

# MEXICO

HEALTH REVIEW

# HIGHLIGHTS 2018



Mexico Business Publishing supports business and political leaders in driving the development of Mexico's main industries by offering first-hand industry intelligence and analyses based on face to face interviews with carefully selected stakeholders. As an independent publisher of comprehensive, high-level annual reviews, our mission is to accelerate the exchange of vital industry information that enables Mexico and its business community to capitalize on emerging opportunities.

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PERSPECTIVE  
ON MEXICO'S  
MAIN INDUSTRIES**

# MEXICO

## HEALTH REVIEW 2018

The Mexican healthcare sector faced several challenges in 2018. Budget cuts have limited public sector maneuverability and uncertainty has made many investors cautious in the short-term. While the hurdles have been significant, the Mexican economy remains steady and the local market for pharmaceuticals and medical devices shows no sign of slowing down. With a new administration headed by President-elect Andrés Manuel López Obrador ready to enter office, universal healthcare is at the top of the agenda, along with the need to address the rise in chronic diseases and their management, while adapting regulations to the rapidly changing requirements of a burgeoning technological environment.

Among the industry's buzzwords at this time of change are Big Data, automation and innovation. As Industry 4.0 practices penetrate the health sector one key hurdle stands in the way: Mexico's fragmented system makes it difficult to share data and realize the integration of information that characterizes the technological revolution now under way.

Healthcare will always be essential not only for individuals, but also for the country's economic growth, and as the industry opens further to private investment, the opportunities are many. Both old and new companies are entering or expanding in the market, attracted by the country's large population and its changing epidemiological profile, which will only increase the need for new healthcare services. Moreover, many are investing in innovative solutions or technologies to better identify existing challenges and develop comprehensive strategies to solve them while optimizing resources and keeping bottom lines in the black.



## INCREASING SERVICE QUALITY BY OPTIMIZING EXPENDITURE

**ANTONIO CHEMOR**

National Commissioner of Seguro Popular

**Q: How has Seguro Popular reinforced its mission since its creation in 2004?**

A: We have made four important changes. The first is that states now have five working days to transfer the money that goes to the health sector. The second important change is how the money is transferred, which is done partly through state finance ministries and partly through the federal treasury. We started using this method with 30 percent of the total money allocated and in 2018 we will boost the amount transferred this way to 50 percent of the MX\$54 billion that states are expected to receive. States do not have direct access to the money but must go through a digital platform, which prevents them from using the money for other purposes. The third important change in the law is related to economic compensation. Seguro Popular was localized in the country's 32 states but the changes have allowed the agency to become national. A fourth change in the law relates to transparency and accountability.

**In 2016, Seguro Popular spent MX\$2 billion in affiliation and re-affiliation programs to detect people who do not have medical coverage**

Seguro Popular pays a premium to guarantee attention to the three largest portfolios that we manage. The first is the Universal Catalog for Health Services (CAUSES) and includes 1,663 diseases. The second portfolio is catastrophic expenses, which includes 61 diseases that tend to be the most expensive and most complex. The third portfolio is Medical Insurance XXI Century, which includes diseases that impact children up to 5 years old. The premium for this year is MX\$3,123.99 per person, a figure that is updated according to the country's inflation rate. In 2016, the premium was MX\$3,022.44. Add on the 3.36 percent rate of inflation and that gives you this year's premium. This amount is enough to cover the 54 million Mexicans that are affiliated with Seguro Popular.

In the past, we had problems because the states did not contribute economically. To address this, in 2017 we forced states to provide at least 30 percent of their state contribution and, additionally, states must provide proof of having received and spent federal resources on health services. If a state is not able to corroborate that they spent the money on health services, then they no longer receive funding. The second condition is that they must comply with economic compensation requirements.

**Q: Seguro Popular has prevailed through three administrations. What has been the key to its success?**

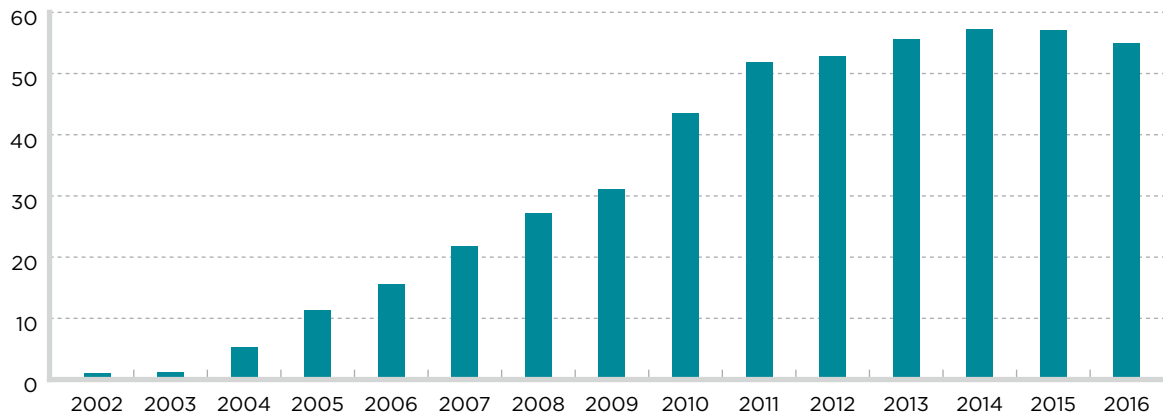
A: We have achieved transparency and accountability regarding the resources that are sent to the states, which in 2017 totaled MX\$68.7 billion. In 2016, we began to work intensively on quality and implemented a program of health managers that includes 1,576 individuals working in the medical centers and acting as a link between Seguro Popular and affiliates to guarantee their rights. According to the OECD, since 2004 Mexicans' medical expenses have dropped by approximately 12 percent thanks to services such as Seguro Popular.

**Q: How is the Seguro Popular working to make health a priority for the new administration?**

A: Seguro Popular is a scheme for all those people who do not have any other medical coverage. With the creation of almost 3 million new formal jobs, Seguro Popular has successfully reduced the number of registered affiliates. In 2014, we had over 57 million Mexicans affiliated. Between 2016 and 2017, we reduced the registry to approximately 54 million Mexicans. Peña Nieto's administration has also driven the creation of a universal health system. We now need to sit down with IMSS and ISSSTE and figure out a common tab that will allow us to easily exchange services and allow affiliates of Seguro Popular to go to IMSS or ISSSTE facilities. This is something that needs to be consolidated in the next presidential administration.

**Q: Are there any plans to generate exchange services, not only with public institutions but with private health service providers?**

## SEGURO POPULAR AFFILIATES (million)



Source: INEGI

A: Those states that have weak health-related infrastructure and that cannot cope with the number of patients they have are authorized to hire services from private hospitals. For instance, Hospital Puerta de Hierro in Nayarit, which is a private hospital, is subrogated by the Health Ministry of Nayarit. I hope we continue to have the opportunity to participate with private hospitals, but I believe that the consolidation of the public health network must be a priority.

### Q: What technology strategies are you implementing to increase coordination among hospitals?

A: Among the commitments that then presidential candidate Peña Nieto agreed to was the creation of oncological hospitals, which have been built in states such as Tamaulipas, Coahuila, State of Mexico and Quintana Roo. However, we are also building hospitals in other states, such as Baja California Sur, Guerrero and Oaxaca. The lack of specialist doctors has led us to embrace technology. We have found that some people from small towns stop going to doctors or taking their medicines because they do not have money to make a trip to the city. For this reason, we are heavily supporting technological innovations like telemedicine projects that will allow specialists to provide consultations to patients in small towns.

### Q: How is the institution ensuring the welfare of patients with diseases like HIV and cancer when dealing with budget cuts?

A: In 2016, our budget was reduced to MX\$75.4 billion and in 2017 it fell to MX\$68.7 billion. When looking at the total number of people that Seguro Popular, IMSS, ISSSTE, SEDENA, ISSFAM, ISSEMyM and other social security institutions attend to, we can see that almost the entire population has health coverage. It is our belief that the new administration should not cut the budget for health services.

### Q: How does Seguro Popular guarantee a fair distribution of the concessions in tenders?

A: We do not buy things per se; we give money to the state and the state concludes the acquisitions. However, we have put in place certain conditions to make sure that there are no abuses. For instance, with medicine, we set a maximum price that we get from IMSS' consolidated purchases. We have put in place a system that detects when a state makes a purchase above the reference price and automatically alerts that state. This also happens with human resources. The system detects whether there are duplicated names on a payroll. This has allowed us to control the money and to guarantee that there are no abuses.

