



ACCESSING INTERNATIONAL MARKETS

HOSPITAL & HEALTHCARE EQUIPMENT MARKET IN SPAIN

For companies that want to raise their game

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Contents

Overview & Demographics	2
Healthcare System	4
The market for medical equipment & supplies	8
Methods of doing business	10
Exhibitions	12
ANNEX - Useful Addresses	13 - 16

Overview & Demographics

Since joining the European Community in 1986, Spain has risen to become the United Kingdom's 7th largest export market.

The population of about 46.6 million is spread over a vast area about 2.5 times the size of the UK. Spain is a markedly urban society. Approximately 20 per cent of the population live in cities of around 500,000 inhabitants or more. The capital, Madrid, with its population of around 3 million, is the administrative and business centre of the country around which many modern industries have grown, and where many large companies have their headquarters. Barcelona and Bilbao are also at the heart of major areas of

industry and commerce. There are also important business centres in other regions, including Valencia, Sevilla, Málaga, Zaragoza, Valladolid and Vigo.

The population of Spain is ageing with about 17 per cent (about 7.7 million) of the population aged over 65 years and with a birth rate of 1.4 children. Life expectancy in Spain is 83.4 years for women and 76.9 for men, higher than the EU average. The percentage of the population over 80 years of age increases significantly each year as people live longer and this now represents about 3.8 per cent of the total population.

Source: INE (Spanish National Statistics Office)



“The population of Spain is ageing with 7.7 million aged over 65”



Healthcare System

Public

The Spanish National Health System provides universal health care free at the point of delivery and when it was set up in 1986 it was modelled on the NHS in the UK. The Spanish National Health System is financed almost entirely from taxation and represents an allocation of 7.6 per cent of GDP. Statistics on public expenditure of public health care can be found at:

<http://www.msc.es/estadEstudios/estadisticas/inforRecopilaciones/gastoSanitario/home.htm>

Until the end of 2001, the central government ran the Health Service in 10 out of Spain's 17 regions or "autonomous communities" via its body, the National Health Institute called INSALUD. Six regions had devolved responsibility for delivery, though not financing, of their health services. The money to finance the Health Service in these regions came from central government in a block transfer. The 6 regions were Catalonia, Andalucia, Valencia, Galicia, Navarre and the Canary Islands. The 7th region with responsibility for running its own health system was the Basque Country, which for historical reasons, finances its public health service from the taxes it raises within its own region. Although representing less than half of the regions in all of Spain, these regions accounted for over 60 per cent of the population. In line with central government policy, the transfer of responsibility for healthcare to the other regions was completed, after much debate and delay, legislation was finally passed at the end of 2001. Reorganisation of these Regional Health Services with new responsibilities is an on-going process. The central government has a department (the Instituto Nacional de Gestión Sanitaria) to monitor and evaluate the functioning of the health services devolved to all

17 regions in Spain. But it should be emphasised that each region develops its own healthcare programme, which includes their policy for expansion, hospital development and procurement, and for example, the introduction and implementation of IT technology in hospitals and health care centres.

The Government is faced with spiralling costs in the provision of health services which are increasing at a higher rate than budget forecasts. Some of the reasons for rising costs are: (i) As life expectancy increases, the percentage of the population aged over 65 also rises and the demands made by this segment on the public health system are four times greater than the rest of the population, particularly in the area of 100 per cent reimbursement for pensioner's prescription drugs. (ii) The recent wave of a new immigrant population is now also covered under this universal health system. (iii) Although decreasing, Spain still has the highest proportion of AIDS cases in Europe and this, together with

"Health services devolved to all 17 Regions in Spain"



drug addiction, presents problems for the public health system. (iv) Spain is reported to spend twice as much treating patients, who come as tourists from other countries, as it costs other countries to treat Spanish patients. (v) The incorporation of more expensive high technology equipment to detect and treat illnesses is another factor increasing expenditure.

