Importing Health Care to Arabia: Analysis of the HMS/Dubai Relationship

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Harvard Business School February 20, 2007

Partially funded by the DUBAI INITIATIVE, Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University

Introduction

Dubai is currently undertaking a massive transformation of its health care system, opening up billions of USD to top healthcare providers who are anxious to expand dwindling domestic revenues. However, in their rush to make the most of this emerging opportunity, many operators are facing a number of challenges due to inappropriate and incomplete due diligence resulting in an unclear understanding of the region’s complexities. In our paper, we explore many of these challenges by examining the experience of a top US healthcare operator—Harvard Medical International (HMI)—in Dubai. This analysis, we believe, will outline the problems that future entrants are likely to face and thus help them develop a strategy that avoids the pitfalls faced by competitors.

Dubai’s Health Care Story

Dubai is one of seven semi-autonomous city-states within the United Arab Emirates (UAE), a region that has undergone an impressive economic transformation over the last 10 years. Since the 1970’s, Dubai’s rulers, worried about dwindling oil reserves, have invested their oil money in a number of different initiatives designed to wean Dubai’s economy off of oil dependence. However, as one government official stated, “Dubai has become an international leader in areas of IT, Media, Trade, Ports, Tourism, Airlines, but in terms of health care, we are still in the third world.”2 As a result, Dubai has recently turned its attention, and money, to establishing a first-world healthcare system.

The effort has not been easy—Dubai is part of a complex, highly political health care system. Currently, the city has three governing bodies: the Dubai Department of Health and Medical Services (DOHMS), the Ministry of Health (MoH), and the UAE General Authority of Health Services. Each governing agency licenses physicians and operates its own hospitals completely independently of the others. DOHMS is the most powerful regulator, and the agency is led by the older brother of Dubai’s ruler Sheikh

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1 Each city-state is called an emirate. The UAE is a federation of seven emirates (Abu Dhabi, Ajnā, Dubai, Fujairah, Ras al-Khaimah, Sharjah, and Umm al-Quwain) with a royal family that rules each. These emirates form a federation with the ruler of the most powerful emirate, Abu Dhabi, serving as President of UAE and the ruler of the second most powerful emirate, Dubai, serving as Vice President. The UAE is ruled through a 7 member supreme council made up of the ruler of each emirate.

2 Author’s interview with Shaheer Bashir, Administration, Dubai Health Care City, Oct. 30th, 2006.
Mohammed bin Rashid Al Maktoum. However, during the late 90s it became apparent that the DOHMS hospitals desperately needed revamping. Rather than transform the existing DOHMS hospitals, Sheikh Mohammed decided to create an entirely new entity combining top health care providers with a business park/health care cluster.

As with all business parks that were developed in Dubai, the DHCC would be a free-zone offering 100% ownership in a tax-free environment. According to the plan, 20 million ft\(^2\) will host a post-graduate residency and fellowship program established by Harvard Medical School, 350 independent clinical operators (including the Mayo Clinic), 17 hospitals, CAM centers, 5 star hotels and spas, residences, retirement centers, pharmaceutical and biotech offices, and a number of commercial businesses. Dubai hopes that the DHCC will become the regional destination of choice for health.

Harvard Medical International (HMI) Involvement

DHCC’s first step was to partner with a brand name operator, and a search team began pitching the concept to a number of world-renown clinical operators.

Dubai eventually settled on Harvard Medical International (HMI), Harvard Medical School’s international consulting arm. For Dubai, partnership with a world-class operator like Harvard would bring immediate internal and external credibility that would otherwise take years to obtain.

To fulfill its commission, HMI has embarked upon a two-pronged approach targeting quality education and research. In pursuit of this goal, HMI created two entities, the Center for Healthcare Planning and Quality (CPQ) and Harvard Medical School, Dubai Center (HMSDC), with a vision of quality education tied to strict licensing requirements.

**CPQ**

The purpose of the Center, a JV between HMI and its Emirate overseers is twofold: 1) to establish laws and licensing procedures applicable to all healthcare providers and 2) to carefully plan the evolution of DHCC to ensure that its ultimate form aligns with the Emirate’s goals and vision for the complex. In pursuit of these aims, HMI and DHCC have created a licensing council whose job it is to write both the
process for operators to obtain a DHCC license and the laws that ensure continual compliance. Additionally, HMI has established a planning council that plots the strategic evolution of DHCC. Though both of these councils are staffed and administered primarily by HMI, the organization’s stated goal is to develop local expertise so that knowledge transfer occurs in time.\(^\text{12}\)

