



FOCUS on POLAND

Country facts

Area:	312,685 km ²
Population:	38,625,478
Density:	124/km ²
42 cities of over 100,000 inhabitants	
Language:	Polish
Religion:	Catholic (90.7%)
Capital:	Warsaw
Government:	Republic
Member of:	EU, EBRD, NATO OCDE, ONU, OCSE
Currency:	Zloty



Economy outlook

Among the EU countries, Poland was one of those who sustained better the impact of the international economic crisis. Polish GDP grew by 1.8% in 2009, and growth is projected to continue through 2010 and reach 3%, while almost all European countries experienced GDP contraction.

Factors that contributed to the general stability of Polish economy were mainly the depreciation of the Zloty and the change in the commercial structure of the country, in fact, even though both imports and exports fell (respectively by 26.3% and 17.1%), domestic production has been able to replace many imported products. Domestic consumption has increased by 2.1% supported by a series of tax incentives introduced from 2007 and from UE funds for the public sector, as well as by an increase in average wages by 2.1% in the course of 2009.

In 2009 the services' sector grew by 2.5%, but industry contracted by 1.1% and the economic turmoil has shown its effects particularly on the labour market, with unemployment rated at 12.9% as of march 2010. Industry sold production returned to grow in the first quarter of 2010 (+9.4% compared to the same period in 2009), with signals of recovery coming especially from export-oriented activities.

As a consequence of continuous GDP growth registered in recent years, Poland is slowly but constantly shortening the distances with the other EU countries, but it remains among the less wealthy states of the EU with per capita GDP at 55% of EU average in 2008 and a considerable variation in the degree of economic development among the different regions of the countries (called "Voivodeships"), as well as between urban and rural areas.

As the sixth largest EU country, Poland enjoys a considerable land extension and a strategic geographic position at the crossroads of European routes coming from Russia and eastern Europe, Baltic countries and Western Europe.

A large number of foreign companies from Europe, USA, Japan, Korea, India and China, which are involved in high-tech and IT, are entering the Polish market by benefiting from the favourable environment for investment, tax incentives, availability of EU funds and the establishment of 14 Special Economic Zones, as well as from the presence of skilled workforce and qualified university education.

According to the Central Statistical Office of Poland (GUS), EU countries account for 79.3% of Polish exports and 61.5% of imports, with €11, 8 billion-trade surplus for Poland in 2009. Trade balance is negative, instead, with non-EU countries of central-eastern Europe (€-3,4 billion) and developing countries (€-15,3 billion).

In 2009, trade with Germany alone was valued €48,6 billion, confirming it by far Polish main commercial partner, while Italy (€13,6 billion), Russia (€12,7 billion) and France (€11,3 billion) all registered over €11 billion trade with Poland, followed by China, Czech Republic, UK at an average of €9 billion and Netherlands with €7,7 billion.

The National Bank of Poland estimates Foreign Direct Investment inflow at €8,4 billion in 2009, thus making Poland one of the main recipients of FDI in central-eastern Europe. Over 90% of this amount comes from OCSE countries, and about 85% from EU, principally from the Netherlands, Germany, France, Luxembourg, USA, Sweden, UK, Italy and Austria. According to the US Commercial Service (Country Commercial Guide - Poland), Poland will be EU's largest recipient of funding until 2015, with €67 billion planned to be invested in the country.

As regards FDI composition, a shift is becoming evident from the loss of predominance of the manufacturing sector that accounted for 55.7% in 1997 and had decreased to 36.6% in 2005. More capital is being directed towards the services sector, and many interventions planned in occasion of the European Football Championship to be hosted in Poland in 2012 are contributing to broaden the scope of opportunities for foreign investors. A great work has to be done to upgrade and modernize the transportation infrastructure, especially in the eastern areas. 620km of motorways are planned to be constructed under the Government Program for National Roads Construction for the years 2008-2012, while about 470km will be added through public-private partnerships.