### Q: What has Seguro Popular done to generate awareness and attract those segments of the population that do not have coverage from other institutions?

A: In 2016, we spent MX\$2 billion in affiliation and re-affiliation programs aimed at detecting the open population, or people who do not have medical coverage from any institution. Still, I believe the public sector can provide health coverage for the entire Mexican population. There might still be a small number of Mexicans without access to health services, so we will continue with our campaigns to convince people who do not have coverage to affiliate with Seguro Popular.

### Q: What is Seguro Popular doing to promote prevention, especially related to chronic diseases?

A: Every year, we force states to apply at least 20 percent of what they receive to prevention. This means that almost MX\$11 billion each year is spent on health promotion and prevention. The Deputy Ministry of Health Promotion and Prevention of the Federal Ministry of Health sets the guidelines and the programs that states must enact.

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*Seguro Popular is a health institution created in 2004 with operational, administrative and technical independence. It offers health coverage through public or private infrastructure to the informal sector*



## ATTENDING THE HEALTH OF COUNTRY'S LARGEST METROPOLIS

**ROMÁN ROSALES**

Minister of Health of Mexico City

**Q: What role does the Ministry of Health of Mexico City play in promoting prevention and access to care?**

A: While it is often said that individuals should be responsible for their own health, it is also the responsibility of institutions like ours to properly educate residents on how to care for themselves. According to WHO, it is necessary to focus on cost-effective initiatives, such as reducing salt consumption, eliminating smoking and replacing saturated fats. In addition to providing care for those who are already sick, it is necessary to ensure that those who are healthy remain so.

The Ministry of Health conducted 3,760,590 consultations in 2017, mostly to address respiratory infections, obesity-related ailments and psychiatric issues. That year, we performed about 75,000 surgeries, most of them related to obstetrics, followed by appendicitis and accident-related-injuries.

**Q: Considering the accelerated growth of chronic diseases, what needs to be done to ensure the health system keeps pace?**

A: It is necessary to reinforce primary care because the main economic pressure will come from chronic diseases. diabetes, hypertension, hepatic diseases, cardiovascular diseases, addictions and lung diseases are among the ailments that are influenced by lifestyle. It is also necessary to develop a multidisciplinary approach, integrated by medical personnel and trained health professionals, that allows the participation of the individual in his own health. Currently, people can suffer several chronic illnesses at the same time; this is called multimorbidity and requires a holistic approach to patient-centered attention instead of tackling each disease individually.

**Q: How are costs related to the growing number of diseases being managed?**

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*Ministry of Health of Mexico City (SEDESA) is the government organism responsible for providing access to care for all city residents. It aims to improve the quality of life of residents through preventive campaigns and timely medical intervention*

A: Strategies to contain budgets include public-private associations, consolidated purchases and integrated services. Consolidated purchases have been a huge advantage as they allow us to buy a large number of products at lower prices. Integrated services include those for dialysis, hemodialysis, laparoscopic surgery, hemodynamics and blood testing, among many others. The Ministry of Health of Mexico City prioritizes universal, equal and free healthcare for everyone in the city. All our services are free of charge thanks to two budgets: the federal and the local. These services are free not just for residents of Mexico City but also for people visiting the city.

**Q: What progress has been made to achieve universal healthcare?**

A: Mexico City Health Law specifies that in the CDMX "inhabitants, regardless of their age, gender, economic or social condition, ethnic identity or anyone else, have a right to health protection, which will be governed by the principles of universality, equity and gratuity." The principle of universality emphasizes that coverage of health services must respond to people's health needs and the principle of equity establishes the obligation of local authorities to guarantee access to health services to the inhabitants of the city and free of charge, as is set out in the regulations. By being affiliated with both modalities of federal and local financing, the benefits for the population are strengthened and out-of-pocket expenses are avoided.

For this reason, SEDESA provides diagnostic, healing and rehabilitation services at no cost for the first and second level of attention to the population that has no access to social security through an employer. The "physician in your house" includes general and specialty consultations. SEDESA also offers services related to dental and other areas related to health, such as laboratory studies, cabinet and x-rays, therapy sessions rehabilitation, attention for immediate childbirth and puerperium, the management of the newborn, the performance of surgical procedures, hospitalization, emergency care and the prescription of medicines.



# IMPROVE THE FUTURE WITH INFORMATION AND PREVENTION

## JORGE GUERRERO

Medical Director of ISSSTE



### Q: How is ISSSTE caring for patients with rare and chronic diseases?

A: Chronic-degenerative diseases are the main causes of death in Mexico. In this area, the institute focuses on prevention, damage control and healing care. Rare diseases are highly expensive to treat. However, ISSSTE is a pioneer in their treatment as it dedicates budgets to diagnose and address them. The institute has a group of experts who diagnose and treat these diseases in our specialist hospitals.

### Q: What long-term policy is necessary to address Mexico's chronic diseases?

A: It is necessary to continue the implementation of prevention campaigns that provide information about the consequences of unhealthy habits, since many chronic diseases can be avoided with adequate prevention. For example, ISSSTE has campaigns against smoking, a habit that reduces life expectancy by around 15 years and influences the most chronic ailments like diabetes, hypertension and cancer. We have been a pioneer in the development of 155 clinics to help smokers quit. These clinics are distributed in all 32 states. The therapy starts with an explanation of why addiction is a disease. We then offer treatment to help the patient quit smoking. The attention we provide is first class and comparable with any in the world.

### Q: Is ISSSTE working on other prevention initiatives for chronic diseases?

A: ISSSTE has led prevention efforts throughout the country. For instance, all our clinics and family medical care units have a unit called Preven, which promotes care before individuals become ill with chronic diseases. Our child development units, for example, care for our workers' children until they turn 6. These units have an overweight rate below 2 percent, which was achieved thanks to the comprehensive programs that include the support of a doctor, a nurse, a dentist and the consulting services of a nutritionist. These units also develop physical activities that help children stay active. We want to raise awareness about the dangers that unhealthy habits can represent for health.

### Q: How can ISSSTE keep costs low while providing comprehensive care?

A: Mexico has had privileges in the acquisition of medicines generated by consolidated purchases, a model that began in 2012 and has been followed by other institutions. Although this model has been working successfully, in the case of patented medications it is necessary to negotiate with the manufacturer. The institution also plans to explore other options to acquire medicines, including the pay-per-result model. Nevertheless, the regulations have to be clear to ensure objectivity in the interpretation of the results.

### Q: How does ISSSTE invest in cutting-edge technology?

A: It is possible for ISSSTE to acquire the latest technology through the implementation of integrated services, like the installation of equipment for hemodialysis, endoscopy, minimally invasive surgery, cardiovascular surgery and general anesthetics. This model allows us to offer our members the best treatments.

### Q: Many CROs are interested in working with ISSSTE. What should they do to achieve this?

A: Collaboration with CROs is possible thanks to Fundación ISSSTE, which was created in January 2017. New agreements will permit clinical research on products that have a sanitary registration but are not part of ISSSTE's basic list.

### Q: What are your priorities for 2018, considering the change in the federal administration?

A: We will continue to focus on ISSSTE's affiliates and guaranteeing the availability of medical supplies and care with empathy as we have been doing. These policies should continue beyond this administration as ISSSTE belongs to its workers. ISSSTE has proven its quality and its capabilities as an excellent provider of care and a good buyer of medical supplies.

