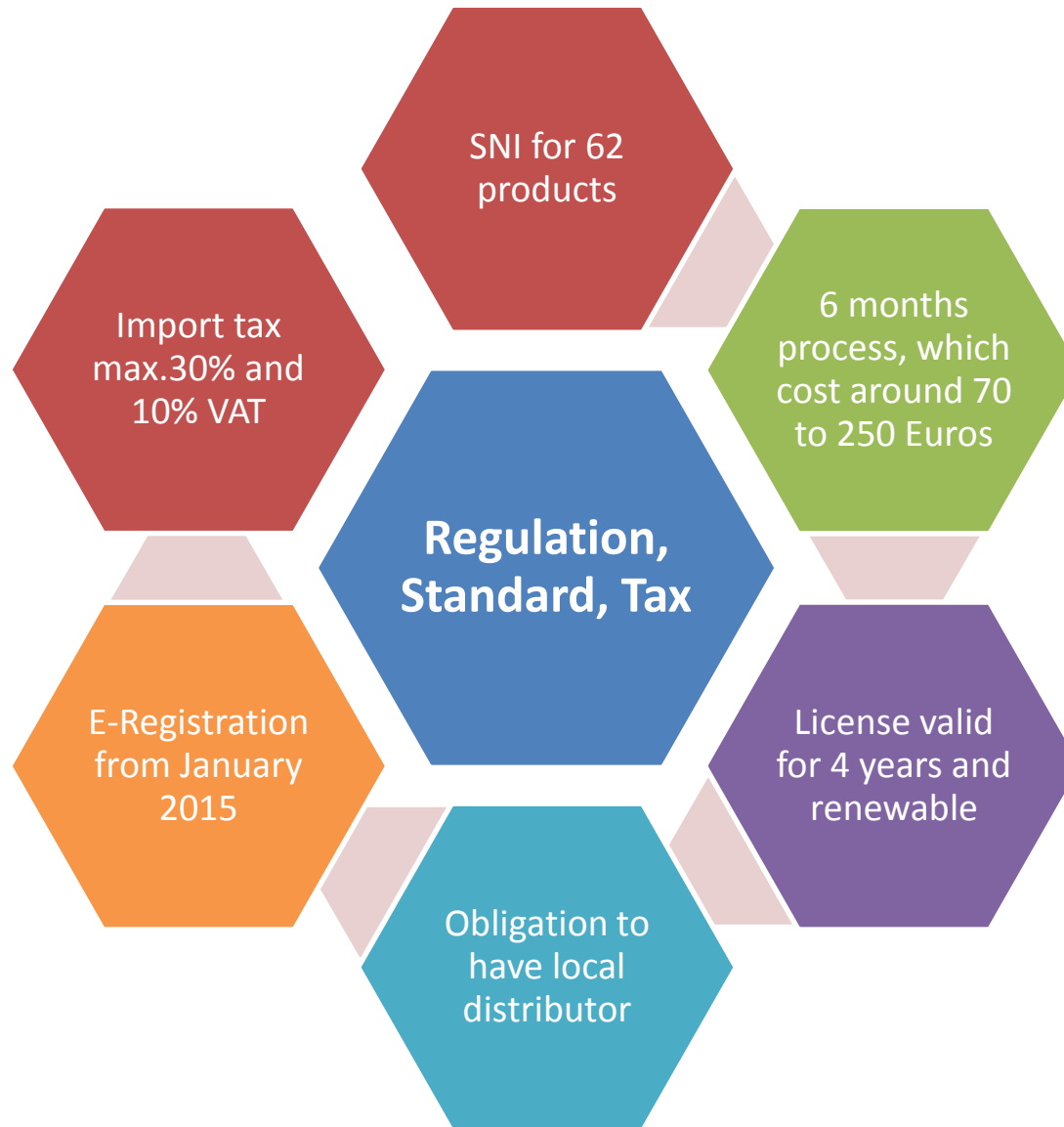
	Medical Equipment	Capacity
8	Latex Surgical Gloves	20 M pairs
9	Infant incubator	1.800 unit
10	Transport infant incubator	450 unit
11	Infant warmer & phototherapy	700 unit
12	UV room sterilizer	800 unit
13	Film Viewer	300 unit
14	UV Lamp	200 unit

