

Nip, tuck and lend



Gastric bands, nose jobs and dental procedures are popular among UAE locals. A new Dubai company is now aiming to duplicate the US model and offer direct financing for such surgeries, reports *Shane McGinley*

A quarter of Americans are now struggling to pay for healthcare and the slowdown has seen 17.4 per cent of US households postpone or delay healthcare over the past year, according to a Reuters report. It is no surprise that it was in the US that the concept of direct patient finance was first developed. John Donovan set up the first such company in the US in 1990, with an initial investment of \$60,000. The company offered finance for elective procedures such as dental and orthodontics, laser eye surgery, plastic and cosmetic surgery, hair transplants and fertility treatments. In 1999, Donovan sold the company to Capital One for \$126 million. In the US, direct patient financing is used to finance around 35 per cent of elective procedures and Capital One alone now lends an average of \$1.5 billion for various surgeries. Donovan is now an advisor for Hayati Healthcare, a Dubai-based company launched two months ago. Hayati Healthcare (Hayati means 'My Life' in Arabic) will be the first such company in the Middle East and was set up by Dr Michael Matly and Tariq El Titi.

Matly, a Lebanese American, and El Titi, a British Palestinian, met when they were both studying at Harvard Business School, where Matly was studying healthcare finance and was being mentored by Donovan. Upon returning to Dubai, the two began working with the government on healthcare reform. Matly was working with the Executive Council launching the Dubai Health Authority and El Titi worked as part of a leadership team looking at the area of healthcare reform. In 2007, they began working on a model and business plan and were one of the first companies to be funded by both the Arab Business Angels Network, a member of Dubai International Capital, and the Gulf Finance Corporation. Earlier this month, Hayati also won the Massachusetts Institute of Technology (MIT) Business Plan Competition in the Arab World, the first UAE entry to win the award. This year's prize attracted 1,650 applications from 17 Arab countries. "Residents in the region are being exposed to the highest quality of healthcare, well known institutes and reputed doctors, which in turn

equates to higher costs. Hayati Healthcare provides UAE nationals and expatriates with a convenient and accessible financing method which will allow the patient to receive the necessary medical procedure yet not feel the financial burden, especially during these financially trying times" said Matly. "We have had a sizeable demand for gastric band surgery," said El Titi, pointing out that the increase in obesity is leading to some overweight residents in Dubai opting to finance drastic surgery as a solution to their excessive weight. The company provides a minimum funding of dhs14,000 and up to dhs250,000, while the average loan so far has been dhs75,000. The average laser eye treatment surgery costs dhs15,000 to dhs25,000, dental treatments range from dhs30,000 to dhs80,000 and plastic surgery costs around dhs60,000 to dhs80,000. The healthcare providers which lenders can get treatments from must be part of Hayati's network and currently they have over 160 doctors and 30 clinics, mainly based in Dubai and Abu Dhabi.

Towards the second half of next year, the company plans to expand into Saudi Arabia and Lebanon. "When we expand into Saudi Arabia we will partner up with a local bank and will be able to provide finance for Saudi nationals who want to come to the UAE for treatment, and vice versa," said El Titi. With the global downturn in full force is it a good time to set up such a company and are consumers tightening their belts rather than getting a loan for a gastric band? According to the regional Scientific Committee of the Dubai Congress on Anti-Ageing and Aesthetic Medicine (DCAAAM) the answer is a firm yes, as they report that the demand for anti-ageing treatments and cosmetic procedures is actually on the rise. "Despite the downturn, we have seen an increase in procedures particularly among the local population who would have previously travelled to Europe and Lebanon," said Dr Max Sawaf, DCAAAM committee member and CEO of Cosmesurge Middle East. Sawaf added that tummy tucks and nose surgeries have both been "increasing substantially". It's not just women either, cosmetic surgeon and DCAAAM committee member Dr Luiz Toledo said that in Dubai the number of male patients was around 20 per cent above the global average. "I do more breast reductions in men than I ever did before. Lots of men



MODEL SURGEON: Dr Michael Matly, who aims to duplicate the US system of offering patient financing for elective surgical procedures

here are overweight and come for body lifts where we remove all the excess fat from the abdomen, breasts and arms," said Toledo. Among the finance community 'credit crunch' and 'liquidity' are the buzzwords of the moment, however El Titi believes that now is the right time to set up a specialised lending company such as theirs. "A lot of banks want to diversify their portfolio and this gives them access to a new sector so they can diversify their risk," he said. The latest report on the GCC healthcare sector by Ithmar Capital found that the UAE will need 15,698 more beds and physicians and 31,396 additional nurses by 2050. The report said that healthcare in the GCC was "facing a series of potentially terminal threats unless governments engage with the private sector". So, in the future, private companies offering healthcare are likely to become commonplace and may offer opportunities for more local entrepreneurs.