

**Healthcare in Greece**  
Overview and Trends

June 2017



## Executive Summary

Healthcare spending in Greece was severely affected by the economic crisis, leading to a **decrease of approx. 40%** during the period 2009-2015. Healthcare spending has fallen every year since 2009, reaching €14.1b in 2014, mainly due to the **contraction in Government and Social Security coverage**. However, this decline in healthcare spending appeared to be **smaller for Hospitals**, which proven to be more resilient than other market players (e.g. pharmacies, private practices etc.).

In Greece there is a total of **283 hospitals**, both private and public, with the significant part of these located in the Attica region. These hospitals operate **46,200 beds**. International Benchmarks suggest that there is a **18%-28% oversupply of beds** in Greece.

Following a considerable growth until 2009, Net Sales of Private Hospitals have been since declining, with the exception of 2012. The introduction of Rebates and Clawback mechanism in 2013 was a main contributor to this **decline of hospitals' revenues**.

The aforementioned incidents, accompanied with an increasing competition and sharply climbing costs, appear to have initiated a **process of consolidation** in the healthcare sector. These signs are apparent in the **private sector**, as the number of hospitals has been reduced by ~21% and the average size has been increased by ~5% during the period 2012-2014.

The first months of 2017 presented a number of interesting developments, including the **discussions about a new legislation on Primary Healthcare**, the announced figures for healthcare statistics for 2015, which indicate a **recovery of expenditure** to €14.7b, as well as the **demonstrated appetite for business agreements** by international investors.

# Macroeconomic Environment & Healthcare Expenditure

## An economy in crisis

At the end of 2015, the size of the Greek economy had contracted by



A financial crisis with a severe impact in the Greek economy as a whole...



### Key Contributors

- The catalyst to the crisis has been the inability for Greece to finance its debt, due to high deficit (15.4% of GDP in 2009) – leading to the signing of 3 MoU's since 2010, pertaining to financial assistance in exchange for specific reforms.
- Furthermore, Greece had (and, to an extent, still maintains) a gap in competitiveness, which is apparent in the relevant business reform rankings (ranked 58<sup>th</sup> among 190 countries in the *Doing Business* ranking by World Bank).

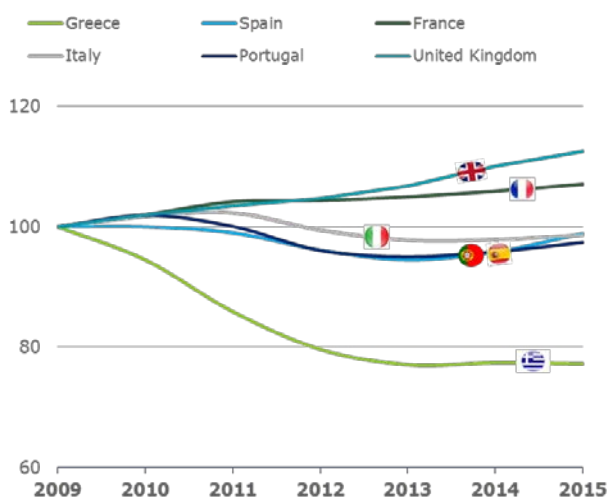
### Key Impact

- Unemployment grew from approx. 8% in early 2009 to 25.0% in 2015, while Disposable Income contracted by more than 28%.
- Corporate financing and household loans have been reduced, as the Commercial Banks lost ~25% of their Assets, mainly due to reduction in Deposits and reduction in Loans (over 40% between 2010 and 2015).

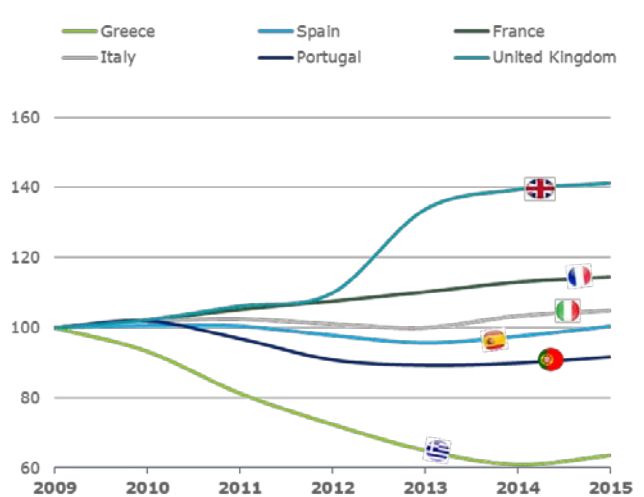
## ...and the healthcare sector in particular