Medical Devices

Local Production Capacities

No.	Medical Equipment	Capacity th.
15	Incinerator	350 unit
16	Suction Unit	100 unit
17	Compressor nebulizer	25.000 unit
18	Medical Accessories (SP O2 Sensor, EEG Cup Electrode, EMG Needle Electrode)	2 M pcs (95% for export)
19	Picture Archiving & Communication System (PACS)	100 installation sites
20	Sterilizer	10.000 unit
21	EKG	2.000 unit

Medical Devices



MEDICAL DEVICE DEFINITION INDONESIA MOH

Decree – 1190/2010

Medical devices are instruments, apparatuses, machines and/or implants that do not contain medicines used to prevent, diagnose, cure and relieve diseases, treat sick people, recover human health and/or form structures and correct the body function. Based on the objective of use as meant by the producer, medical devices may be used individually or in combination for human beings with one or several purposes as follows:

- a. diagnosis, prevention, monitoring, treatment or reduction of diseases;
- b. diagnosis, monitoring, treatment, reduction or compensation of sick condition;
- c. investigation, replacement, modification, anatomical support, or physiological process;
- d. support or maintain life;
- e. obstruct fertilization;
- f. disinfectant of medical devices;
- g. provide information for medical or diagnosis purposes through the *in vitro* test on the specimen and human body

