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HEALTHCARE IN VIETNAM

FLANDERS INVESTMENT & TRADE MARKET SURVEY

HEALTHCARE IN VIETNAM

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1. VIETNAM

1.1 POPULATION

Vietnam is a Southeast Asian country with a population of nearly 100 millions. Despite the addition of around 1 million people per annum, the rate of Vietnam's population growth has slowed gradually, from approximately 2% per annum in the early 1990s to around 1.1% throughout the 2010s. By 2024, the country's population growth rate is expected to slow to 0.8% per annum, reaching a total population of 101.1 million.¹

Together with the birth rate decline, Vietnam's aging population is resulting in higher demand for healthcare services and products.

1.2 ECONOMY

The Vietnamese economy is one of the fastest growing and most open economies in Asia. The average annual GDP growth rate has been around 6.5% for the last decade. This combined with a stable population growth and a significant increase in prosperity makes Vietnam an attractive market in the long term.

The GDP for 2022 reached more than US\$ 406.45 billion and is expected to increase to US\$ 657.28 billion by 2028 (Statista, 2023)².

Foreign direct investment (FDI) inflows to Vietnam grew 8.2 % year-on-year to nearly US\$ 18.15 billion in the first eight months of 2023, according to the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment. This FDI will in turn bring much needed technology and knowledge transfer. Furthermore Vietnam has signed 15 Free Trade Agreements (FTAs) further accelerating inbound FDI. These trade agreements are lowering tariffs on many goods including medical equipment and will help position Vietnam as an attractive investment and trade destination.³

¹ KPMG |Digital Health in Vietnam| 2021

² Statista | [GDP in Vietnam](#) |Consulted on 15 December 2023

³ KPMG |Digital Health in Vietnam| 2021



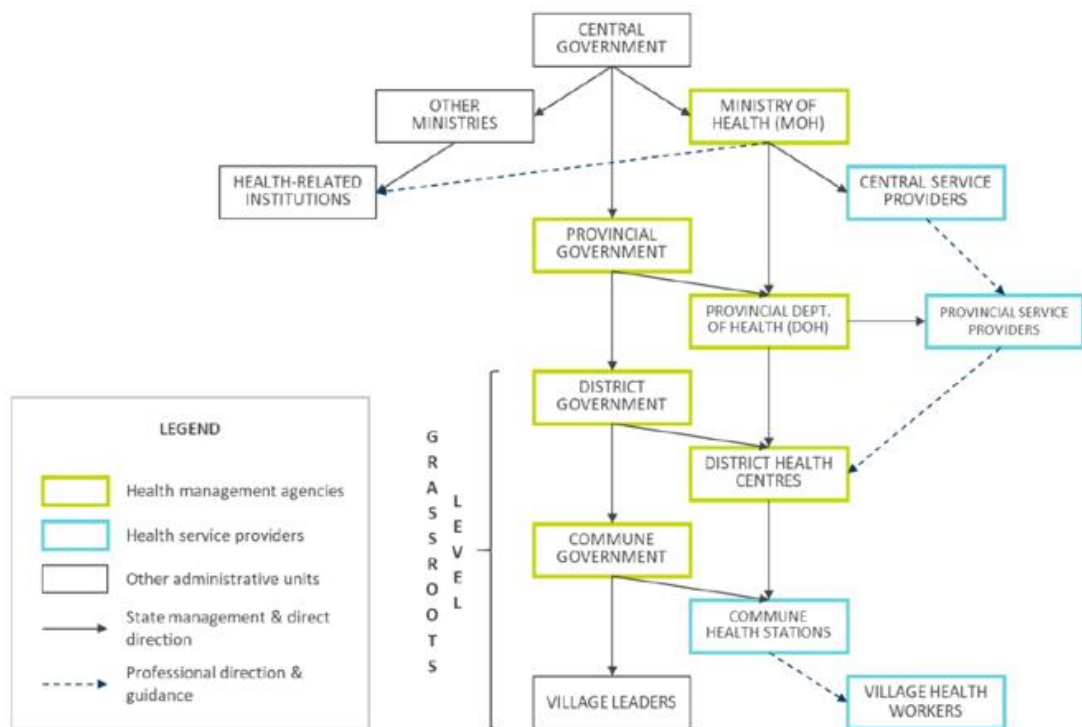
2. OVERVIEW OF HEALTHCARE SYSTEM

2.1 HEALTH SYSTEM

While the Ministry of Health (MOH) is the government agency responsible for developing health policies and technical guidelines and monitoring policy implementation; local authorities are responsible for the management of health-related activities in their provinces. Vietnam's health system is categorized into four levels equivalent to the state administrative management system – central, provincial, district and commune⁴.

The health policy-making process is usually top-down, decided at the central level and implemented across the system. The process begins with the MOH identifying and developing the policy agenda based on evidence generated with the participation of all related MOH departments, representatives from related ministries/sectors, and research institutes. The proposed policies will then be submitted to the Government or Social Affairs Committee of the National Assembly (NA) for approval. Approved policies will be implemented by the MOH and local authorities and monitored by relevant MOH departments or research institutions as well as the Social Affairs Committee of the National Assembly.

The relationship amongst state administrative units and health management agencies⁵



⁴ *London School of Economics and Political Science*/Sustainability and Resilience in the Vietnamese Health System, 2021

⁵ *London School of Economics and Political Science*/Sustainability and Resilience in the Vietnamese Health System | 2021

- Central level – The Ministry of Health (MoH) is responsible for the healthcare sector on behalf of the government and manages several institutions including hospitals, research institutions, and universities. Other ministries also run their own network of hospitals.
- Provincial government: Central-affiliated province/city – At a province or city level, there are several hospitals and medical centers. In addition, they also have medical colleges offering medicine, nursing, and pharmacy programs.
- District government: At the district-level, district health centers mostly offer medical and preventive services.
- Commune government: Commune health stations focus on primary healthcare services at a commune-level.⁶