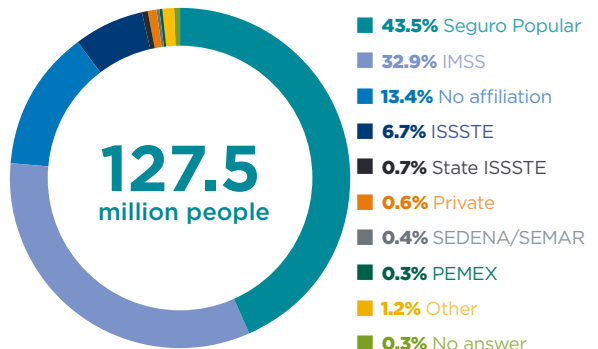
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*The Institute of Safety and Social Services for State Workers (ISSSTE) is the second-largest of Mexico's public health institutions, providing health and social services to almost 13 million government workers*

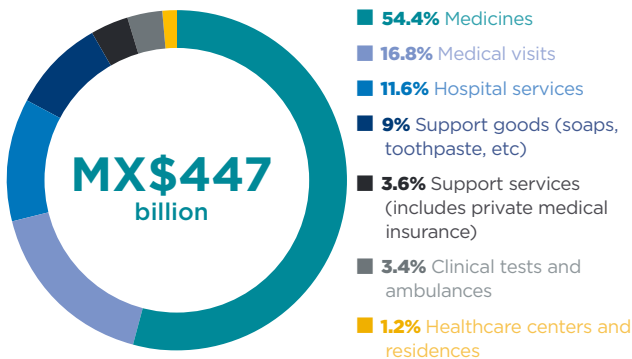
# HEALTHCARE MARKET FACES CHALLENGES, OPPORTUNITIES

The Mexican healthcare sector has faced budget cuts and uncertainty resulting from geopolitical developments, but it is expected that overall spending on healthcare will continue to grow both in Mexico and the world. The country still has many challenges to address in terms of healthcare, with access to care among the top priorities. Mexico's large population, changing epidemiological profile and gaps in access to care make the country an interesting opportunity for investors. As the country transitions toward a new federal administration, changes will bring opportunities for those who are prepared to take them.

## MEDICAL COVERAGE



## TOTAL HOUSEHOLD EXPENDITURE ON HEALTH GOODS AND CARE (2016)



### OTHER POINTS:

#### Warning signs for Mexico:

Obesity, diabetes, cardiovascular diseases, lower access to healthcare in comparison to OECD countries and lower health expenditure

#### Advantages:

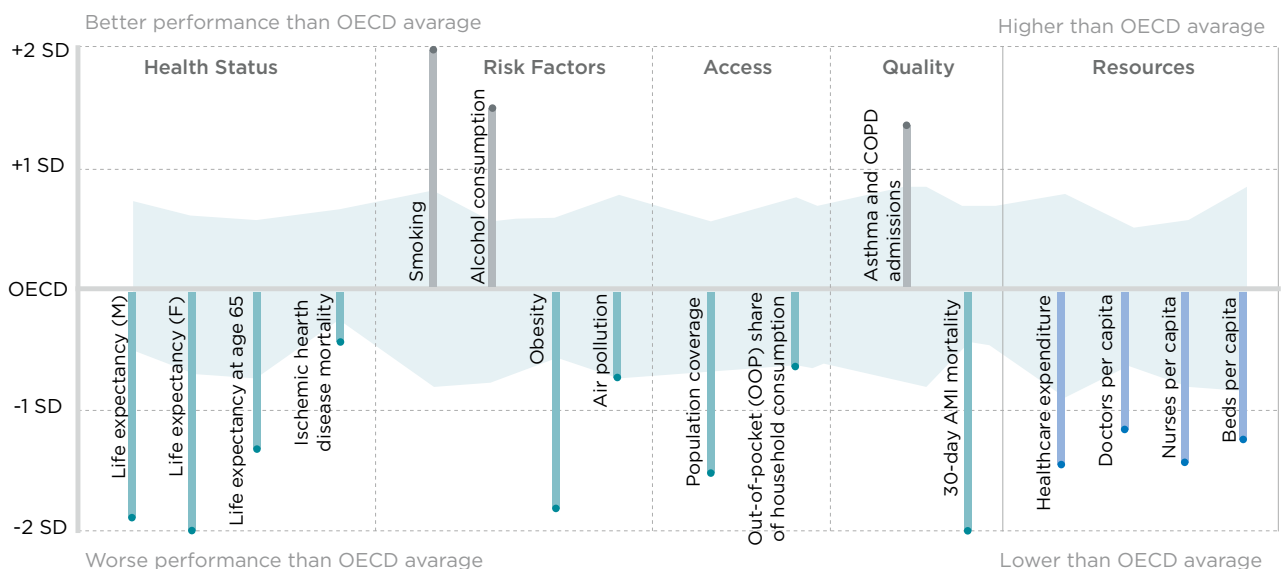
Lower tobacco and alcohol consumption than average for OECD countries

## Expenditure on healthcare per area as percentage of GDP in 2016 with breakdown

Economic activities health sector GDP	4.1%
Health sector taxes on net products of subsidies	0.2%
Outpatient medical services	0.9%
Hospital services	1.1%
Healthcare centers and day care	0.03%
Healthcare auxiliary activities	0.05%
Public healthcare administration	0.4%
Manufacturing healthcare goods	0.3%
Related goods and services	1.1%
<b>Value of unpaid work in healthcare</b>	<b>1.4%</b>
<b>Total healthcare GDP</b>	<b>5.5%</b>

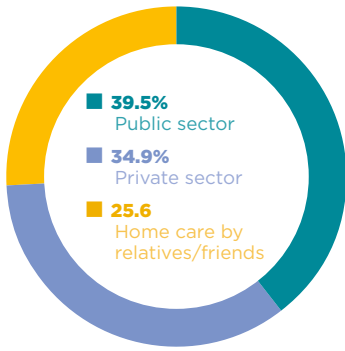
## OVERVIEW OF HEALTH SYSTEM PERFORMANCE IN MEXICO

■ OECD Percentile 25-75 • Indicators from health at a glance 2017

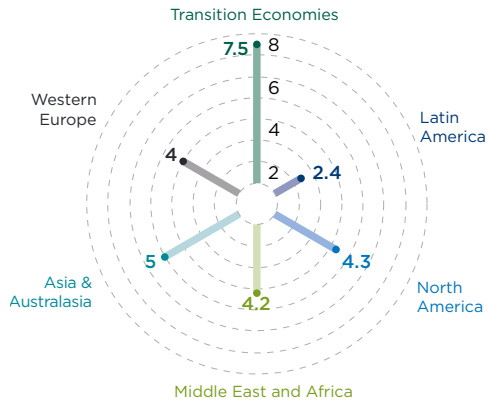




### MEXICO GDP HEALTHCARE EXPENDITURE BY SECTOR



### HEALTHCARE GROWTH RATE THROUGH 2020



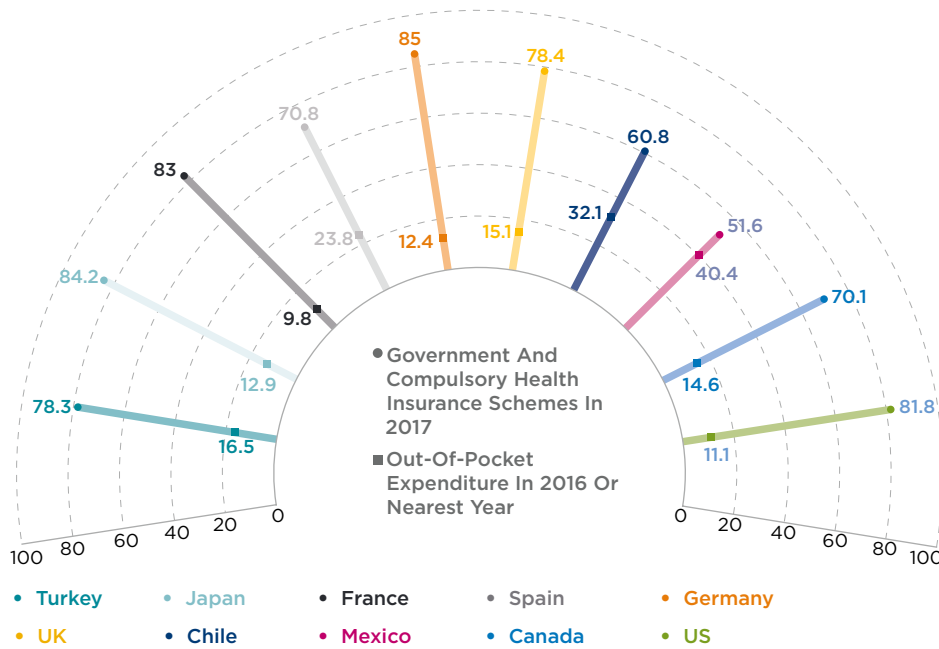
### EXPENDITURE PROJECTIONS:

Global healthcare expenditure is expected to reach US\$8.7 trillion by 2020, according to Deloitte.

