

## FOREWORD

### A GROWING ROLE FOR THE PRIVATE SECTOR

The private sector is expected to play a growing role in the Mexican Health Care System, as higher standards of quality and efficiency become the norm. President Zedillo has stressed that the National Health Care System will be maintained, strengthened and modernized. An expanding private sector will be expected to complement the public system.

Increasingly, public institutions will purchase services from the private sector. The focus will be on obtaining better quality at lower cost. This could apply to a wide range of services. For example, high-technology services such as magnetic imaging are good prospects for the private sector, but so are many low-technology services, such as hospital laundry.

The private network of clinics and hospitals in Mexico will have to develop better linkages between institutions in order to improve quality and become more efficient. For the same reasons, they will be looking to foreign hospitals for technology alliances. Computized networks of health care information are a particular area of interest. These trends towards the increased participation of the private sector in Mexican health care will be reinforced by the increased availability of health care insurance.

Mexico's rapidly growing population, combined with expanded coverage of public health care programs, has created a broad need for medical equipment and services. Mexico currently lacks the capacity to produce all of the needed equipment, and as a result, imports have surged. Between 1990 and 1993 alone, imports rose by 133 percent. Nonetheless, a shortage of funds has constrained potential market growth.

As Mexico's population ages, the National Health Care System will have to respond to new and unfamiliar demands. This comes at a time when there are still large disparities in the level of care available to different segments of the population. Buyers are increasingly choosing technologies that will increase the efficiency of health care and bring the greatest benefit to the largest number of people. This creates niche opportunities for Canadian companies with appropriate technologies.

There are especially good opportunities for low-cost and efficient diagnostic technologies which can be used in small clinics in remote parts of the country. Solutions to the problems associated with bio-medical waste are also in demand. Products with strong market potential include equipment for cobalt treatments, physiotherapy, artificial respiration, X-ray and cardiology procedures.

The administration of President Ernesto Zedillo is committed to restructuring the Health Care System to achieve better quality at lower cost. This will also expand the role of the private sector in the provision of services. Services in demand will include health services management, information services, equipment maintenance, waste management and training.

Selling imported products and services in Mexico's health care sector is a complex process. Health care is delivered by several different entities. Public institutions make the bulk of their purchases using formal bidding processes based on an annual buying cycle. Prospective suppliers must ensure that their products are tested and listed in the basic formularies of each health care provider in the year before purchases are put up for tender. Then they must identify and formally respond to bid announcements. In the service sector, sellers must overcome a tradition with a built-in bias against contracting out. Large private hospitals constitute a significant market, but purchasing is highly decentralized and suppliers must commit significant resources to the marketing effort.

### CHALLENGES FOR THE HEALTH CARE SYSTEM

The Mexican Health Care System faces unprecedented challenges. Health care providers are struggling to serve a larger proportion of a rapidly growing population. Between 1970 and 1990, the proportion of the population covered by health care programs more than tripled, and by 1992, only seven percent of the population did not have access to full medical coverage. Even then, free emergency care is guaranteed to every Mexican citizen.