E-REGISTRATION FOR MEDICAL DEVICE INDONESIA

<http://www.regalkes.depkes.go.id>

Back Ground of
e- Registration
On line

Wide area of
Indonesia territory

- Optimize public service

Quick registration system

can be access anywhere and everywhere for further information

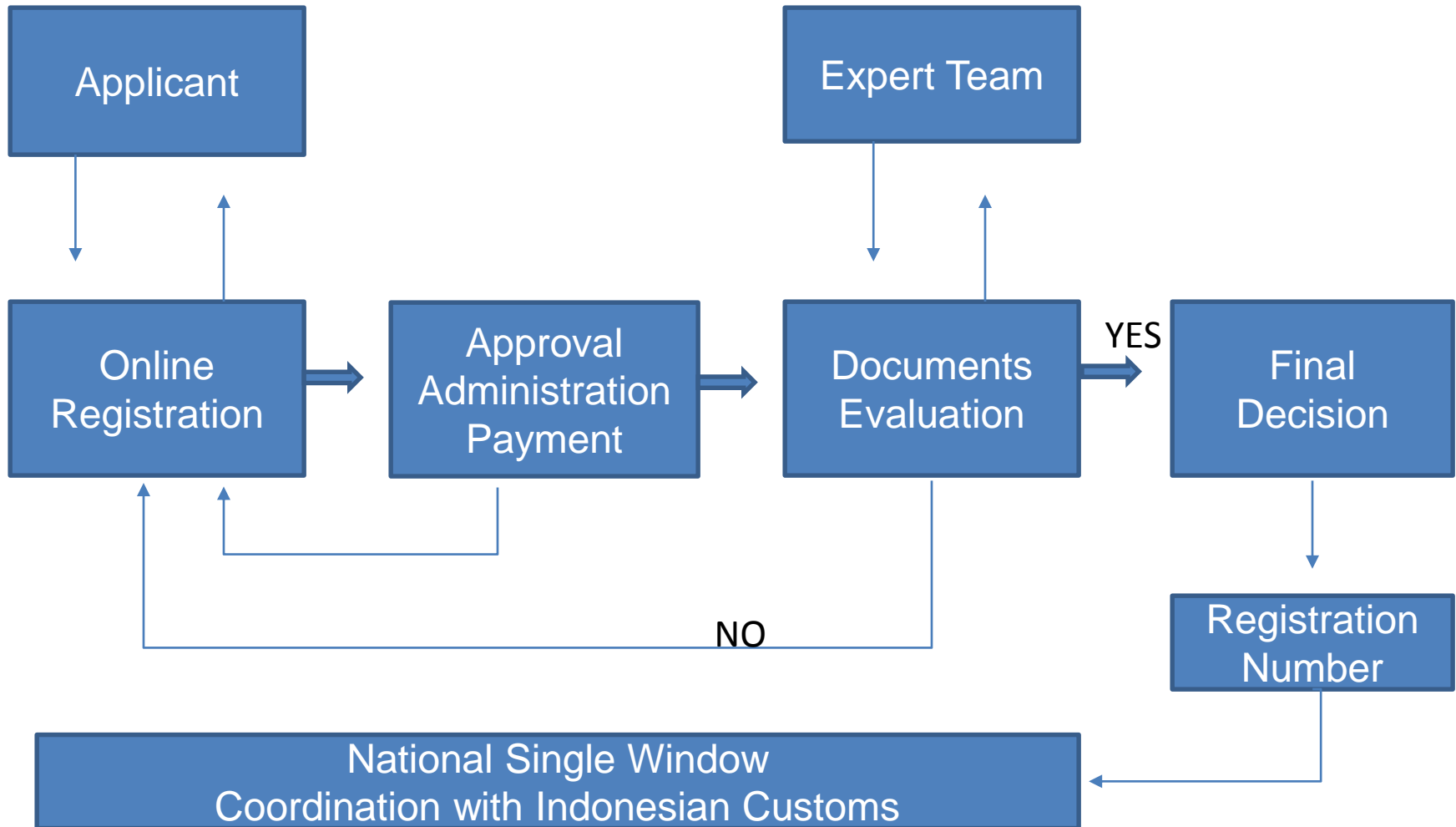


The screenshot shows the homepage of the Regalkes website. At the top, there is a navigation menu with links for 'Beranda', 'Informasi', and 'Bantuan'. Below the menu is a warning banner in Indonesian: 'WASPADALAH TERHADAP PENIPUAN ! KAMI TIDAK PERNAH MEMINTA IMBALAN DALAM BENTUK APAPUN DAN KAMI TIDAK BERTANGGUNG JAWAB BILA ADA PIHAK-PIHAK YANG MEMUNGUT BIAYA DENGAN MENGATASNAMAKAN PEJABAT DI LINGKUNGAN DIREKTORAT JENDERAL BINA KEFARMASIAN DAN ALAT KESEHATAN'. The main content area is divided into sections: 'Selamat Datang' (Welcome) with a description of the application, a login form with fields for 'User ID', 'Password', and 'Key Code', and a list of 'Berita Terkini' (Latest News) with various articles and their dates.

INDONESIA MEDICAL DEVICE PRODUCT CLASIFICACION

Class	Category	Risk Level	Examples	Level of Control	Administration Fee
I	A	Low risk	Cholesterol, uric acid test system; Surgical Instrument; Bandage, Surgical camera; Electric operating table, Patient scale	General Control	1500
II	B	Low-Moderate risk	Pregnancy self testing, Electric Hospital Bed, Surgical Lamp, Surgical Mask	Special Control	3000
	C	Moderate-High risk	Blood glucose self testing, ECG, Xray Unit, Syringe, Condom, Contact lens		
III	D	High risk	HIV Blood donor screening, Stent, Intra ocular lens (IOL), Defibrillator, Pacemaker	Pre Market Approval	5000

Registration Procedure



SERVICE AGREEMENT FOR MEDICAL DEVICE PRODUCT

Started from Official payment received with condition the document is complete

Class I	: 45 days
Class II	: 90 days
Class III	: 120 days

Extended time if Additional document required

**Registration
Number Certificate
as Marketing
License in Indonesia**

Pharmaceutical

❖ Medicines

A market of 4.5 billion USD in 2014. Imported drugs account for about 19% of the market.

Imported products generally specialized in medication for the treatment of cancers, cardiovascular disease, etc.