2.2 HEALTHCARE MARKET SIZE AND SHARE

According to AmCham Vietnam, healthcare expenditures per capita are predicted to rise 9.2% per year between 2009 and 2025 in Vietnam, reaching US\$ 262 by 2025 (US\$ 26 billion of the total market), equivalent to 5.8% of the country’s GDP. Particularly, health expenditure in Vietnam is valued up to US\$ 20 billion in 2021 and could rise to US\$ 23.3 billion in 2025 and US\$ 33.8 billion in 2030, equivalent to a CAGR of 7.6% (Vietnam Report, December 2022). Private healthcare expenditure is expected to expand at a 7.5% CAGR, owing mostly to increasing insurance coverage for citizens (International Trade Administration 2020).⁷

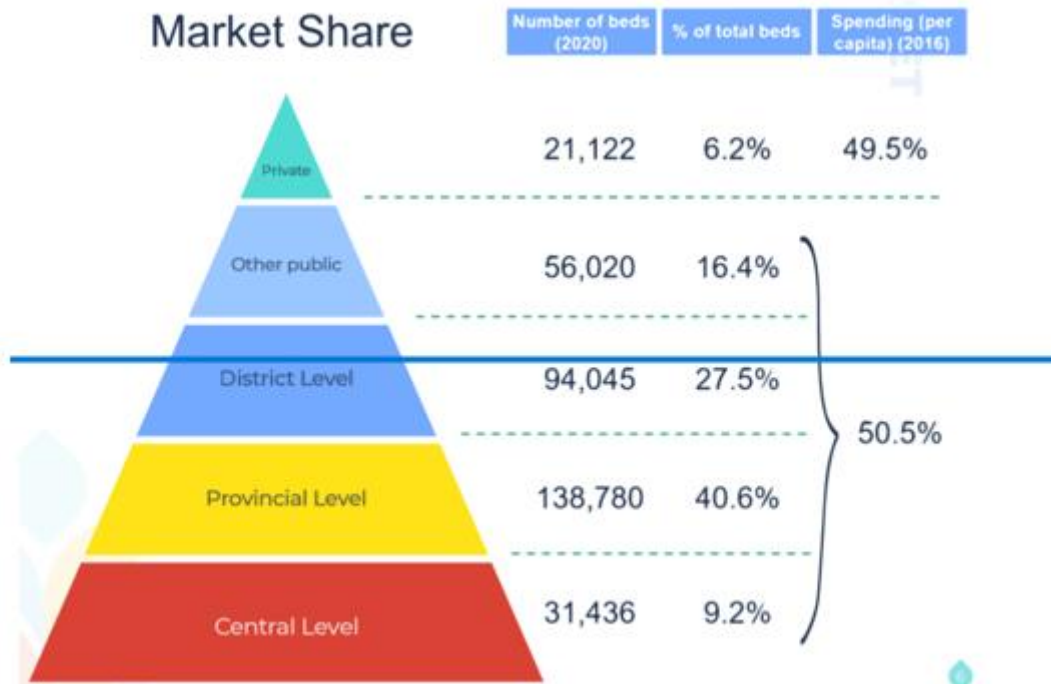
Vietnam’s healthcare market share is currently divided equally between the private sector and the state (in terms of spending). Spending on the private sector accounted for 49.5% of total spending on health though private sector only accounts for 6% of the total number of hospital beds. Vietnam has about 1,531 hospitals, of which more than 86% are public hospitals and nearly 14% are private hospitals, mainly concentrated in large urban areas such as Ho Chi Minh City, Hanoi and Da Nang. Around 1,318 public hospitals are managed according to a hierarchical system, classified by central, provincial, and district or commune levels (Electronic Media – Communist Party of Vietnam 2020)⁸.

⁶ Dezan Shira and Associate | [Vietnam: Growing Demand for Healthcare Services - Vietnam Briefing News](#) | Consulted on 14 July 2023

⁷ Innolab Asia | Why Vietnam? - Opportunity to “lay golden eggs” for MedTech startups | [2022](#)

⁸ Innolab Asia | Why Vietnam? - Opportunity to “lay golden eggs” for MedTech startups | [2022](#)





2.3 PRIVATE HEALTHCARE

Vietnam’s healthcare is dominated by public healthcare organizations. However, due to overburdening at public organizations and the limited government funding, the private healthcare sector is gaining more attention. The government is putting forward a range of investment incentives for the private healthcare sector, such as tax exemption of 4 years and 50% tax reduction during the following 9 years for newly established healthcare providers.

As a result, the number of private hospitals has been growing rapidly throughout the past years. From 2004-2022, the number of private hospitals increased from 40 to 318⁹, as well as thousands of new health clinics. The majority of private hospitals are still concentrated in large cities such as Hanoi, Ho Chi Minh City and Da Nang. Additionally, a lot of private healthcare services are directed towards the high-end market, aimed at foreigners and locals with high incomes.

Although private healthcare providers in major cities only account for 6.3% of inpatient care, they perform 32.2% of outpatient care according to Viettonkin Consulting. Some common services offered by private healthcare providers are dental care, diagnostic services, examination and imaging services¹¹.

⁹ Innolab Asia | Why Vietnam? - Opportunity to “lay golden eggs” for MedTech startups | 2022

¹⁰ Vietnam Investment Review | [Modern policy for private hospitals](#) | Consulted on 18 December 2023

¹¹ BDG Vietnam | [Vietnam Medical Device Industry: Facts, Figures and Opportunities](#) | Consulted on 6 July 2023



2.4 PHARMACEUTICALS AND MEDICAL DEVICES MARKET

2.4.1 Pharmaceuticals market

Vietnam has one of the fastest growing pharmaceutical markets in Asia. One of the main reasons for this is the significantly high population of the country which is entering the ageing stage at a very fast pace. With the growth of the economy the average income of the middle class has also increased and so has the demand for pharmaceutical products.¹²

Vietnam’s pharmaceutical market was valued at around US\$ 10 billion in 2020, compared to US\$ 5 billion in 2015. According to market research firm IBM, the size of Vietnam’s pharmaceutical industry may reach US\$ 16.1 billion in 2026. According to IQVIA, the industry also observed a 2% increase year-on-year, achieving a compound annual growth rate (CAGR) of 6% in the period 2018-2020.¹³