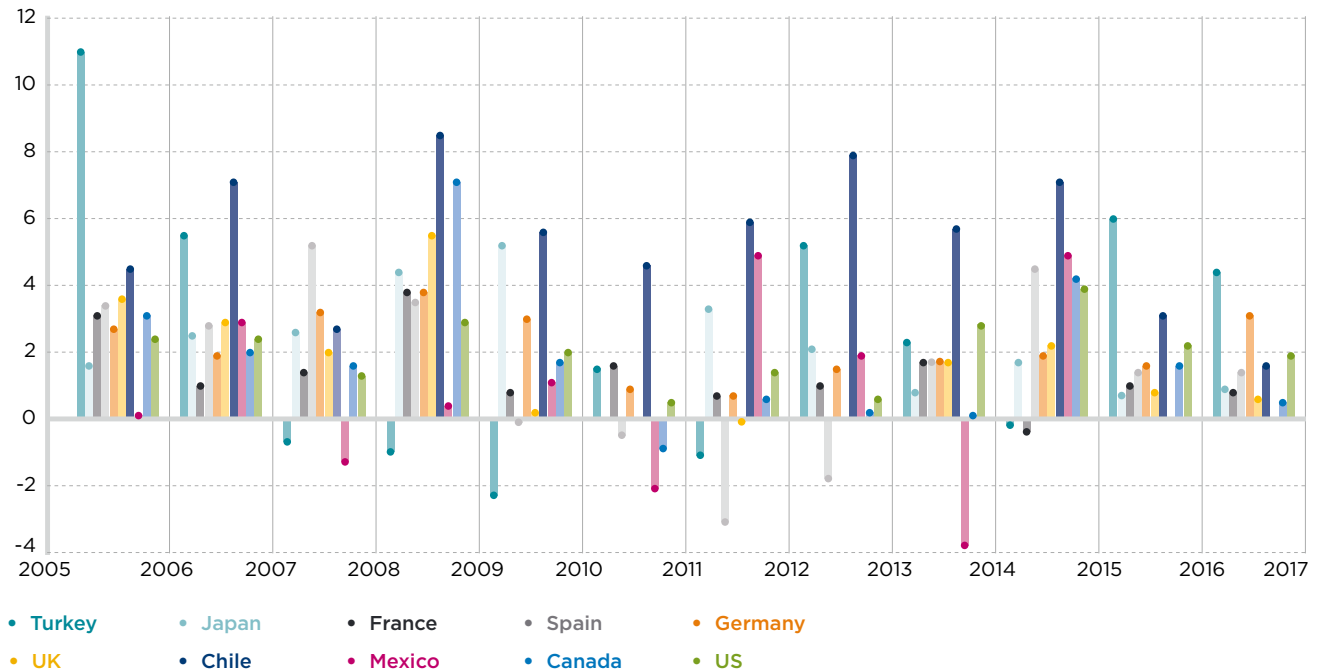
The global GDP spent on healthcare is expected to rise slightly, from 10.4 percent in 2015 to 10.5 percent in 2020. (Deloitte)

- Growth is expected to come from more healthcare expenditure in developing countries and expansion of services in developed countries
- Obesity and aging-related diseases continue to raise expenditure for lower and middle-income countries

### CURRENT OECD COUNTRY EXPENDITURE ON HEALTH (percent of GDP)



### ANNUAL GROWTH RATE OF CURRENT EXPENDITURE ON HEALTH, PER CAPITA, IN REAL TERMS (percent)



Source: ENSANUT 2016, OECD, INEGI, Deloitte



## INCREASING ACCESS THROUGH NEW FINANCIAL MODELS

**CRISTÓBAL THOMPSON**

Executive Director of AMIIF

**Q: What new alliances is AMIIF developing to promote access to innovative medicines in Mexico?**

A: The association has done significant work in creating alliances with other business groups in the country while also joining business councils like COPARMEX and CONCAMIN. In December 2017, AMIIF signed an agreement with the Government of Queretaro that will address access to market. This agreement has three goals. The first is the generation of data on the impact of health on productivity and competitiveness in the state, following the line of work we did in the Automotive Cluster of Guanajuato. The second is to foster R&D and clinical research investment in the state. To achieve this, Queretaro is now analyzing its capabilities in terms of researchers and research units. The third is to generate innovative access models so public institutions can increase the services they provide.

The agreement with the Government of Queretaro came after many meetings to understand the state's vision for the industry. Once the objectives were established, we formed a working group to determine how to measure the state's productivity. We have also signed similar agreements with the Autonomous University of Nuevo Leon (UANL) and in 2018 we hope to incorporate one or two more states through similar agreements.

**Q: What are the main areas of opportunity when introducing these models into the public sector?**

A: Within AMIIF, we noticed that access to innovation remains below 10 percent. Innovative medicines have many positive benefits, but patients must have access. We are promoting a new payment model wherein institutions would pay for positive results instead of units, which would require the monitoring of the patient's condition throughout treatment and an accurate diagnosis of the outcome.

IMSS has been extremely welcoming and the institute is greatly interested in incorporating these new models. Once this agreement is finalized, we will document it and try to implement it in other public institutions. Some years ago, the industry was completely unwilling to discuss new payment models, but it is increasingly welcoming these as a strategy to address the lack of access to medications. Now that the industry is willing to adopt these models, the challenge will be properly monitoring patients to measure the results.

**Q: How is the Mexican pharmaceutical sector adapting to technological changes?**

A: New companies entering Mexico will have a deep impact on the existing pharmaceutical environment and redefine the rules of the game. AMIIF's agenda is now beginning to incorporate digital health as we are certain that this area will play a significant role in the future. Our agenda for this year mentions digital health without too many details. We are still analyzing the impact that digital health could have on the sector and generating a preventive strategy to adapt.

**Q: How are AMIIF's companies adapting to the uncertainty created by the renegotiation of Mexico's trade agreements?**

A: All industry members are closely following the modernization of NAFTA with full understanding of its complexity. Furthermore, the industry is looking beyond NAFTA to other agreements, such as the TPP11. AMIIF companies have been operating in Mexico for 80 years and the strategies they are incorporating now were developed in the early 2000s. The strategies developed today will come into effect in the next 15 years, since it takes a long time to develop new molecules and to receive approval. The sector focuses on mid to long-term strategies rather than short-term considerations. Mexico is very attractive for the pharmaceutical sector due to its large population and many trade agreements. AMIIF follows a long-term plan that we began implementing four years ago and we are only now seeing results. We will follow this plan until 2024.

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*The Mexican Association of Pharmaceutical Research Industries (AMIIF) brings together the main pharmaceutical companies that focus on the development of innovative medicines. The association now incorporates 40 members*

# PREVENTION APPROACH FOR GREATER MARKET SHARE

**LUK VANDERSTEDE**

Director General Mexico of Bupa Global Latin America



**Q: What are Bupa Global's growth expectations in Mexico for 2018?**

A: Bupa has 78,000 employees, more than £14 billion (US\$18.4 billion) in premiums and over 30 million insured individuals. The Mexican Association of Insurance and Bonding Agents (AMASFAC) ranked Bupa Mexico as the fifth-best company for premiums. Also, Bupa Mexico leads the ranking of SME insurers as the main medium-sized company in the provision of medical expenses services and volume of insured people. Between 2016 and 2017, Bupa Mexico grew from 44,000 to 49,000 insured and continues to experience net growth. We anticipate double-digit growth for 2018 and the coming years.

**Q: How can the insurance sector and Bupa Global take advantage of the growth in medical tourism?**

A: Medical tourism is not an attractive market for us. Our collaboration with BCBS provides benefits for both parties because we have a common client profile that enjoys traveling through these two countries and seeks international medical coverage. Although we do not work in medical tourism, we have a large presence of tourists from the US who take out health insurance and come to us through our joint venture with BCBS.

**Q: What trans-sexennial proposals could Bupa Global suggest to improve the health system and participation in the insurance market in Mexico?**

A: At the last convention of the Mexican Association of Insurance Institutions (AMIS), the central theme was health. The country has an average health expenditure of 5,8 percent of GDP. The public sector is aware of these challenges and the lines of work that must be followed. For example, the public sector achieved coverage of more than 80 percent of the population between Seguro Popular and IMSS. In relation to insurance contracting, the public and private sectors have made a great effort to raise awareness and promote the culture of investment in prevention. Insurance is considered an investment and not an expense. In Mexico, a person without coverage pays almost 50 percent of medical expenses, which represents almost 5 percent of the country's GDP.

