

Medical **Pediatric** Services' Market in Ukraine

Analytical Research Resume



The research is prepared by MedExpert
www.medexpert.com.ua

Includes 2 hours of consultancy time



2009

The Report is prepared for information providing. The information was obtained from the open sources, which MedExpert Company considers as reliable, but experts do not guarantee the completeness and accuracy of the information. All conclusions and findings are made on the date of the publication and can be revised. MedExpert Company is not responsible for losses that appeared because of using information of the Report. The additional information can be given by enquiry. It is prohibited to use or copy the Report or any part of it without written permission of MedExpert Company. Copyright MedExpert.

Introduction

The research aim is to explore business opportunities of the private pediatric market of Ukraine for the private health care organizations and for the prospective investors.

The first chapter of the research contains strategic analysis of the pediatric sector – the needs of children and parents and the main features of the medical services for children, the main market participants, their clients and values, proposed to the clients, are given.

We performed in convenient way the Ukrainian children health status, that is necessary to take into account while developing health care organization, the main reasons of the morbidity in dynamics and in absolute numbers, the reasons of the children disability. The data of the representative research of the Ukrainian households were analyzed as to the estimation of children's health in different age groups of 0-3, 3-6, 7-13 years.

The research covers the potential of the 8 largest cities of Ukraine (Kyiv, Kharkiv, Donetsk, Dnipropetrovsk, Lviv, Zaporizhzhya, Odesa, Mykolajiv), describes demand volume and list of market participants in each city. The rating of the cities' investment attractiveness is proposed for those, who aim to open private pediatric clinic. The analysis of the children care packages and programs (services, prices), the differences and value propositions of the private clinics are performed in the research.

Based on the information we had collected and analyzed, we worked out the main business efforts which help to receive competitive advantage.

Content analysis of the Internet forums for parents, which deals with the most popular private clinics of Ukraine, is rather useful for the private clinics. We collected parent's responses on weak and strong sides of the medical services in definite clinic and performed analytical conclusions based on the information from forums.

The research contains market experts' opinions concerning the development and trends of the pediatric services' market.

Research methods: statistical, content analysis of the Internet forums, monitoring of mass media materials, desk study, interview with managers of clinics, doctors and other experts.

Information sources: Ministry of Health Care of Ukraine, State Committee of Ukraine for Regulatory Policy and Entrepreneurship, State Statistics Committee of Ukraine, The Governance of Health Care of Regional and City Administrations, The Medical Statics' Centres in cities, articles and information from Internet and mass media, the information of World Health Care Organization, the information provided by the company Statinformconsulting.

Interview with experts:

Alex Sokol, CEO of American Medical Center (Kyiv)

Volodymyr Bogomaz, medical director of the Dobrobut medical network (Kyiv)

Taras Zhyraveckyj, medical director of the Biokurs medical centre (Lviv)

Nataliya Prudnikova, medical director of the Oh i Ah medical children's centre (Dnipropetrovsk)

Oleksandr Rudnev, CEO of Dytyna centre (Kyiv)

Oleg Shvec, CEO of Neboleyka children's polyclinic (Kharkiv)

Tetyana Shkvarenko, medical director of the Valeo medical centre (Mykolaiv)

List of Tables and Pictures

List of Tables:

Table 1 The participants of the children services' market , their clients, value for clients

Table 2 The main medical needs of a mother and a child from birth till first year of life and the needs' performers

Table 3 The main medical needs of a child from 1st year till 3rd year of life, from 3rd till 7th year, from 7th till 14 year and the needs' performers

Table 4 The morbidity of the children from birth till the age of 17 in 2007, the share of the diseases types in the whole morbidity, the morbidity growth in 2007 compared to 2000.

Table 5 Self-estimation (parents' estimation) of the children's health status (age 0-3) by citizens and rural population, children of the age of 3 till 6, of 7 till 13 in October of 2007, the quantity of persons that informed about sickness, the distribution of children according to the chronic disease.

Table 6 Operations performed for children in Ukraine as to the operations' types in 2000 and 2008 in absolute numbers, per 10 thousands of children, the share in the whole operations' quantity, the growth in 2008 compared to 2000.

Table 7 Children's disability in Ukraine as to the types of diseases in 2000, 2007, the share in the whole quantity in 2007, the growth in 2007 compared to 2000.

