

ISRAEL HEALTHCARE INDUSTRY

SEPTEMBER 2017



LAPIDOT MEDICAL





The Lapidot Group

- Located in Caesarea
- Privately owned company
- Established in 1979
- D&B's top 6 Israeli healthcare companies
- Total No. of employees > 230
- All group's activities are ISO 9001 certified, GMP and GDP
- Strong regulatory department with a thorough understanding of the Israeli Ministry of Health requirements
- Strong sales force with more than 120 sales rep.





Representing Global Leading Global Medical Companies



Our Customers – The Entire Israeli Healthcare Market



* Photo: Spencer Platt/Getty Images AsiaPac



The Israeli Market - Basic Demographic Data

- Total Population: 8.72 M
- Annual Growth Rate*: 2.0%
- 75 + as % of total *: 4.9%
- Life Expectancy at birth:
 - Women: 84.1
 - Men: 80.1
- Physicians per 1,000 population: 3.4**
- Health Expenditures as % of GDP: 7.5% ***
- Per Capita Health Expenditures: \$,2700**
- Private as a % of total Health Expenditures: 38%****

* Central bureau of statistics 2016

** public.tableau.com

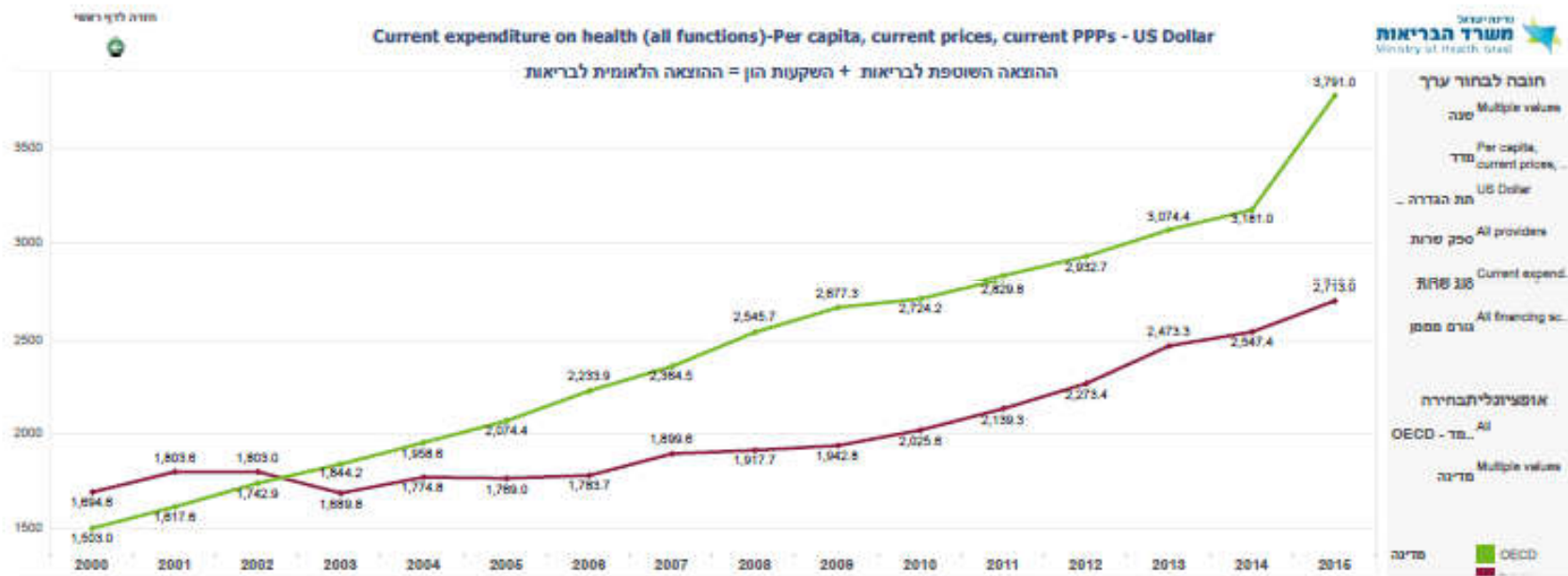
*** Central bureau of statistics 2016

**** <https://www.knesset.gov.il/mmm/data/pdf/m03616.pdf>





Expenditure on Health per Capita- US Dollar

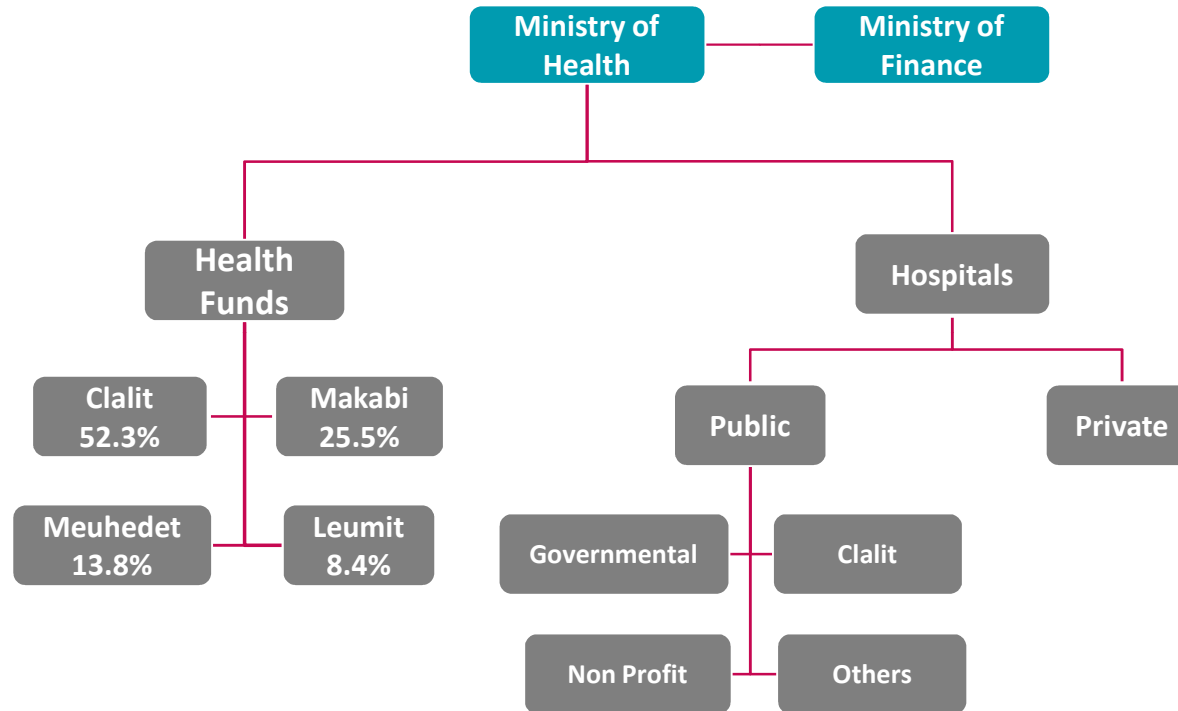


https://public.tableau.com/views/OECD_21/sheet4?%3Aembed=y&%3AshowVizHome=no&%3AshowTabs=y&%3Adisplay_count=y&%3Adisplay_static_image=y&%3Alinktarget=_self