**Q: Mexico is experiencing an epidemiological transition with a significant increase in chronic diseases. How does Bupa deal with this new situation?**

A: We are carrying out prevention campaigns to accompany and encourage medical insurance acquisition by the Mexican population. Industry and government must join the voices that promote a change of mentality regarding prevention. It will be key in the near future to have insurance to balance the expenses of an aging population and the diseases that will follow. Bupa is working both globally and in Mexico to generate greater awareness on health finances.

**Q: How is Bupa Mexico's approach and services regarding this transition better than its competitors?**

A: The maximum age to contract insurance is 65 years but in the case of Bupa Global it is 75 years. In addition, this year we are offering coverage for mental illnesses that have not been considered by other companies. Bupa Global is the pioneer in the inclusion of mental illnesses because we are managed as a health-focused company. We focus exclusively on health and reinvest our profits to create more coverage for new conditions and also to conduct research, promote prevention and increase the digitalization of our services.

**Q: The new InsurTech ecosystem is expected to shape the future of insurers. What is Bupa Global's approach in this matter?**

A: Bupa is very active in investing in technologies that exceed patient expectations and provide quality care. Our collaborations are not only with Silicon Valley, but also with a technological development center in Guadalajara. Bupa Global and Bupa Mexico want to grow with our customers and not just automate for the sake of automating. The company wants technology to offer added value to our customers. Bupa Global wants to bring digitalization and innovation to our services.

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*Bupa Global is an insurance company belonging to Bupa, a prominent association that cooperates in different business areas but focuses on health through its international market division. Bupa Global has been in Mexico for over 20 years*





# MEXICO HEALTH *summit* 2019

## GET THE INSIDER'S PERSPECTIVE

### SEPTEMBER 5

Mexico Health Summit brings together the key business and political leaders involved in transforming the country's healthcare and life sciences industry. With a valuable platform for constructive dialogue, this high-level conference will provide the inside perspective on major trends, opportunities and challenges shaping the sector. Mexico Health Summit presents a range of carefully selected speakers, participating through both presentations and panel discussions, as well as targeted networking opportunities. Launch of Mexico Health Review 2019 Mexico Health Summit marks the launch of the third edition of Mexico Health Review, an annual publication that provides the most comprehensive overview of the sector's trends, achievements, and challenges. Based on interviews with more than 175 industry leaders, the 2019 edition is a decision-making tool for top executives and key stakeholders across the Mexican and international public and private sectors. It will be gifted to everyone joining Mexico Health Summit.

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high-profile  
speakers

**300**  
business  
and political  
leaders

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# LAUNCH OF MEXICO HEALTH REVIEW 2018

Mexico Health Summit will also mark the launch of Mexico Health Review 2018, the most relevant and comprehensive overview of the Mexican Health industry, based on face-to-face interviews with more than 180 business and political leaders who are shaping the industry's development. Mexico Health Review 2018 is destined to serve as an essential decision-making tool at this time of growth and opportunity and will be gifted to all attendants of Mexico Health Summit.



“ It is an opportunity to meet all the main actors of the sector and discuss the main challenges we are facing and what we need to do in order to improve our system and improve access of the whole population. “

*Alejandro Paolini, Director General of Siemens Healthineers for Mexico, Central America and Caribbean*



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## ALL INCLUSIVE ECOSYSTEM WOULD PROVIDE BENEFITS

**JULIO SÁNCHEZ Y TÉPOZ**

Federal Commissioner for Protection Against Sanitary Risk (COFEPRIS)

**Q: How have COFEPRIS' policies shaped the pharmaceutical sector?**

A: Our road map, developed in 2016, has marked the path to improvement throughout these years. In January 2018, COFEPRIS introduced a new regulation on pharmacovigilance and techno-vigilance and has made great strides in facilitating approval processes and reducing times. One of our pillars is effective communication with the industry. The ultimate goal is the generation of public policies that benefit patients and permit industry development.

**Q: How is COFEPRIS aligning its policies to their international counterparts?**

A: The challenge that all regulatory authorities face is to generate predictable and stable environments for doing business and all international bodies share similar hurdles in this regard. The first is to guarantee access. The second is to regulate the evolution of technology used for both medicines and medical devices since technology is making diagnostics techniques more powerful and faster than in previous years. The third challenge is to maintain an active and close communication to generate prevention schemes for common diseases like obesity. For the healthcare sector, it will be much less expensive to prevent obesity than to treat it.

**Q: What should COFEPRIS' goals be regarding international policy?**

A: Regulatory authorities are more efficient if they collaborate closely with their peers around the world, since the concerns are almost the same on all continents. The alignment of policies allows the simplification of processes and saves companies from having to perform the same clinical studies several times or to perform several plant reviews. In these cases, a revision from a Stringent Regulatory Authority (SRA) should be sufficient. Among

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*Federal Commission for Protection Against Sanitary Risks (COFEPRIS) monitors the production, commercialization, import, export and marketing of medications, medical devices, insecticides, fertilizers, chemicals and makeup, among others*

our goals, is for Mexico to be qualified as an SRA in the Americas once the WHO makes this term official. Since 2017, COFEPRIS has been among WHO's reference bodies. Within WHO, we coordinate FDA, Health Canada and other health regulators, including Cuba, Colombia, Chile, Argentina and Brazil, and we will do so until 2019. COFEPRIS is also Vice President of the International Coalition for Medicines Regulatory Authorities (ICMRA). From January 2018, COFEPRIS entered the Pharmaceutical Inspection Co-operation Scheme (PIC/S), which will allow us to greatly reduce the number of visits to foreign plants to grant them a certification of good manufacturing practices, saving approximately MX\$1 million per visit.

**Q: How is the role of COFEPRIS evolving to support epidemiological changes in the country?**

A: From 2010, COFEPRIS has approved 550 generic medicines and 310 innovative medicines, of which 64 were orphan drugs. Our work with generics is one of this administration's greatest achievements, as these medicines cover 70 percent of Mexico's main mortality causes and bring about a 60 percent overall reduction in costs. To continue incorporating more medicines and address diseases that might have been overlooked, we recently signed an agreement with the Mexican Federation of Rare Diseases for the creation of a permanent committee that incorporates patients, regulators and the federation to analyze the medications that should be brought to Mexico.

**Q: Considering how quickly technology evolves, how can regulatory bodies keep pace?**

A: We have created a committee that evaluates new drugs and medical devices and provides support for their developers throughout the commercialization process. Investment in R&D carried out by other countries comes long after its development, but the creation of this committee allows us to be ready when the new technology arrives for its faster introduction into the country. Our Excellence Center is a space for discussion among academia, regulators and the industry whose goal is to close any gaps in knowledge. Its ultimate goal, announced in March 2018, is the creation of a National Plan for Regulatory Sciences.



# NONPROFIT HOSPITAL FINDS BALANCE BETWEEN GROWTH, COMMUNITY SERVICE

**JUAN GALINDO**

Chief Medical Officer of Christus Muguerza



**Q: How is Christus Muguerza increasing access to healthcare while balancing its budget?**

A: Our vision is to provide care to those who need it most, so we are looking for strategies to ensure that while reinvesting all profits in the hospital's infrastructure and into community service, as stated in our mission. In 2017, the health system spent over MX\$100 million on community services and during the first six months of 2018 we have already surpassed that amount. About 90 percent of our patients are covered by insurance and this helps us provide services free of charge to those who need them.

**Q: What are the main capabilities of Christus Muguerza's new transplant center?**

A: One of our most effective programs is for lung transplants and in the last ten months we performed three successful surgeries. The first lung transplant performed by one of our hospitals in Monterrey occurred in 2017 and used extracorporeal membrane oxygenation (ECMO). There are few centers in the world that can use this technology and we are the only one in Mexico.

**Q: What would you identify as the main barriers to performing transplants in Mexico?**

A: The bigger barrier is the lack of awareness and education in our country, then the costs. Organ transplants are highly expensive. Beyond the transplant itself, patients will require expensive medications for the rest of their life to fight against organ rejection. These patients also need monitoring and comprehensive follow-ups.