**HMSDC**

HMI’s second initiative in Dubai is the establishment of medical teaching center, working in concert with a 400 bed teaching hospital, that will offer both residency programs and continuing education to licensed MDs. This center will be patterned after the Harvard Medical school/teaching hospital model that has been established in Boston: HMSDC will be administered by Harvard Medical employees who have all been appointed by the Harvard Medical School (Boston) dean, and key doctors on the HMSDC staff will have to obtain Harvard faculty appointments. The thinking behind this model is that tight central control of all key HMSDC players will ensure maximum accountability for a geographically distant, newly-established institution operating in a relatively immature healthcare market.\(^\text{13}\)

After examining HMI’s initiatives through the lenses of the six forces, we concluded that the HMI model aligns as follows:

**Public Policy: Strong**

As the major player in Dubai’s emerging healthcare strategy, HMI finds itself caught up in tangled web of political, regulatory, and ruling family relationships in a constant balancing act whose roots go back to the earliest days of DHCC. For the first few years of the Healthcare City existence, there was no communication between either MoH and DOHMS with DHCC.\(^\text{14}\) In absence of input from either MoH or DOHMS, decisions made by DHCC and HMI could result in a substantial backlash from these two bodies and their ruling family overseers. For example, CPQ’s earliest licensing requirements stipulated that all DHCC physicians have either US or Western European residency training. As a result, no Dubai-trained physician was eligible to practice in the DHCC. However, HMI is currently well aligned with the one public policy force that has the final say in all issues—Sheikh Mohammed\(^\text{15}\)- but should he ever decide against HMI, public policy support would disappear overnight.

**Structure: Poor**

DHCC’s and HMI’s lack of coordination with DOHMS has ensured widespread structural opposition to HMI’s success. Dubai physicians are highly unlikely to refer patients to HMSDC’s teaching hospital since they can’t be part of the city, and the aforementioned licensing requirements are greatly hindering local physician recruitment. Additionally, government insurance will only pay for resident’s visits to government-run hospitals, and the likelihood of DOHMS extending coverage to DHCC is unlikely.

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\(^{12}\) Ibid.  

\(^{13}\) Ibid.  

\(^{14}\) Ibid  

\(^{15}\) Author’s interview with Dr. Thurer, 24 October 2006
Technology: Slightly Poor

Sheikh Mohammed is willing to bankroll capital expenditures for advanced technology, and companies like GE and Siemens have offered to reduce prices in the hope of creating a regional center of excellence. However, if the equipment were actually purchased and transported to the teaching hospital, it would likely sit idle. Dubai simply does not have enough well-trained technicians to be able to operate a whole array of cutting edge technology.

Accountability: Strong

This force mainly works in HMI’s favor, as HMI, through CPQ, is essentially creating an entirely new system of accountability from the ground up. With Dubai’s meager institutional knowledge surrounding internationally recognized standards of accountability, no one in the government is likely to challenge HMI’s acknowledged international expertise in this field.

Financing: Very Strong

Dubai’s government cuts large checks and has promised to do so for the next 15 years. Additionally, capital equipment and real estate will be subsidized by the government, so Harvard’s major expenses will likely only be the salaries its pays its administrators and key doctors. However, some clouds loom on the horizon. Dubai will pay HMSDC to train its own domestic residents, but the capacity of the institution is likely to outstrip what the city can provide, and it is unclear whether surrounding Arab nations are willing and able to subsidize their doctors’ training in Dubai.

Consumers: Neutral

The two-piece HMI model outlined earlier has two main consumers: 1) the Emirate government and 2) physician residents. To date, the Emirate government has proved itself a model consumer, but, like public policy support, this consumer could disappear overnight. The second consumer set is currently much more problematic. As CPQ has angered all domestic physicians already, it is unclear whether they will want to enroll en masse in an HMSDC residency program, and it remains to be seen whether Dubai can import students from elsewhere. However, HMI has established good relationships with the 4 local medical schools (3 of which are private), and it is convinced that the quality of their graduates is good enough to warrant acceptance to an HMSDC residency program.

Conclusion

Dubai presents great opportunities for aspiring healthcare entrants, but to realize those opportunities any foreign player must navigate a complex web of political and structural issues. We believe that HMI’s situation and the challenges that it must overcome are highly likely to be those faced by other entrants. Forewarned is, so to speak, forearmed, and familiarity with the story of a world-class health operator in Dubai will help other entrants who hope to make the most of Dubai and DHCC.

16 Ibid.

17 Author’s interview with Dr. Robert Thurer, Chief Academic Officer for HMI in Dubai, Oct. 24, 2006.
Figure 1

6 FORCES ALIGNMENT GRAPH

SPECTRUM OF ALIGNMENT

CONSUMER
TECHNOLOGY
STRUCTURE
FINANCING
ACCOUNTABILITY
PUBLIC POLICY

PERFECT ALIGNMENT

POOR ALIGNMENT

FIGURE 1