

Development of a private sector framework for ASEAN trade negotiations: Health care sector¹

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1. Introduction

The economic integration of East and Southeast Asia has been an expressed goal of the ASEAN, Japan, China and South Korea. Economic integration in the East Asian region has been influenced by market driven forces as well as institutional drivers (Urata, 2006). The market-driven forces refer to the impact of economic of growth, globalization, improvements in information technology and increasing competition on the rapid expansion of trade, investments and flows of people across the region. It is estimated that intra-regional trade among countries in East and Southeast Asia has risen to over 50 percent of their global trade in 2004 compared to over 40 percent in 1990 (Urata, 2006) The growth in FDI has also been phenomenal. These can be attributed to rapid economic growth in the region. The movement of people through permanent or temporal migration has made the region closer economically.

There are also institutional factors that facilitated the expansion of trade, investment and flows of workers. These factors refer to the role of trade negotiations at multilateral, regional and bilateral levels. Trade in services, for example, has expanded to some extent due to increasing coverage and depth of liberalization as enumerated in the commitments of countries in the General Agreement of Trade in Services, (GATS) at the multilateral trade negotiations. At the regional level, the ASEAN Framework Agreement on Services (AFAS) has served as an institutional driving force in expanding trade in services. Countries, likewise, enter into bilateral preferential agreements to expand trade in services (Tullao & Cortez, 2006).

Because the contributions of regional trading accords like the AFTA and the AFAS have been recognized in enhancing regional cooperation and integration, there is a need to explore the potentials of the ASEAN+ 3 framework towards the establishment of a regional economic community. In particular this paper analyzes how trade in services in the health care sector, one of the identified priority sectors in the ASEAN, can be expanded using ASEAN+3³ trade negotiation framework.

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³ ASEAN plus China, Japan, and South Korea

The health care sector has been identified as one of the priority sectors in the ASEAN because of its potentials for growth and as an important driver for enhancing regional integration. Improvement in economic performance of the economies, longer life expectancy of people in the region and increasing population are the major economic and demographic factors that influence the demand for health services. Aside from these factors, institutional as well as developments in information technology are likewise increasing not only the internal demand for health services but also the global trade in health services.

In addition, the health sector has been chosen as one of the priority sectors for the completion of the MRA and harmonization of technical standards. Although, this sector has a lot of potentials and accompany the growth in income in the region as well in addressing the asymmetry in demography and development, it is one of the most regulated sectors. Because of the high public sector involvement, it highly regulated domestically by “country specific laws and guidelines, and overseen by powerful professional organizations.” The regulations provide powerful barriers to entry for foreign professionals (Manning & Sidorenko, 2005).

International trade in health, however, is problematic since countries in the region consider it as a basic right of its citizens and they provide free health services as mandated by their basic law. As a consequence, provision of health services cannot be subject to forces and disciplines of global trade (Arunanondchai and Fink, 2005). Moreover, the countries in the region are faced with a trade-off between promoting equitable and affordable basic health services with minimum quality or creating an environment for an efficient healthcare system beyond the constraints of the resources of the government. The choice in these health alternatives can be influenced by trade in health services by offering opportunities for “cost savings and access to better quality care, but it can also raise challenges in promoting equitable and affordable access” (Arunanondchai and Fink, 2005).

In the light of this backdrop, the following objectives will be pursued in the paper:

1. Evaluate the status of the health care sector within the ASEAN and its competitiveness in the East Asian region.
2. Examine the various trade negotiation and trade facilitation issues by industry and by country in terms of market access, technical barriers, rules of origin and other pertinent issues with special focus on the implementation process and private sector cooperation
3. Examine the flexibilities needed by the industry to effectively adjust to regional integration and liberalization processes
4. Construct a strategic framework and roadmap for ASEAN+3 trade negotiations.

2. Overview of health care sector in the ASEAN

The health care sector is a rapidly growing sector in the world economy with about USD 3 trillion in revenue per year. Because of improving income of individuals in developed countries and the expansion of more affluent middle class segment in developing economies, the demand for health services is increasing rapidly. The provision of this service has extended beyond the territorial boundaries. Increasing cost of medical and health services, the developments in information and communications technology and mobility of people have made the provision of this service extend beyond national territorial boundaries. Medical services have utilized the information highways to provide services. Sophisticated and financial able people have crossed borders to consume medical, health and related services. Health professionals seeking greener pastures have transferred their locations in providing services. Privately run-hospitals extend their services in other territories to provide sophisticated and medical services to discriminating clientele.

International trade in services can involve the transfer of either the producer or consumer across boundaries to provide or consume services or simply the transfer of services without producers and consumers necessarily transferring locations. As such international trade of services can take four following modes of supply: cross-border transactions, consumption abroad, commercial presence and movement of natural persons.