The Government wants to introduce higher levels of budgetary discipline and is giving public hospitals and health centres more financial autonomy. An attempt has been made to set up hospitals as “Trusts” or “Foundations” but this has met with limited success, in cases where a new hospital has been built. So far only a few “Foundations” have been set up as the subject is politically very controversial.

PPP (Public Private Partnerships) projects in the healthcare sector are flourishing in Spain. For certain regional governments, where lack of hospitals is an issue, PPP has proved to be a very important tool for the development of new hospitals. The regional government of Madrid used the PPP formula to build and operate 8 new public hospitals ranging in size from 120 beds to 700 beds. In 2005 these projects were all put out to tender and these smaller hospitals were opened by March 2008. Some of these hospitals are managed by the public sector and others are managed by private healthcare companies such as Capiro. An announcement in 2008 indicated that

“About 7.5 million of the Spanish population are subscribers to private health insurance”

a further 4 PPP public hospitals with private sector management are planned in the Madrid region. The region of Castilla y Leon was awarded the tender for the PPP project to build a new hospital in Burgos and a further 5 PPP hospitals are planned for the region. The Regional Government in Valencia also has plans to build 2 new PPP hospitals with the medical and non-medical services to be managed by a private company. The concession for financing, construction, operation and maintenance of a new 900 bed hospital in Palma in the Balearic Islands has also been awarded.

There are many other examples of hospital projects as PPP is being implemented on an increasingly larger scale in the healthcare sector. The major Spanish construction and service companies dominate the market and these, along with the major Spanish banks, are well connected politically and economically with the regional authorities. However, foreign companies and organisations are forming partnerships with local companies to enter into these PPP contracts.

In addition to large projects, the current emphasis is to continue with improvements and provision of services at primary health care centres. Reducing waiting lists is another priority.

Private

About 7.5 million of the Spanish population are subscribers to private health insurance schemes and this figure has increased in recent years. 2 million of these subscribers are civil servants and, due to agreements negotiated with their employer, these subscribers pay reduced premiums to health insurance companies. Private health insurance in Spain is a complex area and is not confined to the simple reimbursement principle. The UK firm BUPA has a significant market share in this area through

their Spanish subsidiary, SANITAS www.sanitas.es which, in 2009, stated they had 40 hospitals. Some other leading companies include Adeslas, ASISA, Mafre Caja Salud, DKV. These health insurance firms either administer their own clinics or determine the level of fees to be paid to doctors on their panel or hospitals under their schemes.

60 per cent of the business of “private” hospitals or clinics comes via the contractual arrangements the health insurance firms have with these hospitals. The remaining 40 per cent of the income of these private hospitals comes from the agreements they have with the Public Health Service, they use private hospital services to perform surgical processes in order to reduce the public sector waiting lists of patients. The length of public sector waiting lists causes concern and criticism from the public and politicians. It is interesting to note that subscribers to private health insurance schemes will, more often than not, turn to the Public Health Sector for major operations or treatment. The number of Spanish people prepared to pay for purely private health treatment is minimal.

Hospital beds

According to the Spanish Ministry of Health & Social Policy, as of 31 December 2008 there were 804 hospitals in Spain with 160,983 beds. Tables giving statistics of hospitals and beds by region, general or specialist centres, public or private, the high tech equipment available, can be seen on the following section of the Ministry’s web page under “Catálogo de Hospitales”.

<http://www.msc.es/ciudadanos/prestaciones/centrosServiciosSNS/hospitales/inforEstadistica/home.htm>

In summary, 47 per cent of the hospitals have between 100 and 500 beds and 9.5 per cent have over 500 beds. Although on average 70 per cent of the hospitals are in the public sector and 30 per

cent in the private sector, this split can vary according to regions. The percentage of private beds is reported to be higher than that figure in Catalonia and lower in regions as such as Andalucia and Extremadura. Even though the ratio of hospital beds per population is lower than the EU average, the actual number of hospital beds has reduced in recent years as the emphasis is placed on day surgery in public health care centres and out patient sections of hospitals.



