

**NEW YORK INSTITUTE
OF TECHNOLOGY**

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Experiential Education Program

Where Careers Begin



Case on
Royal Bahrain Hospital
Kingdom of Bahrain

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1.0 Introduction to KIMS Global

KIMS Global established its base in Thiruvananthapuram, India, in the year 2002. It expanded its presence in the Kingdom of Bahrain within two years introducing a medical center. Currently, KIMS Global has five hospitals and two medical centers in India and operates two hospitals and twelve medical centers and clinics all over the Middle East.

The growth of KIMS Global has been significant as it witnessed more than 75 percent occupancy (current capacity of 1800 beds). Nine hundred (900) physicians and two thousand (2000) nurses along with other healthcare staff attend approximately six thousand (6000) outpatients. The entire leadership team strives to achieve its vision of being a model for performance excellence in providing services related to healthcare and wellness. The mission of KIMS Global is "Care with Courtesy, Compassion and Competence".

1.1 Timelines

The following table summarizes the timeline of new facilities of KIMS Global in Asia:

2002	KIMS Thiruvananthapuram, India
2004	KIMS Bahrain Medical Center, Kingdom of Bahrain
2008	Suncity Co Ltd., Polyclinic, Kingdom of Saudi Arabia
2009	KIMS Qatar Medical Center, Qatar
2009	KIMS Oman Hospital, Oman
2010	KIMS Cancer Center, India
2011	Royal Bahrain Hospital (RBH), Kingdom of Bahrain
2011	KIMS Wellness Clinic, India
2012	KIMS Dubai Medical Center, United Arab Emirates
2013	Jarir Medical Center, Kingdom of Saudi Arabia
2013	KIMS Kollam, India
2013	RBH Medical Center, Kingdom of Bahrain
2014	KIMS Kottayam, India
2015	KIMS Al Shifa Perinthalmanna, India
2017	KIMS DUQM Medical Center, Oman
2018	KIMS Oman Hospital Airport Clinic, Oman
2018	Al Rashidiya Private Polyclinic, United Arab Emirates
2019	KIMS Bahrain Medical Center Muharraq, Kingdom of Bahrain
2020	KIMS Bahrain Medical Center Askar, Kingdom of Bahrain
2020	KIMS Qatar Medical Center Barwa, Qatar
2020	KIMS Manacaud Medical Center, India

1.2 Current Clinical Excellence of KIMS Global

KIMS Cancer Center in India is one of the leading medical centers for oncology in Kerala, India. Since its establishment, KIMS Thiruvananthapuram has performed almost 73 liver and 356 renal transplant surgeries that indicate the popularity of this hospital for transplant surgeries. Royal Bahrain Hospital has reputation for its Bariatric surgeries in the GCC region. Hospitals located in India have performed almost 300 Coronary Artery Bypass Grafting (CABG) and 875 Angioplasty surgeries.

Kims Bahrain Healthcare

2.0 Introduction to KIMS Bahrain Healthcare

KIMS Bahrain Healthcare operates Royal Bahrain Hospital (RBH) and four medical centers: RBH Medical Center, KIMS Bahrain Medical Center (KBMC), KBMC Muharraq and KBMC Askar. The locations of these hospital and medical centers are shown in Fig 1. RBH is a top private healthcare service provider in the Kingdom of Bahrain (see Fig. 2), and it operates with 70 beds. Established in 2011 for catering to the needs of both Kingdoms of Bahrain and Saudi Arabia.

RBH Medical Center, established in the year 2004, has already proven its success in the Kingdom of Bahrain as a satellite clinic in Riffa, Bahrain. The medical center caters to the residents of the Southern Governorate and acts as a feeder to RBH (see Fig. 3). One of its services, cosmetic and plastic surgery, is quite popular in this medical center. Seven physicians are working currently at this center providing four different special treatments.

KBMC, established in the year 2004, is a multi-specialty outpatient center specializing in diagnostic facilities located in Umm Al Hassam (see Fig. 4). This is the first medical center in the Kingdom of Bahrain established by an overseas medical group. The KBMC brand provides affordable care for Bahrainis and working expatriates in Bahrain. Currently, there are 21 physicians working across twelve specialties. KBMC Muharraq, established in 2019, is in Muharraq, Kingdom of Bahrain (see Fig. 5). It provides a variety of services to its customers ranging from pediatrics to physiotherapy. There are 27 physicians working across 16 specialties. KBMC Askar was established in January 2020 and is in Askar, a primarily industrial area. The medical center has two (2) full time General Physicians and a part time Orthopedic and Dermatologist.



