

Investing in Dubai's Healthcare Sector through a Clinic/Polyclinic

Mamoon Ashraf

m.ashraf@tamimi.com - Dubai, UAE

It is precisely this population growth, as well as growing wealth, that offers both operators and investors desirous of tapping into the healthcare market with a potential lucrative proposition as rapid urbanization and fast paced lifestyles have contributed to a spike in chronic diseases like heart disease, diabetes and stroke. It is a fact that Dubai, in comparison with countries like the US, UK and Germany, has a low ratio of doctors, nurses and beds per 1,000 population, which may explain why in the last 5 years or so, a number of international players in healthcare have entered this market and stepped up competition.

This article provides a brief insight on how an investor that intends to invest in the healthcare segment can do so by establishing a medical clinic/polyclinic in Dubai.

Regulation of the Health System in Dubai

The Dubai Health Authority ('DHA') was formed in 2007 and is the supervisory authority tasked with regulatory oversight of the health system in Dubai. It is responsible for licensing and regulating medical professionals and healthcare facilities including hospitals, medical clinics and pharmacies. On the other hand, the Ministry of Health and Prevention oversees the licensing of drug stores.

Setting up a Clinic/Polyclinic

The process of establishing a clinic/polyclinic in Dubai is as follows:

Step 1 - Reservation of Trade Name

In order to start the formal licencing process of setting up a clinic in Dubai, a name for the limited liability company through which the clinic will operate is reserved through the Dubai Department of Economic Development ('DED'). This is completed online via the DED portal with payment of the applicable fee. Once a name is reserved, the applicant may proceed to obtain an initial approval from the DED for incorporating the clinic as a limited liability company with the relevant activity of 'family medicine clinic'.

Step 2 - Initial Approval from the DED

The initial approval stage will involve submission of the main DED application form, together with various documents such as the passport and UAE visa page of the individual (for a non UAE national) and the manager, to the DED . Upon initial approval from the DED being granted, the intended use of the premises or facility for the clinic shall require a further approval from the planning department of the DED (the approval will normally take one working day). This process will involve the submission of further documents which will include the draft lease agreement for the proposed facility together with a detailed design layout and floor plan that is approved by the Dubai Municipality.

Step 3 - Initial Approval by the DHA

Once the above steps are completed, the applicant must obtain an approval from the DHA and this process again will entail the submission of various documents, including a proposal letter or feasibility report of the proposed clinic, to the licencing section of the DHA

Step 4 - Execution of Documents

The applicant will, for the purposes of formal registration of the clinic, execute both the memorandum of association of the proposed limited liability company and the lease agreement.

Step 5 – Final Approval from the DED Planning Department and Issue of DED Licence

After registration of the executed lease agreement with the Real Estate Regulatory Agency and issuance of the mandatory Ejari certificate, the applicant will submit further documents including a copy of the executed lease agreement, Ejari certificate, DED licence application form and initial approval from the DED, with the planning department of the DED for its formal approval. The applicant can now start the process of requesting the final licence from the DED. In order for the DED to issue the final licence for the facility, the following documents would be required:

- copy of the signed and notarized memorandum of association;
- copy of the initial approval from the DED;
- copy of the lease agreement;
- copy of the Ejari certificate;
- copy of the final approval from the planning department of the DED for use of the facility as a clinic; and
- copy of the initial approval by the DHA.

Step 6 – DHA Application and Final Approval/Licence by the DHA

For the issuance of the licence by the DHA, the applicant is required to register on the DHA's online portal to obtain a user login from the DHA website. Once a user ID is created, the applicant can begin the formal application process for acquiring the DHA licence, which involves uploading certain documents relative to the previous steps including a request letter for final approval and licence, copy of passport, UAE visa page and Emirates ID card of the Medical Director and a copy of schematic design drawings showing the proposed floor layout with room measurements for each room/area and labelled in accordance with the clinic's services, to the DHA portal.

The final stage of the licensing process with the DHA will involve the applicant requesting a final inspection whereafter an onsite pre-operational assessment of the completed facility will be conducted by DHA inspectors.

In order for the DHA licence to be issued, certain preconditions must be fulfilled including:

- all medical equipment required for provision of the clinic's services must be installed and operational in accordance with manufacturer specifications; and
- the appointment:

1. of a medical director;

2. qualified and licensed consultants/specialist physicians; and

3. other healthcare professionals,

- in sufficient numbers to satisfy the clinic's proposed functional program and to meet patient needs for all provided services and procedures.

If all DHA guidelines and requirements are met, a final approval by the DHA is given which results in a licence being issued.

Conclusion

The Dubai Government is strongly focused on the development of the healthcare sector which is evidenced by the establishment of Dubai Healthcare City Free Zone which is committed:

- to creating a health and wellness destination; and
- to attract investment and promote medical tourism.

It has recently introduced a 10 year plan to introduce three new medical colleges and five nursing schools to meet its healthcare needs in the coming years.

The advent of mandatory health insurance has increased usage of public and private medical facilities, this together with urbanization has paved the way for investment opportunities for the private sector as we have recently witnessed in a number of M&A deals where private equity firms have entered the healthcare market.