The government has, through its policies, tried to address the increasing demand for pharmaceutical products in the country but there is still huge room for growth. The pharmaceutical market in Vietnam is highly dependent on imports. An increasing rate and prevalence of lung and liver cancer, TB, HIV, respiratory, cerebrovascular and heart diseases among the growing population of the country has created high demand for generic and patented drugs. The pharmaceutical companies in the country mainly manufacture generic drugs by importing raw material from other countries. In the context of therapeutic drugs, the majority of the demand is to treat diabetes, respiratory and cardiovascular diseases. However, to develop the domestic pharmaceutical sector the government has initiated efforts to streamline Foreign Direct Investment (FDI) into the industry. Foreign companies cannot directly enter the Vietnamese market; instead they need to partner with an indigenous company to distribute their products. The biggest pharmaceutical firms in the country are Hau Giang Pharmacy, Traphaco, Domesco, IMEXPHARM, and OPC.¹⁴

Despite rapid growth, Vietnam’s production capacity can only meet 53% of domestic pharmaceutical demand. In 2018, Vietnam’s spent nearly US\$ 2.8 billion on importing pharmaceuticals, and in 2021, that number jumped to US\$ 4 billion according to the General Statistics Office of Vietnam (GSO).

Major import markets include France, Germany, India, United States, South Korea, Italia, and Belgium with antibiotics being the leading import product.¹⁵

2.4.2 Medical devices market

The Vietnamese medical equipment market is the 9th largest market in the Asian Pacific region. Vietnam is growing as a manufacturing location for medical device companies and exports have been posting consistent growth. The Vietnamese Medical Device Market was worth US\$ 1.22 billion in 2021, and it is further projected to reach US\$ 2.86 billion by 2028, at a CAGR of 7.9% during

¹² Ken Research | [Vietnam Healthcare Market Outlook to 2022](#) | Consulted on 12 December 2023

¹³ Dezan Shira and Associate | [Vietnam: Growing Demand for Healthcare Services - Vietnam Briefing News](#) | Consulted on 12 December 2023

¹⁴ Ken Research | [Vietnam Healthcare Market Outlook to 2022](#) | Consulted on 12 December 2023

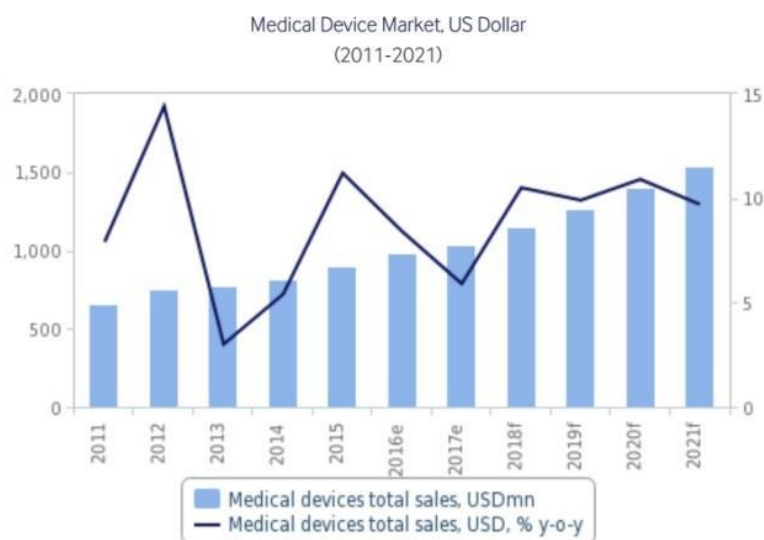
¹⁵ Dezan Shira and Associate | [Vietnam: Growing Demand for Healthcare Services - Vietnam Briefing News](#) | Consulted on 12 December 2023



2022-2028 (forecast period)¹⁶. But more than 90% of medical equipment is imported from other countries, mainly from Japan, Germany, the United States, China and Singapore. Medical products from these markets make up 55% of Vietnam’s total medical equipment imports. Meanwhile, domestic enterprises, currently comprising of 50 medical equipment manufacturers, which are licensed by the MOH, account for only 10% of the local market share ¹⁷.

The key players dominating the Vietnam medical device include Stryker Corporation Vietnam, USM Healthcare Medical Devices Factory JSC, Medical Devices and Biomaterial Plant Joint Stock Company, Getz Healthcare (Vietnam), Omron Healthcare Vietnam, B. Braun Vietnam Co., Ltd., Hoya Lens Vietnam Ltd., Japan Vietnam Medical Instrument JSC, Armephaco Joint Stock Company, Terumo Vietnam Medical Equipment Co., Ltd, GE Healthcare Vietnam, and other prominent players. To maintain their dominance in the market, these players invest and launch improved products for the customers. They also adopt different strategies, like engaging in strategic alliances and collaborations.

The medical equipment that is imported is mainly diagnostic imaging equipment such as X-ray, ultrasound, magnetic resonance imaging and computed tomography scanners, as well as equipment used for surgery, endoscopy, sterilization, testing and medical waste treatment.



2.5 DIGITAL HEALTH MARKET

Vietnam is now laying the foundation for the digital healthcare industry that includes disease prevention, medical examinations and treatment, and health management. Currently, these areas are still in the initial stages of development. Most of the healthcare facilities in Vietnam still use paper for medical records for patients and disease tracking. Meanwhile, telemedicine solutions remain in a “pilot phase”, and the application of AI and Big Data in the healthcare sector remains limited.

¹⁶ Blue Weaving Consulting | [Vietnam Medical Device Market](#) | Consulted on 18 December 2023

¹⁷ Pharmedi Vietnam | [Overview Medical Devices Market-Vietnam Healthcare 2019](#) | Consulted on 6 July 2023



Even though digital health remains in its initial stages in Vietnam, it has attracted the support of the government and the participation of associated organizations, private entities in various sectors like telecommunications, IT and insurance. This creates a cooperative ecosystem between the government and private players that will drive innovation and develop the sector. The MOH has set out targets to digitize the healthcare sector, including gradually building a smart healthcare and prevention system, using electronic medical records and electronic payments, and strengthening the application of information technology in health management. Notable local conglomerates such as FPT, VNPT and Viettel, which are leading telecommunications firms in the country are also participating in the digital health space by offering solutions such as teleconsultation applications, clinical decision-support systems, online appointment-booking systems etc.

