FENIN â?? Margarita Alfonsel, General Secretary â?? Spain

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Margarita Alfonsel, general secretary of the Spanish Federation of Healthcare Technology Companies (FENIN), discusses the state of the medtech sector in Spain today, outlining the industryâ??s biggest priorities and areas of improvement.

The medical technology industry in Spain has a market size of EUR 6.8 million. As General Secretary of FENIN, what are the most important issues on your agenda today?

As FENIN is the business organization representing healthcare technology our mission is to represent the business interests of healthcare technology companies at all levels, with special emphasis on the â??enhancementâ?• of the sector with offering solutions in the field of diagnosis, prevention, treatment and rehabilitation. We also contribute to provide permanent solutions for a better health and quality of life. This sector is very heterogeneous and can range from simple devices like syringes or dressings to all kinds of clinical implants and sophisticated medical imaging equipment or cancer treatments.

What are some of the problems that concern you most in Spainâ??s medtech sector?

Historically, Spain has been challenged to eradicate delinquency and standardize payments. This has been a problem for 20 years that stems from the lack of government accountability, but has been exacerbated by the financial economic crisis and itÂ´s subsequent intense illiquidity and lack of funding for companies.

Thankfully, the government has been quite responsive in this matter as of late by launching the payment plans to suppliers involving extraordinary mechanisms for payment of outstanding invoices. From 2012 until today the industry has claimed back more than â?¬6.5 billion. Through published or pending publication as legislative package of commercial debt law, law of electronic invoice, bill of transparency and good governance, we believe that the government will achieve its goal to eradicate delinquency and standardize payments, essential for the sector to work with certainty and stability.

We are also concerned by the increase in VAT applied to medical devices from 10 percent to 21 percent due to a ruling by the EU to the Kingdom of Spain. We have collaborated with the Ministry of Finance through the Directorate General of Taxes, and the Ministry of Health through department of medical devices of AEMPS as the authority on regulatory matters to maintain reduced VAT for certain product families. We have also conducted a study on how VAT applies in other EU countries and defend our position at the reduced rate.

The increase in the obsolescence of equipment is also of concern. The chapter of spending on investment is insufficient in some cases. Thus we carried out a test to identify technologies with a higher degree of obsolescence based on European standards. We must find ways to renew certain equipment for safety and to improve the access of the patients to innovative technology and a highest quality of care.

We are intensely involved with the authorities in the new regulation of the sector at the European level, which means more control by authorities and greater demands on companies.

The current financing of health is insufficient. We are currently dealing with the governmentâ??s â??rationalization and increased efficiency of public expenditure and resourcesâ?• which aims for savings through specific measures. We believe that there is room for efficiency through certain structural changes in the system and in working protocols.

While patients with acute problems were a priority in the National Healthcare system, we should not neglect chronic patients and the aging population. Medical advances that emphasize health technology and pharmacology have enabled the survival of people with chronic problems or a higher level of dependence; the future points to home care, telemedicine and remote monitoring.

These activities complement other areas of development as an intense activity in the environment and CSR, providing value studies for the sector and the market.

The economic crisis has lead to the decrease of product demand and cost efficiency and pharmacoeconomic value becoming a higher priority for medtech companies in Spain. What are some of the steps that companies have taken to adapt to this volatile market?

Over the last years companies have had to adapt to a different reality. The crisis has removed many national companies; those that remain found ways to survive. Multinationals have made â??â??reductions in staff, created more efficient structures, and minimized retail management capacity at the national level, less autonomy, concentration of companies, or relocated. They have sought alternative financial support, including selling their debt. Companies are also seeking new markets where competitive products could compensate our national situation to expand scope. Changes in the market access and relations with buyers, more efficient processes, and the intensification of relationship with clinical and professional societies has also been a cornerstone of the change to focus more on scientific activities.

How can Spainâ??s highly qualified workforce combined with low production costs serve as a catalyst for economic recovery and growth?

