RMG eyes revenue boost from expansion

Dr Loo: *Group may raise average service charge in Singapore by 4-5% this year*

Plans to launch new specialist centre and extend hospital

By NISHA RAMCHANDANI

RAFFLES Medical Group (RMG) is eyeing a 50 per cent bump in revenue by 2014 from its expansion plans to launch a new specialist medical centre and extend Raffles Hospital.

"We are hopeful that our topline would grow by 50 per cent due to a combination of the expansion of the hospital and the start-up of the Raffles Specialist Centre in Orchard, which would in total increase our floor area from 300,000 square feet to 450,000 square feet," said executive chairman Loo Choon Yong.

In addition to extending Raffles Hospital by some 102,400 sq ft, the group is also launching a specialist medical centre at Bideford Road. The medical centre is slated to come onstream in 1H2013 while expansion of the hospital is on track for completion by 2014.

At the same time, increasing the number of specialists is also expected to contribute to the topline.

This year, RMG plans to boost staff count by 200, recruiting specialists in fields such as oncology, neurology, fertility, orthopaedics and ophthalmology.

Commenting on how its growth plans would impact the bottom line, Dr Loo said both the bigger hospital and new medical centre would allow for greater efficiency, given more bed capacity and increased use of facilities.

Meanwhile, in an interview with Reuters yesterday, Dr Loo said that the group may raise its average service charge in Singapore by 4-5 per cent this year to keep up with anticipated salary increments.

The government is currently reviewing the salary structure of healthcare staff as it seeks to attract more people to work in the public health sector. This may require the private sector to follow suit to retain talent.

According to RMG, its fees for surgical cases work out 25-50 per cent cheaper versus comparable private tertiary hospitals, giving it some flexibility to work with when nudging up fees. The group has not yet decided exactly when this year the increase would kick in, it told BT.

Dr Loo also said in the Reuters interview that its loss-making medical centre in Shanghai, which was launched in 2010, is likely to swing into the black next year as costs stabilise and patient numbers grow, and that RMG is looking into the possibility of building a hospital in China.

For the financial year ended Dec 31, 2011, RMG posted an 11.3 per cent rise in net profit to $50.4 million thanks in part to a higher patient load and a wider range of medical specialties. Revenue rose 14.1 per cent to $272.8 million, spurred by growth in both hospital services and healthcare services.