



## **Private healthcare market in Poland worth PLN 28bn in 2009**

**In 2009 the Polish private healthcare market was worth PLN 27.9bn (€6.4bn), up by ca. 8% on 2008, according to the latest report by PMR. Private healthcare market comprises payments for drugs and medical equipment directly from patients' pockets, cost of rehabilitation, diagnostic tests and doctor's appointments covered directly from patients' pockets, subscriptions offered by medical companies together with occupational healthcare services, health insurance offered by insurance companies, undocumented payments (grey economy), e.g. so-called tokens of gratitude for medical staff and other payments covered directly by patients.**

Despite the economic crisis, which has impeded the rate of growth on the medical subscriptions market in Poland, the leading private medical companies developed their outpatient and inpatient medical services rapidly in 2009. The phenomenon of opening hospitals was new at that time – in the past, those who led the field in sales of medical subscriptions did not operate their own hospitals.

### **Market development as stimulus for investment**

In the past, private medical companies competed with public bodies mostly over the delivery of outpatient services. As a result of the increase in interest in private healthcare services and the ensuing intensification of competition, combined with an increase in customer demand, private companies have been forced to focus on the development of their outpatient clinics (for example, Lux Med Group opened 11 clinics in 2009) and to build their own hospitals.

The two private healthcare companies in Poland with the largest hospital chains are Grupa Nowy Szpital and EMC Instytut Medyczny. Grupa Nowy Szpital runs a chain of 12 hospitals, including Nowy Szpital in Olkusz, Nowy Szpital in the county of Krosno Odrzanskie and Nowy Szpital in Szprotawa, which became part of the group in 2010. EMC Instytut Medyczny operates eight hospitals in the Dolnoslaskie, Mazowieckie, Opolskie, Slaskie and Zachodniopomorskie voivodships. In 2009, the EMC Group was joined by St. Anne's Hospital in Piaseczno (on a 25-year lease) and the John Paul II Hospital for the Elderly in Katowice. Most hospitals operated by Grupa Nowy Szpital and EMC Instytut Medyczny have been established as a result of the restructuring of public hospitals and offer medical services primarily under contracts with the NFZ. For example, approximately 80% of the revenue generated by EMC hospitals emanates from contracts with the National Health Fund.

### **A variety of private establishments**

The Polish market has recently seen the emergence of non-public hospitals which focus primarily on the provision of services paid for directly by patients, if not covered by medical subscriptions or additional medical insurance policies. These hospitals include not only small establishments which specialise in one-day surgical procedures but also larger, multipurpose hospitals.

One example of such a project is St. Raphael's Hospital in Krakow opened by Scanmed (which aims to have 150 beds). The hospital now offers medical services in the fields of orthopaedics, general surgery and plastic surgery, but Scanmed plans to add more areas of specialisation, which, at present, include cardiosurgery. Medicover was another private healthcare company which opened a hospital in 2009. Warsaw's Medicover Hospital, which was built at a cost of approximately €40m, contains 180 beds, although the number will eventually rise to 270, and offers medical services in the fields of gynaecology, obstetrics, paediatrics, internal medicine, angiology and cardiology, in addition to surgery. At the beginning of 2010, Carolina Medical Center, in which Medicover holds a stake, opened a 34-bed clinic in Warsaw which specialises in the treatment of orthopaedic injuries associated primarily with sports. Neither Medicover nor Carolina Medical Center offer inpatient services under contract with the NFZ.

### **More new hospitals expected**

If medical companies successfully implement their investment plans, the private inpatient healthcare industry will continue to grow in the next few years. For example, the Lux Med Group (Lux Med, CM LIM, Medycyna Rodzinna and Promedis), which has not yet established a hospital, plans to open one in Warsaw in mid-2010. It will be a small facility which specialises in one-day surgical procedures. In the long-term, the company intends to open a multipurpose, 50-bed hospital in Warsaw in 2012 or 2013.

Medicover intends to open a Radiotherapy Centre in Warsaw and is planning to launch a chain of several small hospitals which will provide one-day surgical procedures and diagnostic tests in Poland's major cities. Swissmed, which already has a hospital in Gdansk, began to build a hospital in Warsaw in the spring of 2010. The project is due to be completed in May 2011. The 44-bed establishment will have 4,400 m<sup>2</sup> of floor space.

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