Table 8 The Kyiv city statistics

Table 9 The matrix "Private clinics of Kyiv, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 10 The distribution of Kyiv clinics according to the types of their specialization: the family medicine clinics, specialized children clinics, clinics with in-patient department for children, clinics with urgent care for children

Table 11 The Kharkiv city statistics

Table 12 The matrix "Private clinics of Kharkiv, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 13 The Dnipropetrovsk city statistics

Table 14 The matrix "Private clinics of Dnipropetrovsk, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 15 The Odesa city statistics

Table 16 The matrix "Private clinics of Odesa, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 17 The Donetsk city statistics

Table 18 The matrix "Private clinics of Donetsk, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 19 The Zaporizhzhya city statistics

Table 20 The matrix "Private clinics of Zaporizhzhya, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 21 The Lviv city statistics

Table 22 The matrix "Private clinics of Lviv, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 23 The Mykolaiv city statistics

Table 24 The matrix "Private clinics of Mykolaiv, that perform pediatric services – pediatric specialty in the licence for the medical practice"

Table 25 The matrix «Private clinic / services, which are part of the annual program (package) for children, and the cost of the program» as of 10.04.09

Table 26 The cost of the pediatrician's consultation in the clinics of 8 Ukrainian cities (58 clinics), as of 16.04.09

Table 27 The prices of the private medical clinics for the services: «pediatrician's consultation at home», «diphtheria and tetanus toxoids and pertussis vaccine», «ultrasound of the hip joint», «in-patient care - 1 day» as of 24.04.09

Table 28 The definition and explanation of the indicators that define the investment attractiveness of the 8 largest Ukrainian cities, 2008

Table 29 The most popular categories of the chapter «Children's Health» at <http://forum.roditeli.com.ua> (sorted in the descending order according to the views' quantity in the category)

Table 30 The list of clinics used for forums' content-analysis

Table 31 The rating of the Ukrainian Internet-forums, region of forum, the number of messages as of 20.02.09

List of pictures (diagrams, pictures, graphs):

Fig.1 Types of medical clinics that provide medical pediatric services

Fig.2 The natural increase, the rates of fertility, mortality, children mortality from birth till 1st year of life in Ukraine, 1985-2008.

Fig.3 The distribution of the Kyiv enterprises with licence "pediatrics" as to the business form of ownership

Fig.4 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Kyiv, 2005-2009, January

Fig.5 The distribution of the Kharkiv enterprises with licence "pediatrics" as to the business form of ownership

Fig.6 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Kharkiv, 2005-2009, January

Fig.7 The distribution of the Dnipropetrovsk enterprises with licence "pediatrics" as to the business form of ownership

Fig.8 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Dnipropetrovsk, 2005-2009, January

Fig.9 The distribution of the Odesa enterprises with licence "pediatrics" as to the business form of ownership

Fig.10 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Odesa, 2005-2009, January

Fig.11 The distribution of the Donetsk enterprises with licence "pediatrics" as to the business form of ownership

Fig.12 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Donetsk, 2005-2009, January

Fig.13 The distribution of the Zaporizhzhya enterprises with licence "pediatrics" as to the business form of ownership

Fig.14 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Zaporizhzhya, 2005-2009, January

Fig.15 The distribution of the Lviv enterprises with licence "pediatrics" as to the business form of ownership

Fig.16 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Lviv, 2005-2009, January

Fig. 17 The quantity of the private firms and entrepreneurs, that received pediatrics licences for medical practice in Mykolaiv, 2005-2009, January

Fig.18 The average cost of the pediatrician's consultation in the private clinics in each of the 8 cities, as of 16.04.09

Fig.19 Bar chart of the investment attractiveness rating of 8 largest cities as to the indices: average salary, quantity of children (age 0-6), number of children per 1 district pediatrician in each city

Fig.20 The structure of the forum for parents, number of messages in topic is given in brackets ()

Fig.21 The distribution of the responses on forum, the question: Do you vaccinate your child?

Fig.22 The distribution of the responses on forum, the question: Are you satisfied with your district doctor?