Nursing homes

Historically, in Latin countries such as Spain, elderly parents are looked after by the family. This tradition still exists but is changing slowly as can be seen by the increased demand for beds in nursing homes offering assisted care. The latest figures published in January 2007 by IMSERSO, the Spanish Institute of Social Services for the Elderly, indicate that for the total population of 7.5 million aged over 65, there were 4,839 nursing homes. Only 35 per cent of these were in the public sector (either public or contracted from the private nursing home sector). The total number of 298,870 beds is low by EU standards. The ratio of beds per 100 people aged over 65 is about 4 per cent. Reports indicate that well over 90,000 elderly people are on the waiting list for a bed in a public sector nursing home and for that reason, long term care elderly patients often occupy beds in public hospitals.

Real estate developers and construction companies have seen the opportunity that exists for the development of nursing homes and also private sheltered housing in flats for the independent elderly. Growth in this sector is rapid. For example, it was reported in the press in 2008 that Sanitas are currently operating 38 nursing homes, with 5 more in different stages of construction (see www.sanitasresidencial.com) Local savings banks and venture capital companies have also provided finance to some nursing home developers.

Ambulance Services

There has been a vast improvement in the quality of ambulance services in Spain in the past 10 years. Fully equipped mobile intensive care vans with trained paramedics on board appear quickly

at the scene of an accident. These intensive care ambulances are usually operated by the regional and local health authorities, the city council or municipal services in co-ordination with the police. The Red Cross also has its own fleet of intensive care ambulances as well as ambulances for the transfer of patients. It is quite common to see that a leading bank, leading company or a private health insurance firm has acted as a sponsor by providing the finance for these ambulances. Private ambulance services also exist to transfer patients from their homes to hospitals or to rehabilitation centres for treatment - the public health services reimburses the cost of this service.



The market for medical equipment & supplies

The Spanish market for medical equipment and supplies is ranked 5th in the EU-25 and 9th in the world. The Spanish Ministry of Health & Social Policy published an interesting table on their website showing the high tech equipment installed in hospitals in each region in Spain, equipment such as CAT & MIR, lithotrippers and mammography machines.

<http://www.msc.es/ciudadanos/prestaciones/centrosServiciosSNS/hospitales/inforEstadistica/equiposATecnologia.jsp>

Reports indicate that about 85 per cent of electro-medical equipment is imported. 51 per cent of these imports comes from the EU (mainly Germany, Italy and France), 26 per cent from the USA and 15.3 per cent from Japan. 80 per cent of the market's requirements for hospital disposable or single use supplies are imported, mainly from the Far East in bulk or from USA parent companies by their Spanish subsidiaries. UK brands of medical equipment and other supplies, including disposable items, are sold in the Spanish market. Spain does have some product areas where local manufacture is significant e.g. medical and hospital furniture, textile products (bandages, gauze, uniforms, orthopaedic corsets) and in the assembly of certain types of medical apparatus.

Source: FENIN (National Federation of Companies dealing in Scientific Instruments, Medical, Technical & Dental Equipment)

The EU Directive on the CE marking for medical devices has been transposed into Spanish legislation.

The healthcare supplies market in Spain is becoming increasingly dominated by the subsidiaries of the major multinational companies. Nevertheless, experienced local distribution companies exist both at a national and regional level. Importers and distributors, as well as local manufacturers and the products and brands they sell, can be identified by accessing the web site for the "Guia Puntex" trade directories in the health care sector.

www.puntex.es





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Methods of doing business

If a foreign supplier of medical and hospital equipment, equipment for the disabled or elderly etc, wishes to do business in Spain, they must appoint a distributor or agent. It is important to note that distribution arrangements are different for medical equipment requiring after sales service than for disposable or single use medical supplies. For example, a foreign supplier of electro-medical equipment usually appoints a single distributor for all of Spain. This distributor would have branch offices in other major cities throughout Spain or appoint sub-distributors or dealers to cover other areas.