Cross Border Transactions (Mode 1). The service is received by the consumer through the various means of transfer including mail and electronic means without the producer and consumer changing their locations. An example is the provision of telemedicine.

Cross-border transactions in health services have been practiced in the region through the shipment of laboratory samples, diagnosis, clinical consultation via traditional mail channels, and various tele-health services (telepathology, telemedicine, telediagnosis, teleradiology and telepsychiatry) (Chanda, 2002).

Medical transcription has been possible due to developments in information and communications technology (ICT). Outsourcing of data conversion and transcription services are undertaken for several reasons, amongst which is the reduction in labor expense and improvement in the quality of transcription work, absorption by providers of overflow capacity for episodic high-volume periods and increase in turnaround time, this latter being a critical factor especially for billing and claims purposes.

Firms particularly offering medical transcription services may be able to provide consultation on managing medical transcription needs, transcription of dictations of patient's physical examination, surgery and laboratory reports, immediate hot-line services and the education and training of physicians and health workers in dictation techniques. Because of the labor cost in the Philippines and the understanding of the English language and knowledge in medical terms this supply mode has high potentials on competitiveness. The country's medical transcription is a huge industry with the U.S. spending close to USD 13 billion and the Philippines accounting for less than one percent of the value of trade.

Consumption Abroad. The service is received by the consumer by a temporary transfer of the consumer to the territory of the producer. An example is medical tourism. Alternative or traditional forms of medicine and healing have gained popularity in the Philippines. In addition, there are certain operations like eye surgery, dental and cosmetic surgery that the country can exploit. Many Cambodian patients seeking treatment abroad go to Thailand and Singapore. Majority of foreign patients coming to Singapore for treatment come from other ASEAN countries while those going to Thailand are mostly patients from non-ASEAN countries. Vietnam also exports some health services, mainly to neighboring Cambodia.

Commercial Presence. The service is received by the consumer by the transfer of the producer to the territory of the consumer by establishing branches and other forms of commercial presence. An example is the setting up of branches of hospitals in foreign countries.

This supply mode is done through joint ventures of foreign financial and health service providers with local partners that will ensure access to qualified local health personnel and a supply of paying patients. Foreign providers usually invest in health care services through various forms of contracting with local and international health care providers and with partnership with insurance companies.

Foreign commercial presence in medical education or in hospitals may lead to better quality of health care because of increased availability of sophisticated medical technology. At the same time, it may distort the health care market by inducing an internal brain drain. The quality of education of health care in the public sector might suffer due to loss of qualified human resources in the private sector.

The commercial provision of health care via foreign-invested clinics and practices could attract capital and technology. The extent to which governments depends upon how far the national trade policy makes it liberal. Countries like India, Indonesia, Nepal, Sri Lanka, and Thailand have become increasingly open to foreign direct investment. Many joint ventures and alliances have also resulted

to several health care networks and chains (Chanda, 2002). In the ASEAN, Parkway Group Healthcare, the biggest investment group in the healthcare sector in Singapore, has set up joint ventures with hospitals in India, Indonesia, Malaysia, Sri Lanka, and the United Kingdom. The Bumrungrad Hospital in Thailand has entered into management contracts with hospitals in Bangladesh and Myanmar, and has formed a joint venture with a hospital in the Philippines. Bangkok Hospital has established twelve branches in Southeast and South Asia, locating primarily in tourist towns. In Cambodia, Most foreign hospitals are of Chinese origin.

Movement of Natural Persons. The service is received by the consumer by the temporary transfer of a natural person as producer to the territory of the consumer. Example is the migration of doctors, nurses and other professionals abroad.

The ASEAN region hosts two of the world's largest exporters of healthcare workers. The Philippines and Indonesia send large numbers of nurses and midwives to countries around the world. Short-term flows of health personnel are mainly driven by conscious strategies to promote health services exports, in order to earn foreign exchange and foster cooperation between governments. Many are also driven by wage differentials between countries and better working conditions and living standards (Chanda, 2002).

The movement of health professionals across the region, however, is governed by domestic regulations. In Malaysia, foreign specialists can be employed in private hospitals and in public hospitals with fewer than two specialists, with the approval of Ministry of Health. Private general practitioners are not allowed, but there are foreign medical officers (MOs) in government clinics. A basic medical degree and at least 3 years (usually 5 years) of clinical experience is required. In the Philippines, there are Constitutional and legal prohibitions in the employment of foreign doctors and nurses. In addition, Filipino citizenship is a requirement for the practice of any profession including doctors, nurses, dentists, pharmacists and other health professionals. In Singapore, according to the data from the Singapore Nursing Board, 23 percent of nurses were overseas residents, mainly from the Philippines and several private hospitals report a smaller but significant share of foreign doctors (Manning & Sidorenko, 2005). In Indonesia the health care sector is closed to foreign doctors and nurses although some foreign doctors were recorded as employed mainly for work as administrators and managers in several foreign hospitals and teachers in overseas twinning programs for nurses in 2004.