Contents

Introduction	2
List of figures and tables	3
Strategic analysis of the pediatric services' market	7
The main features of the pediatric market (children's health)	7
The participants of the pediatric services' market. Value proposed by participants to their clients	7
The types of medical clinics which provide children with medical services	9
The definition of the child's and its parents' needs. The matrix of children's needs in different age groups	10
The Ukrainian children's health status	15
Analysis of the pediatric services' market in 8 largest Ukrainian cities	19
The market's volume	19
Kyiv	21
Kharkiv	25
Dnipropetrovsk	27
Odesa	29
Donetsk	30
Zaporizhzhya	32
Lviv	33
Mykolaiv	35
Analysis of the annual medical programs for children and cost of the private clinics' services in Ukraine	37
For investors	43
The initial conditions of the pediatric market in Ukraine	43
The investment attractiveness indicators of the Ukrainian cities for opening private pediatric clinic	43
The attractiveness rating of the Ukrainian cities for opening private pediatric clinic (as to the volume of demand for pediatric health care services)	45
The main business efforts that help to receive competitive advantage at the pediatric services' market	46
Content-analysis of the Internet forums for parents	47
Value for parents. Structure. The most discussed topics	47
Conclusions out of the forums	49
Appendix 1. Responses from Internet-forums concerning services in 28 clinics	51
Kyiv	51
Kharkiv	64
Dnipropetrovsk	67
Odesa	69
Donetsk	69
Zaporizhzhya	70
Lviv	71
Appendix 2. Profiles of clinics	72
Dytyna	72
Baby	73
Nash doctor	73
Neboleyka	74
Kangaroo	75
Dobrobut	76
Oberig	77
Appendix 3: The contacts of the private clinics which provide pediatric services in 8 Ukrainian cities	78
Appendix 4: Rating of the Internet-forums for parents	80

Extract from the chapter «Strategic analysis of the pediatric market»:

The definition of the child's and its parents' needs. Matrix of the children's needs in different age groups.

Health care needs of the parents and children depend mostly on the child's age. We classified children needs by age groups: a child from birth till 1st year of life, a child from 1st till 3rd year of life, a child from 3rd till 7th year of life, a school-age child.

The needs concerning children's health are divided into 3 sectors:

- **building** of children's health
- **prevention and out-patient care**
- **child's life support**

Need of outside assistance is decreasing with the age of a child. **Need in medical specialists' help is the most significant in the period between birth and the 1st child's year of life if the child's development is normal.** During this period **informational (consulting) element of the medical service** is the most important element. This fact is proved by the large amount of parents' courses (there are about 24 courses in Kyiv). Their main purpose is to satisfy parents with sufficient information. The parents are often embarrassed and need consultation concerning breast feeding, massage, bathing, etc. after being discharged from the maternity hospital. Besides district pediatrician's and nurse's home visits, such services are proposed by some private clinics, private practitioners and, for example, parents' courses "Azbuka dlya roditeley" (Alphabet for parents) in Kyiv. Having deeply explored pregnant women needs, courses propose services of the highest demand for the parents of newborn children:

Home visits service of the courses "Azbuka dlya roditeley"

Hello, mommies and daddies :)! We congratulate you with the child's birth! We would like to propose our help as far as you may need some information concerning looking after child, feeding, upbringing and child development. Our home visits service includes 3 types of training visits.

«Taking care of the newborn». It contains a visit lasting 1 hour and more, that supposes practical advices on the child's taking care questions. If you're not sure whether your actions are right or you have some questions about morning and evening toilet, bathing, etc – this visit is right for you.

«Basis of the breast feeding». The visit lasting from 1 hour includes the training for the latching of the baby to the breast, poses for feeding a baby and some theory which aims to prevent problems with breast feeding. The cost is 80 UAH for the permanent clients and 100 UAH for those who applies for the first time.

«Gymnastics, massage, swimming». Our specialist will be working with a baby as follows, that **you will be able to work with baby on your own**. The duration of the visit lasts from 1 hour.

The consultations of the pediatrician or consultant in the breast feeding will be useful for you if there are unexpected problems you aren't able to cope with.

Combined home visits, for example, care & breast feeding or massage, swimming & breast feeding will be cheaper.

Calling out our consultants at home, you may also order a sling and/or a pillow for feeding and training "how to use them". You may ask all possible questions during consultations both training and therapeutic.

Source: site of «Azbuka dlya roditeley» company

Matrix of children's needs

Table 2 describes needs, connected with the health of the first year child and market participants that satisfy those needs. The private companies are mostly concentrating in sectors «building of health and out-patient health care», while sector "life suport" is served mostly by state health care organizations. **While the complexity of the medical aid is raising, the cost of services also increases, and decreases the market share of private companies.** Insufficient amount of private companies in sector "providing life" can be explained because of the fact that cost to enter the in-patient market is rather high, the period of payback can last for more than 5 years and medical risks are the highest.

....