Digital health solutions have also been well-received by hospitals through improved operations management and data storage. Healthcare digitalization continues to facilitate the enhancement of operational in public hospitals. Notably, more than 92% of public hospitals have outsourced to local IT companies such as FPT, Link Toan Cau, Dang Quang and OneNET to develop digital solutions for their facilities. Compared to public hospitals, private facilities in Vietnam have more advanced health management systems. Large hospital chains such as Hoan My and Vinmec Hospital have upgraded their digital infrastructure to manage their branches. Furthermore, in order to provide the best services, many foreign-invested hospitals are focusing on investing in digital platforms. ¹⁸

¹⁸ KPMG |Digital Health in Vietnam| 2021



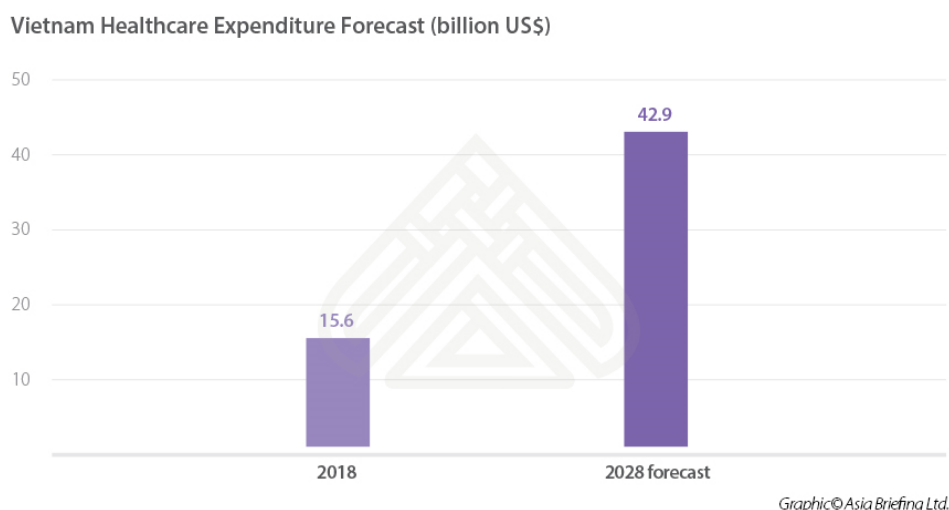
3. MARKET OUTLOOK AND OPPORTUNITIES

3.1 HOSPITAL/HEALTHCARE SYSTEM

3.1.1 Market trends

An ageing population, an emerging middle and affluent class, and an increasing burden of chronic diseases reflect demographic shifts and societal changes in Vietnam relevant to the healthcare sector. These trends are driving up the demand for long-term care. Additionally, access to middle-class comforts is both fueling increasing demand for more health options and resulting in more sedentary lifestyles that will inevitably lead to greater incidences of obesity, diabetes, and other costly, chronic health conditions.¹⁹

Vietnamese hospitals are facing a number of important challenges as most public hospitals in the country were built more than two decades ago and need to be upgraded.



Hospitals also face the issue of overcrowding. The beds-to-inhabitants ratio, or bed occupancy rate in Vietnam far exceeds the threshold occupancy rate of 80 percent recommended by the World Health Organization (WHO).

Adding to the problem is the inequality of care: patients would rather get treated in overcrowded national level hospitals than provincial or district level ones due to the availability of higher quality medical equipment and staff in the former. Meanwhile, doctors and nurses have to tend to a large number of patients, working long hours under stressful conditions with relatively low wages.²⁰

An aging population also generates fiscal pressures from rising demand for health care services. According to a report by Vietnam National Committee on Aging in 2019, there are about 10,000

¹⁹ PWC | Emerging trends in healthcare and their implications for Vietnam | 2022

²⁰ Dezan Shira and Associate | Why Investors Should be Optimistic About Vietnam's Healthcare Industry | 2021

old people living in public social protection centers. As a result, the demand for private institutional care is huge.²¹

3.1.2 Opportunities

The Vietnamese hospital system needs therefore an upgrade to its facilities, equipment, and services. The current gaps create opportunities for:

- Partnering with local hospitals (both public and private hospitals) to collectively deliver consumer-centered healthcare;
- Investing in private hospitals;
- Investing in elderly care centers;
- Providing vocational training;
- The construction and management of infrastructure facilities;

3.2 *PHARMACEUTICAL AND MEDICAL DEVICES*

3.2.1 Market trends

Although the government aims to increase the share of locally produced pharmaceuticals to 80%, an average of more than 50% of medicines in Vietnam are imported every year. One of the reasons for Vietnam’s reliance on imports is that most domestic companies lack research and development capabilities, and do not meet the European Union Good Manufacturing Practice (EU-GMP) or Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice (PIC/S-GMP) standards required to manufacture high-quality generic drugs.

Furthermore, Vietnam imports more than 90 percent of drug ingredients, half of which are from China. With the closure of many Chinese factories due to environmental concerns, the price of raw materials has surged, decreasing the profit margins of Vietnamese companies²².

Regarding medical devices, in public hospitals across the country, there is a lack of sufficient equipment for surgery and intensive care units as well. The demand for investment in medical equipment will continue to increase with a focus on imaging equipment, operating rooms, and emergency resuscitation testing. Local manufacturing cannot keep up with demand so the government supports the import of medical equipment. Furthermore, some imported items enjoy minimal import tariffs and are not subject to quota limitations. However, medical equipment is regulated and licensed by the Ministry of Health (MOH).²³

Under Vietnamese law only businesses registered in Vietnam with an import license are able to distribute medical devices legally in Vietnam. Therefore, foreign medical device suppliers are required to set up a local office or appoint local distributors. Most often, foreign medical device suppliers opt for selling their medical devices through local distributors²⁴.