Despite high levels of regulation, there is a growing trend of flows of health professionals in the region due to responses to demographic and economic asymmetries and responses to the push and pull factors of migration (Stilwell, et al.(2004); Hardill and MacDonald (2000); and (Martineau et al. (2004): in Manning & Sidorenko, 2005). The pool of educated English speaking health

workers is one of the bases of the Philippines' export of medical transcription services to the United States and health professionals in various capitals in Southeast Asia. In Vietnam, the health care sector is closed to foreign health professionals but a limited number of foreign health workers were permitted to enter as part of the FDI in health services. In Indonesia, although foreign doctors and nurses are not permitted to practice their profession in local hospitals, there is an exemption for temporary service provision as senior medical officers or medical specialists in corporations in selected sectors such as in oil, gas and mining.

3. SWOT analysis of health care sector in ASEAN countries

a. Brunei

Strengths

Expenditures on health services are quite substantial. The government spends USD 244 million to provide health services making the per capita health expenditure at USD 336 in 2002, the highest rate in the region. (The Government of Brunei Darussalam Official Website, 2006).

Around 3.5 percent of GDP is spent on health expenditures with huge government subsidy to provide free medical and health care, which is provided via government hospitals, health centers and health clinics throughout the country (Country Health Information Profiles).

The main hospital in the country, Raja Isteri Pengiran Anak Saleha (RIPAS) Hospital, is a B\$ 162 million (US\$ 97.63 million) investment by the government, is equipped with modern, cutting-edge medical technology (Country Health Information Profiles).

Doctors per 1,000 population is estimated at 1.0056 one of the highest in the region. There are 2.67 nurses per 1,000 population second only to the index of Singapore.

Weaknesses

The weakness of the Brunei Darussalam health care sector is on the apparent over dependence of its citizens on the government in the provision of health services. There is limited private sector participation because health services provision is mainly for domestic and internal demand.

Opportunities

As economic development proceeds, there is an increasing demand for health services. The government needs to secure health professionals from abroad to maintain the quality established in the health index of Brunei Darussalam.

As for its external linkages, Brunei is exploiting the opportunities of forging alliances with educational institutions abroad like Dalhousie University and the University of Calgary from Canada and University of Windsor in Great Britain in the field of medicine and health related sciences.

Threats

Increasing costs in the provision of health and medical care is the pertinent threat to Brunei. Because health and medical care is free and heavily subsidized, this can put a pressure on government expenditures. Even minor ailments that do not need hospital treatment are referred to hospitals causing a heavy traffic of people in health centers due to the heavy expectation on the quality of health care.

b. Cambodia

Strengths

It appears that Cambodia has a strength in spending 12 percent of its GDP on health care. The amount is even larger than its neighboring Vietnam's GDP health care spending. However, other indicators point that Cambodia's health care sector is performing inadequately (Hong & Betancourt 2006).

Weaknesses

Although, health expenditures as a proportion of GDP is quite high and almost one-fifth of the health expenditure is coming from the public sector, it has some dismal health indicators including 0.2 physicians per 1000 population, 0.5 beds per 1,000 population, and a health expenditure per capita at USD 33 estimated in 2003 (Central Asia Human Development Report 2006). Cambodia's infant mortality rate and under-five mortality rate are among the highest in the world.

Access to health services in Cambodia remains very limited particularly access to public health facilities. Corruption aggravated the situation as budget for public health are diverted to other sectors. Provision of health services was banned by the government until the late 1980s (Hong & Betancourt 2006).

Opportunities

Cambodia permits cross-border of hospital services. For commercial presence, foreign ownership and management of private hospitals and clinics is permitted as long as at least one director for technical matters is Cambodian. Foreign firms are allowed to provide dental services through joint ventures with Cambodian legal entities

Foreign direct investment in hospitals or diagnostic centers is likely to improve the delivery of health services, especially for the affluent segments of the population in developing countries.

Threats

Foreign commercial presence could similarly siphon off trained staff from public facilities to the highly paid private hospitals and practices.

c. Indonesia

Strengths

More than 60 percent of total health expenditure in Indonesia is for private health provision.

In most areas of Indonesia, the private sector is the dominant provider of health care and now accounts for more than two-thirds of ambulatory care, more than half of hospital contacts and 30 to 50 percent of all deliveries (compared with only approximately 10% a decade ago) (World Bank 2006).

