Opportunities for U.S. Medical Technologies Companies in Turkish Market

Ebru Olcay
Commercial Specialist – Healthcare Sector
U.S. Commercial Service, Istanbul Turkey
ebru.olcay@trade.gov

U.S. COMMERCIAL SERVICE
United States of America Department of Commerce

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Turkey: Its Commercial Potential

Transformation of Turkish Healthare System

- **Quite a laggard system until a decade ago**
- **2003 – Introduction of Healthcare Transformation System with support for the World Bank**
  - A very resolute political backing
- **Today;**

↑ population with healthcare insurance

↑ access to healthcare

↑ productivity of healthcare professional

↑ increased patient satisfaction

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Key Players of Turkish Healthcare Market

Regulator: Ministry of Health

- issues laws and regulations
- registers medical device
- operates public hospitals
- Takes disease prevention measures
- Keeps electronic patient records

Providers:

- Public Hospitals: 906
- Private Hospitals: 534

Reimbursers:

- Social Security Institute
- Private Insurance Companies

Sellers :

- Manufacturers – directly
- Importers
    - Sub-dealers

Regulatory Environment

- **Medical device directives aligned to those of EU**
  - Directive 90/385/EEC – implantable medical devices
  - Directive 93/42/EEC – medical devices
  - Directive 98/79/EC – in vitro diagnostic medical devices

- **CE Mark** required
  - FDA, by itself, is not enough

HealthIT Initiative

Saglik.Net (health.net)
by Ministry of Health

- **Electronic Health Records**
  - at Primary Care level
- **E-prescription**
- **Telemedicine**
- **E-appointment**

Medula
by Social Security Institute

- **Drug refills**
- **Payment vehicle**
  - between pharmacies and SGK
- **Drug tracking system**

Digital Hospital Initiative
by Ministry of Health

- **# of public hospitals with HIS increasing**
- **HIMMS certification**
  - target for public hospitals

Market Entry – 3R

Representation

- manufacturer’s direct office or importer/distributor necessary

Registration

- Product has to be registered with the Ministry of Health Universal Databank

Reimbursement

- Public % of health expenditure: 76%
- Enter SUT list managed by Social Security Institute

Procurement

- **Public hospitals**
  - Public hospitals grouped into profit centers
  - Each profit center to handle its own procurement
    - by tender
    - important criteria is product's being in SUT list
  - Pricing advantage for local manufacturing – 15%
- **Private hospitals**
  - RFQ
  - Not bound by SUT list unless reimbursed by SGK for the operation

Market Access

- **U.S. in the group of 'other' countries; no Free Trade Agreement between Turkey and U.S.**
  - sometimes stricter control of documentation at Turkish customs
  - imports tax levied on some products

- **GOT encouraging locally manufactured products**
  - may enforce local assembly or manufacturing for big tenders

- **Sudden changes in reimbursement prices**

- **May soon start charging companies for getting into reimbursement list and staying in the list**

Key Indicators of Turkish Healthcare Market

- Population: 75 million
- Population growth: 1.2%
- Population over aged 65+: 6.2%
- Life expectancy: 72(M)/77(W)
- Ministry of Health healthcare budget ($ mil)

year	2010	2011	2012	2013
budget	5,188	6,970	7,442	9,386
growth % YoY		34%	7%	26%

- Health expense per capita ($)

year	1993	2002	2012
Turkey - health expense per capita $	124	330	789
OECD average $	984	1,565	2,386

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Key Indicators of Turkish Healthcare Market

- # of Hospitals and Hospital Beds

	2008	2010	2012	growth % YoY
hospitals	1,308	1,397	1,440	10%
public	908	908	906	0%
private	400	489	534	34%
hospital beds	167,000	184,500	194,000	16%

45,000 beds will be replaced when 29 health campuses are built by PPP

- # of Patients

(000s)	2008	2010	2012	growth % YoY
inpatient admissions	9,360	11,284	13,604	45%
outpatient visits	276,600	351,800	447,300	62%
surgical procedures	1,370	1,647	1,986	45%

