

Guest columnist: Medical device market poised for big growth

Written by

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Regardless of economic conditions, there is always a need for health care and medical products. The medical device market includes hundreds of products across a variety of technologies.

There are several reasons why you should explore the investment opportunities in the medical device sector. The aging baby boom generation is a tidal wave that will place greater demands on our health care system. Innovation in health care, targeted at these boomers, will drive the health care industry in the coming decades. America is not alone: Europe, China, India and Japan also have aging populations. The lifestyle of the boomers worldwide will create demand and opportunities.

Unlike their parents, the boomer generation is more active. On average they exercise twice as much as their parents did, and continue to participate in organized recreation and sports.

Do you need a new knee? How's your hip? The baby boomers are replacing more than half a million knees and hips a year. With the more physically active, aging population, the number of knee and hip replacements is expected to increase fivefold.

The medical device market is a highly competitive marketplace. Many of the world's leading medical device manufacturers are found in the United States. Seven out of the world's 10 largest device manufacturers are U.S. companies. There are only six or seven companies that supply 90 percent of implants to hospitals for reconstructive hips and knees.

Consider the medical device advances of the last 10 or 20 years: Implanted cardiac defibrillators, stents and advanced imaging equipment have saved thousands of lives.

Eye surgery has changed dramatically. Surgeries that were once considered major operations (cataract), or didn't even exist a generation ago (Lasik) are now often done on an outpatient basis, as boomers inundate surgical centers.

When investing in this sector, look at companies with strong international operations. The device market in developed nations is reaching a saturation point. The emerging economies have become high-growth markets for medical devices. China is the second-largest market for the export of medical devices.

This past month the Food and Drug Administration announced an initiative to identify technologies and medical device trends that will have a significant impact over the next decade. Among the trends:

- Technologies that will promote expansion of minimally invasive procedures. The procedures reduce the time spent in a hospital and the total cost of care. Optical diagnostic technology will improve minimally invasive procedures by providing real-time images showing instrument position within the patient. Image guidance systems will be used in mapping the human brain.

- Decentralizing care to lower health care costs. There will be continued growth in home-care and self-care products, including new types of wireless home monitoring systems and sensors for medical management. Personalized custom devices for patient monitoring, especially remote monitoring systems, will become more commonplace. Advancements will be made in the electronic patient medical record system.

- Robotic surgery and robotic prosthetics. There will be advancements in

insulin delivery systems, stents and joint replacements. Technology will provide for mobility aids, including orthopedic implants for the aging population.

- Tissue-engineered products, synthetic tissues, organs and combination device/drug/biological products. This would include stem cells, artificial organs and organ assistive products. There are already significant advances being made in bone regeneration research using adult stem cells.

Two years ago the Department of Defense funded a project that included biologists, nanoengineers and doctors to come up with a solution to mend injured limbs on the battlefield. The researchers developed a material that can be implanted or injected that fixes a fractured bone quickly using a patient's own stem cells, and leads to full regeneration with no need for pins. The project is still being tested. If successful the researchers believe the technique could eliminate external fixation devices.

Investing in health care promotes research by supplying the capital for companies to grow, research and provide new medical products. The public sector will not be the sole financier to meet the future demand for health care. By investing in health care we not only help ourselves but our children by providing funding for efforts to find cures for major diseases. New medicines and technologies become available sooner with increases in financial capital.