Weaknesses

The state of telecommunication infrastructure is weak for efficient transfer of data, voice and images for telemedicine to be fully utilized and optimized. Aside from poor telecommunication infrastructure, the concept of telemedicine has not been fully grasped by people in the rural areas.

Indonesia's health care sector is still under developed. In 2003, 3.1 percent of GDP is spent on health related expenditures. There doctor to population ratio is 0.10 per 1000 population. Only six hospital beds are available per 1,000 people. Total public health expenditure of in 2003 reach USD 9 billion.

Opportunities

The country is open to foreign health service providers including Singapore, Australia, Canada. Possible cooperation with health care providers from Singapore and Australia on telemedicine and services could be arranged.

Cooperation with Singapore Gleneagles International on the provision of health care services under mode 1 is promising given the dearth of health professionals in the country.

There is a prospect of setting up telemedicine network to reduce the cost of health services at the pre-treatment level.

Threats

Given the level of income, the utilization of telemedicine may be quite limited.

d. Laos

Strengths

The number of health care personnel has been increasing since 1975, and in 1990 the ministry reported 1,095 physicians, 3,313 medical assistants, and 8,143 nurses. Most personnel are concentrated in the Vientiane area, where the population per physician ratio (1,400 to one) is more than ten times higher than in the provinces. In 1989 the national ratio was 2.6 physicians per 10,000 persons (Country Studies, Laos 2006).

Weaknesses

According to figures from 1988, less than 5 percent of the total government budget was targeted for health, with the result that the Ministry of Public Health was unable to establish a management and planning system to facilitate the changes envisioned. UNICEF considered the effort to construct a primary health care system to have failed entirely (Country Studies, Laos 2006).

Medical facilities and services in Laos are limited and do not meet Western standards.

Opportunities

While consultation with spirit healers and traditional herbal doctors is prevalent, citizens do not see any contradiction with Western trained medical practitioners.

Threats

Pharmacies are unregulated and their owners unlicensed. As a consequence, misprescription is common for both inappropriate drugs and incorrect dosages. In rural areas, vendors commonly make up small packets of drugs and sell them as single-dose cures for a variety of ailments (Country Studies, Laos 2006).

e. Malaysia

Strengths

Health sector is one of the rapidly growing sectors in the services sector. There is also a growing prominence of the private sector as a result of the privatization program of the government in the health care sector

The government implemented various initiatives to improve the quality and efficiency of health care programs including the health promotion and prevention programs, restructuring of public hospitals, setting up sub-specialty centers, development of health infrastructure, use of information and multimedia technology, introduction of the National Healthcare Financing Scheme (NHFS), and the implementation of National Quality Assurance programs.

Weaknesses

For Malaysia's weakness, there are shortages of doctors, nurses and other health professionals.

Opportunities

Malaysia is open to FDI in the health sector. The investments made in the country such as the IBA organization from Australia are other FDIs that helped propel the Malaysian health sector. However, not only does Malaysia depend on foreign companies investing in them, Malaysian health companies are also studying on establishing investments in Bangladesh.

Developments in ICT and its impact on telemedicine and cross border transactions in health services are also seen as opportunities. An Australian company, IBA Health Limited, is an E-Health company that has been able to win the bid to provide one of Malaysia's top teaching hospitals with a Total Hospital Information System (THIS) which will consolidate and strengthen its administrative and health-information management systems.

There is a growing demand from ASEAN to seek medical treatment in Malaysia. Some 100,000 foreign patients seek treatment in Malaysian hospitals. Many of the patients are coming from Indonesia and earning the sector some USD 40 million annually.

Malaysia is promoting health tourism within the region with quality health service at affordable prices

The country has the ability to absorb the technological advances, developments and opportunities from countries like Australia, New Zealand and U.S. to improve the provision of health services and create demand niches.

Although there are no MRAs among ASEAN countries on professional medical and nursing services, discussion has started between the members on developing MRA in nursing, and to enhance recognition of qualifications between Singapore and several countries outside the ASEAN. In the preliminary draft of an MRA on nursing in ASEAN, the decision on recognition of foreign nursing qualifications is left to a nursing board/council in the host

countries, and foreign-trained nurses are required to work with local nurses (ASEAN-ANU, 2005).

Malaysia's middle class is becoming more economically prosperous. This can also increase the demand for medical services in addition to the increasing demand for high quality medical and health services by overseas consumers.

Lastly, Malaysia's promotion of 'My Second Home Program' targets the Middle Eastern Muslims.

Threats

Thailand, Singapore are the major competitors in health tourism

f. Myanmar

Weaknesses

It has poor health sector as indicated by 0.6 beds per 1,000 population, 0.3 physicians per 1000 population. The government spends only 2 percent of the GDP for health expenditures. Around 4 percent of government expenditures is spent on health while almost 85 percent of health expenditures is provided by the private sector. Health expenditure per capita was estimated at USD 86 in 1998. Source: Central Asia Human Development Report 2005

Opportunities

Myanmar is more open to trade in health services as reflected by the presence of foreigners in health sector and most of its foreign hospitals are of Chinese origin.