A highly qualified workforce and the favourable location at the heart of Europe make Poland an attractive country for private investors, but the Polish market, though considerable in size, has to be correctly analyzed in terms of population distribution and consumers' purchasing power, parameters that can vary greatly between urban and rural areas and also among the different Voivodeships. Rural population in Poland is estimated at 40%.

Polish most populous cities are:
Katowice (about 4 million people)
Warsaw (about 2.5 million)
Gdansk (about 1.5 million)
Poznan (about 1.5 million)

Healthcare System

Healthcare in Poland has traditionally been publicly funded at least until the early 90s, when private sources started financing increasing shares of the health system.

Since the General Health Insurance Act was introduced in January 1999, funding of health expenses has been basically split between government budgets at national, regional or municipal level (covering public health services, hospital costs, specialist tertiary care and very expensive drugs), and insurance funds contracting with service providers to cover direct costs of health services.

State budget now covers public health institutions, hospitals and services for segments of the population who receive some form of social security benefit or pension, as well as basic services provided to uninsured persons. Public health insurance is mandatory for all categories of the population, including those covered by social security and its revenues go to the National Health Fund, supervised by the Ministry of Health which is responsible for funding health programs and for contracting the list of procedures covered by the service providers at a regional level.

Both public and private healthcare providers are required to contract with the National Health Fund in order to deliver their services within the general health insurance system. Some private providers who do not contract directly with the National Health Fund, are funded as well by becoming sub-contractors to public healthcare providers. Every year, the National Health Fund calculates the amount of funds to be delivered to the healthcare providers on the basis of a "service catalog" listing prices of procedures.

Normally, premiums are calculated at 9% of personal income, collected and transferred by employers, social security and pensions institutions and other contribution payers, except for farmers, charged on the basis of their area of arable land. The social security system or other public authorities pay the contributions for those without income, such as unemployed and homeless. Independent workers have their premiums calculated on their income, and people receiving some form of benefits or pensions also have their premiums calculated on them. Insurance premiums are deducted from personal income tax.



All insured persons are granted a range of health benefits and treatments, including diseases prevention, diagnosis and examinations, rehabilitation, emergency services, basic dental care, except for a list of benefits and services not included in public insurance coverage which must be paid for directly by the patient. Private insurances are not common yet, while out-of-pocket payment is usual for those who choose private care. Private healthcare providers have been officially allowed to exist since the amendment to the Healthcare Institutions Act in 1991. Most companies offer corporate health plans or operate on a “fee for service” basis.

Polish Health Workforce in Figures

Professionals	
Doctors	131,400
Dentists	36,200
Nurses	275,100
Midwives	33,400
Pharmacists	27,000
Employed in health entities	77,479
Employed in public entities	53 762

Source: *Basic Data on Healthcare in 2008, Central Statistical Office*

Practices	Number	%
Medical	80,900	68
Dental	22,000	18.5
Nursing	14,200	12
Obstetric	1,700	1.5
Total	119,000	100

Source: *Basic Data on Healthcare in 2008, Central Statistical Office*

Hospitals	Number	%
General	732 (546 public)	74.6
Private	186	25.4

Source: *Basic Data on Healthcare in 2008, Central Statistical Office*

Comparison with 2007 data shows that the number of public hospitals has been decreasing, while private hospitals are growing both in number of units and in number of beds, which grew by 23% (over 2,300 beds) in 2008, bringing private hospitals' share to 7.4% of all beds.

Public hospital patients accounted for 92.2% of the total patients treated in general hospitals in 2008, with an average stay of 6 days. However, private hospital had 7.8% of patients and their average stay was 4,9 days. Ambulatory health care facilities at the end of 2008 were 14,900, of which 22.2% public and 77.8% private

The private healthcare market

According to a report by Deloitte (Healthcare sector in Central Europe, 2008), the size of Polish healthcare market size is estimated at US\$26 billion,

and the private market ranges between US\$6.8 billion and 8.8 billion. The universal insurance system with its list of contracted services doesn't meet the demand of all the population, and public healthcare delivery is usually integrated with private services, especially considering the changes occurred in the general perception of what quality healthcare implies and requires. In ambulatory care, particularly primary care and dental care, the private sector currently dominates over the public providers.