Healthcare spending typically follows a trend similar to the GDP even in structurally different economies, with different economic performance and cultural characteristics. Healthcare spending was severely affected by the economic crisis, leading to a drop of 40% during the period 2009-2015.

Normalized Evolution of GDP (Real Prices) (2009=100)



Normalized Evolution of Healthcare Expenditure (2009=100)



Source: Eurostat, Hellenic Statistical Authority, Deloitte analysis

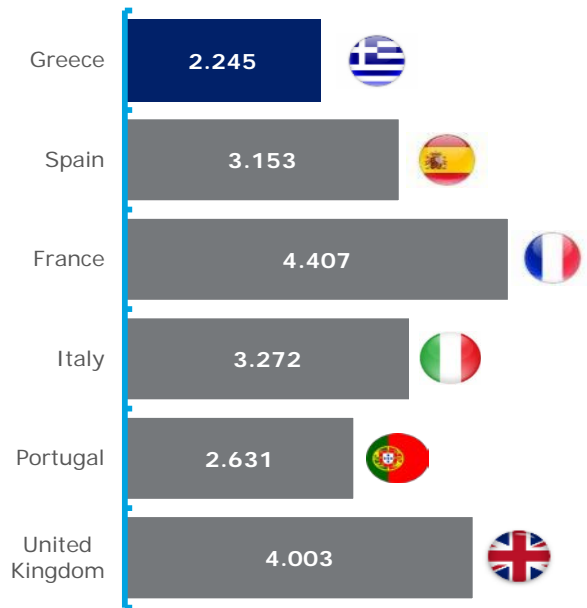
# Macroeconomic Environment & Healthcare Expenditure

Healthcare spending has fallen every year since 2009, reaching €14.7b in 2015, mainly due to the contraction in Government and Social Security coverage. However, this decline in healthcare spending appeared to be smaller for Hospitals, which proven to be more resilient than other market players (e.g. pharmacies, private practices etc.).

## Healthcare Expenditure per Capita

There is a gap in terms of per capita healthcare spending, between Greece and the countries under consideration. The closest country to Greece (Portugal) seems to spend ~17% more and the top country (France) seems to spend ~96% more than Greece.

**Health expenditure in USD PPP per capita, Group of Countries, 2015**

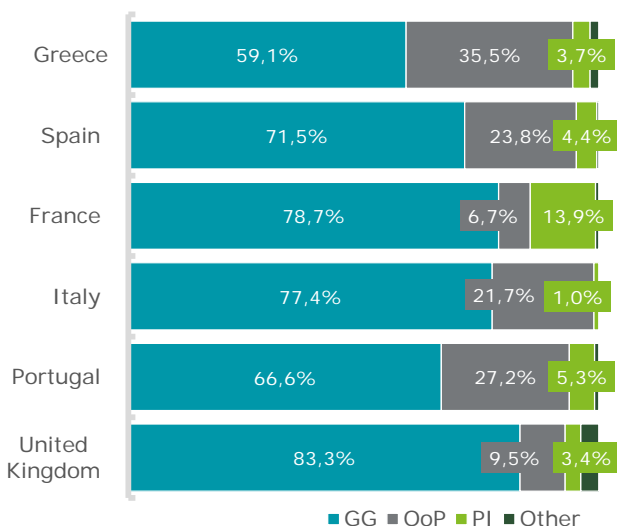


Source: OECD  
**PPP:** Purchasing Power Parity

## Healthcare Expenditure Financing

In terms of financing, Greece demonstrates a high % of 'Out of Pocket' share and a low penetration of 'Private Insurance' vs. other OECD countries.