Bumrungrad Hospital in Thailand has entered into management contracts with hospitals in Myanmar.

Facility in the English language can serve as an opportunity for deploying nurses overseas in the future.

g. Philippines

Strengths

Domestic service providers have lower maintenance costs in the same manner that Filipino medical practitioners have lower professional fees as compared to foreign competition in the event of a liberalized health and medical services.

While advancements in technology are lagging behind, Filipino professionals have the ability to technically develop expertise in laser eye surgery, cosmetic surgery, and dental medicine.

The country now has world-class general and specialized hospitals that can be seen to compete with foreign health and medical service providers.

As for the quality of health professionals, the country has a wealth of competent health professionals in health services, health education and health research. Moreover, Filipino health professionals have the caring attitude towards patients, which is unique in the culture.

In the absence of modern technology, Filipino medical professionals have been creative and resourceful in improvising for quality health service yet they are adaptable to modern technology once made available to them.

The quality of medical schools is also comparable to world standards. Foreign students study medicine in the Philippines for cost and quality reasons. Health colleges and universities are available all over the country. In addition, alternative health services and traditional medical technologies are being integrated with mainstream medical practice.

Weaknesses

The same thing with nurses and teachers, the quality of health professionals is threatened by over migration. The excellent ones get hired in developed countries, while the inexperienced and incompetent are left in the Philippines to train and gain more knowledge and experience. This threatens the health services sector because brain drain might cause further inefficiencies in the sector.

Doctors and other non-nursing health professionals are going back to school to study nursing and explore the opportunities of working abroad. Because of the huge demand for nursing, many of the qualified and well-trained nurses have migrated abroad making it more difficult and costly to train nurses.

The country also lacks specialized technicians, physicians and highly trained health professionals. The proliferation of herbal and other alternative medicines shows the inability of the BFAD to evaluate her-bal medicine.

Because of the huge demand for nursing education, the quality of nursing education has suffered. Many nursing schools have been established as shown by the 100 percent increase in the number of nursing schools in the last 2 years. Many of these schools have limited affiliation with hospitals. Given the number of hospitals and their number is not increasing in the same

rate as nursing schools, clinical and practical exposure of these graduates are very limited.

As for limited resources, although the total health expenditure is increasing, the real value of this has been declining and estimated at Php 434 in 2003. Moreover, the number of hospitals should be increased to increase the hospital beds per 10,000 population. The per capita expenditure is rather low. The share of health expenditure to GNP is below the 5 percent prescribed by WHO.

While provision of health services is left to the private sector, the high cost of establishing hospitals makes the sector unattractive to invest in. These limited resources also resound to lack of resources to conduct research and development; and outdated technology and facilities.

Opportunities

The demographic changes, particularly the ageing of population in developed countries is both an opportunity and threat for the Philippines. It is an opportunity because the Philippines can provide medical and health services under various modes of supply. The most prominent is the movement of natural persons. Although it is also possible that health and medical care can be provided by Philippine health service firms abroad. It is also possible for consumption abroad, or in the case of medical tourism and retirement havens for the Philippines.

High medical and health costs in developed countries lead to opportunities in medical tourism and personalized health care in the Philippines.

Rapid developments in ICT can be explored for certain aspects so medical and health care can be performed or provided using the Internet or telecommunications.

The increased awareness and acceptance to use alternative therapies can be exploited by the Philippines in marketing traditional medicines and therapy.

Deregulation in foreign markets is another opportunity where mutual recognition of nurses, doctors and other health professionals could be tapped.

Threats

The egress of health professionals as well as shift of other health professionals into nursing is threatening the viability of the health sector in providing adequate and inexpensive health and medical care to an increasing population. Moreover, because of the great demand for nurses, the best and

experienced nurses including the precious nursing instructors are the ones easily recruited for employment abroad.

There is also an insufficiency in health infrastructure. As indicated by the bed capacity per 10,000 population, it declined from a high of 18.2 in 1980 to 10.4 in 2004. This is an indicator that the sector is not increasing the number of hospitals and their number of beds to an increasing population. Moreover, of the 1,723 hospitals, 192 are situated in NCR representing 11 percent.

Health insurance in the Philippines is non-portable. This means that health services bought in the other countries could not be availed of in the Philippines, thus preventing trade in services.

In the absence of mutual recognition agreements between countries, professionals would be subject to further examinations and tests to ensure their qualification and competence to practice in the host country. Nurses for the meantime serve as nursing aides until they pass a federal or national examination that will allow them to fully practice their profession.