The private insurance sector alone accounts for about US\$0,4 billion, while US\$2,6 billion is currently spent on informal payments in the public sector, which arises a reflection on the growth potentially achievable if convenient offers for private services and insurance schemes would present a viable alternative.

Despite the increase in the number of private hospitals in Poland, their role still remains limited. The above mentioned report underlines the fact that even if private facilities (hospitals and inpatient clinics) are currently expensive, keeping the demand for private supplementary health insurance at marginal levels, they are viewed as one of the most promising solution to meet the demand of the population which can't be satisfied by public institutions. Private insurance schemes adopted by employers might boost the use of private facilities considerably, but not only workers could be interested in benefiting from such plans. The percentage of Polish citizens interested in buying private medical insurances was estimated at 30% in surveys conducted in the period 2006-2007, so it is likely that the figure has increased by 2010. On the long period (1999-2006), private subscription registered a 24% growth and private health insurances grew by 50%, while revenues of healthcare providers are reported to have grown by 30%-40%.

Debates held before and after new presidential elections brought forward a series of issues related to the health reform, called on as a priority among the reform expected in Poland, which many fear would worsen the so-called “health divide” among the different social strata, but that on the other hand is felt as necessary to modernize the whole health system and make it more sustainable.

Oral healthcare

The figures provided by the Polish Chamber of Physicians and Dentists indicate that there are 34,512 dentists in Poland (2008 figure, slightly lower than the one given by the Central Statistical Office), but only 21,800 are reported to be currently practicing. Approximately 78% are women.

According to a document published by the Council of European Dentists (EU Manual of Dental Practice: Poland), except for basic dental services included in the public health insurance, most of dental treatments are not covered by the National Health Fund, so they are often paid in full by patients. Only children and young people under 18 years, as well as pregnant women until 42 days after childbirth are entitled to additional services. For instance, an insured person is entitled to a dental examination once a year, while children and young people are entitled to an additional periodical examination and a wider range of services.

Only a third of dental practitioners in Poland have a contract with the National Health Fund, each one looking after 3,500-4,000 insured persons. Public dental clinics offer both services included in the National Health Fund and services paid for by patients, and are supervised at a regional level. Dental procedures carried out in hospitals, which are almost all public, mainly regard oral maxillofacial surgery. About 400 dentists work in dental schools but many of them also work part-time privately. 18% of dentists is employed in public health entities.

Some private dentists have contracts with the National Health Fund but work in their own practices, while others are employed in health centres and clinics which have contracts with the fund. All private dental practitioners are under the supervision of the physicians' chamber and if they work independently their fee is agreed with the patient.

Dental specialists work both under National Health Fund and in private practices. Oral surgeons mainly work in private practices or practices contracted with NFZ, while oral maxillo-facial surgeons work mainly in hospitals. As regards auxiliaries, they are full-time employees if working at public establishments, but in private establishments and practices this is not mandatory.

The private sector has grown significantly during the last two decades. The high number of dentists (1 every 1,752 people), with an average number of graduates of about 860 a year, and the good quality of care available have fueled such growth. Dental clinics offering advanced treatments and quality services have increased also in consequence of the new safety regulations and standards introduced with the accession to the EU.

The report from the Council of European Dentists states that about 1,500 dentists had considered the possibility of practising abroad by 2008, with the UK as one of the favourite destinations.