Kyiv**Table 8 Kyiv city statistics**

List of indices:	Year 2008
Number of population (data from the population census of 2001)	2 611 327
Number of population as for 2009	2 679 653
Number of children in the age group 0 - 6	173737
Number of children in the age group 7 -14	161581
Number of children in the age group 0-17	430947
Number of pediatricians	991
Number of district pediatricians	505
Number of doctor's visits including health check, children in the age group 0-14	5 295 050
Number of home visits by doctors, children in the age group 0-14	1151918
Number of the children's specialized beds	3530
Hospital discharges of children in the age group 0-17	97 089

Source: Centre of medical statistics

Kyiv city characteristics

- 1) Kyiv is the largest city of Ukraine, the actual population of Kyiv is about 4 million people¹.
- 2) The population of Kyiv has the best purchase capability as compared to other cities.
- 3) Kyiv has the largest number of foreign companies and official agencies of other countries as compared with other Ukrainian cities.
- 4) The city's length is about 45 kilometres. One of important criteria of the clinic's choice for patients is its **close location to their homes** because of the big distances in Kyiv. Thus, it is necessary to take into account the convenience of its location and density of the population in the clinic's area.
- 5) The population of Kyiv is growing rather fast mainly due to the migration from other regions of Ukraine.
- 6) The Kyiv private clinics income generates 44% in general Ukrainian private clinics income.
- 7) The highest density of the population in Kyiv is in Dniprotsky and Desnyansky regions.
- 8) The network of clinics has to be located in the areas of the sky-scrapers highest concentration.
- 9) Kyiv is the most expensive city of Ukraine for opening the business. Particularly it refers to prices for the real estate and its rent. On the other side, as the result of the business activity decay there is the most significant correction of the prices (price cutting) in Kyiv.

Private sector

About 200 legal persons (of the state and private forms of ownership, including private entrepreneurs) have a licence for the pediatric specialities² in Kyiv. The share of the private enterprises (among all the enterprises) is the biggest compared to other cities. Notice that state sector's capacity dozens of times overrides private clinics' proposition.

¹ The official portal of Kyivrada: <http://www.kmv.gov.ua/news.asp?ldType=1&ld=80002>

² Pediatrics, Child's allergology, Child's anaesthesiology, Child's gastroenterology, Child's gaematology, Child's gynaecology, Child's dermatovenereology, Child's endocrinology, Child's immunology, Child's cardiorheumatology, Child's neurology, Child's nephrology, Child's orthopaedy and traumatology, Child's otolaryngology, Child's ophthalmology, Child's pathoanatomy, Child's psychiatry, Child's pulmonology, Child's urology, Child's phtisiology, Child's surgery, Child's infectious diseases.

Fig. 3 The distribution of the Kyiv enterprises with licence "pediatrics" as to the business legal structure

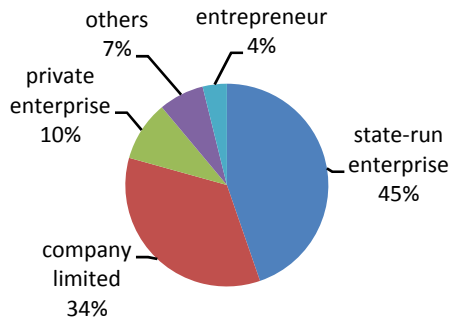
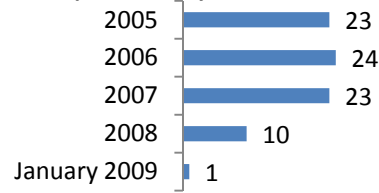


Fig. 4 The quantity of the household subjects of the private structure, that had pediatrics licences for medical practice in Kyiv, 2005-2009, January



Source: MedExpert, based on the data of the Ministry of Health Care orders about licensing on the medical practice, 2005-2009.

The annual growth rate of newly established companies during 2005- 2008 was 38% in average. The lesser amount of new licences on medical practice appeared in 2008. This fact can indicate the market saturation by the existing model of the private clinics (out-patient care, laboratory diagnosis) or the existing constrains, for example, the lack of medical staff – pediatricians and managers of the medical clinics.

Only 30 enterprises among about 100 private enterprises of Kyiv, that have licence, perform pediatric services indeed (another clinics have different profiles or don't function adequately, or they are unknown).