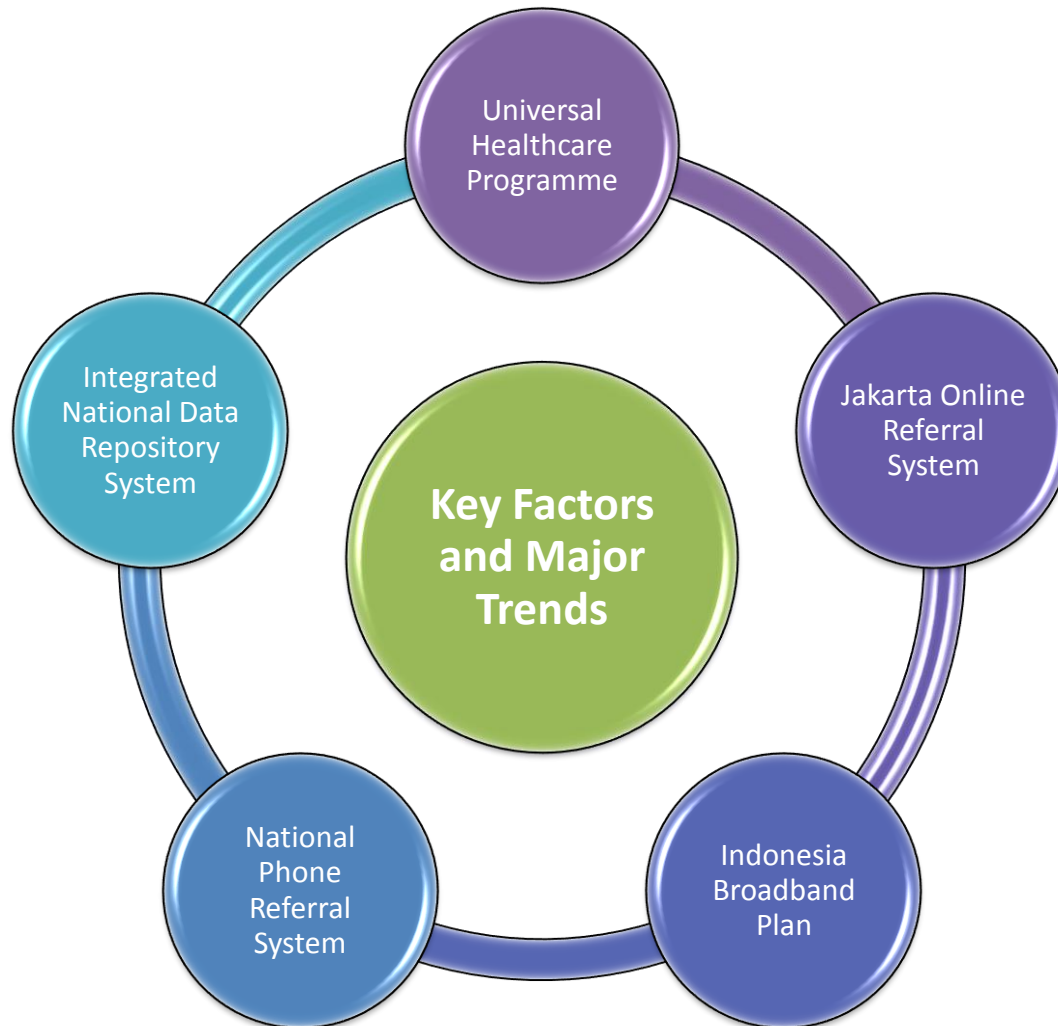
❖ Raw Material

90% of raw materials used in the preparation of medicines are imported.

BPOM registration at the Agency for the Control of Medicines and Foodstuffs.



Healthcare IT Solutions



Opportunities

Total Indonesian healthcare spending is expected to grow at a CAGR 8.7% until 2018 reaching USD 237 per capita

Dental Equipment

Strong growth rate, due to awareness and more purchasing power

Scalling , polishing, bleaching & orthodontics

Medical Equipment

YoY growth >15%, market size USD 1 billion

Surgical equipment, diagnostic (CT, MRI, Xray) & medical imaging equipment

Laboratory Equipment

Due to diseases & changing demographics more labs needed

Test kits hepatitis, STD, infection; instrument related to clinical chemistry, hematology & immunology

Hospital:

- Government: 6000 puskesmas inpatient units; 100 000 beds especially for class III; ICU units, ER units, Neonatal obsetric set.
- Private: Lippo, Mayapada, Mitra, building 50 hospitals in 5 years

Healthcare IT:

- Medical records – cloud service
- E-procurement, e-catalogue
- Telemedicine

More purchasing power:

- SPA –beauty & aging related devices
- Lifestyle related ailments -> non communicable
- Household medical devices

Infrastructure, Design & Establishing Hospitals

Islamic medicine

Challenges

Business Compliance

Pricing and payment term

Registration and Certification Process

Labeling has to be in Bahasa Indonesia

Shortage of Medical Related personnel

Awareness of the procedure exist and can be done

Infrastructure

Electricity



**Market
Entry
Strategy**

Local Presence



Brand Activation





YOUR GATEWAY TO INDONESIA



More information ?



www.eibn.org



info@eibn.org



A project co-funded
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Thank you for your attention!



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