Dental consultations (year 2008, in thousands)

Total dental consultation	29,251
Number of consultations pro-capita	0.8
Number of ambulatory dental consultations provided in urban areas	23,971
Of which in healthcare institutions	16,543
Of which public	2,736
Of which non public	13,764
Of which provided in practice	7,427
Number of ambulatory healthcare dental consultations provided in rural areas	5,279
Of which in healthcare institutions	2,465

Source: www.stat.gov.pl

Dental workforce (year 2008)

Dentists	29,947
Hygienists*	2,500
Technicians*	7,000
Assistants*	9,725
Orthodontics	1,078
Endodontics & Conservation	1,622
Paedodontics	478
Periodontics	369
Prosthodontics	1,441
Oral Surgery	713
Dental Public Health	71
Hygiene & epidemiology	122
Number of dental schools	10
Student intake	855
Number of graduates	809
Percentage female	80%

*(Figures from year 2000) Source: www.eudental.eu

Profile of Dental Practices in Poland (year 2008)

Type	Urban Areas	Rural Areas	Total
Individual practices	1,858	846	2,704
Individual specialized practices	1,307	457	1,764
Group practices	124	27	151
Total	3,289	1,330	4,619

Source: www.stat.gov.pl



According to the report “Basic Data on Healthcare in 2008”, published by the Polish Central Statistical Office, the number of dental consultations increased from 28 million in 2007 to 29 million in 2008. The profile of patients shows that 53% of persons seeking dental consultations were women, about 30% children and young people under 18, while 13.5% were people aged over 65.

The market for dental devices

Dental instruments alone account for about 5% of the Polish market for medical devices. Accession to the EU has improved standards and made it easier to import dental equipment into the country, but local manufacturers’ competition is quite relevant especially as far as price is concerned.

Imports of quality dental products are however significant, as many dentists rely on well known brands and state-of-the-art technology to satisfy an increasingly demanding clientele, supported by the substantially stable economy.

The private dentistry market as a whole is estimated to be worth €884 million, growing at a rate valued between 20% and 30% year-on-year. Dental care provision from public establishments is highly insufficient, obliging many patients to pay directly for specialised services and more advanced treatments. In addition to domestic demand, a considerable number of foreigners come to Poland to seek quality treatment at lower costs.

Central Statistical Office: www.stat.gov.pl

Invest in Poland: www.paiz.gov.pl

US Commercial Service: www.buyusa.gov

Ministry of Health: www.mz.gov.pl

www.deloitte.com

Council of European Dentists: www.eudental.eu

Polish Chamber of Physicians and Dentists: www.nil.org.pl

UN Commodity Trade Statistics Database: comtrade.un.org

Central European Dental Exhibition: www.cede.pl

Dental exhibitions

The most important dental exhibitions held in Poland is CEDE (Central European Dental Exhibition), organized by Exactus s.j. This year, CEDE will be held 23-25 September in Poznan. More information is available at www.cede.pl.

Other dental exhibitions held on a yearly basis are:

Dentamed - Lower Silesia Dentistry Fair, held in Wroclaw;

Baldentica - Baltic Exhibition of Dental Materials and Equipment, held in Gdansk;

Krakdent, held in Krakow.

Polish import of dental equipment and supplies (year 2008)

Category	Import value	Export value
Dental cements and other dental fillings; bone reconstruction cements	\$32,950,909	\$8,706,400
Preparations for oral/dental hygiene	\$119,049,649	\$258,917,205
Modelling pastes/dental waxes/impression compounds	\$6,464,556	\$243,727
Dental drill engines	\$19,116,723	\$6,342
Dental instruments and appliances excluding drills	\$42,063,599	\$12,194,965
Artificial teeth	\$2,722,971	\$1,030,083
Dental fittings (excluding artificial teeth)	\$21,452,578	\$1,473,364
x-ray apparatus for dental use	\$8,706,400	\$95,217

Source: www.stat.gov.pl

Distribution channels and market entry

The US Commercial Service Guide indicates how the Polish distribution network is becoming increasingly complex and diversified. The differences between the various regions in terms of purchasing powers must be considered when planning a market entry strategy. Attending the main dental exhibitions is the fastest way to meet potential customers, and it is important to carry on communications in Polish where possible through good interpreters and translators. Exclusive agreements are often preferred by dealers and agents, and presence in the country through a local representative is necessary to effectively market dental products.

Sources:

