
Managed equipment services boon for emerging market health



In healthcare, the private sector is increasingly working with governments to address the needs of health systems. One form of public-private collaboration that is rapidly gaining traction is Managed Equipment Services (MES), where manufacturers of medical equipment (private sector) bring 'total equipment solutions' to their clients.

With MES, the manufacturers don't just sell the equipment, they also agree to service it by concluding multiyear contracts that bind them to uphold service and performance standards and to train hospital staff to use and maintain the equipment. They may also put in place an IT system that monitors how the equipment is being used.

The MES procurement model offers the potential to have a positive impact in under-resourced settings. MES can lead to better planning of purchasing equipment that meets a population's actual healthcare needs and ensuring there is an adequate supply of trained medical personnel to use the equipment. MES thus offers the potential to make cost savings by having agreed protocols for maintenance and repairs.

In developing economies, Kenya is an interesting test case for MES worth watching, according to Chris McCahan, MBA, Chief Investment Officer and Global Sector Lead for healthcare services - International Finance Corporation. IFC is the arm of the World Bank that advises and invests in the private sectors of emerging markets.

When Kenya decided to overhaul its public healthcare system, the government contracted with GE Healthcare (radiology), Philips (ICU), Mindray (theatre equipment), Esteem (surgical theatre central services), and Bellco (dialysis) to modernise hospital equipment, including in intensive care, renal, and radiology units. To eliminate the costs that middlemen sales agents can add, the government contracted directly with the original manufacturers of the equipment both to supply the equipment and for servicing and training requirements.

McCahan says IFC has a \$2.1 billion active portfolio in healthcare, a mix of debt and equity dispersed through more than 100 projects around the world. "In all this work we take a health system's perspective and strive to support projects that maximise outcomes while minimising costs for the system," he points out. "We believe that when planned correctly, MES can be an effective method to deliver high quality, cutting-edge equipment to emerging market hospitals in a more cost-efficient way."

As demand for healthcare in emerging markets grows rapidly, McCahan says MES will be part of the menu of private sector solutions available to governments that, hopefully, will raise the bar in terms of the quality, affordability, and accessibility of healthcare.

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