Hector Valle – CEO, FUNSALUD

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FUNSALUD is a leading Mexican think tank focused on improving public health through research, advocacy, and promoting public-private partnerships. As Mexico prepares to welcome a new president, FUNSALUD's Hector Valle casts his eye over the evolving healthcare landscape in terms of both progress made in addressing access gaps and how demographic shifts present new challenges. Valle explains how FUNSALUD's four 'P's model (Predictive, Preventive, Personalized, Participatory) aims to leverage genetic insights and personalized medicine to improve health outcomes; why innovative funding mechanisms and digitalisation are crucial to system sustainability; and emphasises the need for a fact-driven, scientific approach to governance.

How different is the Mexican healthcare landscape today from what it was a decade ago?

There has been a significant change in Mexico’s healthcare system over the past decade. We have seen shifts in how healthcare is delivered and efforts to close access gaps. Importantly, Mexico’s demographic profile has aged, presenting new challenges, particularly with rising rates of obesity and diabetes impacting the population. Additionally, there’s been a growing recognition of mental health issues and advancements in oncology care. Mexico also faces significant violence issues, which, while not directly related to healthcare, have a profound impact on societal well-being.

However, challenges remain, especially regarding healthcare coverage and understanding among the population about the available systems. In recent years, each incoming Mexican president has heralded achieving universal healthcare coverage, only to discover significant gaps upon closer examination. A recent report reveals a substantial portion of the population remains without any healthcare coverage, underscoring ongoing challenges despite various universal healthcare initiatives. Confusion persists among citizens about their healthcare system affiliations and actual coverage status, reflecting six years of multiple reforms.

Key issues include shortages of healthcare personnel, inadequate infrastructure development, and challenges in pharmaceutical and medical device supply chains. Addressing these issues will be a top priority for the incoming administration led by Claudia Sheinbaum, who faces the urgent task of ensuring widespread access to physicians, infrastructure, pharmaceuticals, and medical devices. Additionally, revitalizing vaccination programs and restoring the pivotal role of institutions like the *Consejo de Salubridad General* will be crucial in shaping Mexico's healthcare future under her leadership. Moreover, Cofepris needs to continue improving, in order to include new technologies that help Mexico to reduce the access gap to healthcare.

As Sheinbaum is also a member of her predecessor's Morena party, do you expect more of the same in terms of healthcare?

We believe Claudia is very fact-driven. She brings a scientific perspective to her role, which is crucial. In our interactions, she has demonstrated a clear understanding of the current challenges and priorities. We are confident that she and her team We are confident that she and her team understand what needs to be done and are capable of swiftly initiating the necessary actions. Immediate priorities include enhancing healthcare coverage, addressing issues with pharmaceuticals, medical devices, and governance, particularly the role of the "Consejo General" and vaccine distribution.

Your tenure as president of FUNSALUD has roughly mapped onto AMLO's presidency. As a thinktank that promotes partnership-driven solutions with strong private sector participation has it been challenging to make your message heard in a political context with the populist left in power?

Our approach, established by Dr. Guillermo Soberon, focuses on providing unbiased support regardless of who holds power. Sometimes our proposals are well-received, other times less so, depending on the individual and the specific issue at hand. Over the past six years, Funsalud has successfully facilitated many public-private sector collaborations, particularly highlighted during the COVID-19 pandemic. We have closely collaborated with government bodies like IMSS to address critical healthcare needs. Our engagement remains frequent and productive, reflecting our commitment to advancing healthcare discussions with the administration.

FUNSALUD has prioritized four ‘P’s in its approach: Predictive, Preventive, Personalised, Participatory. Could you explain what this model entails and why you chose these four themes?

