

HEALTH CARE TRENDS

INFRASTRUCTURE DEVELOPMENT

On December 1, 1994, Ernesto Zedillo assumed power as President of Mexico for the period 1994-2000. He appointed the individuals who head up the new Secretariats, however, the overall direction of health care will remain in limbo until mid-1995. Purchases will continue in accordance with last year's budget allocations with an emphasis on day-to-day maintenance of the *Sistema Nacional de Salud*, National Health Care System.

No new construction of public hospitals is foreseen for 1994 or 1995, although new construction is expected in 1996. There is increasing interest in developing new hospitals on a turnkey basis. The contractor would develop the site, construct the building and equip the hospital. This would be a significant departure from the current approach in which all purchases are arranged by the purchasing departments of each health care entity.

PRIVATIZATION

The health care sector has lagged behind other sectors of the economy in the trend towards privatization. Under the new administration this is likely to change, and a growing role is expected for the private sector.

Already, there are specific cases of privatization and rationalization of certain auxiliary services in the National Health Care System. A good example is the *Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE)*, Institute of Security and Social Services for Public Sector Employees, which provides services to public employees. It has privatized its laundry services, sold off its general stores, entered into contracts with private funeral homes, and privatized some of its pharmacies. This type of cost-cutting measure is expected to continue in the future.

HEALTH CARE BUDGETS

Accurate data on total purchases of medical devices, equipment and services are not available. Most observers believe that the *Sistema Nacional de Salud*, National Health Care System, purchases 80 to 90 percent of products sold in this category. The private health care system is growing, but purchases have been restrained because of the economic recession which began in Mexico in 1993 and continued into 1994.

Restrained federal government budgets and a growing population have had an impact on health care expenditures. New emphasis has been placed on the construction of primary health care facilities, on remodeling and renovating existing facilities, and on purchasing used and up-graded equipment. Nonetheless, about 60 percent of the federal health care budget is spent on the third-level hospitals, which are the most expensive medical units in the system. The general hospitals have the second-largest budget allocations and the primary care facilities receive the smallest portion of the budget.

