Singapore Clinics : Profile and Performance

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Introduction

The healthcare services industry in Singapore has expanded significantly in recent years. Its value added rose at an average annual rate of 10.3 per cent between 1995 and 2002. In terms of its contribution to Gross Domestic Product (GDP), it accounted for 1.8 per cent in 2002 compared to 1.4 per cent in 1995 (Chart 1).

Singapore's healthcare system comprises primary health care provision at private medical practitioners' clinics and outpatient polyclinics, and secondary and tertiary specialist care in the private and public hospitals. Chart 2 shows the various components that make up Singapore's healthcare system.

CHART 1 HEALTHCARE SERVICES' GDP CONTRIBUTION, 1995–2002

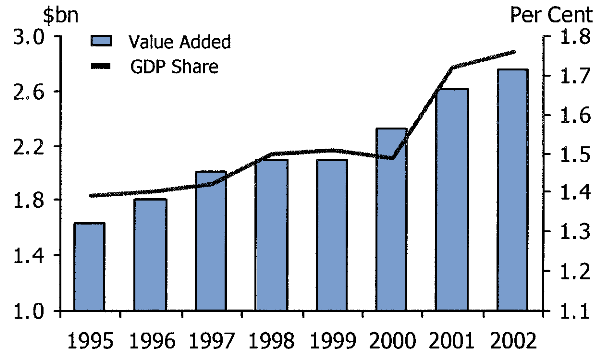
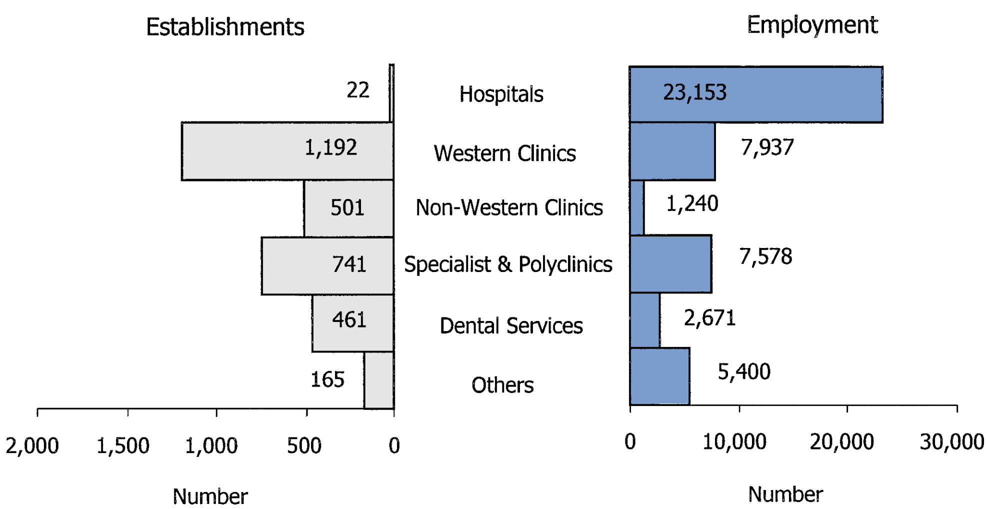


CHART 2 COMPONENTS OF HEALTHCARE SERVICES, 2002



This paper looks at the two broad categories of private practitioner clinics, namely, western clinics (not including polyclinics, specialised medical services or dental clinics) and non-western clinics (mainly traditional chinese medicine firms). A summary, comparing their key characteristics, is provided in Table 1. The paper examines, in detail, their characteristics in 2002/2003 (preliminary data), and compares their growth and performance over the years. Data are mainly sourced from the Department of Statistics' Annual Survey of Services.

TABLE 1 KEY SUMMARY DATA ON CLINICS, 2002[1]

	Western Clinics	Non-Western Clinics
No. of Clinics	1,192	501
Ave Annual Growth in No. of Clinics, 1995–2002 (%)	5.2	6.5
% of Clinics in CBD[2]	11.5	15.9
Ave Employment Size (No.)	6.7	2.5
% of Workers who are Doctors[3]	26.4	45.1
Ave No. of Doctors Per Clinic	1.8	1.1
Ave Patient Visits Per Doctor (No.)	6,269	4,801
Ave Fee Per Patient Visit ($)	60.7	26.5
% Profitable (excluding Non-Profit Organisations)	89.6	99.8
Ave Value Added Per Worker ($'000)	59.0	28.5

1 Exclude Polyclinics.
2 Refers to end-2003.
3 For non-western clinics, refers to traditional or alternative medicine practitioners.

