

The Healthcare System in Mexico

Mexico is a middle-income country with a population close to 112 million, with a median population age of 26 years, an infant mortality rate of 14.7 deaths per 1,000 live births, and an average life expectancy in 2009 of 75.3 years. The epidemiological profile reflects a double burden of ill health: on the one hand, the unfinished agenda characterized by poverty, use of non-potable water and poor sanitary conditions, which lead to infections, malnutrition, and reproductive health problems; on the other, the already-emerged challenges represented by unhealthy lifestyles (smoking, alcohol consumption, inadequate diets, and sedentary activity) and their associated non-communicable diseases.

Healthcare in Mexico is provided by public institutions, private entities, or private physicians. Healthcare delivered by private organizations operates on the free market system and is available to those who can afford it. That is also the case of healthcare obtained from private physicians at their private office or clinic.

Public healthcare delivery, on the other hand, is accomplished by an elaborate provisioning and delivery system put in place by the federal government of Mexico. In 2012, Mexico instituted universal healthcare. **Private hospitals account for two thirds of all hospitals in Mexico (with 2,988 institutions). Care is paid mainly "out of pocket, therefore, there is still plenty to do in access, quality, quantity, prevention, innovation, etc.**

Healthcare in Mexico is provided through public systems (please see detail below) which are largely independent of one another. Membership is based on one's employment status. Portability—the right to access treatment from one system for patients belonging to another—is extremely limited. Care across the systems varies, with different drug and device formularies, standards of care, and wait times for service.

Overall, the healthcare system is underfunded. Mexico spends about 6.2% of GDP on healthcare, whereas the Organization for Economic Cooperation and Development (OECD) average is 9.6%. Of this comparatively small expenditure, roughly 45% is out-of-pocket spending. Mexicans with greater financial security are able to seek treatment in private practices. In addition, administrative costs, at roughly 10%, are higher than most OECD countries. **Essentially, Mexico spends too little on healthcare and spends its limited resources poorly.**

Public healthcare in Mexico

Public healthcare has an elaborate provisioning and delivery system instituted by the Mexican government. Public care is fully or partially subsidized by the federal government, depending upon the person's (Spanish: derechohabiente) employment status.

The Secretariat of Health's Seguro Popular offers coverage to Mexicans who do not have formal employment. The program currently covers over 55 million people, but this "Seguro Popular" has lots of deficiencies and lacks infrastructure to cover such a large population.

Employed citizens and their dependents, however, can use the program administered and operated by the **Instituto Mexicano del Seguro Social (IMSS)** (English: Mexican Social Security Institute). The IMSS program is a tripartite system funded equally by the employee, the private employer, and the federal government. There are 58 million people covered through IMSS.

The IMSS does not provide service to public employees, who instead are serviced by the **Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE)** (English: Institute for Social Security and Services for State Workers), which attends to the health and social care needs of government employees: local, state, and federal government employees. There are nearly 13 million people covered by ISSSTE.

The state governments of Mexico also provide health services independently of those that are provided by the federal government programs. In most states, the state government has established free or subsidized healthcare to all of its citizens.

The Secretariat of Health is the largest public healthcare institution, operating 809 hospitals throughout the country. The IMSS grants hospital care and services to employed citizens and their dependents and had 279 hospitals affiliated to it. The ISSSTE grants hospital care and services to government employees and has 115 affiliated hospitals. There are also 9 government dependencies, including **State Facilities, Secretariat of National Defense (Secretaria de Defensa Nacional), Mexican Navy (Secretaria de Marina), Petroleos Mexicanos (PEMEX), and the Red Cross (Cruz Roja)**.

Hospitals are spread over a territory of 761,600 sq miles (1.973 million km²). Thus, the public hospital infrastructure relies on a vast network of small hospitals. Over 50% of public hospitals have fewer than 50 beds.

The Healthcare Sector in Mexico: Challenges and opportunities

According to the OECD report (October 2016), healthcare is an extremely important but often overlooked element of Mexico's national development and economic growth. When President Enrique Peña Nieto assumed office in December 2012, there were high hopes that he would propose systemic reforms to Mexico's inefficient and inadequate healthcare system. Though successful in passing historic reforms in other key sectors, such as energy and telecom, he chose not to tackle healthcare with the same vigor. As a result, systemic healthcare reform, thought widely understood as necessary, will not occur until at least 2019. (Peña's successor will take office on December 1, 2018.)

Delayed reform, however, provides opportunities for private investment, either in partnership with government or alone, in a range of areas. Increasing demand for better care, including through use of new technologies, devices, and medications, will require new approaches to funding, financing and access.

Mexico faces a rise in chronic noncommunicable diseases, one of the major threats in Mexico represented mainly by three pathologies: obesity, diabetes and cardiovascular diseases. According to the Minister of Health, José Narro, there are *"130,000 annual deaths caused by cardiovascular disease and we have not been able to stop and prevent breast cancer"*. (Mexico's Health Summit, 7/09/17).

