

## Executive Summary

The Canadian Consulate General, in Pittsburgh, Pennsylvania, in collaboration with the management consulting firm of Specialized Healthcare Consultants, Pittsburgh, is providing this study on the health care/medical systems, and the biomedical high technology community in the consulate territory. This study is intended as a snapshot of these industries as they presently stand. The dynamic nature of these industries will continue to change them at a rapid pace.

Specialized Healthcare Consultants was contracted with in January, 1996, to conduct this study. The principals have over forty years of experience in health and medical systems. This study is divided into three sections: Southwestern PA/Pittsburgh, Northwestern/Erie, and the state of West Virginia.

The era of managed care is finally upon the consulate territory. This has been a phenomenon that has been entrenched in the Western and Midwestern US for ten years or more. Hospitals and health systems find themselves under increasing pressure from payors to cut costs, lower overhead, while providing high quality patient care. This effort has resulted in operating losses for most hospitals. The non-operating revenue is maintaining their solvency.

The demographics, culture, and topography of the consulate territory make for a unique mix and challenge. The population is aged, and aging at a rapid rate. This has led to tremendous pressure on health care providers. As more care is delivered in the outpatient setting, this creates an opportunity for home care firms and products, and skilled nursing facilities. The population has declined due to the loss of the steel industry, leaving those behind that are not economically able to prosper, or re-build the region. Western Pennsylvania has created only 50% of the new jobs on a per capita basis that the rest of the US has created. The cradle to grave employment of the Fortune 500 has not endowed the region with the entrepreneurial attitude until recently. Great efforts are being made by the major universities, venture capitalists, private firms and government to create viable, flexible firms. This is true in the biomedical, chemical, and metals industries. There continues to be a vast knowledge base in the territory.

### **Opportunities for Canadian firms to enter the market would be in the following areas:**

1. Outpatient, rehabilitative, and home care areas
2. Technology transfer of intellectual property from the universities, particularly computer software and bioengineering
3. Products or services that reduce direct costs, outsourcing, or create efficiencies for health care providers, so that they may expand their services

Both the medical/health care, and biotechnology arenas are in a state of rapid change. The biotechnology area is very fragmented with many players and agencies.