Profile of Clinics

Faster Growth of Non-Western Clinics

The number of western and non-western clinics rose from 836 and 323 respectively in 1995 to 1,192 and 501 in 2002 (Table 2). Over this period, the growth of non-western clinics had been higher (6.5 per cent) than western clinics (5.2 per cent).

TABLE 2 ESTABLISHMENTS AND EMPLOYMENT, 1995 & 2002

	1995	2002	Average Annual Growth (%)
Establishments			
Total of which:			
Western Clinics	836	1,192	5.2
Non-Western Clinics	323	501	6.5
Healthcare Services	2,114	3,082	5.5
Employment			
Total of which:			
Western Clinics	5,116	7,937	6.5
Non-Western Clinics	927	1,240	4.2
Healthcare Services	26,679	47,979	8.7

However, employment in non-western clinics had increased at a slower pace (4.2 per cent) than western clinics (6.5 per cent). This was because non-western clinics' growth came mainly from small clinics, while the increase for western clinics was contributed by large ones. Annual employment growth for the overall healthcare services was higher than both western or non-western clinics (8.7 per cent).

Non-Western Clinics Smaller than Western Clinics

Table 3 shows that majority of the non-western clinics operated on a small-scale basis with less than 3 workers. A typical set-up would comprise a medical practitioner and a nurse/administrative staff attending to the waiting patients and dispensing the medicine. Some medical practitioners have no supporting staff, but provide medical treatments and prescriptions themselves. A larger set-up could have two medical practitioners and two or three nurses/ administrative staff. This was also typical of western clinics.

TABLE 3 DISTRIBUTION OF CLINICS BY EMPLOYMENT SIZE, 1995 & 2002

Employment Size	1995		2002	
	Western Clinics	Non-Western Clinics	Western Clinics	Non-Western Clinics
Less Than 3	153	239	116	406
3 – 4	294	51	370	65
5 – 9	285	19	567	16
10 & Above	104	14	139	14

For Western clinics, there was a shift in the predominance of clinics from employment size of 3-4 workers in 1995 to 5-9 workers in 2002, marking an expansion in their operations. The growth for non-western clinics, however, came primarily from the smallest employment category, that is, clinics with less than 3 workers.

More Supporting Staff in Western Clinics

The larger size of western clinics as compared to non-western clinics was due to the higher proportion of supporting staff such as nurses and administrative assistants. Table 4 shows that only 26 per cent of workers in western clinics were doctors, while the proportion of medical practitioners for non-western clinics was higher at 45 per cent.

TABLE 4 NUMBER AND PROPORTION OF DOCTORS, 2002

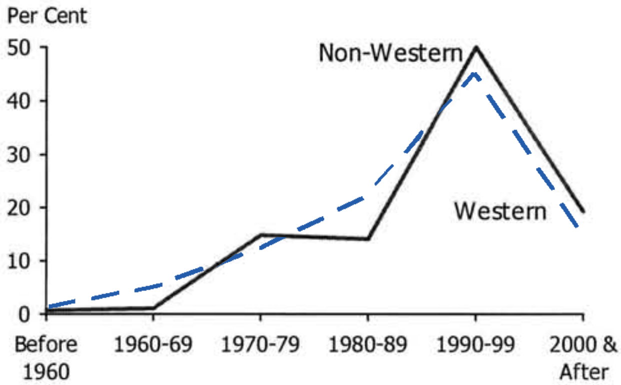
	Western Clinics	Non-Westen Clinics
Total Employment	7,937	1,240
No. of Doctors	2,098	559
% of Doctors	26.4	45.1

Non-Western Clinics Younger Than Western Clinics

Majority of the clinics that were operating in Dec 2003 had been set up in the 1990s (Chart 3). As a result of the higher growth of non-western clinics in recent years, a greater proportion of them were younger (70 per cent) as compared to the western clinics (60 per cent).

In terms of location, majority of the clinics were found outside the Central Business District (CBD). Among western clinics, about 11 per cent were located within CBD compared with 16 per cent for non-western clinics.

CHART 3 DISTRIBUTION OF CLINICS BY START-UP YEAR, AS AT DEC 2003



Performance of Clinics

Profitability Ratio

Non-western clinics had a higher profitability ratio (28 per cent vs 20 per cent) than western clinics (Table 5) due to the larger presence of small firms and the higher profitability ratio of these firms.

A comparison by location shows that clinics in the CBD generally had higher profitability ratios than those outside CBD. This was true for both western and non-western clinics.