**Q: How is Christus Muguerza expanding its footprint in the country?**

A: In the short-term, we will build our fifth hospital in Monterrey. We are also developing a series of centers in urban areas that will be dedicated to outpatient surgeries. We are also building centers for cancer treatment, of which we will build two within the next three years in regions that do not have clinics of this kind. Our growth strategy takes a two-prong approach. The first is the construction of a new hospital, but this strategy is highly time-consuming and regulations in Mexico change significantly from state to

state, making the construction process even slower. For that reason, we prefer a second approach that involves allying with local partners that represent us in the local community and teach us how to operate with the locals.

**Q: How can hospital cancer centers innovate in the treatment of patients?**

A: The design of these centers was inspired by some of the most advanced cancer clinics in the world. In addition to radiotherapy and chemotherapy, our goal is to provide a comprehensive service that includes a psychologist, a nutritionist and other support professionals. The centers will also provide patients with a concierge who will lead them through every step of their treatment, from scheduling appointments to treatments and clinical tests.

**Q: How is Christus Muguerza developing and implementing technology at its hospitals?**

A: After two years of analysis, we will soon launch our electronic medical records across all operations within a hospital. We are building a program specific to the Christus Muguerza network to avoid any errors. We are working with Philips' TASI software and within the next five years the software will be implemented at all hospitals belonging to Christus Muguerza.

**Q: How will electronic medical records be shared with hospitals in different networks?**

A: The information belongs to the patient. Our partner, Christus Health, operates three electronic medical records within its hospitals. Having different systems allows the network to learn to bring together that information. Mexican hospitals are reluctant to share information, which greatly complicates patient care. To address this, in the second phase of this project we will create a platform for patients that will give them access to their medical files.

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*Hospital Christus Muguerza, launched in Monterrey in 1934, operates nine hospitals in five Mexican cities. The hospital also manages 18 clinics across Monterrey, Saltillo, Chihuahua and Reynosa*



## NORTHERN PHARMACY CHAIN EXPANDS THROUGH MEXICO

**MACEDONIO GARZA**

Director General of Farmacias Benavides

**Q: Farmacias Benavides increased its market participation by 7.22 percent in 2017. How are you positioned in the country?**

A: Farmacias Benavides turns 101 years old in 2018. The company began operations in Monterrey and four years ago was acquired by Walgreens Boots Alliance (WBA). As a member of WBA we are part of the leading pharmacy group in the world. In Mexico, we now have 1,218 points of sale spread across 24 states, from the north of the country to Mexico City.

**Q: When Farmacias Benavides turned 100, it established the goal of launching in 100 locations per year. What is the status of this plan?**

A: We are keeping up with this goal by focusing on markets where we are already present but lack the necessary coverage, mainly in the central region of Mexico. After 100 years, our clients recognize our expertise in the sector. Over that time, we have cultivated our connection with our clients by training our employees and hiring more when necessary. The most important part of a pharmacy is for clients to feel safe with the service provided by its employees. Pharmacy customers also value the high availability of products and the industry invests heavily to maintain large inventories so prescriptions can be filled. We have brought the target down a little bit mainly because we want to ensure the highest WBA standards are met when we open stores.

**Q: How are you using technology to improve the efficiency of your distribution center, Centro de Eficiencia Logística?**

A: Our Centro de Eficiencia Logística in Monterrey functions as a spearhead for our distribution strategy. This single center has sufficient capacity to address our expansion needs for the next few years. We are planning to install a new warehouse management system to improve our distribution capabilities and to plan for future demand.

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*Farmacias Benavides, with over 100 years of experience, is one of the largest pharmacy chains in Mexico. The company was acquired by Walgreens Boots Alliance in 2014 and has 1,218 points of sale in 24 states*

This system will also permit efficient distribution to future pharmacies. Our logistics chain has 12 cross-docking centers distributed throughout the country that allow us to reach places such as Tijuana, Mexicali, Puerto Vallarta and Veracruz. Farmacias Benavides has also invested in the consolidation of its drug distribution through the implementation of processes to predict demand. This allows us to guarantee the supply of the necessary products, especially during seasons of high demand.

**Q: What role will online platforms play in Farmacias Benavides' future?**

A: Farmacias Benavides does not have an online sales platform, but we do have a call center that clients can contact and order products to be sent to their homes. We have a strong presence on social networks, including Facebook, where we have over 443,000 followers. We have over 8,000 followers on Twitter and 7,000 on Instagram, with 22,000 followers in LinkedIn and growing tremendously year by year. Furthermore, we have a platform that allows us to interact with clients of our loyalty program, *Beneficio Inteligente* (Smart Benefit). This platform allows us to interact with millions of clients and to offer them promotions based on their purchasing profile.

Beyond digital, WBA has a track record of innovation, trust and care with deep roots in our communities. We have been delivering healthcare through our pharmacy and store networks and online for years. For instance, Walgreens fills one prescription from a mobile device every second. WBA has pioneered healthcare innovations that have been in the news recently, mostly in the US. For example, Boots in the UK has a service called "medisure" which provides patients with complex therapy needs with pre-packed medicines delivered to their pharmacy or at home. In Norway with "Farmaka" and in The Netherlands with "SPITS" we have pioneered online pharmacy delivery services, including pre-pack and unit dose dispensing for years. From a customer point of view, Farmacias Benavides uses a mix of digital platforms to interact with patients and customers successfully and our website lets Loyalty Program members check their balance, movements and discounts.

# STRATEGIES TO ADDRESS LIMITED ACCESS TO CARE

**EFRÉN OCAMPO**

President of Grupo Neolpharma



**Q: What market niches is Grupo Neolpharma targeting?**

A: We are planning to introduce pain medications, which are relatively little used in Mexico because there are very few products available to treat intense pain, an ailment that greatly diminishes a patient's quality of life. A common example is terminal cancer, which causes great suffering. These patients require very powerful analgesics, mostly opioids. However, prescriptions for these medications are low because doctors are reluctant to prescribe them. There also are few opioid providers in Mexico, which makes these medicines difficult to find. To address this, Grupo Neolpharma has developed an online pharmacy that can supply these medications. Access to opioids will be safe and controlled to prevent abuse and our company is closely working with authorities to promote their safe use. If their consumption is not controlled, they can be used in a recreational way. Even so, Mexico is far from the prescription opioid abuse that is affecting the US.

**Q: How is Grupo Neolpharma addressing Mexico's gaps in access to care?**

A: We must offer services and products in line with Mexico's epidemiological profile, which varies depending on the population's age, gender and location of residence. Grupo Neolpharma's role in addressing gaps in access to care is to increase the availability of high-quality products. We are now offering 275 molecules in 1,200 dosages. Within the next three years, we will increase our capabilities by 50 percent mainly in sterile products, which will address areas that are not currently being covered.

Universal access to care has been an important goal for Mexico but achieving it has been a challenge. The main problem is the fragmentation of the public healthcare system, which leads to duplication of services and gaps in access. It is necessary to unify these systems or to give patients the option to receive care at any institution.

**Q: How is Grupo Neolpharma adapting its research lines and product offering to Mexico's changing epidemiology?**

A: Since the creation of Psicofarma, our first company, we have focused on chronic diseases at all ages, from diabetes

to depression. Following this vision, our core expanded from psychiatry to cardiometabolic diseases and chronic disease-related pain. We are now analyzing an entry into other therapeutic areas as Mexico's population is becoming increasingly older thanks to the successful fight against infectious diseases.

**Q: Which new players can support the sector to increase access to care?**

A: Pharmacies can play an important role in increasing access to care, since they now generate the equivalent of 70 percent of medical consultations performed by IMSS, especially in primary care. On many occasions, patients prefer to visit a pharmacy than go to IMSS, which means that IMSS is buying less medication for primary care patients. If patients pay their medication out of pocket, they do not take advantage of the contributions they make to IMSS through their taxes. It is necessary to study this phenomenon and adapt to it. Supply channels for medicines are changing and the sector needs to adapt to these changes.

**Q: What is the scope of Grupo Neolpharma's internationalization strategy?**

A: Grupo Neolpharma has enough capacity to supply the entire country and we have the capabilities and quality to compete internationally. We now have a plant in Mexico that is only being used to 66 percent capacity.

During the past five years, Grupo Neolpharma has grown at a double-digit rate, which led us to build more manufacturing plants. Our new plant for injectables, which will have the capacity to manufacture 450 million units per year, will target both the national and the international markets. Grupo Neolpharma works to international standards and that will facilitate the exportation of our products.