Fig 1. Locations of KIMS Bahrain Healthcare's hospital and medical centers in the Kingdom of Bahrain



Fig 2. Front view of RBH



Fig 3. Front view of RBH Medical Center

3.0 Healthcare Services in the Kingdom of Bahrain

Providing primary healthcare is of utmost importance for the Ministry of Health in the Kingdom of Bahrain, which has adopted the Universal Declaration of Alma-Ata (currently, Almaty of Kazakhstan) in 1978 and the Astana Declaration 2018 to provide universal health coverage for their citizens and residents¹. These global documents indicate that primary healthcare is the key in achieving good health for all through a global strategy. The Ministry of Health also confirms the need to achieve a level of health for all in order to generate and sustain a productive society.



Fig 4. Front view of KBMC



Fig 5. Front view of KBMC Muharraq

This necessity has been enshrined in the constitution of the Kingdom of Bahrain, which stipulates that:

- “Every citizen has the right to health care, the State is concerned with public health, and the means of prevention and treatment are ensured by the establishment of various types of hospitals and health institutions.”
- “Individuals and the Authorities may establish hospitals, clinics under the supervision of the State, in accordance with the law.”²

To achieve these goals, the Ministry of Health has endeavored to work through partnerships with various stakeholders to improve the health of the population. These partnerships ensure the availability of high-quality health services and meet the needs of individuals and the society during the different stages of life. Primary healthcare in Bahrain is based on many components, including the network of health centers, qualified family physicians, community health nurses, health promotion specialists, social workers, and inclusive curative and preventive services. Preventive

services include maternal and child health such as antenatal services, periodic child screening, immunization, post-natal or abortion services, family planning services, periodic women’s screening services, pre-marital services, and ultrasound screening for pregnant women. These services also include oral and dental health services such as the dental program, fluoride application, educational activities, dental services for mother and child, and care for diabetics, senior citizens, and clients with special needs. Exemplifying the services offered by various healthcare service providers, Bahrain holds 24th position among the healthiest countries in the world as per Indigo Wellness Index³. In comparison, The United States holds 37th position as per this index.

¹ <https://www.who.int/docs/default-source/primary-health/declaration/gcphc-declaration.pdf>

² <https://www.moh.gov.bh/Services/primaryHealthCare?lang=en>

³ <http://global-perspectives.org.uk/volume-three/infographics/>

4.0 Healthcare Insurance in Bahrain

Health insurance plans are offered in Bahrain in three different categories: citizens, foreign employees, and tourists. In terms of its coverage:

- The Bahraini government provides free cover for all its citizens through the government health care facilities. Expatriates can use the government facilities but have to pay a subsidized cost for the services.
- Employers provide medical insurance coverage to cover their foreign employees and their dependents, either via professional insurance companies or via direct contracts with the medical facilities itself (hospital or medical centers) to accept their employees and families on credit basis ; and
- Visitors, including tourists, must have their own health insurance.

The National Health Insurance Scheme (Sehati) aims to build a patient-centered system with high quality standards in line with Bahrain's National Health Plan. Covering locals and expatriates, the compulsory health insurance plan promotes a competitive market between hospitals & primary facilities and insurance companies. Under the new National Health Insurance Law, Bahrainis will be able to seek certain medical services for free at government-owned facilities.

Those choosing private sector hospitals or clinics are required to pay no more than 40% of the treatment cost. Gulf Cooperation Council (GCC) citizens, expatriates married to Bahrainis, and children of Bahraini mothers will receive the same benefits.

Expatriate domestic workers (Blue Collar), including housemaids, drivers, gardeners and nurses, will be covered under their sponsors' umbrella (basic table of benefits decided by Ministry of Health). Other expatriates (White Collars) will have to contribute to their medical costs as an option or else they still can go under the basic table of benefits according to company policy in 16 of 19 set categories (excluding primary and limited secondary healthcare and emergencies) since they will enjoy only partial health cover, paid for by their employers. Charges for expatriate health insurance will be made through the Labor Market Regulatory Authority (only for the basic table of benefits, as a minimum amount for such scheme) when work permits are issued or renewed.