TABLE 5 PROFITABILITY RATIOS[1] BY EMPLOYMENT SIZE AND LOCATION, 2002

Per Cent

	Western Clinics	Non-Western Clinics
Overall	**19.7**	**27.8**
Employment Size		
Less Than 3	40.7	40.0
3 – 4	46.9	22.2
5 – 9	23.2	22.5
10 & Above	8.0	6.4
Location		
CBD	24.0	33.0
Non-CBD	19.3	27.2

1 Defined as the ratio of operating surplus to operating receipts multiplied by 100. Data excludes non-profit organisations.

Main Cost Items

Remuneration was the main cost item for western clinics, both within and outside CBD (Table 6). However, for non-western clinics, supplies constituted the major expense item for those located outside CBD, while those sited within CBD disbursed more on remuneration.

TABLE 6 MAIN COST ITEMS, 2002

Per Cent

Location	Remuneration	Rental	Supplies[1]	Utilities
Western Clinics				
All	46.7	7.0	18.3	0.6
CBD	50.7	11.8	21.8	0.6
Non-CBD	46.3	6.6	18.0	0.6
Non-Western Clinics				
All	24.4	12.0	45.9	2.2
CBD	34.9	14.8	21.8	1.5
Non-CBD	23.4	11.8	48.1	2.3

1 Supplies refer to purchases made solely for operational purposes, eg medicines, surgical gloves, etc.

Foreign Patients and Share of Medical Fees

Western clinics had a higher proportion (20 per cent) of foreign patients than non-western clinics (3 per cent). It was likely that the foreign patients visited the western clinics for their more advanced medical and diagnostic services (Table 7). The local non-western clinics, on the other hand, faced strong competition from the more established TCM centres in China, Hong Kong and Taiwan.

Correspondingly, the proportion of fees received from foreign patients were smaller for non-western clinics (3.1 per cent) as compared to western clinics (31 per cent).

TABLE 7 PATIENTS AND MEDICAL FEES BY SOURCE, 2002

	Western Clinics	Non-Western Clinics
Total Patients[1] ('000)	**13,152**	**2,684**
Foreign Patients[2] ('000)	2,657	73
% Foreign	20.2	2.7
Total Fees ($m)	**798.9**	**71.1**
Fees from Foreign Patients[2] ($m)	250.4	2.2
% Foreign	31.3	3.1

1 By visits.
2 Foreign defined as non-Singapore Citizens, non-Permanent Resident, and **including** foreigners working and residing in Singapore.

Share of Value Added from Non-Western Clinics

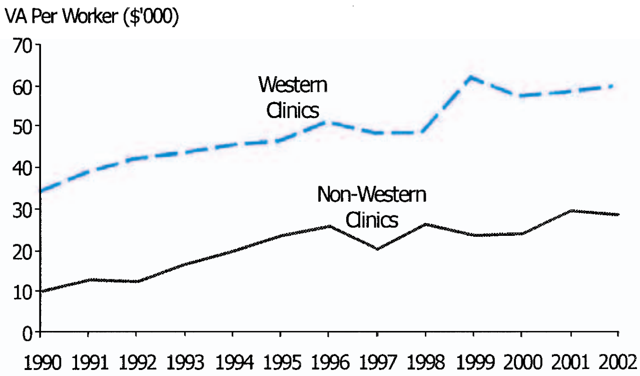
Despite their rapid growth in number, non-western clinics' share of value added constituted only a small proportion in the healthcare services industry (Table 8). Their value added of $35 million made up only 1.2 per cent of the entire healthcare services sector's market share in 2002, as compared to the significant share of 16 per cent contributed by western clinics. This was due principally to their smaller presence in Singapore.

TABLE 8 VALUE ADDED OF CLINICS, 1995 & 2002

	1995 ($M)	2002 ($M)	Average Annual Growth (%)
Overall Healthcare Services	**1,483.8**	**3,010.1**	**10.6**
Western Clinics	235.1	468.6	10.4
% Contribution	15.8	15.6	–
Non-Western Clinics	21.7	35.4	7.2
% Contribution	1.5	1.2	–

At per worker level, the value added for both western and non-western clinics had been on a general rising trend from 1990 to 2002 (Chart 4). However, the value added for workers in non-western clinics was about $25,000–$30,000 lower than their western counterparts throughout this period.

CHART 4 VALUE ADDED PER WORKER, 1990–2002



Conclusion

The contribution of non-western clinics to the Singapore economy remained small relative to the western clinics. Net employment creation and value added per worker were lower than the western clinics. This was primarily due to the dominance of smaller firms within the non-western clinics. Notwithstanding this, the number of non-western clinics had been growing at a marginally faster pace than western clinics in recent years. The continued emphasis of Singapore as a healthcare hub will see an increasing demand for the services of both western and non-western clinics.

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