This network is essential in order to sell to the Regional Health Services that like to deal with companies that speak their regional language and that are close to hand to provide prompt after sales service and repair work. In the case of hospital disposable or single use items, it is common for foreign firms to have several local distributors/wholesalers throughout the country.

Purchasing for public sector hospitals and health care centres is done through calls for tender. These tenders are regulated by the EU Directives on public procurement which were transposed into Spanish legislation some years ago. The role of a local distributor is essential as these locally-based firms find out about the tenders before they are drawn up and published, purchase the tender specifications, arrange a bid in Spanish or the regional language and submit a bid bond in Euros arranged through a local bank to the tender board on behalf of the foreign principal. Doctors and senior medical services staff are key decision makers when purchasing requirements are drawn up and the staff from the local distributor's office must frequently visit these key contacts. Sometimes equipment may be left on

trial in a hospital by the local distributor free of charge in the hope that a need be created and a tender prepared. It may take 12 to 18 months from the time the local distributor presents a new product until the time that the tender is published and awarded, so foreign suppliers should not expect immediate results.

A "Consortium" was set up by the Catalan Regional Health Service to offer private management services to the public health service there. This service includes organising bulk purchases of disposable medical supplies to obtain the best price, the preparation of tender documents, the management of tender procedures and advice on planning purchases and equipment. In the Valencia Region a central purchasing unit exists.

Payments in the public sector vary widely according to regions. The Basque Region Health Service is renowned for being the best payers i.e. within 60 to 90 days. The Navarre Region pays within a similar period of time. Improvements in

"Key drivers creating business opportunities are: aging population, patient and clinician demands, innovative and high tech products which save time & resources"

the management systems in public hospitals in other regions have meant that the length of time for payments to be made has been shortened e.g. in the Madrid Region payment delays vary from 90 to 120 to 180 days. In Catalonia and the Valencia Region payment delays are from 6 months to one year. In Andalucia payment delays can be slightly longer than this.

Private hospitals and nursing homes buy from local distributors or suppliers and request best bids from several firms when buying supplies. A private health insurance firm may present the “private” hospital incorporated into their scheme with the names of the hospital disposable supplies they will reimburse and a set low price with the recommendation that the private hospital purchase this brand.

Equipment for the disabled and elderly is sold through orthopaedic shops selling a variety of items and equipment. Orthopaedic corsets and prosthetics are fitted in many of these shops by qualified staff. Reimbursement for the cost of aids for the disabled by the government depends on the degree of disability. It is estimated that there are 1,700 orthopaedic retail outlets in Spain. Details and web pages of major organisations involved in the sector of equipment and services for the disabled and elderly are given in the Annex of Useful Addresses at the end of this report.



Exhibitions

There are numerous small exhibitions for specialised equipment associated with national and international medical congresses held in Spain. For example, if a national congress for cardiologists is held then a small exhibition of equipment/devices used in this speciality takes place in the space or corridors outside the conference hall. Sometimes these “small exhibitions” can have as many as 30 exhibitor’s stands.

<http://www.msc.es/profesionales/socCientificas/especialidades.htm>

Orprotec – the International Trade Fair for Orthopaedics and Assisted Living and Technology for the Disabled and Elderly is held in Valencia every two years. Contacts in the trade say that this event is becoming increasingly important with exhibitors and visitors coming from all over Spain. It is considered a suitable venue for British firms wanting to see what is available in this area of the market. The last event took place from 29th November to 1st December 2007. An event called SEPROMA, with exhibits of services and products for nursing homes and for the elderly, was held at the same time. The next event will be held from 26th to 28th November 2009.