As with many other Middle Eastern countries, each of which attract impressive numbers of expatriates each year, there is no such thing as a "free lunch" when it comes to medical care. Indeed, an expatriate will end up with paying for healthcare services

one way or another. Currently, health insurance for expatriates is mandatory, and small companies (with fewer than 50 employees) are obliged to contribute funds to the government to cover the costs of basic health insurance on behalf of its employees. For larger companies, however, the options are rather broader. They may opt to provide their own health insurance or pay into the government funds.

Kingdom of Bahrain wants to introduce mandatory health insurance for its expatriate population and has already reached out to private consultants to come up with a strategy. The firms will recommend procedures for the Sehati, which will be presented to the Bahrain government in mid-2020. Currently expatriates (not under the umbrella of medical benefits of their employment contracts) must pay bills for medical and surgical treatments immediately. As per this mandatory health insurance, insurance cost of expatriates, who can receive treatment at private and public facilities, would be covered by their employers. Due to this reason, employers view this mandatory health insurance as a burden. There is a speculation that this mandatory health insurance will also leave the temporary visitors with higher insurance cost.

The following is the list of some companies that provide insurance coverage to Bahraini citizens, foreign employees, and tourists:

1. Arab Insurance Group (B.S.C)
2. Bahrain Kuwait Insurance Company
3. ACR RE Takaful MEA
4. Al Ahlia Insurance
5. Allianz Mena Holding Co.
6. ARIG
7. AXA Insurance
8. Chartis Takaful – Enaya
9. Life Insurance Corporation
10. Medgulf Allianz Takaful
11. Takaful International
12. Insure Direct (Brokers) LLC

5.0 Current Insurance-related complications at KIMS Bahrain Healthcare

For RBH, the new regulation will not have much of an impact, as RBH mostly serves the high-income group. The major impact of this new mandatory health insurance will be on medical centers and polyclinics, as 75% of the expatriates in Bahrain belong to the low-income customer/patient segment. Though this new regulation might not be a major concern for RBH, they have a liquidity crisis as 60% of RBH sales is credit-based sales. The three-credit schemes that RBH administers as of now are: 1) direct insurance schemes; 2) third party administrators; and 3) corporates. Government's new regulation is also expected to further increase credit sales and add to the following challenges:

- Payment delays;
- Medical rejections;
- Non-cover service or administrative rejections; and
- Medical Insurance pricelist and discount structures.

Another major concern of RBH is to deal with the current economic situations. In the last three years, inflation in Bahrain has been increasing (2017: 1.39%; 2018: 2.1%; 2019: 1.4%). Tradingeconomics.com predicts that this inflation rate would go higher (see Fig. 6).

Other reasons for change in inflation rates along with other economic parameters can be found at www.tradingeconomics.com⁴. These economic trends have had a major impact on increased costs of material, equipment, labor, rentals, and other factors. KIMS Bahrain Healthcare did take some initiatives to cope with these economic conditions. Initiatives are:

1. RBH has already addressed the issues regarding the services, price justifications, and adjustments with the insurance companies and provided necessary explanations to these companies on the necessity of price updates for some of the Out-patient (OPD) and In-patient (IP) packages as the prices have remained unchanged over the past 7-8 years;

2. RBH proposed increase of around 10% on selected items in the list of services with high negative effect on revenues due to the cost increase;
3. New pricelist and new codes were added to remove the conflicting items under the laboratories area, which would help RBH in providing better quality of services for insurance members and reduce waiting time for approvals and queues; and

4. New service lists were added to reduce and prevent the protracted communications for approvals as non-contract services, while patients await the procedure.



