

Global Trade in Health Services

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ABSTRACT

Background: Global trade in health services is an emerging trend consisting of 617 million patients annually and is projected to attract investments of \$513 billion in the next 5 years.

Objectives: 1) Provide a brief synopsis of recent trends in global trade in health services; 2) Explore factors that are driving the growth in this industry; 3) Analyze the impact of the growth; 4) Develop a framework for sustainable and equitable development of global trade in health services.

Results: Growth in global trade in health services is facilitated by various supply and demand factors. This growth has significant impact on national and global economies, health systems, and health equity.

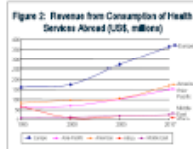
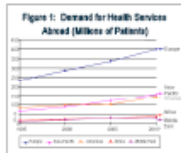
Discussion: A global framework for sustainable and equitable trade in health services should be developed considering the following four key areas: 1) Partnerships, 2) Financing, 3) Services, and 4) Consumers. These pillars for development should have an underlying foundation of governance.

BACKGROUND

Global trade in health services is comprised of four activities: 1) Cross-border delivery of trade; 2) Consumption of health services abroad; 3) Commercial presence; and 4) movement of health personnel¹. The focus of this study is the second mode of trade in health, which is broadly defined as the organization of health services outside of one's local environment².

Globally, healthcare is the largest industry in the world with a market value of almost \$3 trillion each year for countries in the Organization for Economic Cooperation and Development (OECD)³. Based on the World Tourism Organization, approximately 617 million people sought healthcare abroad. This represented an average annual growth of 3.9% and generated an estimated spending of \$513 billion between 2000 and 2005.

The demand and revenue from global trade in health services are highest in Europe, followed by Asia-Pacific, Americas, Africa, and the Middle East (Figures 1 and 2)⁴.



OBJECTIVES

- 1) Provide a brief synopsis of recent trends in global trade in health services
- 2) Explore the driving factors for growth
- 3) Analyze the impact of the growth in this industry
- 4) Develop a framework for sustainable development in global trade in health services

METHODS

Extensive literature search was carried out using EconLit, PubMed, and EBSCO. Relevant peer-reviewed articles were selected. Further search was conducted for reviews and reports from regional and international health and trade organizations. These include the World Trade Organization, World Health Organization, and the Organization for Economic Cooperation and Development. Detailed financial reports from selected health care providers were also utilized for market research.

RESULTS

Driving Factors for Global Trade in Health Services

The driving factors can be described as changes in the supply and demand of health services which are listed in Table 1.

Table 1: Supply and Demand for Global Trade in Health Services

SUPPLY	DEMAND
1) Pricing differentials - affordability of health service providers overseas	1) Demographic transition - aging population
2) Availability of advanced medical technology	2) Epidemiologic transition - growing chronic diseases burden
3) Investments in health research and development	3) Healthcare costs in developed countries
4) Increased number of qualified healthcare professionals	4) Growing number of uninsured and underinsured in the US
5) Fluidity of medical labor market	5) Accessibility of healthcare services in developed countries
6) Internationally accredited hospitals	6) Strained health systems
7) Growth in supporting industries	

Impact Analysis of Global Trade in Health Services

Global trade in health services may result in various positive and negative impacts to exporting and importing countries.

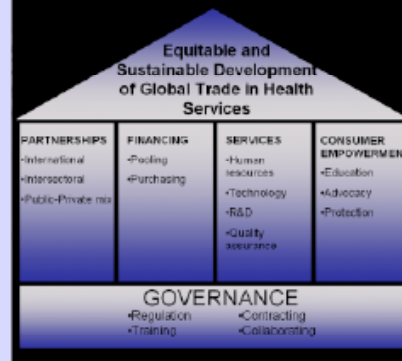
The positive impacts include:

- 1) Potential improvements in global health systems
- 2) Viable alternatives to uninsured populations
- 3) Positive externalities by creating a multiplier effect in the exporting countries

The negative impacts include:

- 1) Dual healthcare market structure
- 2) Information asymmetry
- 3) Healthcare professionals brain drain
- 4) Negative externalities such as widening inequities in health status.

FRAMEWORK FOR GLOBAL TRADE IN HEALTH SERVICES



The rapid growth of global trade in health services and the potential impacts on national and global economies and health systems demand an urgent need to develop an international framework for sustainable development. The four pillars of this proposed framework are:

1)Partnerships – The global trade in health services encompasses a broad range of traditionally unrelated sectors from informal and formal health services to tourism and hospitality sectors. Currently, significant development, financing, and resource allocation decisions in this industry are made without careful consideration of the socioeconomic and health impacts. Therefore, partnerships among the stakeholders in the global trade in health services at international, intersectoral, and public-private domains are essential.

2)Financing – Efficient mechanisms of pooling and purchasing for trade in health services are vital to sustainability. The role of governance in the financing pillar is to ensure that financial instruments used are progressive in nature.

3)Services – There is a danger of increased information asymmetry with growth in health services trade. This is due to language barriers, cultural differences, and a wide variance in acceptable quality and standards. Global health services should be developed with investments to standardize human resources, technology, research and development, and quality assurance.

4)Consumer empowerment – Education and empowerment of the consumers in the health tourism industry is challenging but essential. In the current market, there are grave risks for false advertising and marketing where consumers are poorly equipped with technical information and knowledge. Consumers' interests should be protected via education and advocacy.

Underlying these pillars of development should be an international governance body to ensure the regulation, training, contracting and collaboration of key stakeholders.

DISCUSSION

Global trade in health services is rapidly gaining momentum with potentially significant impacts on local, national and global economies as well as national and international health systems. Currently, the growth and expansion of this global trade are not under any formal intergovernmental or international regulation and oversight. Furthermore, there is limited published research on the observed and potential impacts of the expanding industry.

In this paper, an analysis of the current market was carried out to develop an internationally framework with the goal of equitable and sustainable global trade in health services development. Four essential pillars of the proposed framework are effective partnerships, equitable financing strategies, diverse and efficient quality services, as well as education and empowerment of the public.

The proposed framework for sustainable and equitable global trade in health services is preliminary in nature. Further studies with scientific vigor and gathering of reliable data in the field of global trade in health services are necessary in order to develop the most appropriate and proactive strategies to reap the benefits while curtailing potential negative impacts of the emerging industry.

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