The most private clinics provide out-patient services and services of the urgent aid at home, about 10 private clinics of Kyiv have the opportunity to provide in-patient care (Boris, Medikom, Dobrobut, Oberig, Dytyna - based on the state children hospital), Biopharmtech, International Centre of the Neurosurgery).

.....

Extract from the chapter «Responses from Internet forums as to the services in 28 clinics»

In this chapter we collected the responses of parents (mothers) on the services in private medical centers of the analyzed cities. The purpose of this work – to provide managers of the clinics and investors with information about the patients' needs. The information from forums is presented without any editing.

The names of the clinics and doctor's names were changed because of the ethical considerations. In our opinion it is more important WHAT exactly patients think about clinic or doctor, what is insufficient for them or what causes their satisfaction, than about WHO they talk about.

While reading this responses, we recommend you to take marker and underline the significant moments, which are individual for every clinic.

The important thing is to hear the patient's thought, it is necessary to try to «penetrate deeply». For example, if patients are not satisfied with the services of the reception, you need to understand why receptionists don't behave themselves in the way the patients would prefer, is this factor important and influences the choice and the further loyalty of the patient to your clinic.

Table 30 The list of clinics used for forums content-analysis

Clinics of Kyiv:	Clinics of Kharkiv:	Clinics of Dnipropetrovsk:	Clinics of Odessa:
Baby-centre Boris Dytyna Dobrobut Nash Doctor Medikom	Clinikom Neboleyka Raduga	Vashe zdorovya Vash doctor Zdorove dytynstvo Kulikovich Clinic Oh I Ah	Into-Sana Medeya
Clinics of Donetsk:	Clinics of Zaporizhzhya:	Clinics of Lviv:	
Dobrobut	Aybolit Kangaroo	Biokurs Elita	

Kyiv

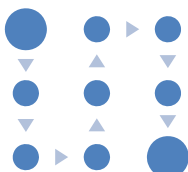
Clinic 1

1. I like our pediatrician and their neuropathologist. I didn't buy the package (of services), I pay separately for the visits to doctors that I need, and laboratory diagnosis.
2. We attended them a month ago, neurologist and orthopedist, but the impression is not that fine... First, it is not clear who is the administrator - when we came in, there was nobody near the reception desk... Then someone came, and said "WAIT". We came into the doctor's room in time, but the consultation lasted for 10 minutes (In the *Clinic 2*, I know, they examine not less than for half an hour) and the key phrase of both doctors: " We will wait for you for the repeated inspection in 2 months" – from the first side this may be for the best, so as baby is healthy and strong, but from the other... The orthopedist, for example, even didn't have a doctor's smock, that is weird for the MEDICAL clinic!!! Though both doctors in general carefully and tender treat the child. BUT – THEY DIDN'T CREATE THE MEDICAL CARD, they gave me only a sickness certificate about the visit with recommendations. When we were leaving, another madam near table, either doctor, or nurse named the sum, I payed... No check, nothing... Money in the cupboard ... So I felt no interest about US as potential CLIENTS – no attention!!! It is really sad because the clinic is near our house, and the furniture, refurbishment, cabinets are not bad :(....
3. We visited orthopedist a month ago. We had been in the waiting list for 2 weeks. We came in 5 minutes before appointed time with baby. We had been waiting near the doctor's room for 20 minutes before we were received. It doesn't have any differences from usual hospital! We will not visit their pediatrician – we're in luck to find another prestigious clinic for the same money with completely different attitude, attention and organization (the pediatrician consulted us for almost 1,5 hour unlike *Clinic 1* where our visit lasted for half an hour including 20 minutes standing in a queue).They didn't make a medical card also. But, they gave me a check.....

We are ready to propose you the following cooperation:



2 hours of consultancy time

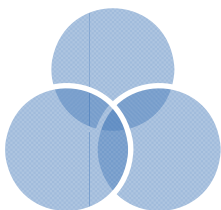


Development of business plan for health care organization



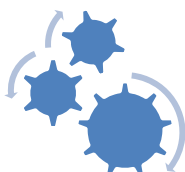
Analytical researches of medical markets

Analytical researches of the market help to determine the direction of further development of the clinic and target managers and investors.



Organization Health check:

Interaction with patients
Logistics
Results



Hospital software implementation

MedExpert offers comprehensive automation solutions – implementation and personnel training.

Manager of the project Myroslava Mulyar

“MedExpert”

Kyiv, Vozdvyzhenska 60 A str.

tel. +38044 581 11 33 fax +38044 581 11 34

www.medexpert.com.ua