<http://orprotec.feriavalencia.com>

Orto ProCare is held in Madrid on alternate years. The last event was held at IFEMA trade fair centre, Madrid, from 27th to 29th November 2008 to coincide with the National Congress for Orthopaedic Technicians and the Congress for Nursing Therapy and Care. This was the 3rd time this event had been held.

www.orto-procare.com

Email: info@hf-spain.com

Avante shows products and services for the elderly to improve the quality of life and independent living, and was held for the first time in 2008, and the 2nd event will be held in June 2010. Further information is available in English on the organiser’s web site, including a list of exhibitors:

http://www.salonavante.com/en/visitants_llistat.html

Spanish distributors of health care equipment are regular visitors to the important “Medica” trade fair as well as to “Rehacare”, both held in Düsseldorf.



ANNEX - Useful Addresses

MINISTERIO DE SANIDAD Y POLITICA SOCIAL

(Ministry of Health & Social Policy)

Paseo del Prado 18-20
28014 MADRID

Tel: +34 91 596 1000

Fax: +34 91 596 4480

Email: oiac@msc.es

Web: www.msc.es

Comment: For statistical information on different aspects of healthcare in Spain - see <http://www.msc.es/estadEstudios/estadisticas/bancoDatos.htm>

IMSERSO – Instituto de Mayores y Servicios Sociales

Avenida de la Ilustración s/n
Con vuelta a Calle Ginzo de Limia 58
28029 MADRID

Tel: +34 91 363 8916

Web: <http://www.seg-social.es/imserso> & <http://www.imsersomayores.csic.es>
www.saad.mtas.es for information on the Dependence Law (Law 39/2006)

CEAPAT – CENTRO ESTATAL DE AUTONOMIA PERSONAL Y AYUDAS TECNICAS

Los Extremeños 1
28018 MADRID

Tel: +34 91 363 4800

Fax: +34 91 778 4117

Email: ceapat@mtsa.es

Web: www.ceapat.org

Comment: Centre belonging to the Ministry of Health & Social Policy where information on technical help and aids for the disabled and elderly is available. Has an area where equipment is on display.

CATSALUT - SERVEI CATALÀ DE LA SALUT

Travessera de les Corts 131-159
Edifici Olímpia
08028 BARCELONA

Tel: +34 93 403 85 85

Fax: +34 93 403 89 25

Web: <http://www10.gencat.net/catsalut/eng/coneix.htm>

Comment: CatSalut is the public body responsible for healthcare in Catalonia.

INSTITUT CATALÀ D'ASSISTÈNCIA I SERVEIS SOCIALS (ICASS)

Generalitat de Catalunya
Departament de Benestar Social
Plaza de Pau Vila, 1
Palau de Mar
08039 BARCELONA

Tel: + 34 93 483 1000 / 1742

Fax: +34 93 483 1222

Email: bdgicass@correu.gencat.es

Web: www.gencat.es/benestar

Comment: This Institute is part of the Department of Social Welfare at the Catalan Government and provides information and advice on technical help and aids for the disabled/elderly. They manage a series of programmes to adapt homes to the needs of the disabled, assist in their adaptation to the home and workplace, etc. The Centre for Innovation and Development (SIRIUS) is one of the sections of ICASS. They analyse, promote and co-ordinate the introduction of new technologies to assist in accessibility and independent living. They also provide guidance and training on how to meet the specific needs of the disabled. The Centre has a display area for products such as mobility aids, living and communication aids which local manufacturers or distributors leave on loan.

FEDERACION NACIONAL DE CLINICAS PRIVADA

(National Federation of Private Hospital)
Profesor Waksman 5 – 1º
28036 MADRID

Tel: +34 91 458 5765

Fax: +34 91 458 5766

Email: info@fncp.info

Web: <http://www.fncp.info/>

Comment: More than 200 private hospitals and 5 regional associations belong to this Federation.