²¹ World Bank | Vietnam-Adapting-to-an-Aging-Society | 2021

²² Dezan Shira and Associate | Why Investors Should be Optimistic About Vietnam’s Healthcare Industry | 2021

²³ Cekindo Vietnam | Healthcare Industry in Vietnam: Why You Should Invest Now | 2021

²⁴ Doanh Tri | [How to import medical goods into Vietnam](#) | Consulted on 12 December 2023



For foreign medical device providers and distributors, their local offices should be responsible for medical equipment licenses application. If foreign companies do not hold representative offices in Vietnam, it is possible for them to appoint a distributor or a partner company²⁵.

3.2.2 Opportunities

- Thanks to the implementation of the European Union Vietnam Free Trade Agreement (EVFTA) which has removed tariffs for pharmaceutical products from the EU, foreign companies can export and sell pharmaceuticals to Vietnamese distributors and wholesalers.
- Medical device producers can also look forward to opportunities created by trade agreements such as the EVFTA. Improvements in regulatory standards, exchange of information on customs requirements, and the simplification of customs procedures are a few of the anticipated benefits from the implementation of the EVFTA.²⁶

3.3 DIGITAL HEALTH

3.3.1 Market trends

Vietnam has some advantages for applying digital health solutions:

- 60% of Vietnamese under 54 are more familiar with new technologies.
- Internet access had been made available throughout the country, with a penetration rate of almost 80% in 2023 and a predicted rate of 98% by 2026 (Statista, December 2023). Mobile information technology is also growing rapidly in Vietnam, with 4G networks now covering over 99% of households.
- Vietnam's technology infrastructure is moving towards cloud-based services, delivering opportunities to develop innovative and cost-effective solutions to provide healthcare services. These factors form the foundation for Vietnam's digital transformation in healthcare²⁷.

On June 22, 2020, the Ministry of Health issued Decision No. 2628/QD-BYT approving the project "Telemedicine examination and treatment" for the period of 2020 – 2025. According to this scheme, there will be 24 upper-level hospitals participating in the telemedicine network, hospitals will provide training, technology transfer, professional support for remote medical examination and treatment, etc.

A number of organizations are delivering solutions in the digital healthcare space in Vietnam. These organizations range from ICT services and solutions companies to medical device distributors, and from start-ups to established companies. Over the past few years, Vietnam has seen a growing number of health start-ups who aim to use high-technology solutions to improve the quality of medical services²⁸.

²⁵ Doanh Tri | [How to import medical goods into Vietnam](#) | Consulted on 12 December 2023

²⁶ Dezan Shira and Associate | [Why Investors Should be Optimistic About Vietnam's Healthcare Industry](#) | 2021

²⁷ UEH University | [Digital Healthcare Transformation In Vietnam](#) | Consulted on 12 December 2023

²⁸ Austrade | [Digital Health in Vietnam Report](#) | Consulted on 14 July 2023






It is therefore critical for businesses and key players to develop a digital healthcare strategy that not only makes sense for their business but also serves to advance the healthcare sector in Vietnam. The strategy needs to be tailored to the diverse needs facing patients and stakeholders across the healthcare system²⁹.

3.3.2 Opportunities

Digitalization in Vietnam Has Significant Room to Grow Given the Early Stage of development



Investment Opportunities in Vietnam's Digital Healthcare Landscape	Drivers	Challenges
 <p>Patient Experience Enhancement</p> <ul style="list-style-type: none"> • Mobile health, online bookings • Telemedicine, Home-care services • Health information platforms 	<ul style="list-style-type: none"> • Rising demand from growing and tech-savvy population • Untapped markets in tier II-III cities 	<ul style="list-style-type: none"> • Increasing number of competitions, especially from startups • Highly regulated sector challenges licensing and registration
 <p>Diagnosis and Treatment Improvement</p> <ul style="list-style-type: none"> • Telemedicine • Advanced technology / AI application • Professional platforms 	<ul style="list-style-type: none"> • High demand from healthcare consumers and strong support from the central government • Healthcare providers are seeking digital tools to deliver better services and improve patient engagement • Pressure from regional competitions, Singapore and Thailand, will push Vietnamese players to catch up 	<ul style="list-style-type: none"> • Highly regulated sector challenges licensing and registration • Underdeveloped databases to enable Big Data for analysis • Need skills training to advance adoption • Financing pressures
 <p>Operational Efficiency Enhancement</p> <ul style="list-style-type: none"> • HIS, PACS, RIS, EMR, drug management • IT Platform and Security Solutions • Consultancy service 	<ul style="list-style-type: none"> • A strong push from the central government • Large and growing demand from both public and private hospitals • Unsolved mismatch between delivered products/solutions and actual customer needs 	<ul style="list-style-type: none"> • Price sensitivity and financial constraints • Reluctancy to changes from staff and managements • Internal conflicts of interest

Source: YCP Solidiance's Research and Analysis

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Vietnam's digital health market can be divided into four main areas: Health Information Technology, Telemedicine, Healthcare Big Data & AI-based products and services and Consumer Health Electronics³⁰.

ICT Companies can look into the opportunities in the below key areas in digital health:

1) Health Information Technology

Vietnam's health information system is making headway: for patients and diseases, most medical facilities in Vietnam still employ paper-based medical records. Nevertheless, Vietnam has established the target of promoting Electronic Health Records (EHRs) since June 2018. According to the government's EHR deployment strategy (Decision No. 5349/QD-BYT), at least 80% of

²⁹ YCP Solidiance | [A Look Forward: How Digitalization is Transforming Vietnam's Healthcare System](#) | Consulted on 14 July 2023

³⁰ KPMG |Digital Health in Vietnam| 2021



individuals in provinces and central-affiliated cities will have EHRs in the near future, with a goal of reaching 95% of the population nationally by 2025.

2) Telehealth / Telemedicine

Since the COVID-19 pandemic in 2020, telehealth infrastructure has greatly improved. By 2026, telehealth is predicted to be worth US\$ 185.6 billion. WebRTC, an open-source API-based system that connects web browsers and mobile applications, allowing for the transmission of audio, video, and data, is one of the most significant technologies that will be required.

3) Artificial Intelligence (AI) and Big Data in Healthcare

Prior to the COVID-19 pandemic, Artificial Intelligence (AI) and Big Data were in the nascent stages of utilization and were only used by a few hospitals out of nearly 1,400 hospitals in Vietnam. AI and machine learning have shown to be beneficial not only in the prevention and treatment of COVID-19, but also in the long-term impact on physical and mental health.