The Israeli Health System



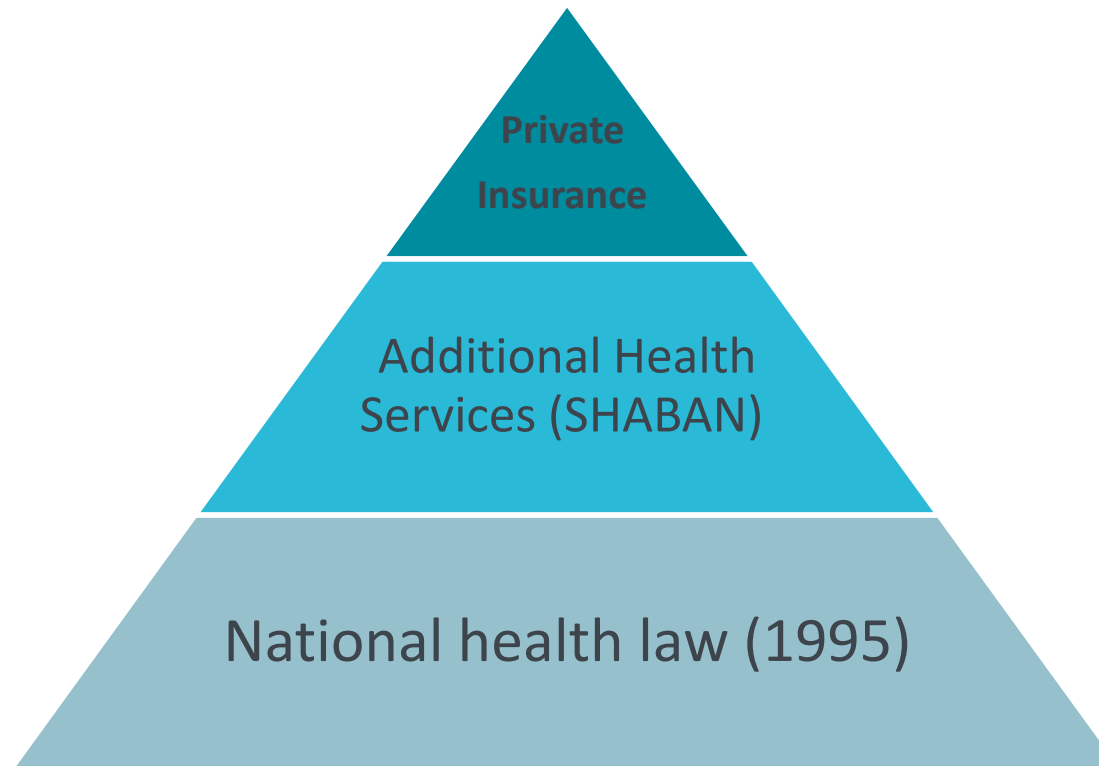


National Health Insurance Law of (1995)

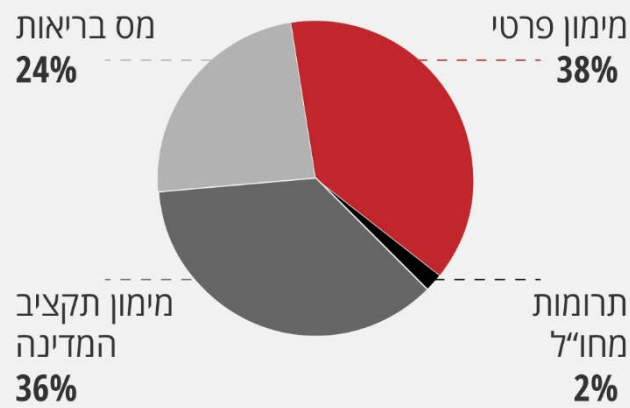
- Universal compulsory statutory health insurance
- Financed by earmarked and general taxation
- Citizens pay a healthcare tax ~4.8% of income
- Governmental coverage is defined in the “Basket of Services”:
 - Coverage for health care services is provided by 4 competing nationwide health funds (HMOs)
 - Based on expenditures of the health funds in previous years
 - Updated yearly based on a health index