Alternative medicine in the country appears to go underground as giant pharmaceutical companies and branded medicines dominate the market. In the first place, generic medicines are not as socially acceptable and preferred by medical practitioners over branded ones. In the absence of support, medical care in the country is expensive.

The establishment of a hospital is very costly even if it is passed on to the responsibility of local government units. Government hospitals have been suffering from the lack of supply and experienced doctors.

The regulation and complexity of health services could serve as a threat to existing and potential market players. Regulations could serve as a hindering factors to the growth and development of this service sector.

h. Singapore

Strengths

Singapore is one of the best health services provider in Asia. Provision of health services is comparable with U.S. and Great Britain. It is considered as Asia' Health Hub with the quality of health infrastructure and health professionals.

Singapore has a provision of 8,279 hospital beds for acute care from a total of 11,840 hospital beds in 2004. Private sector participation in the provision of health is significant. More than 50 percent of the hospitals are privately-owned although only 25 percent of the number of hospital beds is in

private hospitals. Of the 6,492 doctors, 44 percent are in the private sector. More than 65 percent of dentists are in the private sector and 25 percent of the nurses are in the private sector and 56 percent of the pharmacists.

There are 1.5 doctors, 0.3 dentists, 4.6 nurses and 0.3 pharmacists per 1000 population. In 2004, the government allocated 5.9 percent of its budget to health expenditures or SD 491 per person.

Singapore has a number of MRA in various areas in health services with various groups of countries. It also has well developed trade in services at various modes, mode 1 (telehealth), mode 2 (huge foreign patients coming to Singapore for treatment), mode 3 (chain of hospitals like Gleneagles International) and mode 4 (recruitment of foreign medical scientist).

Weaknesses

As for the weaknesses of Singapore's health care sector, the cost of treatment is quite prohibitive.

Their health sector lacks regulatory framework dealing with malpractice liability, confidentiality, privacy, recognition, lack of insurance coverage and cross border arrangements.

Singapore has to recruit foreign doctors and nurses in recent years because local training institutions have not been able to meet demand.

Opportunities

Current foreign patients treated in Singapore reached the 200,000 market in recent years and it is expected to reach 1 million per year by 2012.

Approximately 40 percent of annual revenues from health services are derived from foreign patients.

Developments in ICT allows the expansion of the use of Telehealth, an on-line medical services that allows medical images, x-rays, and other medical diagnostic tests to be digitized and transmitted all around Asia using the computer. Estimated demand for telehealth is estimated at S\$ 1.25 trillion.

Regional disparities in the state of health care sector will allow the utilization of Singapore's on-line educational data bases and training for health professionals in other countries in the ASEAN.

Foreign patients come from developed (Malaysia, Japan, U.S.) and developing countries (Myanmar, Bangladesh). Close to 15 percent of the

foreign patients come to Singapore for major treatments like cancer and heart problems.

With per capita income similar with many developed countries, the demand for health services will rapidly increase given the high income elasticity demand for health services.

Lastly, there is an increasing demand for high quality medical and health services by overseas consumers

Threats

With the improvement in ICT, other countries in the region may be cost efficient in the provision of Telehealth services.

With an aging population and low population growth rate, the internal demand for health services may increase faster than the ability to provide health infrastructure and health professionals.

An aging population get put a strain on the capability of the government to provide public health services

i. Thailand

Strengths

Health expenditure in Thailand is 6 percent of GDP (Hiranprueck 2004) and per capita public expenditure is estimated at USD 63 fourth highest in the region. Public health expenditure has been increasing from 3.8 percent in 1980 to 6 percent in 2002.

Low tariff rates on imported medical equipment makes Thai hospitals acquire new and technologically advanced medical equipment in the provision of health care.

The country is competitive in by-pass operations and in the daily rate of hospital room cost

There are 11 medical schools producing 1,300-1500 medical professionals annually.

The provision of health and medical services that cater to foreigners are competitive by regional standards. Instead of paying USD 39,000 for a hip replacement, a person can pay the equivalent of USD 3,000 in Thailand (International Medical Tourism, 2005). This can be attributed to the lower labor costs and the observed price differences (Arunanondchai & Fink, 2005).

Weaknesses

The doctor per 1000 population ratio estimated at 0.03 and 0.16 nurses per 1,000 people. Expansion of health care sector will demand more health professionals. If schools are not as fast in producing health professionals, the Thai government may be willing to accept foreign health professionals. Very few overseas professionals, however, work in the health care industry in Thailand.

There is difficulty in deploying health professionals overseas because of the language barrier. The Thai health care sector requires language proficiency for practice in the health profession

Opportunities

The volume and value of consumption abroad in medical and health services is quite significant in Thailand amounting to USD 482 million and around 603, 000 foreign patients from Japan and the ASEAN.