Mexico has a real need for primary care; however, access to health services is the indicator that has grown the most in INEGI surveys. Demographic changes will continue to have a profound impact on the country. Since 1950, Mexico has multiplied its population by five, also today, there are 10 times more people over 65 years than in 1950. This means that in 2050, there will be 17.2 million people over 70 years old, which in turn will lead to challenges such as the appearance of chronic degenerative diseases. Geriatric health is *"a growing threat," since Mexico has few hospital beds and few certified specialists. "We have to advance in prevention and timely diagnosis,"* Minister Narro said.

Opportunities: Public Private Partnerships, outsourcing services, etc.

The pressure on the Mexican healthcare system is driving public sector institutions to explore innovative mechanisms to improve efficiencies through public-private partnerships (PPPs) and outsourcing of services. Integrated services—in which a provider is responsible

for not only the medical technologies, treatments and supplies but also for delivering them to patients—are increasingly common. Mexico’s largest healthcare provider, the Mexican Social Security Institute (IMSS), relies heavily on this mechanism to provide dialysis to its patients at lower cost than in its own facilities. **The Mexican Institute for Social Security for State Workers (ISSSTE) will soon announce plans to build six new hospitals through a 25-year private concession in which the winning bidder will build, equip and administer the facility.**

High-quality providers who can guarantee appropriate use standards will be attractive to federal institutions. Integrated services must be carefully regulated to ensure that pressure to reduce cost does not place patient health at risk.

As the trend toward seeking innovative ways to provide services continues, **we can anticipate opportunities for private sector involvement in a range of areas, from primary care to surgical procedures to rehabilitation services.** In the future, Mexico may follow the United States in moving toward more outpatient care and greater use of outpatient surgery centers for treatment.

Private-Sector Response & innovation

Large employers in Mexico have established and will continue to establish primary care facilities on their premises to ensure higher-quality, more timely care. Addressing the needs of these employers provides opportunities for innovation and for investment. In addition, the high rate of out of pocket expenditure demonstrates that Mexicans are willing to spend their own money on healthcare, creating a robust market for quality healthcare service delivery.

It is important to note that Mexican physicians are highly skilled and well trained, often in the United States or Europe. Most split their time between public facilities and private clinics or hospitals since public sector wages are inadequate. As a result, Mexican physicians gain exposure to technologies, devices, drugs and techniques in their private practices that are not available through the limited formularies in public facilities. Patients who can afford private care rather than depending solely on federal institutions can take advantage of doctors’ full knowledge and have access to more sophisticated treatments.

It has not yet been determined how increasing public sector expenditures will be covered. It is likely in the coming years, however, that supplemental healthcare insurance will expand. Recognizing the need for alternatives to the public system, private employers already offer supplemental insurance for their employees. Insurance companies could explore creative opportunities to offer coverage to individuals currently covered only by IMSS or ISSSTE.

Business Opportunities for Private Sector Engagement

1. Clinical Trials

Mexico is an ideal location to conduct clinical trials for drugs and devices. Many companies already conduct trials in Mexico. To attract more clinical trials, the government has taken steps to reduce red tape and accelerate the trial approval process, while not endangering public health. Mexico's regulator, COFEPRIS, has also updated the legal framework and standards for clinical trials, taking into account the balance between promoting economic development and protecting patients. COFEPRIS also has expedited its regulatory approval process, encouraging multinational companies to launch their products first in Mexico.

2. Research/Academic Partnerships

Mexico has very strong academic institutions and hospitals—some of which already partner with foreign institutions—and is seeking to establish more. Research and clinical partnerships that provide opportunities for training and best-practice sharing are of greatest interest. The key to successful partnerships is to develop a collaborative approach designed to improve capacity in Mexico while providing research and training opportunities for Dutch institutions.

3. Medical Tourism

Mexico remains an attractive destination for corporate medical tourism programs. There are private hospitals in Mexico with international accreditation (ABC hospital, Hospital Ángeles, etc.) where care's quality is high but at a considerably lower cost. Several international tourists already travel to Mexico for treatments not covered by insurance. There are significant opportunities to develop programs that provide surgeries and treatment that are covered by insurance—but could be performed for far less expense in Mexico than in Europe.

4. Big Data and Collaboration to Optimize Treatment

The Mexican healthcare system, public and private, is spread among several institutions and lacks connectivity. Massive quantities of data are generated on a daily basis by the many players in the health system including hospitals, private consultants and pharmacies. To move beyond the creation and collection of information and into the identification of key patterns to optimize primary care and treatment, Mexico faces the challenge of developing standardized systems and protocols for data management. By finding patterns in the population through data it will be possible to identify key areas that need to be addressed and improve. Another issue that needs addressing is the lack of transparency and trust in the healthcare system and the way information is stored.

Conclusions

Despite a desperate and well-known need for additional investment in its healthcare system, Mexico's current administration doesn't have the needed resources to address systemic reform. As a result, Mexico faces an unmet demand for quality medical services that can be effectively addressed through public-private partnerships or direct provision of services. Opportunities exist in several key areas, including the provision of services, clinical trials, research partnerships, medical tourism and use of big data.

Useful Information/websites:

Expo Salud (public), <http://www.expo-salud.com.mx>

Expo Med (professional), <http://www.expomed.com.mx>

Mexico Health Summit, <http://mexicobusinessevents.com/health/2017>

Ministry of Health: www.gob.mx/salud

IMSS, www.imss.gob.mx

ISSSTE, www.issste.gob.mx

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