Health Insurance in Israel – Three Layers



הוצאה לאומית לבריאות, לפי מגזר מממן * 2015



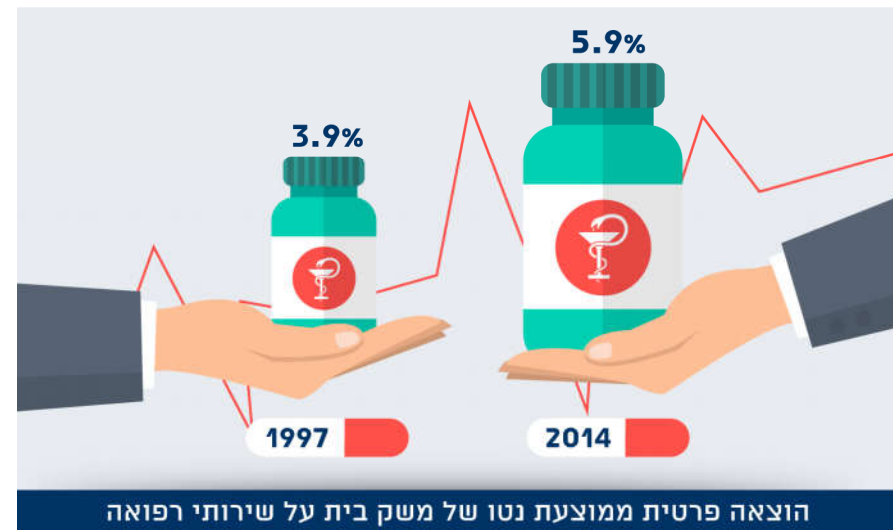
נתונים מתוך למס בריאות

* נתונים ארעיים

ההוצאה הפרטית רק גדלה עם השנים

מרכז טאוב
לחקור. לשנות.

משקי הבית מוציאים יותר מכיסם על בריאות



הוצאה פרטית ממוצעת נטו של משק בית על שירותי רפואה

מקור: דב צ'רינובובסקי, חיים בליך ואיתן רגב, מרכז טאוב



The Regularization Law (1.7.2016)

- Private surgeons will be chosen from a pre-defined list of the Health Funds
- Reimbursement as part of the Additional Health Services insurance was canceled
 - Patients will choose a surgeon from the list and will pay pre-defined price for the operation
- Insurance payment will be to the private hospital as an institute and not to the surgeon
- The surgeon is not allowed to charge additional fees from the patient
- The Aim of the Law:
 - Reduction of the public private health expenditure
 - Reduction of bureaucracy
 - To increase price's transparency

<https://www.themarket.com/news/health/1.2990679>





Regulation of Rx Drugs Prices – The Dutch Model

- Prices of Rx Drugs in Israel are regulated according to the “Dutch Model”
- The maximum price to the pharmacists will be the lowest of:
 - A: The lowest of:
 - Average price in the Netherlands
 - Average price of the average prices in: Belgium, Hungary, Spain and France.
 - B: The price in Germany
 - C: The price in the UK
- Pharmacists margin is also regulated and depends on the price of the drug



Clalit

- The largest HMO in Israel and a key player in the Israeli healthcare industry
- Founded in 1911 as a worker's fund
- Health service organization serving more than 4 million people – 52% of Israel's population
- The owner of 14 public hospitals and more than 1200 primary and specialized clinics
- More than 34,000 employees

http://www.clalit-global.co.il/en/the_story_of_clalit_health_services.html



Israeli Hospitals

Number of Beds (general hospitalization) = 15, 556 => 1.78 beds/1000 population

- 11 Ministry of Health Hospitals
- 8 Clalit Health Fund Hospitals
- 2 Hadassah Hospitals
- 6 Mission Hospitals
- 7 Private for-profit Hospitals
- 1 Makabi Health Fund Hospital
- 1 Meuhedet Health Fund Hospital