The medical tour companies that serve Thailand put emphasis on quality care and luxury accommodations. Thailand offers modern medical services to medical tourists (International Medical Tourism, 2005). Medical tourism has given Thailand additional revenue of 20 billion baht or US \$482 million in 2005 (Arunanondchai & Fink, 2005).

Bumungrad Hospital in Thailand has entered into management contracts with several hospitals in Myanmar and Bangladesh, and has formed a joint venture with a hospital in the Philippines. Bangkok hospital has established twelve branches in South and Southeast Asia, which are generally located in tourist areas (Arunanondchai & Fink, 2005).

Promotion of the government of the Medical Hub in Asia is seen as another significant opportunity. The country leads in the number of overseas patients treated in the ASEAN region.

Threats

Competition from Singapore and Malaysia is seen as the significant threat.

j. Vietnam

Strengths

Vietnam is one of ASEAN's low level income countries. However, it exports some health services, mainly to its neighbor Cambodia. Nonetheless, Cambodian patients who seek treatment abroad choose the reputable hospitals in Thailand and Singapore. Several private hospitals in Cambodia

make a business of facilitating treatment in foreign hospitals. Similar services are also provided by independent agents at Cambodia's borders. [Arunanondchai, 2005].

Vietnam's health indicators are better than would be expected for a country at its development level, and the country continues to improve at rates that equal or surpass those in most neighboring countries (Adams 2005).

New policy tools have been developed by the government to include including user fees, health insurance and health-care funds for the poor. These tools all focus on the financing of health, but still failed to merge into a coherent health financing system. Therefore, a strong private sector emerged to provide health care in Vietnam (Adams 2005).

Vietnam spends about 5-6 percent GDP on health care (both public and private expenditure), twice as much as its neighbor Lao PDR, but half as much as Cambodia (Adams 2005).

Weaknesses

Health care has been controlled by the government for the past 20 years.

Opportunities

Threats

Summary analysis

Malaysia, Singapore and Thailand are the top exporters of health care services in the ASEAN region. Table 1 illustrates the number of patients, their ASEAN countries of origin and the total value of export revenues in million U.S. dollars.

Table 1. Export of health tourism services

	Export revenues	No. of patients	Origin of patients
Malaysia	USD 40 million	> 100,000	60% from Indonesia; 10% from other ASEAN countries
Singapore	USD 420 million	210,000	45% from Indonesia; 20% from Malaysia; 3% from other ASEAN countries
Thailand	USD 482 million	470,000 (2001) 630,000 (2002)	42% from the Far East (mostly Japan); 7% from ASEAN countries

Sources: Singapore Tourism Board; Abidin, Alavi, and Kamaruddin (2005); Arunanondchai (2005).

Singapore has a line up of healthcare services from health screening to organ transplants. Foreign patients also come to Singapore for a broad range of specialist care including Cardiology, Gynaecology, Orthopaedic Surgery, Oncology, Otorhinolaryngology, Urology, Neurosurgery and Ophthalmology, besides General Surgery and General Medicine. Singapore's medical tourism sector was developed and being promoted by three key agencies: the Economic Development Board, the Singapore Tourism Board and the International Enterprise Singapore.

Statistics in 2003 showed that more than 200,000 foreigners have sought medical care in Singapore. This sector aims to serve one million foreign patients a year by 2012 and generate USD 3 billion in revenues and create at least 13,000 jobs in the health industry.

Thailand's health tourism sector has shown dramatic increases since it launched the amazing Thailand campaign in 1997. Around 470,000 patients in 2001 were accommodated and the number increased to 630,000 in 2002.

Table 2. Price comparisons, 2001

	Coronary by-pass graft surgery (USD)	Single private hospital room
Malaysia	6,315	52
Singapore	10,417	229
Thailand	7,894	55
United Kingdom	19,700	n/a
United States	23,938	1,351

Price comparisons on coronary bypass graft surgery and single private hospital room for the year 2001 are presented in Table 2. Clearly, Thailand and Malaysia are in the same price range, while Singapore is still more affordable than its U.K. and U.S. counterparts.

Table 3 summarizes health indicators of the ASEAN countries as to public health expenditure, private health expenditure, health expenditure per capita, number of physicians etc.