Fig 6. Inflation rate in the Kingdom of Bahrain

⁴<https://tradingeconomics.com/bahrain/inflation>

6.0 KIMS Bahrain Healthcare Pharmacies

KIMS Bahrain Healthcare operates four pharmacies, the first pharmacy established in January 2011, all of them are hospital- and medical center-attached offering two basic services:

- **In-patient services:** Pharmacies offer access to approximately three-thousand six hundred (3600) medicine and non-medicine related products to in-patients. They do not have a choice but to utilize KIMS Bahrain Healthcare's pharmacies during their treatment at the hospital and medical centers.
- **Out-patient services:** While out-patients have access to the same three-thousand six hundred (3600) medicine and non-medicine related products, they also have a choice of either buying from KIMS Bahrain Healthcare's pharmacies or from any other pharmacy located elsewhere in the Kingdom of Bahrain.

There are 14 employees currently working in these pharmacies, which are open round the clock. These pharmacies are organized under a centralized procurement department that takes care of ordering and stocking medicine and non-medicine related items and managing the supplier relationships locally and globally.

Presented below (Table 1) is the list of major medicine products with the sales value (amount in Bahraini Dinar), quantity sold in the given sales period (boxes), and maximum retail price (MRP) sold by KIMS Bahrain Healthcare pharmacies. This table also shows the wholesale price (WSP) of these products offered to KIMS Bahrain Healthcare pharmacies. Further, additional inputs that include whether the product is branded or a generic medicine for top-selling medicines are also given (Remarks column of the table). KIMS Bahrain Healthcare pharmacies receive quantity discounts from both local and global pharmaceutical suppliers (for example, Saudi Pharmaceutical Industries & Medical Appliances Corporation and Pfizer) when they place orders of various brands for a medicine product in bulk quantities. For example, when these pharmacies place order for ten boxes of a medicine, a pharmaceutical supplier would be ready to offer four extra boxes of the same medicine free. Thus, these pharmacies would end up with receiving 14 boxes of this medicine for the cost of 10 boxes.

Table 1: Details of medicine-related products sold by RBH pharmacies

S.NO	PRODUCT	COMPANY NAME	AMT IN BD	QTY(BOXES)	MRP	WSP	REMARKS
1	REMICADE INJ 100MG/VIAL 1"S	JANSSEN CILAG	41,683	205	221.00	203.33	NO COMPETITOR, NO ALTERNATIVE
2	TAKEPRON 30MG CAPS 14"S	HIKMA PHARMACEUTICALS	28,886	3,600	9.02	8.02	BRAND
*	PEPTAZOL 30 MG CAPS 14"S	SPIMACO	9,040	1,600	6.35	5.65	GENERIC
3	SETRON 4MG/2ML INJ	HIKMA	147,380	4,490	7.13	6.56	GENERIC
4	MESPORIN(CEFTRIAXONE)INJ 1G IM/IV	ACINO PHARMACEUTICALS	76	136	4.15	0.56	SWISS BRAND
*	SAMIXON(CEFTRIAXONE) INJ 1G IM/IV	HIKMA	3,507	5,797	4.62	0.61	This Is A Fast Selling Product At Royal Bahrain Hospital (Rbh); The Price For This Injection Is Contingent To What Rbh Can Procure From Time To Time
5	LYRICA 150MG CAP 56S	PFIZER	15,516	615	28.30	25.23	BRAND
*	PREX 150 MG CAP 14"S	HIKMA		84	4.44	3.95	GENERIC
6	PARACETAMOL IV INJECTION 100ML	NPI	23,397	16,431	1.59	1.42	GENERIC
*		PSI	1,935	1,500	1.29	0.66	GENERIC
7	ZINNAT 500 MG 10"S	GLAXO	12,083	2,062	8.78	5.86	At RBH, this is the most preferred brand
*	ZAMUR 500 MG 10"S	ACINO	2,972	616	5.44	4.82	SWISS BRAND
	DAROXIME 500 MG 10"S	DAR AL DAWA	386	80	5.44	4.82	GENERIC
8	LIPITOR 20 MG 30"S	PFIZER	17,881	1,097	18.32	16.30	BRAND
9	VICTOZA INJ 6MG/ML 3MLPF PEN 1"SX2	NOVONORDISC	40,220	671	65.15	59.94	BRAND
10	CRESTOR 10MG F/C 28"S	ASTRAZENECA	16,311	1,993	9.19	8.18	BRAND
11	PULMICORT UDV 0.5MG/ML*2ML	ASTRA ZENECA	15,782	1,108	16.00	14.24	BRAND
12	AUGMENTIN 1G 14"S	GLAXO	10,410	1,485	10.50	7.01	BRAND
*	KLAVOX 1GM 14"S	SPIMACO	6,066	900	7.58	6.74	GENERIC
13	JANUMET XR 50/1000 MG TAB 56"S	MSD	26,914	1,485	20.36	18.12	BRAND
14	NEXIUM 20MG 28"S	ASTRAZENECA	14,744	1,540	10.75	9.57	BRAND
*	ESURAL 20 MG 20"S	APOTEX	1,420	280	5.7	5.07	GENERIC CANADIAN BRAND
15	GASEC 20 MG 14"S	ACINO PHARMACEUTICALS	4,509	911	5.56	4.95	SWISS BRAND
*	OMIZAC 20 MG 10"S	TORRENT	5,624	2757	2.29	2.04	GENERIC

