



2019 Healthcare Market Insights: Latin and North Americas



Market synopsis - North Americas

Healthcare spending

According to BMI Research, healthcare spending in the US will continue to account for a disproportionately large percentage of its GDP. Currently, the US spends 17.8% of GDP - this is the highest percentage in the world. The global average is just 6.8%.

Nearly half of healthcare spending in the US takes place in hospitals, clinics and other facilities such as residential care homes, according to data from the Centers for Medicare & Medicaid Services (CMS). Another quarter of expenditure is on personnel and the next largest areas of spending are pharmaceuticals, health insurance and government administration and activities.

Economic burden of disease

The economic burden of disease in the US is considerable and unmatched globally. Direct and indirect costs of the most prevalent conditions exceed the entire GDP of many countries. In the US, the burden of non-communicable diseases is increasing, while the burden of communicable diseases is decreasing, according to BMI's Disease Database. Between 2014 and 2030, the number of disability-adjusted life years (DALYs) lost to non-communicable diseases will rise by 8%, while the number of DALYs lost to communicable diseases will drop by 18%. Non-communicable diseases account for 95% of the total disease burden.

According to the International Diabetes Federation (IDF), 11.4% of the US population has diabetes and approximately a quarter of this patient group are undiagnosed.

Meanwhile, the number of new cases of cancer in the US is forecast to increase from 1.6mn in 2012 to

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2.1mn in 2025, according to Globocan.

Based on the 2011 National Health Interview Survey (NHIS) sample, it was estimated that 39.5mn Americans, or 129.1 individuals per 1,000 population, had been diagnosed with asthma by a health professional within their lifetime. Asthma costs the US more than USD30bn every year.

Pharmaceuticals

BMI Research has revealed that the US pharmaceutical market presents strong commercial opportunities across multiple sub-sectors, therapy areas and product categories. Total pharmaceutical sales in 2017 reached USD 373 bn, which was more than three times the size of the next largest market (Japan: USD 95 bn).

Clinical trials

The US clinical trial sector will continue to grow slowly. More late-stage studies are being conducted in emerging markets, where costs are lower and recruitment is increasingly swifter. The total number of clinical trials in the US increased from 4,279 in 2013 to 4,358 in 2016, representing a rise of 1.8%.

8 Key themes affecting US healthcare marketplace in 2018/2019

F. Randy Vogenberg from the National Institute of Collaborative Healthcare has identified eight key trends that will affect the US healthcare marketplace in 2018/2019:

1. Rural healthcare

With government programmes in constant danger of spending cuts, rural healthcare providers are in crisis. Rural healthcare providers and hospitals will continue to turn to leverage new technology such as telehealth and telemedicine, and consumer health wearables or smartphones as ways to survive and grow in an evolving market.

2. Consumerism in healthcare

As costs for consumers continue to rise, consumers become more engaged in making certain they are getting the best value for their money. The success of healthcare providers will depend on their ability to meet consumers' needs and expectations.

3. Workforce change

Employment in the US is undergoing intense changes, and the most difficult aspect of managing a workplace comprising different generations of employees remains communication. Many companies experience a large technology gap in corporate communications the physical workplace is also changing for employers.

As a way of improving overall communications with employees, employers will continue to expand their benefits and voluntary benefits to include critical illness coverage, fitness centers, onsite or near-site health clinics, etc.

4. Administration transformation: Benefits strategy and speciality drugs

Intensified scrutiny of benefits administration, benefits strategy, and drug pricing is already occurring. Pharmaceutical pricing in the supply chain, especially for speciality drugs, has taken centre stage as a main driver of increasing healthcare costs. There will continue to be a concerted effort by all stakeholders to share the higher costs while increasing the use of industry-wide cost-sharing initiatives.

5. Integrated care for population health

Innovations play a key role in the advancement of healthcare delivery, and as the use of technology continues to increase, ambulatory and outpatient care will also increase, supported by consumers who will find the growth of these services saves them money on their healthcare costs. Integral to achieving savings will be integrated models to deliver successful population health outcomes from the services provided.

6. Technology acceleration and transformative market impacts

Technological advances will continue to have a large impact on the delivery of healthcare and will affect all stakeholders in some way. The depth and breadth of the current technology applications on the market will quickly be surpassed by a robust pipeline of new offerings that surpass older ones in functionality and market transformation.

7. Supply chain (drug and revenue) disruption

Without federal action to change the healthcare market dynamic or to empower states, the marketplace will be further fragmented by public or private sector lines being drawn. Private sector healthcare can innovate and grow with the markets' desire to offer benefits to employees.

8. Legislative and/or regulatory change

Government agencies are beginning to make a difference and create change within their areas of regulatory authority. Without federal action to change the healthcare market dynamic or to empower states, the marketplace will be further fragmented by public or private sector lines being drawn.





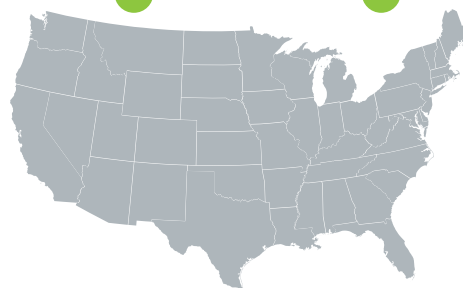
Key forecasts by US region

Midwest

In 2016, healthcare spending reached a value of USD 652.1 bn, which is forecast to increase to USD 434.9 bn by 2022. In 2016, Illinois was the highest spending state, while North Dakota was the lowest spending state.