4) Consumer Health Electronics

Regarding the popularity of wearables and IoT technologies, their potential proves to be significant in the healthcare industry. Particularly, At the start of 2021, there were 11.3 billion IoT devices connected. The worldwide IoT medical devices market is expected to grow from US\$ 26.5 billion in 2021 to US\$ 94.2 billion by 2026. In Vietnam, the Healthcare IoT market is forecasted to achieve a revenue of US\$0.60 billion by the year 2023. This projection anticipates a steady annual growth rate (CAGR 2023-2028) of 13.50%, ultimately leading to a market volume of US\$1.13 billion by 2028³¹. The ability to remotely monitor a patient's state throughout the day, or for an individual to check their own status, makes this technology extremely significant³².

³¹Statista | [Healthcare IoT in Vietnam](#) | Consulted on 18 December 2023

³² Innolab Asia | Why Vietnam? - Opportunity to "lay golden eggs" for MedTech startups | 2022



Vietnam Medical Device Association

Vietnam Medical Equipment Association is a professional and social organization of organizations and individuals operating in the fields of science, technology, management, production, business, maintenance, repair ... related. Regarding medical equipment and instruments throughout the country, voluntarily organizing the construction and development of Vietnam's medical equipment industry, contributing to quickly applying medical technical applications to diagnosis and treatment, disease prevention and community health care; information, document exchange, experience in exploitation, production research, assembly, repair and maintenance ... contribute to the overall development of Vietnam's health sector.

Address: No. 40, Phuong Mai Street, Dong Da District, Hanoi, Vietnam

Website: <http://www.hoitbyt.vn/>

4.3 IMPACT OF THE EVFTA ON PROCUREMENT

The European Union Vietnam Free Trade Agreement ("EVFTA") -officially entered into force on August 1, 2020- sets a number of new measures towards the customs and conditions to trade between the EU and Vietnam for various goods and services (including drugs and medical devices). In one of its most remarkable improvements to current regulations, the EVFTA for the first time allows foreign entities (i.e., European companies) to attend tenders for public procurement in Vietnam.

Exploring the healthcare industry opportunities/project tenders

Public procurement in Vietnam is normally implemented through bidding. In general, there are two models of public procurement, which are applied in parallel in Vietnam:

- Decentralized procurement model (the most popular model currently): agencies, organizations and SOEs, who are the end-users will directly conduct the procurement.
- Centralized procurement model: will have a national-level centralized procurement unit and a centralized-level procurement unit at the ministerial, branch or local level.

There are several sources to discover the opportunities in public tender for healthcare:

1. MPI's public procurement website (in Vietnamese only)

- <https://muasamcong.mpi.gov.vn>

Please note that all investors/contractors (local or foreigners) have to register via the website <https://muasamcong.mpi.gov.vn> with an initial registration fee of approx. 21 € and an annual fee of 21 € from the second year onwards. Other items have also a fee, of a similar nature, such as bid documents submission, proposal submission, posting notice/invitations for bids, etc.

2. Some English websites by service companies like Itellasia and Euclid Infotech Ltd (need to be registered with an initial fee):

- <https://www.tendersinfo.com>
- <https://dau-thau.vn/en/>

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are 1% to 3% of the bidding package price for the selection of contractors and 0.5% to 1.5% of the total investment for the selection of investors³³.

Please note that the GOOSE project representative in Vietnam will support you throughout the process of researching and participating in the bidding process.

Planning a business trip to Vietnam and want to know how to get a visa or know more about Vietnam's political system, specific sectors, market approach, Covid, do's and don'ts? Please contact our Flanders Investment & Trade (FIT) Office in Hanoi.

Email: hanoi@fitagency.com

Phone: +84 24 3 934 61 72

Address: Hanoi Towers, 49 Hai Ba Trung, 9th floor, Hanoi, Vietnam.

³³ Baker McKenzie | Procurement Procedures in Vietnam



5. ANNEXES

ANNEX 1 Overview public healthcare services

ANNEX 2 Legal framework of healthcare industry in Vietnam

ANNEX 3 Top drugs and medical devices importers

5.1 ANNEX 1

Overview public healthcare services

1. *Governmental health insurance in Vietnam (Social Health Insurance – SHI)*

Social health insurance in Vietnam was established in 1992, and is now regarded as the main method of public financing for health care. The government uses its tax revenues to subsidize vulnerable groups such as the poor, the ethnic minority, children under 6, and the elderly above 80³⁴. For other disadvantaged groups, such as the near poor and students, partial subsidies are available.³⁵

Health insurance is essentially a part of social insurance. There are two types of health insurance:

- Compulsory
- Voluntary

Health insurance is compulsory for those who are in-service cadres, workers, public employees, retired, unemployed workers in the administrative and non-business sectors, party organizations, social organizations having salary from the state budget, domestic enterprises employing 10 or more employees, joint ventures with foreign countries and international organizations in Vietnam employing Vietnamese workers³⁶.

Voluntary health insurance is a type of insurance organized by the State, which is not intended for profit-making purposes, but is considered a social policy to support medical examination and treatment costs for participants, contributing to improving the quality of life and ensuring social security. Accordingly, if you do not belong to the subjects participating in compulsory health insurance, you can buy voluntary health insurance in the form of a household. That is, when a family member wants to buy health insurance, other family members must also buy it (except for those who already have a compulsory health insurance card).³⁷

³⁴ World Health Organization | [Health financing in Vietnam](#) | Consulted on 12 December 2023

³⁵ International Labour Organization | Case study: Social health insurance scheme reduces financial burden for diabetes sufferer | [March 2020](#)

³⁶ Tran Quynh Trang | Comparison of compulsory and voluntary health insurance | May 2022

³⁷ Tran Quynh Trang | Comparison of compulsory and voluntary health insurance | May 2022