The core idea behind our approach is anticipating the ongoing demand for healthcare services, especially given Mexico’s growing population and increasing prevalence of chronic diseases like obesity and diabetes. Predictive and preventive medicine plays a crucial role here, leveraging genetic insights to forecast potential health issues and tailor lifestyle recommendations accordingly. This leads seamlessly into personalised, where diets, exercise routines, and even pharmaceutical choices are customized based on individual genetic predispositions. For instance, understanding my genetic profile revealed that high-impact activities like running might strain my knees due to collagen issues, prompting a shift to low-impact exercises like swimming or cycling.

Personalised also extends to treatments like cancer drugs, which are increasingly being tailored to the genetic makeup of specific tumors, ensuring more effective outcomes. Lastly, the fourth P, Participatory, emphasizes empowering individuals to take an active role in managing their health. This involves fostering supportive group environments where individuals with similar health challenges can share experiences and support each other, whether it is dealing with addiction, cancer, or mental health issues. Additionally, anonymized data participation is crucial, enabling us to analyze trends across diverse populations and refine healthcare strategies tailored to specific genetic and environmental factors.

In a country like Mexico, with significant disparities in wealth and access to healthcare, how feasible is it to implement services like genetic testing and personalized consultations with dietitians under the framework of the four Ps? How can these approaches be made more accessible to a broader population?

Addressing healthcare disparities in Mexico involves a nuanced approach that acknowledges varying socioeconomic realities. While genetic testing and personalized consultations may initially seem out of reach for many due to economic constraints, our strategy focuses on scalability and targeted intervention.

Firstly, we are leveraging insights from genetic research to better categorize and understand healthcare needs across different demographic groups. This doesn’t imply blanket genetic testing for all Mexicans, but rather a strategic use of genetic data to tailor interventions where they are most beneficial.

A key initiative is our Cancer Code platform, designed to streamline patient navigation within the healthcare system. This platform facilitates early diagnosis and treatment by connecting patients efficiently with primary care and specialist services. For instance, patients can swiftly access appropriate medical professionals and necessary diagnostic facilities, crucial for improving outcomes across various types of cancer.

Importantly, we recognize that healthcare access varies significantly between urban and rural areas, as well as across different regions of Mexico. This requires innovative use of digital health technologies to bridge these gaps. By integrating digital health solutions into everyday practice, we aim to democratize access to essential healthcare services, ensuring that all individuals, regardless of location or socioeconomic status, can benefit from predictive, preventive, personalized, and participatory healthcare strategies.

How advanced is Mexico in terms of digitalizing its healthcare system and integrating primary care, secondary care, private hospitals, and public hospitals? Are we anywhere close to the interconnected digital hospital model seen in other countries?

During COVID, we saw successful collaboration between private and public sectors, such as patient transfers and reimbursements, showing that effective regulation and documentation can make integration work. Currently, we have agreements in place between public institutions like ISSSTE and IMSS, though full implementation is still in progress. The consolidation of IMSS under one head will likely ease this process. Public-private cooperation has also seen positive outcomes, exemplified by initiatives such as the subrogation of patients to private dialysis services within the public system. Despite some media reports, I believe this collaboration will continue in the new administration.

An aging population and more complex, hard-to-cure diseases means that more advanced treatments are needed. How well-prepared is the Mexican regulator to assess the innovations the country needs?

It is not fair to blame Cofepris for a lack of movement on this front because, without new regulations, the institution can't hire personnel to analyze innovations that aren't yet legally recognized. We are attempting to address this at FUNSALUD, for example through the digital health policy currently being discussed in the chambers that we developed and wrote. This policy, once approved, will allow Cofepris to hire the necessary experts to regulate new technologies. However, as of today, telemedicine isn't recognized by law in Mexico, so how can Cofepris regulate it? We are optimistic that the regulation will be in place soon, enabling Cofepris to start regulating AI in healthcare and other advanced technologies.

Some technologies, like CAR-T, can already be analyzed by Cofepris, but they need to upgrade their understanding of precision medicine. We are actively discussing next steps for precision medicine and new treatments, focusing on training new generations at university, physicians, and Cofepris personnel to ensure comprehensive knowledge and prevent gaps in the system.