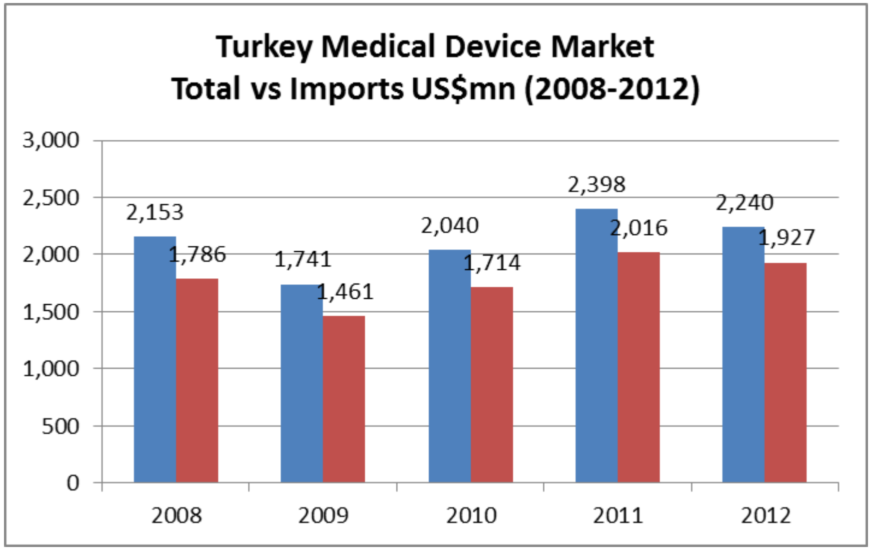
- Growing Medical Tourism
  - 42 JCI-accredited hospitals
  - 1 million international patients by 2015

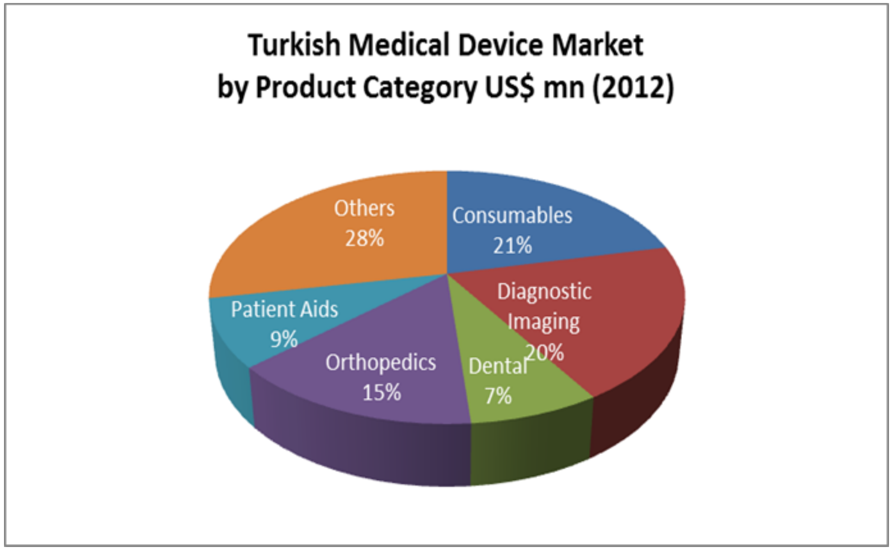
Key Indicators of Turkish Healthcare Market

- Distribution of Health Problems Diagnosed in 15 and 15+ aged

Back Musculoskeletal Disorders (Lumbargo, Back Hernia etc)	12.9%
High blood Pressure	12.7%
Rhematoid Arthritis	9.3%
Gastric Ulcer	8.8%
Osteoarthritis	7.5%
Anemia	7.0%
Sinusitis	6.7%
Neck Musculoskeletal Disorders (Neck Pain, Neck Hernia etc)	6.1%
Diabetes	6.0%
Migraine	5.6%
Allergy	5.1%
Asthma	4.8%
Coronary Heart Disease	4.2%
Coronary Obstructive Pulmonary Disease	4.2%
Thyroid	3.3%
Urinary Incontinence	2.2%
Chronic Heart Failure	1.7%
Hepatitis	1.5%
Myocardial Infarction	1.2%
Stroke	1.1%
Duodenal Cancer	1.1%
Liver Dysfunction	0.5%
Cancer (Leukemia, Lymphoma etc)	0.5%