Social health insurance coverage has increased rapidly: as of 2018, 87% of the population has insurance coverage, including most of the poor and vulnerable groups, whose premium contributions are covered through government subsidies. Even though out-of-pocket (OOP) spending on health is relatively high at 45% of total health spending, households are by and large sufficiently protected against the financial risks associated with large health care costs.³⁸

Participants of health insurance when going for medical treatment in accordance with regulations and right line will be paid medical expenses by the health insurance fund within the scope of entitlement and benefit rate as follows:

- 100% of the cost if:
 - + Objects belonging to the police force and army;
 - + People with meritorious services to the revolution, veterans;
 - + Children under 6 years old;
 - + Persons eligible for monthly social protection allowance;
 - + People from poor households; ethnic minorities living in areas with difficult or extremely difficult socio-economic conditions; in island communes and island districts;
 - + Relatives of people with meritorious services to the revolution are the biological fathers, mothers, spouses and children of martyrs; people with meritorious services to raise martyrs;
 - + One-time medical examination and treatment is lower than 15% of the current basic salary and at the commune level;
 - + Participating in health insurance for 5 consecutive years and having a co-payment amount in the year greater than 6 months of basic salary.

- 95% of the cost if:
 - + Persons enjoying monthly pensions or allowances for loss of working capacity;
 - + Relatives of people with meritorious services to the revolution, except those whose expenses are covered by health insurance 100%;
 - + People from near-poor households.

- 80% of the cost if other objects.

In case a person belongs to many subjects participating in health insurance, they are entitled to health insurance benefits according to the object with the highest benefits.

The level of health insurance benefits from the wrong line (In case you have a health insurance card to go to the wrong medical center yourself) will be paid by the health insurance fund by the health insurance fund as follows:

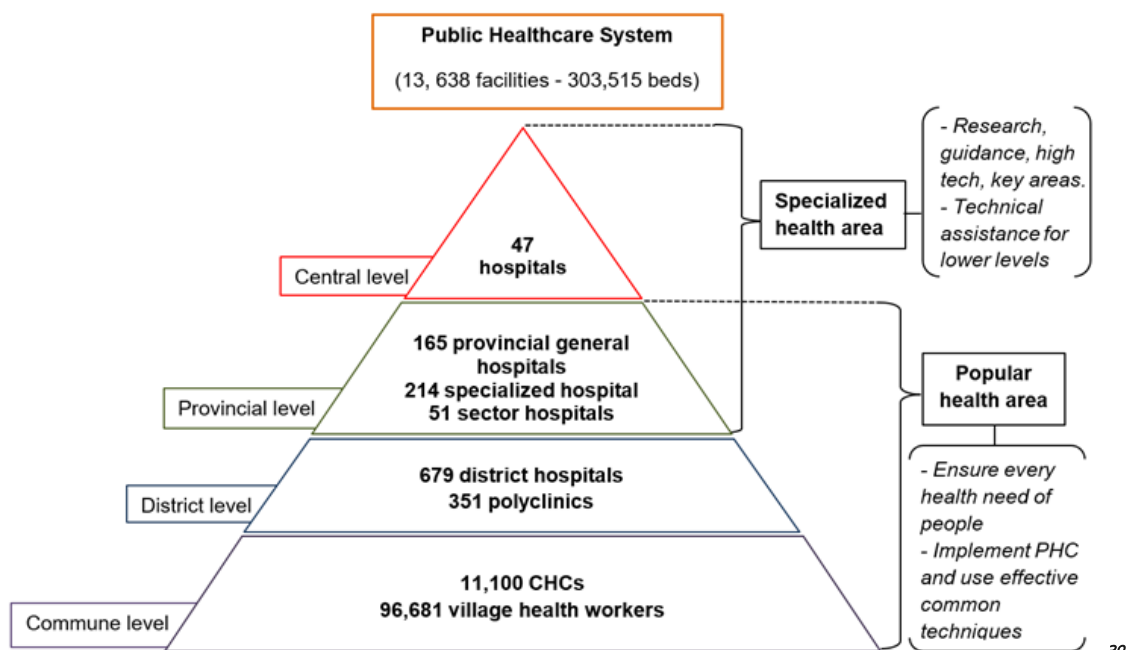
- At the central hospital is 40% of the cost of inpatient treatment;
- At provincial hospitals, 60% of inpatient treatment costs until December 31, 2020; 100% of inpatient treatment costs from January 1, 2021 nationwide.

³⁸ World Bank | The Future of Health Financing in Vietnam | 2019



2. Public hospitals in Vietnam

Public hospitals in Vietnam are divided into four levels: central level; provincial level; district level and commune level:



National healthcare organizations are mainly concentrated in Vietnam's two biggest cities: Hanoi and Ho Chi Minh city. At the provincial level, each province has at least one provincial hospital, which supports National hospitals during different phases of treatment. At the district level, basic care, emergency services and treatment of common diseases are offered. Finally, at the communal level, basic care, health education and awareness program are delivered.⁴⁰

Central hospitals are distributed throughout the major cities off Vietnam. They have good doctors who are adept at treating serious illnesses and advanced equipment for treatment.⁴¹ This is part of the reason why many hospitals in big cities in Vietnam are packed with people coming from many provinces nearby seeking medical treatment. Many Vietnamese patients are willing to travel long distances to receive treatment.

³⁹Asia Pacific Journal of Health Management | [Vietnam's healthcare system decentralization](#) | Consulted on 6 July 2023

⁴⁰ BDG Vietnam | [Vietnam Medical Device Industry: Facts, Figures and Opportunities](#) | Consulted on 6 July 2023

⁴¹ BIDI Land | [Detailed information about hospitals in Vietnam](#) | Consulted on 6 July 2023

5.2 ANNEX 2

Legal framework of healthcare industry in Vietnam

1. Healthcare system

- Law No. 15/2023/QH15 dated 09 January 2023, with an effective date of 01 January 2024, expand the scope of practice, improve service delivery quality of medical examination and treatment establishments, and enhance people’s access to services with medical examination and treatment services (Vietnamese version only).
[Luật 15/2023/QH15: Khám bệnh chữa bệnh](#)
- *Law No. 40/2009/QH12 dated 23 November 2009: provides the rights and obligations of patients, medical practitioners and medical examination and treatment establishments*
[Law No. 40/2009/QH12: Law on Medical Examination and Treatment](#)
- *Decree No. 109/2016/ND-CP dated July 01, 2016, on issuance of practice certificates to healthcare practitioners and operation licenses to healthcare facilities*
[Decree No. 109/2016/ND-CP: Issuance of practice certificates to healthcare practitioners and operation licenses to healthcare facilities](#)