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*Grupo Neolpharma is a Mexican pharmaceutical group that incorporates three companies: Psicofarma, Neolpharma and Alpharma. While the company has several research lines, it focuses on the production of high-quality generics*



## INNOVATION: THE SHORTEST PATH TO EXCELLENCE

**ALEJANDRO PAOLINI**

Director General of Siemens Healthineers for Mexico, Central America and Caribbean

**Q: What concrete actions is Siemens Healthineers taking to improve access in Mexico?**

A: Our main goal is to develop solutions that allow increased healthcare access with top of the line technology. We are working in line with local and international associations and chambers to improve healthcare access in Mexico. For example, we closely collaborate with COFEPRIS, which is imperative to ensure that the entire regulatory and control processes are carried out as efficiently as possible so the population can have faster access to the latest innovations in healthcare.

**Q: One of the main proposals of Siemens Healthineers is innovation. What have been the main advances in this regard in Mexico?**

A: Mexico is one of the key countries for Siemens Healthineers. We are the only healthcare company in the market that has a broad and comprehensive portfolio focused on solutions and services for imaging and laboratory diagnostics. We do not have a production plant in Mexico and the innovation technologies are basically developed in Germany and the US, but that does not prevent us from introducing and implementing new technological developments in this country. When we think about innovation, we think about solutions that provide clinical, operational and financial excellence. For instance, in Mexico we launched a new laboratory technology called Atellica Solution. This is a revolutionary platform that addresses laboratory challenges using immunoassays and clinical chemistry analyzers that transform care delivery.

**Q: The reduction of federal budgets is a constant of the Mexican health industry. How has Siemens Healthineers adapted to this trend?**

A: Today, healthcare systems worldwide are struggling to succeed financially and provide high-quality care while facing scarce resources and restricted government

budgets. As a result, we decided to restructure our portfolio, expanding into new enterprise and digital health offerings, along with new business models that maximize opportunities and minimize risk to healthcare providers. We are reorienting our products to make them even more attractive to the health sector, especially for emerging markets. The objective is to satisfy the needs of our customers in Mexico by offering the highest technology and the best services.

**Q: How does Siemens Healthineers work with the public sector to make prevention the main focus of the industry?**

A: Healthcare systems worldwide are adopting prevention models to improve their population's health and reduce costs along the entire healthcare chain. Technology is an important ally when facing this challenge. Siemens Healthineers can play a key role in this change of trend, since our portfolio is focused on prevention, early detection and monitoring. More than 70 percent of the world's population dies from noncommunicable diseases, such as heart disease, diabetes and cancer. If diagnosed early, they can be treated and monitored, increasing patients' survival rates and reducing costs for the healthcare chain. This is the value of technology for healthcare.

**Q: "Patients will be treated as consumers." What impact does this statement have on the activities of Siemens Healthineers?**

A: This paradigm shift is happening at a macro level and aims to empower the patient, who are more informed and want to take an active role in the medical decision-making process. They are also deciding how they want to receive and seek healthcare services. Here in Mexico for instance, out-of-pocket expenses are really high compared to other countries, which is why patients assume they participate in a more direct way. At Siemens Healthineers, patient experience is one of the company's main pillars. Technology and digitalization are also transforming the way we deliver healthcare. Hybrid rooms are one of these examples. Hybrid rooms are operating rooms equipped with latest-generation imaging equipment.

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*Siemens Healthineers is the healthcare branch of the German electronics giant. It is mostly known for its medical devices, which cover a wide range of therapeutic areas, with a focus on diagnostics, imaging and IT*

# INTEGRATING SYSTEMS A KEY STRATEGY TO REDUCE COST OF OWNERSHIP

**MARTÍN FERRARI**

Director General of Dräger Mexico



**Q: Last year, you mentioned that you wanted to increase your focus on the private sector. What are the results of this approach?**

A: In 2017, we grew 35 percent in the private sector compared to 2016. We introduced a system for managing key accounts in the private sphere, reinforced our sales to the private system and introduced a modified version of Microsoft's Customer Relationship Management (CRM) software that allowed us to improve aftersales. Today, we work with StarMédica, Grupo Dalinde and San Ángel Inn. We will continue betting on this sector and not just with major hospital groups. Our goal is to target a second layer of private hospitals, including the Consortium of Mexican Hospitals, which incorporates 41 midlevel facilities. This group of hospitals wants to unify their systems and acquisitions. Our strategy for 2022 will target midlevel private hospitals, of which there are over 500 in Mexico.

**Q: How is Dräger incorporating Internet of Things (IoT) principles into its solutions?**

A: The core of our operations is our focus on the customer and our ability to offer tailored solutions. To improve this core, the company is getting faster. The CRM tool that we launched incorporates several more elements related to client management, interaction and satisfaction. Our sales force is increasingly digital, which means that our salespeople have more tools to help them perform more quickly and professionally. This also permits access to a greater amount of information that allows for better solutions. Additionally, we are working on order fulfillment and supply chain.

**Q: Dräger has implemented data digitalization systems at several public institutions. How are these systems improving healthcare practices at public institutions?**

A: Dräger's systems compile information from our anesthesia, monitoring and ventilation equipment. In 2018, we installed our EMR program called Innovian and connected it to INCANET, INCAN's system for the management of demographical data. This system allows for the close monitoring of processing times and productivity in surgery and therapy rooms and relates that information to INCAN's patient data. Innovian will complement the

existing medical data and use all compiled information to analyze which areas could be improved in terms of costs, which often are surgery and rehabilitation.

**Q: What benefits will these technologies provide to doctors, hospitals and, eventually, healthcare systems?**

A: This technology will allow doctors to make faster and more precise decisions, which is of utmost importance to the patient because decisions during surgery must be quick. Our system will also allow doctors to instantly retrieve laboratory data and images during surgery. Furthermore, it will grant instant access to a patient's EMR to analyze previous surgeries or potential allergies so doctors can make informed decisions. During intensive therapy, the use of Innovian allows doctors to compile much more data in a more precise way. Due to the confidentiality of the data, cybersecurity is vital and will be one of Dräger's main focuses during the next couple of years.

**Q: Why should these hospitals choose Dräger instead of another technology provider?**

A: At Dräger, we provide comprehensive solutions for critical care and our goal is to continue being No. 1 in this area. Our pillars are anesthesia and respiration, but we also provide the complementary equipment for monitoring, gas supply and lamps, as well as design critical care units. Working in the Mexican market has posed several challenges for the company, as buyers are too focused on purchasing equipment and less on integrating solutions. In the private sector, we have seen a reluctance to invest in technology, as hospitals often only buy what is considered 'good enough.' The reason is that in Mexico, a hospital's clients are not patients but doctors. Thus, the hospital's internal structure is fragmented and it is only willing to invest in basic, functional equipment.

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*Dräger, headquartered in Germany, is a multinational company that manufactures devices for the medical, mining, oil and gas and chemical industries. In the healthcare sector, Dräger manufactures ICU and neonatal monitoring devices and respiratory equipment*





## SCIENCE, TALENT KEY TO SUCCESSFUL PRODUCTS

**KAREL FUCIKOVSKY**

Director General of Pierre Fabre Médicament LATAM

**Q: How has demand for Pierre Fabre's cancer product Navelbine Oral and its mainstay Fabroven evolved in Mexico?**

A: Until 2016, Navelbine was the leading product in our oncology portfolio in the Mexican market, indicated for patients with breast and lung cancer. At the end of 2016, a new local generics competitor in the oral form of administration entered the market, which reduced our share. So far, despite this new competitive environment, Navelbine oral continues to grow and remains the market leader in the Vinorelbine oral segment.

Fabroven, the first product developed by Dr. Pierre Fabre, is a combination of ruscus extract, ascorbic acid and hesperidin methyl chalcone and it is indicated for the treatment of blood vessel conditions. After 50 years, this product continues to enjoy growth in sales in both the public and retail sectors. Fabroven has received the Grade A recognition for medicinal products, which places it in a better position in terms of scientific robustness. This certification will allow this mature product to continue surging in sales.

**Q: How does Pierre Fabre remain competitive in the face of generics?**

A: What makes products successful is the science behind them, whether they are generics or innovative, but a strong commercial, sales and marketing mix is also fundamental. However, above all, it is the human talent. Our strong investment efforts are directed at training and compensating our sales and marketing collaborators.