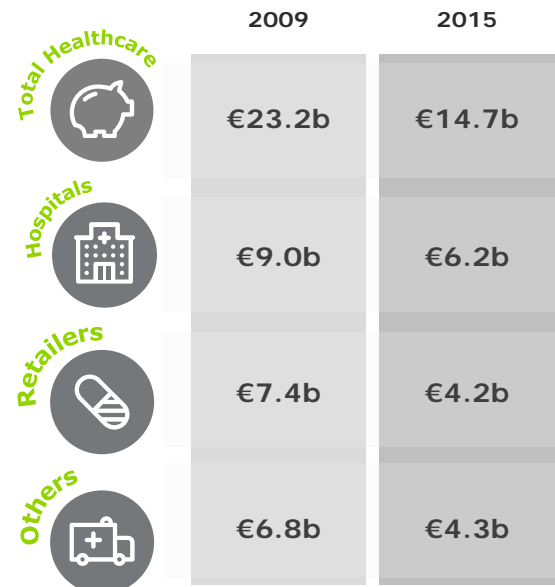
**Expenditure on health by type of financing, Group of Countries, 2013 (or nearest year)**



Source: Elstat for Greece (2015 Data), OECD for the rest  
**GG:** General Government and Social Security, **OoP:** Out of Pocket, **PI:** Private Insurance  
**CAGR:** Compound Annual Growth Rate

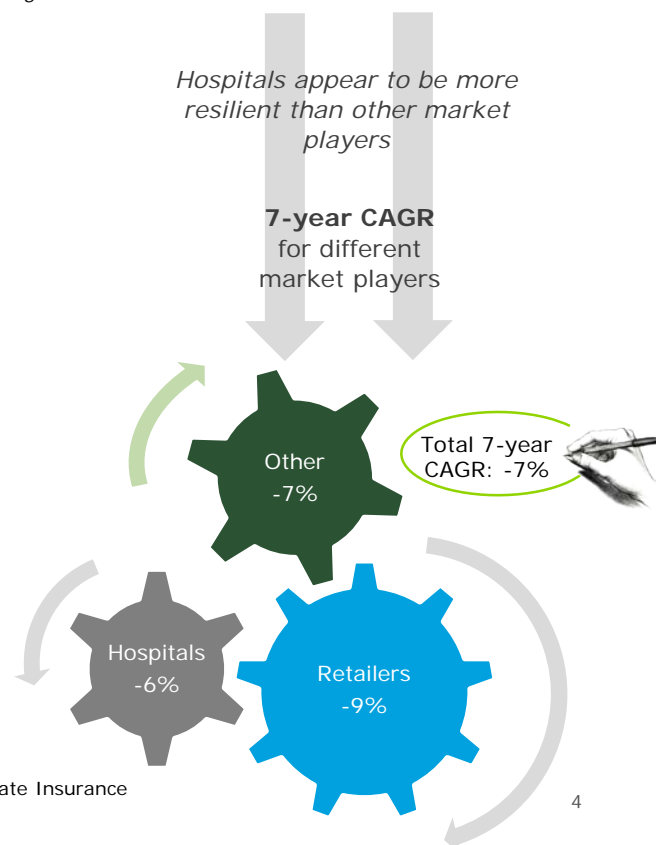
## Evolution of Healthcare Expenditure

Total Healthcare expenditure (public & private) stood at €23b in 2009, while it has since contracted at a -7% CAGR. This decline was smaller for Hospitals, thus implying a higher resilience.



Source: EL.STAT

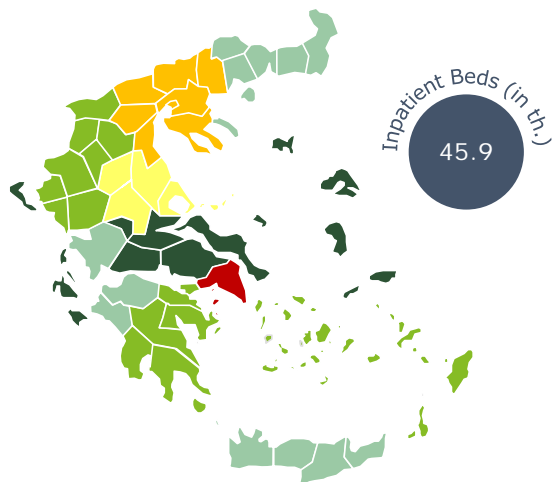
**Hospitals:** General, Mental Health, Specialised  
**Retailers:** Pharmacies, Medical appliances and goods  
**Others:** Medical & Dental Practices, Ambulatory Services, Diagnostics