Northeast

In 2016, healthcare spending reached USD 645.7 bn and is forecast to increase to USD 871.2 bn by 2022. In 2016, New York was the highest spending state, while Vermont was the lowest spending.



West

In 2016, healthcare spending reached a value of USD 705.5bn, and is forecast to increase to USD 1,068 bn by 2022. In 2016, California was the highest spending state, while Wyoming was the lowest spending state. (Source: Understanding the US's Regional Healthcare

South

In 2016, healthcare spending reached a value of USD 1,078 bn, which is forecast to increase to USD 1,493.5 bn by 2022. In 2016, Texas was the highest spending state, while Washington DC (formally the District of Columbia) was the lowest spending.

Market synopsis - Latin Americas

Overview of market forces

The report by Americas Market Intelligence (AMI) highlights that these forces will ultimately have an effect on household structure and dependency ratios, longer wait times, lower quality of care, migration to private care, growth of private insurance, provider consolidation (vertical integration, conglomerates), rise in value-based-care, and financial strain on public systems.

Sustainable healthcare

Strategies to achieve sustainable healthcare systems include growing GDP and improving allocative efficiency, both of which can be explored to address challenges in Latin America, the report continues.

Efforts towards healthcare sustainability in Latin America:

- Over the past quarter-century, life expectancy and access to pharmaceuticals and healthcare have improved in Latin America.

- Latin American countries have aimed to achieve sustainable healthcare and have made progress towards this goal.
- Nearly universal coverage has been achieved in many countries, but expanded healthcare use and costs brings challenges of funding and fostering efficiency.
- Governments have made efforts to manage the resultant rise in healthcare costs and attain financial sustainability, but some remain behind the Organisation for Economic Co-Operation and Development (OECD) average in health expenditure as a percentage of GDP.

3 major forces reshaping the Latin American healthcare market:



Ageing population



Obesity epidemic



Lack of efficiency

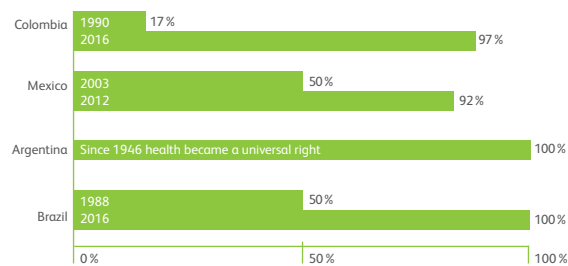
(Source: IQVIA Institute for Human Data Science)

Healthcare coverage

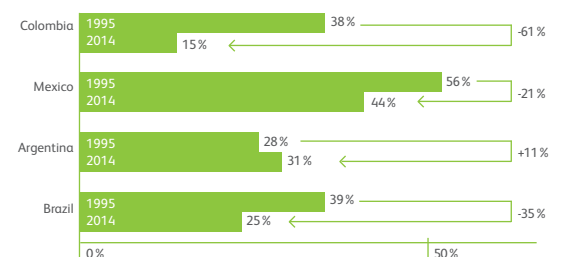
According to a report by IQVIA Institute for Human Data Science, over the past quarter-century, Latin America has made great strides in healthcare coverage.

Source: OECD Reviews of Health Systems: Colombia⁵ & Mexico,⁶ 2016; World Health Organization, Brazil's march towards universal coverage, Sep 2010; IOVIA, Feb 2018
Notes: Healthcare covered services differs between countries.
= This indicator is a theoretical universal coverage (100%), in practice attainment could be much lower.
Report: Unlocking the Economic Potential of the Health Sector in Latin America, IOVIA Institute for Human Data Science, Apr 2018

Percent Healthcare Coverage



Out-of-Pocket as a Percentage of Health Expenditure



Note: Out-of-Pocket excludes any prepayment for health services, including private insurance.

Source: World Bank Open Data, 2014;7 IOVIA, Feb 2018

Top 5 trends for Latin American healthcare market

According to Global Health Intelligence (GHI) data, some of the key trends changing the healthcare markets in Latin America are technological innovations, rapid adoption of electronic medical records and telemedicine. Hospitals constantly need to stay in front of these trends, and device and equipment manufacturers need to be ready to provide what hospitals need, when they need it.

- 1. Brazil is expected to bounce back** from meagre economic growth of 0.7 % in 2017 with a surge in medical equipment and device sales. One major reason for this projection is due to increasing import levels.
- 2. Mexico is set to make its mark.** Like Brazil, Mexico has experienced volatility in recent years when it comes to both overall economic and healthcare sector growth. However, in October 2017 the IMF forecasted GDP growth to be 1.9 % for Mexico in 2018.
- 3. Smaller markets are set to surge.** The big players of Brazil and Mexico aren't the only countries that GHI expected good fortune from in 2018. Smaller markets like Chile, Peru, Guatemala and Costa Rica should become increasingly important players in the medical equipment markets, as well.
- 4.** One of the major trends that GHI projected for 2018 and beyond is a **growing customer base for private** medical services. Latin America's health insurance companies have the most rapid level of growth in the world, with 30 % growth, each year, projected through 2025, as per McKinsey and Company.
- 5.** With healthcare budgets remaining tight in Latin America in 2018 and beyond, hospitals will continue to be attracted to **lower-priced alternatives**.

(Source: Global Health Intelligence (GHI))



An Informa Experience

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The 2019 edition of the show will take place from June 26-28, 2019 and will welcome 1,200+ exhibiting companies to showcase their latest innovations to 14,000+ healthcare and trade professionals.

Concurrently with the exhibition are 4 educational tracks and a variety of workshops and seminars for healthcare professionals to advance their knowledge and skills.

For more information, visit fimeshow.com