**Q: Which new products will Pierre Fabre introduce into the Mexican market in 2018?**

A: After six years, we obtained the sanitary registration for Verephen, a product produced by our partner Medigene. Verephen is a phyto-pharmaceutical that has an equivalent

efficacy to other medications in its class for the treatment of genital warts. While the market for Verephen is not too large, this product will complement Pierre Fabre's existing product portfolio for women's health, an area in which we plan to continue focusing alongside oncology. Pierre Fabre is also developing two new molecules acquired in joint efforts with Array BioPharma. We hope that these products bring new hope and improved quality of life to patients.

**Q: What is Pierre Fabre's strategy for Mexico?**

A: In Mexico, we are focused on two strategic imperatives: continue the organic growth of our products in the woman's health segment and increase our footprint in the oncology and bone marrow transplant markets. We will also continue looking for local partnerships similar to the existing alliance we have with Ferring Pharmaceuticals. We are also actively analyzing possible local acquisitions of companies or portfolios that fit our main activities.

**Q: How can regulation evolve to improve access to innovative medicines?**

A: Ideally, governmental administrations would work closely with industry chambers such as AMIIF and CANIFARMA and place a greater emphasis on fast-tracking innovative medications to accelerate their entrance into the market. Not all innovation is high cost. Industry chambers must continue to work together and act as a buffer between pharmaceutical companies and authorities to help us communicate the benefits for patients of innovative medications. All players in the industry would gain from working together.

**Q: How can Big Pharma increase patient awareness of the benefits of innovative medicines?**

A: This is an expensive area as it requires a significant marketing investment and close collaboration with medical societies and key physicians. Also, having the support of the main regulatory institutions and chambers strengthens these programs and allows them to reach the vast majority of the population. For our melanoma treatment products to come, we plan to work more closely with key oncology societies and centers, as well as with the dermatology community.

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*Pierre Fabre is the third-largest French pharmaceutical laboratory. It has two main lines of business: Pierre Fabre Médicament, which focuses on the pharmaceutical sector, and Pierre Fabre Dermo-Cosmetics, related to dermatology and cosmetology*



# RISK-SHARING MODEL IN THE FACE OF HEALTH BUDGET CHALLENGES

**ANA LONGORIA**

President and General Director at Novartis



**Q: What are the priorities for a highly experienced health executive like you?**

A: Our main priority is the patient, so Novartis plans to continue launching innovative, generic and bioequivalent medicines of the highest quality to continue supporting our solutions to more than one billion people around the world. Health systems around the world face great challenges such as the aging of the population. By the year 2030, there will be close to 1.4 billion people worldwide over 60 years, which will increase the prevalence of chronic-degenerative diseases. I want to bring more digital innovation and technology with comprehensive health services to have a greater impact in Mexico and the world.

**Q: Most of Novartis messages are directed to patients, their families and doctors. What is the message for those other players who are crucial to you?**

A: Novartis takes special care of all its relationships. From civil society to the authorities, going through our entire value chain, our message is from a leading company that is crossing the borders of medicine to prolong the lives of people. Regardless of the relationship scheme, whether employee, partner, supplier or any other type, our collaborators can rest assured that Novartis will always adhere to its code of ethics and the legal framework. Novartis is currently among the 20 companies with best reputation in Mexico, according to the ranking published by MERCO.

**Q: Novartis invests around 20 percent of its profits in R&D for innovative products. What are the three most effective therapeutic areas in Mexico for Novartis?**

A: Novartis has more than three therapeutic areas growing in Mexico. In our pharmaceutical and oncology divisions, we are bringing innovative solutions for cardiovascular diseases, breast cancer, autoimmune diseases, transplants, Alzheimer's and migraine. Through our generic division, we are launching an HIV line to increase the population's access to high-quality medicines. These solutions generate a cost-efficient relationship that benefits the health system. We have examples of transformative, innovative and high quality treatments in each therapeutic area of our portfolio. For example, Novartis treatment for refractory

pediatric leukemia, approved by the FDA, has a worldwide presence. Yet, our Center of Excellence for the Treatment of Diabetes represents the main priority for Mexico. Today, we are achieving levels of diabetes control above the national average.

**Q: How is Novartis planning to approach Mexico's epidemiological changes and what opportunities are there for developing innovative medicines?**

A: Novartis is addressing this transition in four different ways: through innovative medicines, quality in generics and bioequivalents, innovation in our business model and the incorporation of digital tools. When I talk about innovation, I do not only refer to the medicines we produce, but also to our business model, which allows new therapeutic solutions to be available for the population. Novartis applies in Mexico the Risk-Sharing Model, which is an example of an innovative business scheme used to face the budgetary challenges that afflict all public health systems throughout the world. The distinctive feature of this scheme is based on the pay-for-results approach and not the number of units sold. This dynamic transforms our relationship with public health institutes because we are evolving from a transactional model to a more advanced one in which we offer value-based health solutions.

Digitization is also essential to address the epidemiological transition in Mexico. Novartis is incorporating technological and digital tools in its operations to improve its next chapter of medical innovation. We believe that the companies that will be most successful in the future are those that see this transformation as an opportunity. Under this logic, we are re-imagining Novartis as a drug and data science company. We see our collection of data as a strategic asset that places us in a leading position to guide the digital revolution in the pharmaceutical industry.

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*Novartis is a multinational pharmaceutical company headquartered in Switzerland with presence in over 140 countries. In Mexico, the company manufactures and commercializes innovative medicines*

# MEXICO<sup>2019</sup>

## HEALTH REVIEW

## TABLE OF CONTENTS

1	STATE OF THE INDUSTRY	8	MANUFACTURING & SERVICE PROVIDERS
2	HOSPITALS & CARE PROVIDERS	9	LOGISTICS & SUPPLY CHAIN
3	RESEARCH & INNOVATION	10	TALENT & BUSINESS DEVELOPMENT
4	GENERICS & OTCs	11	PERSONAL CARE & WELLNESS
5	HEALTHCARE 4.0	12	LEGAL LANDSCAPE
6	MEDICAL DEVICES	13	FINANCIAL & SUPPORT SERVICES
7	PHARMACIES & RETAIL	14	LOOKING AHEAD

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Interviewees will have the opportunity to directly highlight development strategies, industry trends, innovative technologies and successful projects relating to their company. Being featured as an interviewee in Mexico Health Review 2019 will enable top executives to share their direct insights in the most comprehensive review of the Mexican health industry available.

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We recognize that cooperation is one of the keys to success in the health industry. Mexico Health Review 2019 will be a continuously evolving knowledge-gathering exercise and we invite industry experts to suggest any additional topics that would further enhance the quality and comprehensiveness of the publication.

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# MEXICO 2019

## HEALTH REVIEW

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CHAPTER 3: HOSPITALS & CLINICS

24 ANALYSIS: Technology, Alliances Address Hospital Infrastructure Problems

26 INFOGRAPHIC: Urgent Care Needed for Local Hospitals

28 VIEW FROM THE TOP: Javier Pites, **Consejo Mexicano de Hospitales**

30 TECHNOLOGY SPOTLIGHT: Smart Surgery Rooms Allow Better Decision-Making

32 VIEW FROM THE TOP: Juan Galindo, **Clínica Maguerra**

34 VIEW FROM THE TOP: Javier Obregon, **Amaze**

36 INSIGHT: Gustavo Romerillo de Loyola, **Grupo Torre Médica**

38 VIEW FROM THE TOP: Jaime Cervantes, **Witabes**

40 VIEW FROM THE TOP: Roberto Bortoli, **Hospital San Ángel Inn**

42 INSIGHT: Roberto Guervio, **Laboratorio Biogen**

44 VIEW FROM THE TOP: Andrés Gutiérrez, **Médica Santa Cerman**

46 PROJECT SPOTLIGHT: Mexican Subsidiary of European Group Provides Patient Comfort

48 VIEW FROM THE TOP: Patricia González, **Hospitales**

50 VIEW FROM THE TOP: José Luis Jacques, **Laboratorios**

52 VIEW FROM THE TOP: Miguel Velázquez, **Grupo Empresarial HGF**

54 VIEW FROM THE TOP: Manuel Sánchez, **Diapha**

56 VIEW FROM THE TOP: Miguel Castillo, **Hospital Sotelo**

58 VIEW FROM THE TOP: Massimo Pichini, **Clínica (Meridy)**

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