

Health IT in Brazil is More Than You Might Imagine

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If you follow Brazil or have read anything about it recently, you would probably agree that the headlines have not been very positive. Political gridlock, corruption scandals, recession, inflation and fiscal austerity have been grabbing the headlines of lately. At the same time much is happening in the health care sector that suggests big opportunities do exist. So following are seven compelling reasons why I am so bullish about the health care sector in Brazil and particularly in the health IT space.

1. Never let a good crisis go to waste or even a minor disruption

As has been widely reported by the press and many financial institutions, the Brazilian economy is expected to experience negative growth in 2015 with a modest increase in 2016. Inflation is nearing 8 percent, unemployment is rising and corruption scandals have affected both industry and the government. The country's long-term debt rating was downgraded to BBB minus by S&P, putting pressure on the government's finances. Consequently, the government has implemented a financial austerity program cutting several ministries' budgets. The Ministry of Health's budget alone was cut by 12.8% while health care inflation is estimated at 18 percent. Chronic disease and an aging population are some of the major challenges faced by the Brazilian health care system. So the government has been seeking ways to increase productivity and efficiency, thus opening the way to new business models and approaches to health care. Population health management, repurposing data, predictive analytics, patient engagement, public private partnerships to improve outcomes, think Value Based Purchasing and decrease costs and improve bottom lines, think operating margins have all become more appealing and even more compelling in this current context.

2. Size matters

Brazil operates the world's largest single payer health care system, SUS, which has had to manage a sprawling continent size health care machine. With that comes demand for sizeable procurement projects and public private partnership opportunities. It has also generated an enormous amount of health data - over 220 million personal records. The diversity, volume and richness of this data represent both challenges and opportunities. Innovative propositions with an increasing focus on value will grow in demand to sustain such a large system.

3. I wish I had one of those

Brazil's Public single payer system IT Office, DATASUS, recently launched and implemented the world's largest healthcare Enterprise Master Person Index system, covering over 200 million citizens. The Oracle solution provides a single point of reference to information about a patient, clinician, payer or other healthcare entity within and across healthcare organizations. This includes wide array of data from federal, state, city and private institutions. It will create a platform for apps to integrate into and support increased interoperability. The world's eyes are attentively fixed on Brazil's data management system that is sure to be transformational for its health care system and its health IT market.

4. When there is a will there is a way

Brazil has been working diligently to raise the health IT bar. It currently has two HIMSS EMRAM stage 6 hospitals, Sírio-Libanês Hospital and the Unimed Recife III Hospital - the only in South America to boot. With the recent acquisition of the Cerner solution, Albert Einstein Israelite Hospital is expected to reach stage 6 next year. And given the quality, performance and focus of these hospitals it is highly anticipated that one or all of these will be the first stage 7 hospitals in South America! These hospitals have become the poster childs of South America setting the health IT benchmark for the region. This will start the virtuous cycle of demand for increased interoperability and hence drive EHR adoption. Competing hospitals will need to make similar investments to raise their game. It is important to keep in mind that Brazil has highly effective large scale electronic banking and national elec-

tronic voting systems. So the country has plenty of experience transitioning to the digital world.

5. If you can't beat 'em join 'em

Brazil has been an active member in numerous multilateral health IT fora such as ISO TC 215 and HL7. It also recently signed on as the 29th member country to the International Health Terminology Standards Development Organization responsible for the governance and distribution of SNOMED_CT. The current president of the International Medical Informatics Associations (IMIA) is Brazilian and this year Brazil will host Medinfo. Openings its doors to the world this August and supporting international integration, Brazil has clearly manifested its desire to cooperate on building a health IT ecosystem. This will create big opportunities for companies interested and willing to engage with Brazil.

6. Follow the money

Brazil has seen a wave of investments in the health care sector, such as UnitedHealth Group's US\$5 billion investment in Brazil's largest private health care provider, AMIL. CVS has also entered the market by acquiring the Brazilian drug-store chain Onofre for US\$300 million while the Carlyle Group invested US\$600 million in Brazilian hospital operator Rede D'Or São Luiz, Brazil's largest hospital chain. With this will come innovative technologies, business models and governance practices to modernize health care delivery. Further, the recent Brazilian law 13.097/15 permitting foreign investors to hold majority stakes in health care institutions will continue to drive M&A bringing additional capital and scale to the industry. This will create additional opportunities in the health IT space.

7. Two heads are better than one

The US and Brazil have been actively cooperating in the health and life sciences over the past several years, which continues to benefit our governments, economies, industries and citizens. The U.S. Department of Health and Human Services (HHS) and the Brazilian Ministry of Health and Ministry of Science and Technology have a partnership called the U.S.-Brazil Collaborative Biomedical Research Program. Our two regulatory agencies, the U.S. FDA and Brazil's ANVISA, have also been collaborating on a very ambitious single audits pilot program for marketing approval of medical products. Most recently, during President Dilma Rousseff's visit to the U.S., HHS and the Brazilian Ministry of Health announced an MOU to cooperate on health and biomedical research and health IT and data. Albert Einstein Israelite Hospital and MD Anderson's cooperation on cancer care brings the world's best treatment to Brazil. Johns Hopkins has also forged a strong partnership with the hospital Moinhos de Vento in Porto Alegre. Numerous U.S. health technology companies have engaged with local industry to establish public private partnerships with the Brazilian government. These cooperative endeavors will serve to more closely align our policies and practices and increase bilateral economic integration. The connections and networks developed as a result will lead to additional commercial pathways.

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Next week we will hear from health care executives at Deloitte.

Join us on the 2nd Annual Health IT Trade Mission to Brazil August 17-20, 2015.

For more info: http://export.gov/brazil/industryhighlights/healthit/eg_br_084597.asp