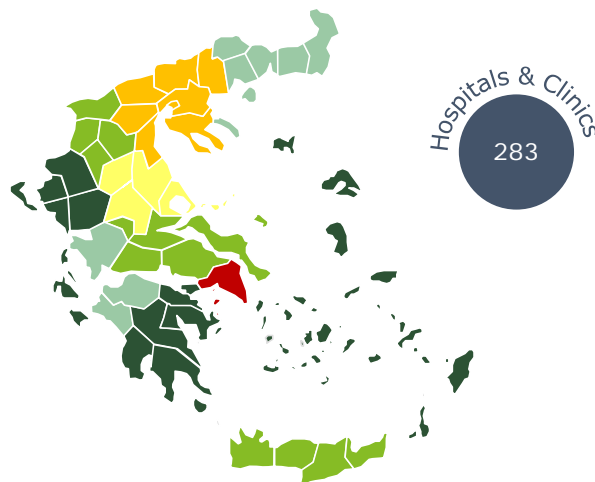
# Healthcare Infrastructure

There are ~280 private and public hospitals operating ~45,900 beds in Greece. International Benchmarks estimate an oversupply of 18%-28% in beds. Signs of consolidation in the private sector are apparent, as the number of hospitals has been reduced by ~6% while the average size has been reduced by ~1% during the period 2012-2015.

## Number of Inpatient Beds per Region



## Number of Hospitals per Region



Colour	Inpatient Beds Range
Dark Green	Up to 1.000 beds
Light Green	1.001 to 2.000 beds
Medium Green	2.001 to 3.000 beds
Yellow	3.001 to 5.000 beds
Orange	5.001 to 10.000 beds
Red	19.491 beds (Attica)

Colour	Hospitals Range
Dark Green	Up to 10 units
Light Green	11 to 15 units
Medium Green	16 to 20 units
Yellow	21 to 40 units
Orange	41 to 60 units
Red	97 units (Attica)



**Inpatient Beds**  
~45,900 th.  
Inpatient Beds across all regions of Greece

Breakdown

~19,500 th.  
Inpatient Beds in Attica Region

~26,400 th.  
Inpatient Beds in rest of Greece

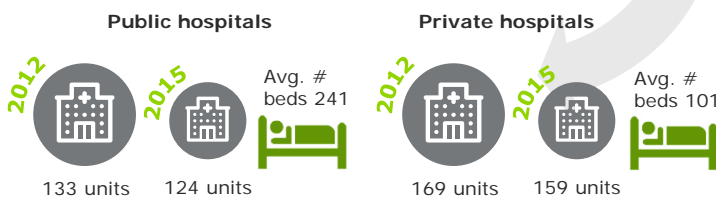
International benchmarks on the demand of hospital beds suggest that Greece, and the Attica region in particular, is characterized by an **oversupply of beds**.

Region	Beds Supply <sup>1</sup>	Beds Demand <sup>2</sup>	Oversupply
Total Greece	~45,900	~37,400	18%
Attica region	~19,500	~14,200	28%

Oversupply, expressed as the deviation of actual number of available beds vs. the demand for beds based on the OECD median, implies that the market has **room for consolidating capacities**.

## Signs of consolidation in the sector

Signs of consolidation in the private sector are apparent, as the number of hospitals has been reduced by ~6% and the average size has been increased by ~1% during the period 2012-2015.