Size of Turkish Medical Device Market



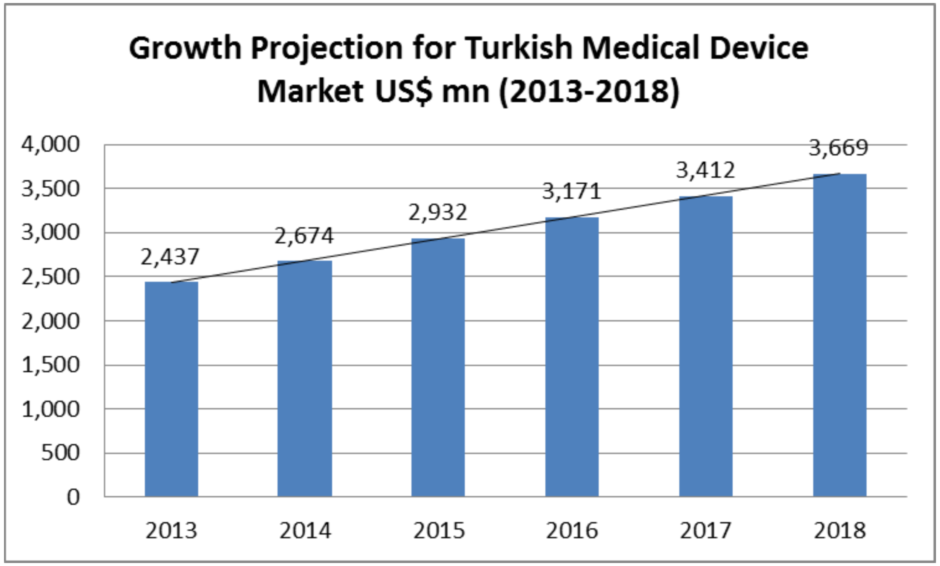


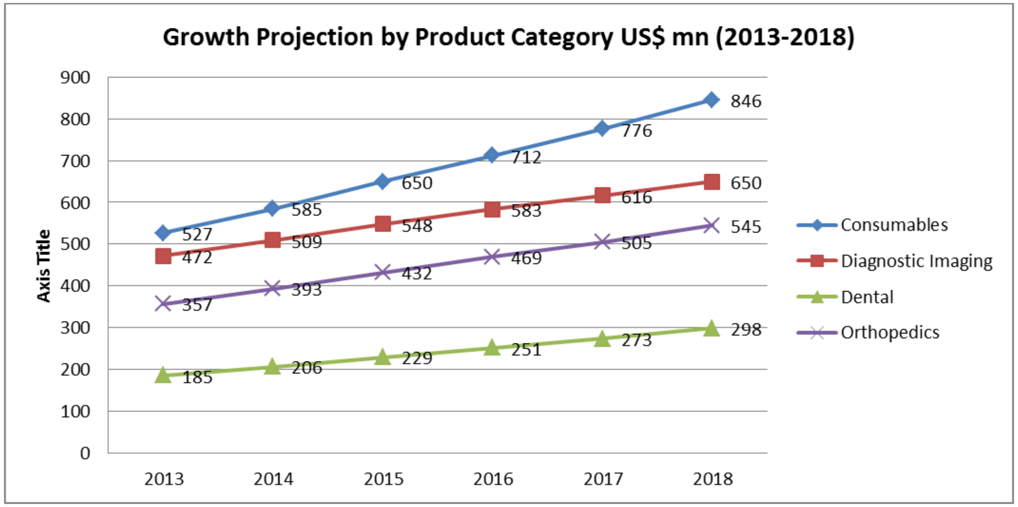
Competition in 2012 by Countries

($mil)

Country	2012	%
U.S.A.	466	24.2
Germany	311	16.1
China	186	9.7
Malaysia	88	4.6
Japan	84	4.4
Switzerland	82	4.3
Italy	78	4.1
Ireland	78	4.1
UK	75	3.9
France	54	2.8

Growth Projection





Potential Areas for U.S. Medical Technologies Companies

- **Consumables:** adhesive medical dressings, safety syringes, cannulae
- Advanced **pre-screening** and **imaging** devices: MRI, Ultrasound, Mamography, CT Scanners
- **Dental Products:** Capital, Instruments and Supplies
- **Orthopedics:** fixation devices, implants
- **Minimially invasive robotic and laporascopic** surgery equipment
- **Portable aids:** hearing aids, pacemakers
- **Clinical Chemistry** and Laboratory Devices and **Reagents**
  - Biochemistry, immunoassay, blood count tests
  - molecular, genetics, hormone, DNA tests
- **HealthIT systems**

SWOT Analysis

Strenghts	Weaknesses
- Universal Healthcare System – policital resolve to offer quality healthcare - Consistent levels of public health expenditure - Market regulations mostly in line with EU - 65 medical schools – strong medical education	- Challenging reimbursement system - SUT list - Registration necessary to enter market - Occasional problems at customs due
Opportunities	**Threats**

- Dependence on imports for advanced technology
- Upcoming investments:
    - 29 health campuses built under PPP
    - Private hospitals
    - Medical tourism
- Turkish distributors active in Central Asia
- Political resolve behind establishing 'Connected Healthcare Management System'
	• Global financing availability for PPP projects
	• Management of healthcare element of social security budget
	• Intensifying global competition
	• Cheap and low quality products in the market

Thank you...

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