ASOCIACION MADRILEÑA DE RESIDENCIAS DE LA TERCERA EDAD Y CENTROS DE DIA

(Madrid Association of Private Nursing Homes and Day Centres for the Elderly)
Travesía de Pinzón 5, Local
28025 MADRID

Tel: +34 902 221 722

Fax: +34 91 466 5425

Email: amrte@amrte

Web: www.amrte.es

FNM - FEDERACION NACIONAL DE CENTROS Y SERVICIOS DE MAYORES

(National Federation of Private Nursing Homes & Services for the Elderly)
La Rambla 75, Principal
08002 BARCELONA

Tel: +34 93 301 8015

Fax: +34 93 301 4153

Email: fnrpte@fnrpte.com

Web: www.fnrpte.com

AESTE – ASOCIACION ESTATAL DE EMPRESAS DE SERVICIOS DE RESIDENCIAS PARA LA TERCERA EDAD

(Association of companies offering services to Nursing Homes)
Rodríguez San Pedro 2, 6 Oficina 612
28015 MADRID

Tel/Fax: +34 91 448 6130

Email: asana@asociacion-aeste.es

Web: www.asociacion-aeste.es

Comment: Association of 13 leading nursing home groups in Spain with 6 founder members. Member companies listed on web site. These members manage 344 homes for the elderly, which includes 41,921 beds, as well as 5,344 places in day care centres for the elderly.

ACRA - ASOCIACION CATALANA DE RECURSOS ASISTENCIA

Travessera de Gracia 40, principal 2
08021 BARCELONA

Tel: + 34 93 414 7552

Fax: +34 93 414 6526

Email: acra@acra.es

Web: www.acra.es

Comment: Non-profit making association which provides advice for companies running residential homes for the elderly in Catalonia. ACRA can advise on legislation for nursing homes in Catalonia and is apparently used as a reference point when other regional governments want to draft their legislation.

FENIN – Federación Nacional de Empresas de Tecnología Sanitaria
(National Federation of Companies dealing in Scientific Instruments, Medical, Technical & Dental Equipment)

Juan Bravo 10, 3
28006 MADRID

Tel: +34 91 575 9800

Fax: +34 91 435 3478

Email: info@fenin.es

Web: www.fenin.es

Comment: Major trade association.

GUIAS PUNTEX (Puntex guides)

Padilla 323
08025 BARCELONA

Tel: +34 93 446 2820

Fax: +34 93 446 2064

Email: puntex@puntex.es

Web: www.puntex.es

Comment: Publish Anuario Hospitalario Español (Spanish Hospital Supplies Directory) as well as a number of directories covering different areas of health care supplies e.g. Traumatology & Orthopaedics Supplies, Gerontology Supplies, Laboratory & Clinical analysis, etc.

CIDAT – CENTRO DE INVESTIGACION, DESARROLLO Y APLICACION TIFLOTECNICA

Camino Hormigueras 172
28031 MADRID

Tel: +34 91 709 7600

Fax: +34 91 709 7777

Email: cidat@once.es

Web: www.once.es/cidat

Comment: CIDAT belongs to the ONCE – Organización Nacional de los Ciegos (equivalent to National Institute for the Blind). They carry out research, develop and import products for the blind. Sales outlets in 33 ONCE centres in the main towns in Spain. The ONCE's main objective is to provide employment and better living environments for the blind, partially blind or those people with some form of physical or mental disability. The ONCE has an extensive website with English option.

SEIS -SOCIEDAD ESPAÑOLA DE INFORMATICA DE LA SALUD

(Spanish Association for IT in Health)
CEFIC - Secretaria Técnica de la SEIS
Enrique Larreta 5
28036 - MADRID

Tel: +34 91 388 94 78 / 79

Fax: +34 91 388 94 79

Email: cefic@cefic.com

Web: www.seis.es



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UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

For more information regarding UK Trade & Investment services please visit www.uktradeinvest.gov.uk or contact:

Kerry Farrell – Senior Trade & Investment Adviser
British Embassy Madrid

Tel: +34 917 146 334

E-mail: Kerry.Farrell@fco.gov.uk

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