2. Pharmacy and Medical Devices

- Law No. 105/2016/QH13 dated 06 April 2016: Law on Pharmacy, which entered into force on January 1, 2017, is the primary legal framework governing the pharmaceutical sector, including registration, sale, and distribution of pharmaceuticals. Within the MOH, Drug Administration of Vietnam (DAV) is the functional department oversees pharmaceuticals and cosmetic.
[Law No.105/2016/QH13: Law on Pharmacy](#)
- Decree No. 54/2017/ND-CP dated May 8, 2017: Provides guidelines for the Law on Pharmacy. The Decree provides stipulation for pharmacy practice certificate; pharmacy business; export and import of drugs; registration of herbal ingredients, excipients, capsule shells; assessment of overseas drug manufacturers; power, method, and procedures for recalling medicinal ingredients; handling of recalled medicinal ingredients; documents and procedures for issuance of the certification of drug advertisement and drug price management.
[Decree-54-2017-ND-CP: Guidelines for implementation of the Law on Pharmacy](#)
- Circular 08/2022/TT-BYT (Cir. 08) dated 05 September 2022: Replacing Circular 32/2018/TT-BYT with an effective date of October 20, 2022. The most notable changes of the Cir. 08 include: The Certificate of Pharmaceutical Products (CPP) content requirement; Cir. 08 removed Vietnam-specific requirements and now harmonizes with international practice, specifically the WHO-CPP template.
[Cir 08/2022/TT-BYT: Regulating the Registration of Drugs, Drug Ingredients](#)
- Decree No. 98/2021/ND-CP dated 08 November 2021: Decree on the management of medical devices (“Decree 98”) which effects from 1 January 2022 and replaced Decree No. 36/2016/ND-CP, Decree No. 169/2018/ND-CP, and Decree No. 03/2020/ND-CP on Pharmaceuticals.
[Decree 98/2021/ND-CP: The management of medical devices](#)

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- Circular No. 15/2019/TT-BYT dated 11 July 2019 providing regulations on drug tenders applicable to public healthcare facilities (“Circular 15”), which superseded all previous regulations (under Circular No. 11/2016/TT-BYT) and took effect from October 1, 2019.
[Circular No. 15/2019/TT-BYT dated 11 July 2019: Regulations on drug tenders applicable to public health facilities](#)
- Circular No. 32/2018/TT-BYT specifies the procedure regarding the registration of pharmaceutical products. Investors have expressed concerns over the ill-defined roles and responsibilities of foreign and domestic companies, and the cumbersome administrative process, which can delay access to the Vietnamese market. The Law on Pharmacy sets out the legal framework for the registration, sale, and distribution of pharmaceuticals.
[Circular 32/2018/TT-BYT: Marketing Authorization of Drugs and Medicinal Ingredients](#)
- Decree No. 155/2018/ND-CP date November 12, 2018, amended some articles related to business conditions under state management of the Ministry of Health, allowed foreign companies operating representative offices to establish foreign investment enterprises (FIEs).
[Decree 155/2018/ND-CP: Amendments to Some Articles Related to Business Conditions Under State Management of the Ministry of Health](#)

3. Digital Health

- Decision No. 4888, 2020: Approves the Program for health digital transformation until 2025 and orientation to 2030
[Decision No. 4888, 2020: Program for health digital transformation until 2025 and orientation to 2030](#)
- Decision No. 5349, 2019: Approves the Plan for deployment of electronic health records (EHR).
[Decision No. 5349, 2019: Plan for deployment of electronic health records \(EHR\)](#)
- Decision No. 5316, 2020: Approves the Healthcare Digital Transformation Scheme until 2025 and orientation to 2030, promoting the implementation of information technology and digital technology all aspects of healthcare activities.
[Decision No. 5316/QD-BYT: Medical digitalization program until 2025 and orientation to 2030](#)
- Decision No. 2628/QD-BYT, 2020: Approves scheme for remote medical examination and treatment for 2020 – 2025
[Decision No. 2628/QD-BYT, 2020: Approves scheme for remote medical examination and treatment for 2020 – 2025](#)
- Circular No. 49/2017/TT-BYT: dated December 28, 2017 of the Ministry of Health on tele-medicine
[Circular No. 49/2017/TT-BYT: Ministry of Health on tele-medicine](#)

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5.3 ANNEX 3

Top drugs and medical devices importers

- **Vietnam Medical Products Import – Export Joint Stock Company**

Company main activities: supplied machinery and equipment, medical supplies and tools, medical products, chemicals, vaccine, medical biological products, functional products, and transferred medical technology to hospitals, medical clinics from central to local area, medical companies, medical supplies in the country and the company has had accepted bid in many national medical programs.

Address: 138 Giang Vo Street, Kim Ma ward, Ba Dinh District, Hanoi, Vietnam.

Tel: +84 24 3 843 9499

Website: <http://vimedimex.com.vn/>

- **National Phytopharma Joint Stock Company**

Company main activities: Phytopharma is currently developing and managing distribution centers; GSP / GDP standard system; logistics services,... 2021, Phytopharma ranks second among 10 prestigious companies in Vietnam. In 2021 revenue gained more than 15,806 billion VND. So far, Phyto has officially signed a trade contract with 11 multinational companies (FIE).

Address: 24 Nguyen Thi Nghia, Ben Thanh Ward, District 01, Ho Chi Minh City, Vietnam.

Website: <http://www.phytopharma.vn/en/>

- **Toan Thang Group Medical Equipment Co., Ltd**

Company main activities: importing and distributing medical machinery and equipment; test chemicals..

Address: 145/34/104 Thanh Xuan 52 Street, Quarter 4, Thanh Xuan Ward, District 12, HCMC

Tel: +84 28 2 249 7474

Website: <http://toanthanggroup.vn/>

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