In addition to the regulatory know-how to assess innovations, there is also the fraught question of funding. Where does Mexico stand in terms of concepts like value-based healthcare, pay-for-performance, and subscription models for advanced medical devices?

Currently, Mexico's acquisition law does not allow for innovative funding models like value-based healthcare or subscription models for advanced medical devices. This legal framework needs to be updated to accommodate such approaches. When it comes to new medicines, especially for rare diseases, traditional value models are inadequate. We have been working on this issue for over a year and a half, moving discussions from the Ministry of Health to the Ministry of Finance and Economics. This shift is crucial because, without proper budget allocation, even the best healthcare strategies cannot be implemented effectively.

In Mexico, the healthcare budget has been historically underfunded by about three percentage points of GDP for the past 30 years. This chronic underfunding impacts the availability of healthcare personnel, infrastructure, pharmaceuticals, and medical devices. Addressing this

funding gap is essential for improving the healthcare system.

The country's tax collection is another significant issue. For instance, high-income earners in Mexico pay a maximum of 32-35 percent of their income in taxes, compared to over 50 percent in many European countries. This lower tax collection rate limits the funds available for public services, including healthcare.

Moreover, the allocation of tax revenues is often not optimal. Taxes from cigarettes and sugary drinks, for instance, are not always directed towards related health issues like cancer, obesity, or diabetes. Instead, these funds are sometimes used for other projects, diluting their impact on public health.

A critical challenge on the horizon is funding new, effective treatments for prevalent conditions like obesity and diabetes. Currently, 40 percent of Mexico's population is affected by diabetes or pre-diabetes. With such a high prevalence, the cost of providing advanced treatments to this large segment of the population is substantial. The healthcare system needs to find sustainable funding mechanisms to support these treatments.

Addressing these challenges will require a collaborative effort between the government and the pharmaceutical industry. By working together, they can develop innovative funding models and ensure that essential treatments are accessible to those who need them. This collaboration is crucial for tackling the rising healthcare costs and improving overall public health outcomes in Mexico.

We have been hearing a lot about the near-shoring trend in Mexico, particularly in terms of medtech companies setting up factories near the border to supply the US market. Beyond the economic benefits, is there a broader impact on healthcare in Mexico from this trend?

The economic benefits and the closing of technological access gaps are certainly positive for Mexico. However, from a healthcare perspective, there's more to consider. As someone who sits on several company boards, I noticed that while the economic and logistical challenges of this trend were frequently discussed, the healthcare implications were often overlooked.

With the increase in manufacturing sites near the border, there's a significant rise in employment, and with that, the demand for healthcare services increases. This influx of workers and their families creates what you might call "boom towns," where the population can double or triple. It is

essential to address whether the local healthcare infrastructure can meet this growing demand.

We have started collaborating with border state governments to analyze their healthcare capabilities and identify gaps. By the end of the year, we expect to have a clearer picture of what needs to be done to provide adequate healthcare services to the new influx of residents.

Additionally, the proximity to new technologies is beneficial. Engineers and production workers will gain access to advanced technologies sooner, which is also advantageous for healthcare professionals who can adopt these innovations earlier than before. Overall, while the primary focus has been economic, this trend can positively impact healthcare by improving access to new technologies and highlighting the need for robust healthcare infrastructure in these rapidly growing areas.

What are your main causes for concern and optimism regarding healthcare in Mexico?

My main concern revolves around ensuring healthcare remains a priority for the upcoming presidency. In the past, when healthcare hasn’t been a top agenda item, it has struggled to receive the necessary attention and funding. Without sustained focus, critical reforms may be delayed, impacting healthcare delivery and access nationwide.

On the optimistic side, I am highly encouraged by the potential of digital health technologies. With robust regulatory frameworks and investments in digital infrastructure, we can significantly improve healthcare access and equity across Mexico. Embracing innovations like AI promises to revolutionize healthcare delivery, offering new opportunities for efficiency and effectiveness in patient care.

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