Sarel

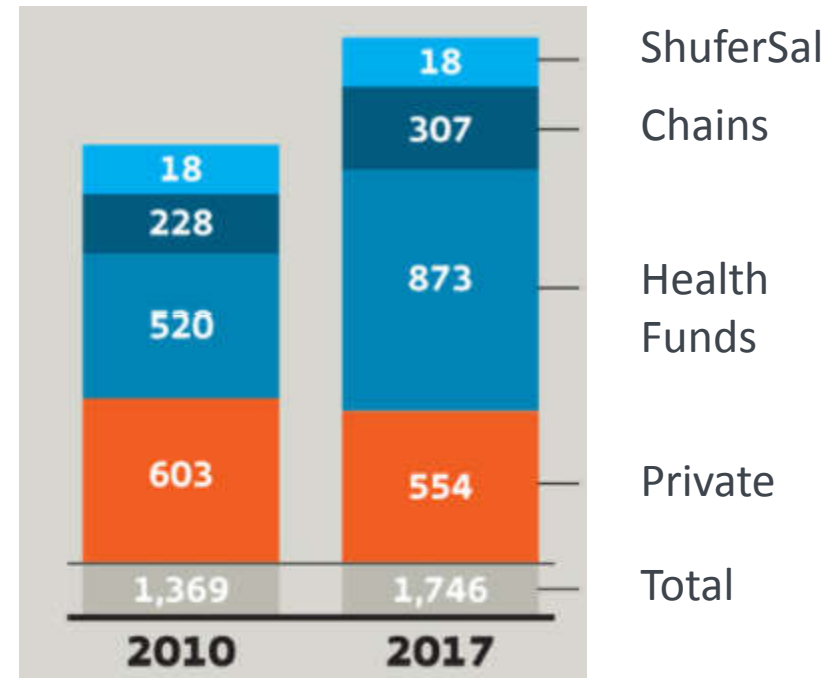
- Founded in 1995
- Owned by the association of public hospitals
- Serves as a Group Purchasing Organization (GPO)
- Supplier of pharmaceuticals, vaccines, medical and laboratory equipment and disposables, and complementary products and services
- SAREL's product catalogue includes over 50,000 items and had annual sales of 1,251 Million NIS*

* https://www.duns100.co.il/cat/21_08_2017/index.html



Pharmacies In Israel

- A total of 1,746 pharmacies in Israel
- Private market include:
 - Chains: Super Pharm (77%) and New Pharm (23%)
 - Private (in decline)

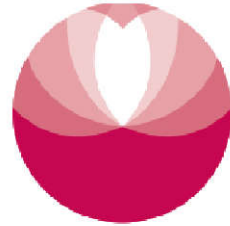




ShuferSal – New Pharm Deal

- ShuferSal, the largest SuperMarket chains
- New pharm, the second largest Pharmacies chain
- ShuferSal is expected to buy New Pharm for €25- €30 Million

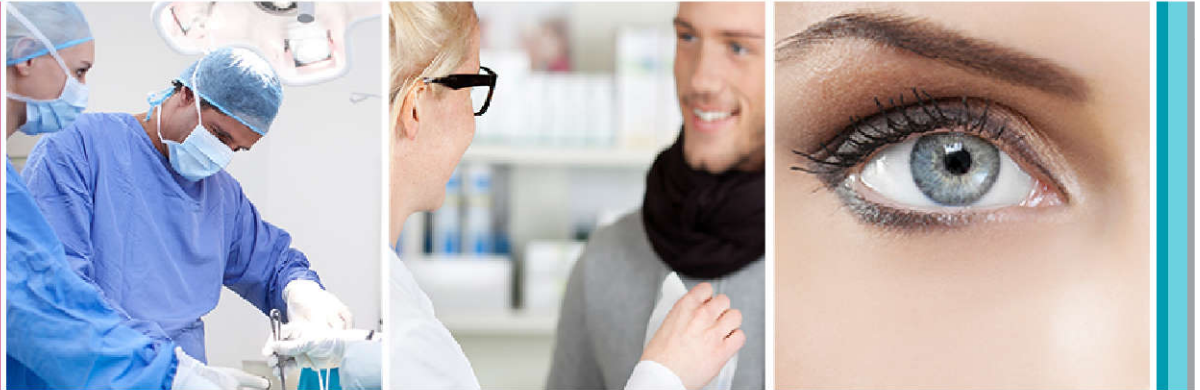




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THANK YOU

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