

NEW CONSTRUCTION IN THE PRIVATE HEALTH CARE SECTOR

In January 1994, the Mexican construction firm *Gutsa Construcciones*, announced plans to begin construction of *Scripps Hospital de México* in the state of Aguascalientes. The goal of the project is to construct a facility that will offer the same kinds of services as Scripps Hospital in La Jolla, California. The facility will offer 80 beds and the cost is estimated at US \$25 million.

MÉDICA SUR S.A. DE C.V.

Médica Sur was begun in 1980 by a group of medical doctors who wanted to develop a health complex where both doctors' offices and hospital services would be offered. Due to the difficult economic times in the 1980s, parts of the project were postponed. By 1992, twenty-four hospital beds were opened adjacent to the existing office complex. A public stock issue in 1994, was expected to raise part of the US \$75 million required to expand the existing centre. It will include a 200-bed hospital facility, 18 diagnostic and treatment clinics, 600 medical offices, a research institute and a hotel for patients' families. It is the intention of the company to focus on specialized medicine such as dermatology, dental surgery, nutrition and psychology. *Médica Sur* has established professional relationships with such prestigious institutions as the Mayo Clinic, Radiation Care Inc., and REN Corporation.

Private hospitals have recently begun to develop specialized medical services, although their depth in this regard remains more limited than those offered through the public *Institutos Especializados*, Specialized Institutes. The more significant purchases of specialized equipment have traditionally been purchased mainly by the public sector.

Growth of the private health care system was modest throughout the 1980s due to the difficult economic conditions. In the early 1990s, there was renewed growth only to be dampened by a recession which commenced in mid-1993 and continued into 1994. Some analysts place the occupancy rate within the private system at just over 50 percent.

As the Mexican economy grows, the private health care system will expand, for three main reasons:

- The government has not had the means to expand the national health care infrastructure to accommodate the larger population. As a result, public institutions are over-crowded and there are long waiting periods and administrative delays. Therefore, the private system, which offers more timely service to its patients, is very attractive to those who can afford to pay.
- There has been an influx of multinational firms, many of which offer private health care coverage to some or all of their employees. In some cases, they have been able to negotiate a reduction in their obligatory premiums to offset the cost of shifting resources to the private system.
- Private health insurance is becoming more readily available. The deregulation of the financial services sector, particularly under the NAFTA, has given Mexicans an expanded selection of health insurance plans and has reduced premiums, which are tax-deductible in any event.

When the expansion of the private health care sector begins again in earnest, market observers believe that the tendency will be towards providing more specialized health care services. The market for specialized equipment in the private health care sector will grow correspondingly.