7.0 Challenges of RBH

Challenge 1:

It is important for RBH to improve their profit margins from each of the products listed in Table 1. One of the ways to improve the expected margin is to choose the right combinations of stock proportion for medicine-related items. The pharmacies should pay high attention for stocking brands of products based on the demand, price, brands preferred by the physicians and patients, margins, discounts and other factors. If these pharmacies hold a brand of products that are infrequently prescribed by doctors, carry unattractive discounts and margins, they will end up with lower profit margins.

Therefore, student teams should identify various brands available for the products listed in Table 1 for RBH pharmacies and collect details of quantities sold, discounts, margins, and wholesale price of other brands available in the GCC and Bahrain. They would also determine market size for each of the products listed in Table 1 among private hospitals and pharmacy chains in Bahrain. Thereafter, student teams should recommend various negotiation strategies to secure higher discounts from the pharmaceutical suppliers that have a monopoly in some products.

Challenge 2:

RBH also requires student teams to assess the market size for the products such as Cefuroxime, Amoxicillin+Clavulanic Acid, Esmeprazole and Omeprazole for private hospitals located in Bahrain. Some of the private hospitals and pharmacies located in Bahrain are mentioned in Table 2.

Challenge 3:

Table 2: List of Private Hospitals and Pharmacies located in Bahrain

Private Hospitals	Pharmacies
American Mission Hospital (AMH)	Jaffar Pharmacy
Al Hilal	Nasser Pharmacy
Shifa Al Jazeera	Bahrain Pharmacy
Bahrain Specialist Hospital	Hamad Town
Ibn Al Nafees Hospital	BEHZAD Pharmacy

Student teams must analyze doctors' preferences for prescribing brands-related medicine versus generic medicine. The teams must recommend strategies to convince doctors to prescribe generic medicines.

Challenge 4

Among the private hospitals listed in Table 2, Shifa Al Jazeera is positioned as a low-cost medical center, Bahrain Specialist Hospital as a high-end premium customer-base hospital and Al Hilal hospital as a low-cost hospital. Student teams are required to compare these three hospitals for their strategy in offering services, operations, and sales and recommend a strategic action plan that Royal Bahrain Hospital could adopt as an appropriate strategy.

Challenge 5:

Due to the initiatives (see section 5.0) of Royal Bahrain Hospital, six (6) foreign insurance companies have agreed on the new contracts with some negotiated terms on limited services. Royal Bahrain Hospital has not renewed contracts with insurance companies since inception of their business thereby limiting their obligations to meet and serve members properly due to cost increases. Royal Bahrain Hospital does not intend to compromise on quality of their services even in the face of harsh times. Negotiating with local insurance companies remains a challenge for Royal Bahrain Hospital, these local insurance companies act at the behest of a lobby representing

them. The lobby decides on behalf of all the local insurance companies in Bahrain. The latest of the insider information received was not good news for KIMS Bahrain Healthcare. The lobby proposes insurance companies not to accept any new contracts with increased prices, as it would increase insurance premiums and directly affect the insurance companies' business and market.

In this regard, student teams should provide recommendations for creating new contractual terms and conditions for Royal Bahrain Hospital to successfully negotiate with the local insurance companies.

Student teams are required to deliver presentations on 17 April 2020 to summarize the outcomes of the above challenges. If student teams have any questions, team leaders can email the questions to the case contributors (contact details are mentioned below) and share the responses with other team members.

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