

Annex 13. Borderless Medical Travel in APEC

Borderless Medical Travel in APEC

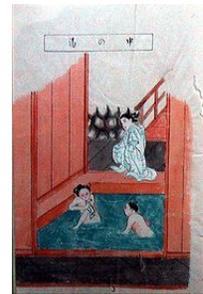
Todd Nissen
Office of the United States Trade Representative



Cebu, Philippines
February 10, 2010

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Medical travel in APEC, formerly



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Healthy and growing industry

- Thailand (2005):
 - 1.28 million visitors
 - \$US 1 billion
- Malaysia (2006)
 - 300,000 visitors
 - \$US 59 million
- Singapore (2006)
 - 410,000 visitors

Deloitte Consulting, Medical Tourism: The Asian Chapter, 2008

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Why?

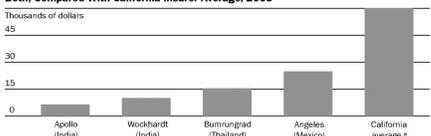
- Increased mobility
- More globalized workforce
- Increased demand for outpatient surgery (35 million in U.S. alone in 2006)
- Few restrictions
- And of course . . .

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Cost

EXHIBIT 2
Combined Average Expected Hospital And Professional Fees For Elective Coronary Artery Bypass Graft (CABG) Procedures At Offshore Hospitals That Have Obtained Joint Commission International Or International Standards Organization Certification Or Both, Compared With California Insurer Average, 2005

Thousands of dollars



SOURCES: Hospital telephone and e-mail responses during the fourth quarter of 2005 from each hospital's self-identified contact for U.S. customer inquiries; California comparison was average allowable total payments per CABG reported in the fourth quarter of 2005 by a very large preferred provider organization (PPO) insurer for the prior year and then adjusted to offset the estimated higher cost of emergency CABG procedures via analysis of California's Office of Statewide Health Planning and Development (OSHPD) database.

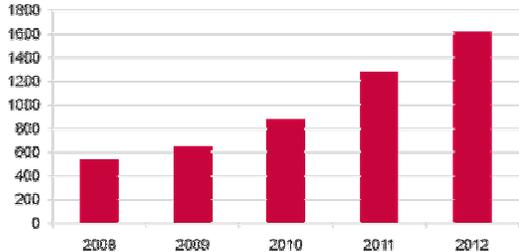
*Analysis by Thomson Medstat of its now limited California claims database demonstrates that non-efficient California hospitals would compare more favorably. Average fees at its twenty-fifth percentile ranked hospitals, based on allowable fees, were 25 percent lower than average California fees. However, a large offshore fee advantage persists.

Arnold Mitstein and Mark Smith, Will The Surgical World Become Flat?, Health Affairs, Vol 26, Issue 1, 137-141

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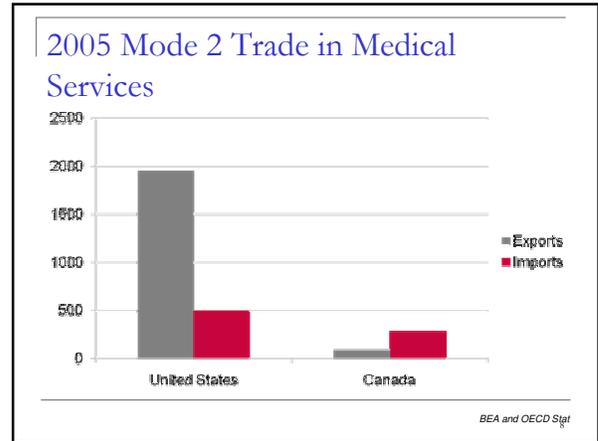
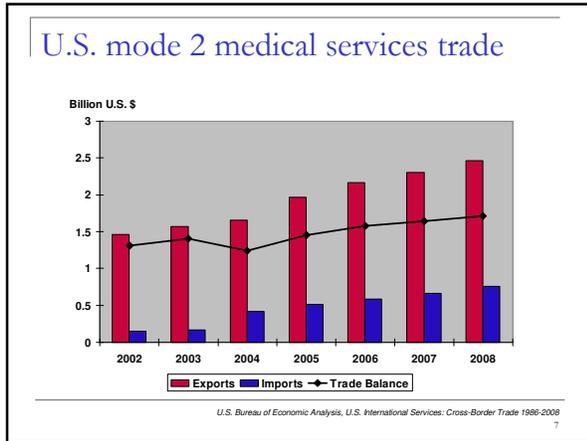
Projection of U.S. outbound medical tourism

Patients (,000)



Deloitte, Medical tourism: Update and implications (2009)

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- ### Economy-wide benefits
- If one in ten U.S. patients who need one of fifteen highly tradable, low-risk treatments went abroad, the annual savings for the United States would be \$1.4 billion.
 - Every 10 percent reduction in excess health care cost growth—a decrease in cost growth from 2.2 percentage points above GDP to 1.98 percentage points—leads to about 120,000 more jobs
- Mattoo and Rathindran, How Health Insurance Inhibits Trade in Health Care, 2006
Sood et al., "Employer-Sponsored Insurance, Health Care Cost Growth, and the Economic Performance of U.S. Industries," 2009

- ### Facilitating medical travel
- Quality assurance
 - Joint Commission International (JCI) approved sites: 76 in 2005 to more than 220 in 2008.
 - Accreditation important mechanism for building confidence, credibility
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- ### Facilitating medical travel
- Quality assurance
 - Networks facilitated by open investment
 - U.S. teaching hospitals - Johns Hopkins, Cleveland Clinic, Harvard, Duke and others - have started partnerships where they do the pre- and after-care at their facilities, either for consulting and other fees, or in exchange for part ownership of the foreign hospital.
 - Helps answer questions about pre- and post-op care, including complications
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- ### Facilitating medical travel
- Quality assurance
 - Networks facilitated by open investment
 - E-health
 - Helps ensure exchange of critical pre- and post-treatment data between sending and receiving providers.
 - Many countries lack a clear policy direction of the role of e-Health or a clear legal framework.
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Issues in E-health

- Technical barriers at national and regional/global levels, such as noninteroperability of hardware, software and connectivity.
- Lack of accepted standard in e-Health application
- Harmonization of data privacy, use of 3rd party data storage (the cloud)

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Facilitating medical travel

- Quality assurance
- Networks facilitated by open investment
- E-health
- Insurance
 - Employers seeking reduced health care costs
 - Insurers can offer lower cost premiums, but will it improve margins?
 - U.S. hospitals—significant loss of business?

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