<sup>1</sup> Source: Hellenic Statistical Authority, 2015 – does not include military hospitals

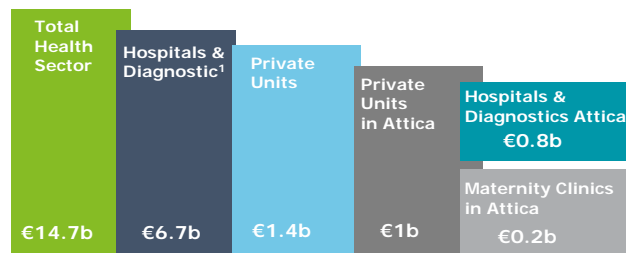
<sup>2</sup> Source: Deloitte analysis (2015 estimates based on OECD median of medically reasonable demand)

# Competitive Landscape

In 2015, the Greek Private Healthcare Providers' sector was estimated at €1.4b., which may be further broken down into €0.8b for General Hospitals & Diagnostic Centers and ~€0.2b for Maternity Hospitals in Attica region. The Gross Revenues of the top hospitals were significantly affected by the introduction of rebates & clawback in 2013. In 2015, the top 8 private hospitals contributed more than 60% to the total revenue of the private sector.

## Addressable Market

In 2015, out of a total healthcare expenditure of €14.7b, ~€1b is attributed to Private Healthcare Providers operating in Attica, which may be further broken down into €0.8b for General Hospitals & Diagnostic Centers and ~€0.2b for Maternity Clinics.

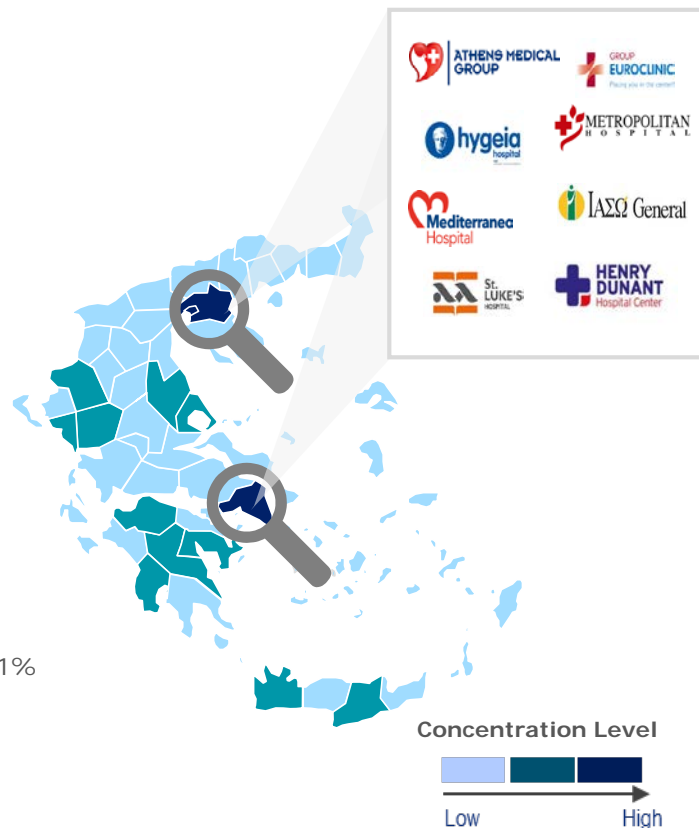


Source: National Statistical Authority, ICAP Group, Published Financial Statements, Deloitte Analysis

<sup>1</sup> Balance refers to Retailers (e.g. pharmacies & medical device suppliers) and Others (e.g. Private Practices & Ambulatory Services)

## Market Concentration

In 2015, the top 8 private healthcare providers in terms of net sales represented approximately ~64% of total Net Revenue and 42% of total inpatient beds of all General Hospitals in Greece.



## Evolution of Net Sales of Private Companies

After a considerable growth until 2009, Net Sales of Private Healthcare Providers have been declining, with the exemption of 2012. In 2013, revenues saw a significant drop which was largely attributed to the introduction of rebate and clawback mechanism.



Source: Published Financial Statements, 2016 figures are estimates

High concentration across private general hospitals' revenues...