We are in an industry with high qualification professionals, engineers, doctors, physicists, scientists and economists, all of whom are very specialized and knowledgeable of highly innovative and sophisticated technologies such as robotics, nanotechnology and health. Spain has created a number of technology parks with enormous capacity and esteemed professionals aligned with highly innovative technology centers. Many developments of other industries are taking advantage of the knowledge and adapting to new needs as there are many synergies between sectors. Industry professionals are trained in specific technologies and clinical procedures with new sophisticated technologies. FENIN is leading several initiatives in Spain to foster growth through innovation in the healthcare sector such as the Spanish Innovation Platform on Healthcare Technology, whose focus is on developing tools and frameworks enabling the exchange of knowledge and information between all actors in the system, developing a novel cost-effective Cancer Stem Cell & Stem Cell Detection Kits for instance or the First Investors Forum on IVD technologies.

Exports in the healthcare sector in 2010 were less than â?¬1 billion; within four years they have increased to over â?¬2.4 billion; was this dramatic shift natural or consequential?

We must make two distinctions; firstly, there are companies that had already planned and established the incorporation and internationalization of their activity. Therefore these objectives were confirmed as the only way to proceed once the crisis hit Spain. The other distinction concerns another group of companies that considered exporting as a natural way to stay in the business due to this crisis.

FENIN has been working on the internationalization of companies since 1996 through an international department. With the support of the Institute of Foreign Trade, we were declared as a high tech sector and this has provided much success over the years. FENIN helps companies using commercial relations with various Chambers of Commerce worldwide, and together with information from the Institute of Foreign Trade, we developed a â??Sectorial Export Planâ?•. Every year, we present our plans to the relevant authorities to obtain support that can help companies to internationalize.

This no longer happens; due to the current situation, we do not have subsidies anymore. We receive â??symbolic subsidiesâ?•, but they are not enough to support the sector. Even though there are these two groups of companies I mentioned previously, there are also some national companies that made it only half way. Some companies with national and international activity could not survive because the tough economic scenario did not allow them to find funding or financing.

Despite this situation, we do have interesting figures in terms of development. For example, 60 percent of our exports are distributed throughout the European Union and our second biggest region is the United States. China also receives a significant amount of Spanish technology as does Latin America, where Brazil stands out as the leading importer.

FENINâ??s member companies offer competitive high tech products, and every company has a clear vision and strategy to overcome tax barriers for international exports.

Pharmaceutical companies often lament about having to deal with regional authorities instead of a centralized agent for buying products. Is the purchasing situation the same for the medical technology industry?

It is obvious that companies have to place themselves in a different reality than the one they had before. Transfers to autonomous communities were made in different times; for example in 2001, ten regions transferred from the national system to the community system and consequently all healthcare competencies were transferred to each community. The Ministry of Health remains as a reference for regulatory affairs and other general aspects.

For this reason companies have had to adapt to this new reality. While the new system has allowed patients to be closer to the healthcare system, the sustainability of this process is still under analysis due to new management teams created in every autonomous community.

As an association for a specific sector FENIN has to deal with each community separately, and not every community operates equally. Each one has a different level of development and FENIN must work with each unique modelâ??s management entities and procurement process. Over the years we have overcome the difficulty of this interaction and today we need to create a deep analysis of our current healthcare system. Most likely, some structural changes would need to be implemented to allow the sharing of competencies and revisions of the autonomous financing law as it is indispensable for the development of the communities.

We have also observed that the autonomous communities want to be auto-sustainable. They want a network of healthcare centers, research and technological centers. This resulted in a large structure that is very complex to manage. I believe that the government is currently providing headlines to introduce elements that allow stronger unity and synergies among the communities. I also think that sometimes political reasons interfere in the healthcare system. FENIN has always emphasized that the healthcare politics should not be changed with the different governments or ideologies.

Does the recent policy for innovative public procurement have the potential to improve the innovation capacity in Spain?

FENIN is currently producing a report about the public purchase of innovative technology. Our preliminary analysis indicates that this policy can definitely be an interesting instrument for our business activity. There could be many opportunities for companies in our sector to use this tool. There are already success stories and in the report we are focusing on what the public purchase of innovative technology really means. Sometimes the concept is not clear; we want to provide several recommendations to companies so that they can use this instrument and benefit from it.

What is your medium to long-term vision for the future of Spainâ??s medical technology sector? What do you personally want to achieve?

We want to be recognized as leading industry with high technology and innovation, creating jobs and wealth for Spain. We also want to be recognized as a strategic partner for the health system, providing solutions for the diagnosis, prevention and treatment of illnesses and rehabilitation. We are an industry whose activity must be understood as an investment, not as a cost.

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