

- *Institutos de Especialidades* — Specialty Institutes which are clustered in Mexico City and serve as both hospitals and teaching institutes; and
- *Servicios Estatales, Municipales y Universitarios* — medical units which depend on funding through various state and municipal governments and universities.

Premium-Based System

The premium-based system includes the following providers of health care services and facilities:

- *Instituto Mexicano de Seguridad Social (IMSS)* — the Mexican Institute for Social Security;
- *Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE)* — the Institute for Security and Social Services for Public Sector Employees;
- *Secretaría de la Defensa Nacional (SDN)* — the Secretariat of National Defense;
- *Secretaría de la Marina (SM)* — the Secretariat of the Marine; and
- *Petroleos Mexicanos (PEMEX)* — the Mexican petroleum company.

Private Health Care System

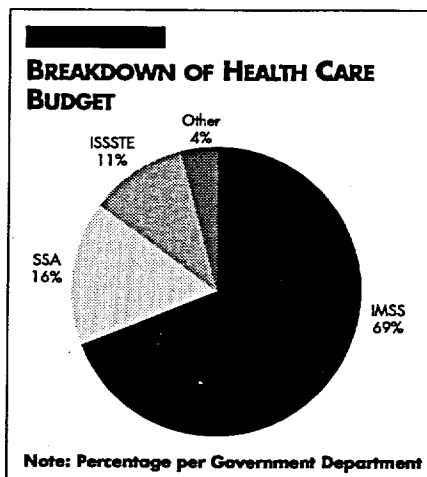
The largest private hospitals are located in México, D.F. (Distrito Federal). There are also important facilities, although fewer of them, in most major cities of Mexico including Monterrey, Guadalajara, Monterrey and other large urban centres. Hospitals within the private system operate independently of each other. Few have "branch" hospitals in other locations.

HEALTH CARE BUDGET

Public sector spending in the health care sector, as a percentage of GNP has been decreasing over the period 1980 to 1992. However, as

a percentage of total public spending the health care sector commanded an impressive 16.2 percent in 1992. The total budget of the national health care system was U.S. \$9.1 billion in 1992. The IMSS managed the largest budget within the system, accounting for 69 percent of total expenditures in the national health care system. The SSA was the second largest entity in the system accounting for 16 percent of the budget. The third largest entity was the ISSSTE which controlled 11 percent of the budget.

The budgets of the private sector hospitals are not available to the public.

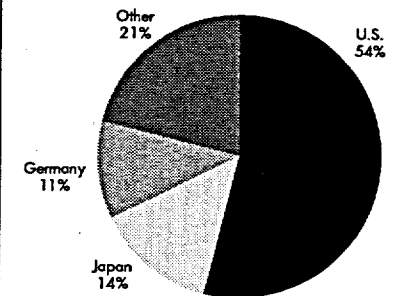


FOREIGN TRADE

Forty-seven categories of products were considered for the purposes of this study. Imports of medical devices and equipment have grown dramatically over the four year period, 1990 to 1994. In this period Mexico's purchases of foreign medical devices and equipment increased by 141 percent from U.S. \$147 million to U.S. \$354 million, excluding ambulances. If one includes ambulances in the picture, the import picture would rise to U.S. \$260 million in 1990 and to U.S. \$607 million in 1993, representing a 133 percent increase. Exports from three countries make up 80 percent of the imports into Mexico of medical devices and equipment, excluding ambulances. The U.S. had a 54 per-

cent share in 1993, Japan 14 percent and Germany 11 percent.

MARKET SHARE OF IMPORTS BY COUNTRY



Note: Percentage Market Share.

TRENDS IN THE HEALTH CARE SECTOR

Political Influences

On December 1, 1994 a new President will assume power in Mexico and newly-elected officials will be appointed to head up the Secretariats for the period 1994 — 2000. The direction of health care policy, new infrastructure development, and the emphasis on equipment purchases, etc. will remain a question mark until mid-1995 in order to allow the new administration time to put its stamp on the health care system. Purchases meanwhile, will continue in accordance with last year's budget allocations with the emphasis being on day-to-day maintenance of the national health care system.

The result of the transitional period between two federal administrations is that there is no new construction of secondary or tertiary health care facilities foreseen for 1994 or 1995 within the national health care system. New construction is anticipated in 1996. There is increasing interest in looking at future construction on a turnkey basis where the contractor would develop the site, build the building and equip the hospital.