...and across private general hospitals' inpatient beds in Greece

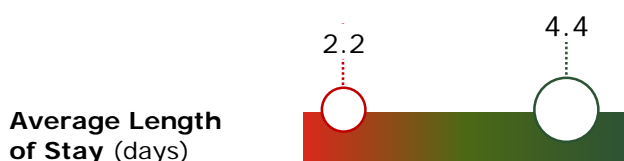
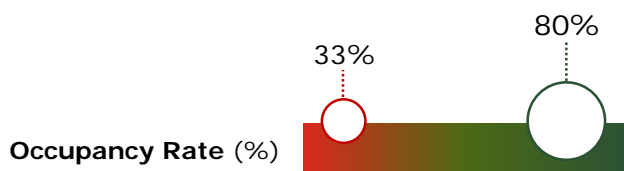
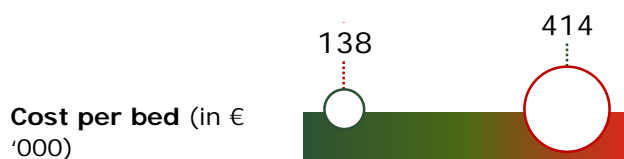
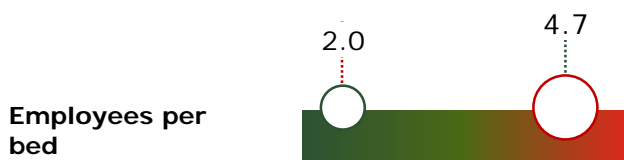
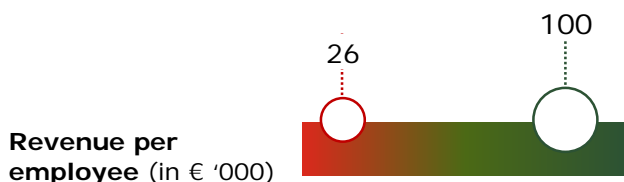
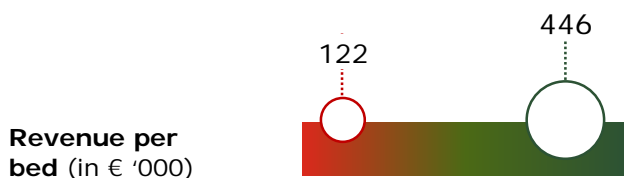


# Competitive Landscape

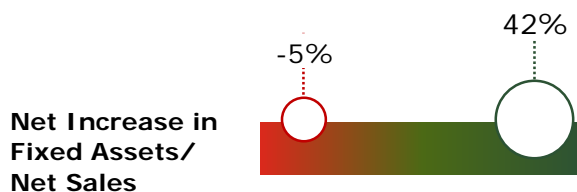
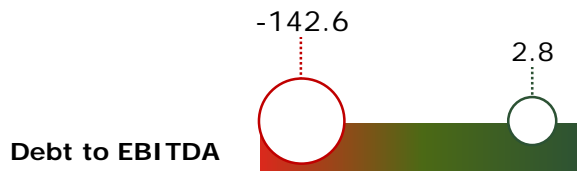
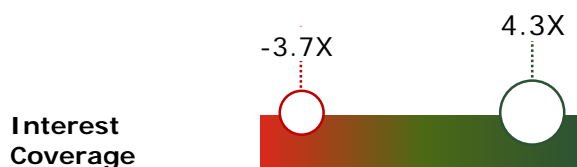
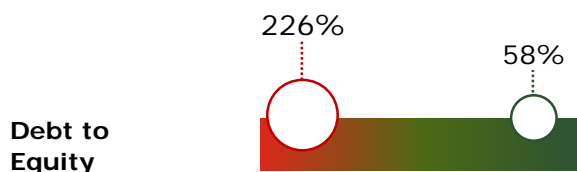
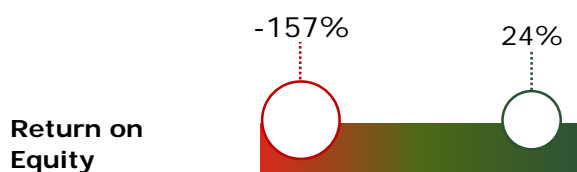
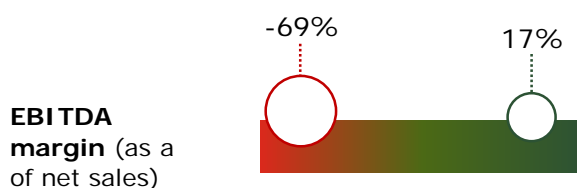
Key Operational and Financial Performance Indicators for the top 8 Private Hospitals  
(where available)



## Operational KPIs

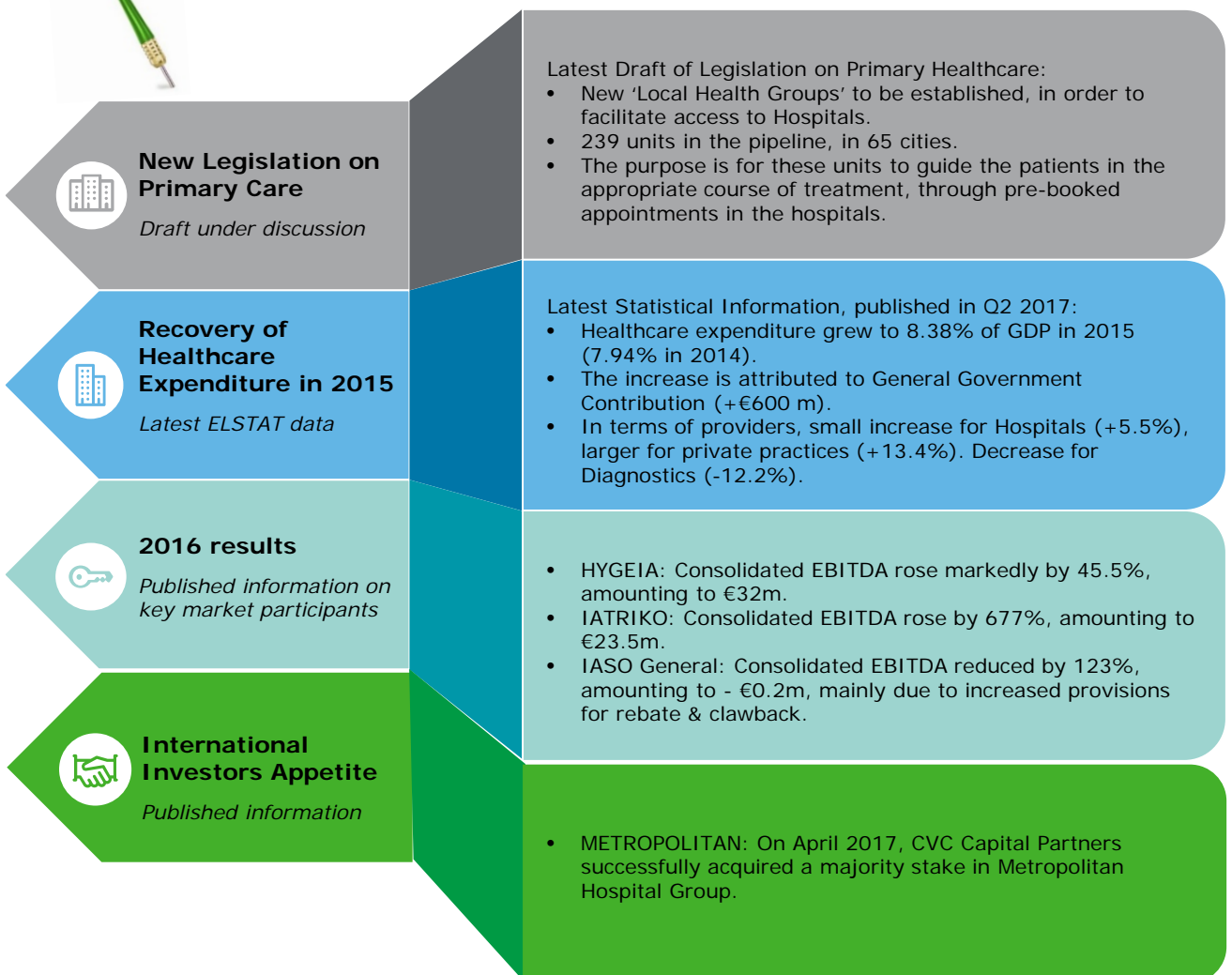


## Financial KPIs



Note: 2015 figures  
Source: Published Financial Statements, Companies' Official Sites

# Latest Update





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