Table 3. ASEAN Comparative ASEAN Health Service Indicators

Indicators	Year/s	Singapore	Brunei	Malaysia	Thailand	Philippines
Public health expenditure (% of GDP)	2002	1.3	2.7	2	3.1	1.1
Private health expenditure % of GDP	2002	3	0.8	1.8	1.3	1.8
Health expenditure per capita (PPP US\$)	2002	1,105	653	349	321	153
One-year-olds fully immunized against tuberculosis %	2003	97	99	99	99	91
Births attended by skilled health personnel (%)	1995-2003	100	99	97	99	60

Physicians (per 100,000 people)	1990- 2004	140	101	70	30	116
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Table 3. continued

Indicators	Year/s	Viet Nam	Indonesia	Myanmar	Cambodia	Lao PDR
Public health expenditure (% of GDP)	2002	1.5	1.2	0.4	2.1	1.5
Private health expenditure % of GDP	2002	3.7	2	1.8	9.9	1.4
Health expenditure per capita (PPP US\$)	2002	148	110	30	192	49
One-year-olds fully immunized against tuberculosis %	2003	98	82	79	76	65
Births attended by skilled health personnel (%)	1995- 2003	85	68	56	32	19
Physicians (per 100,000 people)	1990- 2004	53	16	30	16	59

Source: Central Asia Human Development Report 2005

4. Trade negotiation issues on health care sector

Factors to be considered by industry leaders/private sector on the ASEAN Integration Framework

The health care sector can be seen as an avenue for regional integration. It can be viewed that the health industry can be expanded through trade in health services in ASEAN with Japan, China, and Korea.

In the light of domestic regulations, what are the potentials of enhancing trade in health services under various modes of supply in the region? Using the GATS modes of supply are the following opportunities:

Mode 1 or Cross Border Transactions

Telemedicine, medical transcriptions, tele-radiology, tele-pathology, etc.

Mode 2 or Consumption Abroad

Health tourism, alternative medicine, medical treatment, medical education

Mode 3 or Commercial Presence

Establishment of foreign hospitals, establishment of foreign medical schools

Mode 4 or Movement of Natural Persons

Movement of doctors, nurses and other health professionals in the region

Secondly the following market access restrictions, regulatory measures and national treatment limitations should be addressed.

Market Access Limitations

Mode 1 or Cross Border Transactions

Limitations on foreign-service providers in telemedicine

Mode 2 or Consumption Abroad

Limitations on the entry of foreign patients seeking treatment in the country

Limitations on the type of ailments allowed to be treated in the country

Limitations on the allowable period of stay of patients in the country

Limitations on the entry of foreign students in health related courses

Mode 3 or Commercial Presence

Limitations on the number, type of hospitals, health clinics, and home for the aged that can be established by foreigners

Limitations on foreign equity participation in the establishment of hospitals, medical and nursing schools

Mode 4 or Movement of Natural Persons

Limitations on the number of foreign health professionals allowed to practice in the country

Regulatory Measures

Mode 1 or Cross Border Transactions

Regulatory measures governing the conduct of telemedicine, tele-radiology, tele-pathology and medical transcriptions

Mode 2 or Consumption Abroad

Regulations of alternative forms of medicine

International accreditation of hospitals to facilitate the portability of health insurance of foreign patients

Mode 3 or Commercial Presence

Regulations in the establishment, management and operation of hospitals, health spas and clinics for alternative medicine

Regulations in the establishment, management and operation of medical schools and nursing schools

Mode 4 or Movement of Natural Persons

Permission of foreign health professionals to practice in the country
Mechanisms of recognition of training, licensing and experience of foreign health professionals

National Treatment Limitations

Mode 1 or Cross Border Transactions

Differentiated treatment of foreigners in the granting of incentives for telemedicine and other health-related cross border transactions

Mode 2 or Consumption Abroad

Differential pricing of health and medical services for citizens and foreign patients

Differential treatment of foreigners in the granting of government subsidy for the provision of medical services

Differentiated price system in charging tuition for foreign students in health related courses

Mode 3 or Commercial Presence

Provision of government subsidies and incentives to private hospitals

Extent of government subsidies given to foreign-owned or foreign-controlled hospitals

Provision of government support to private medical and nursing schools

Extent of government support to foreign-owned or foreign-controlled medical schools and nursing schools

Mode 4 or Movement of Natural Persons

Coverage of practice of foreign medical and health services

Differentiated treatment of foreigners in health and medical practice

The recommendations to strengthen ASEAN integration with respect to market access, competitiveness, industry upgrading and trade facilitation are the following:

Ways of addressing market access limitations in various modes of supply

Mode 1 or Cross Border Transactions

Openness to the liberalization of cross border transactions in health and medical related activities

Mode 2 or Consumption Abroad

Lifting the restrictions on the number and duration of stay of foreigners seeking medical treatment in the country

Lifting the limitations on the kind of ailments that foreign patients can seek medical treatment in the country

Lifting the limitations on the number of foreign students allowed to enter and study in health related programs

Mode 3 or Commercial Presence

Reducing or lifting the limitations on the number, and type of hospitals, health clinics, and home for the aged that can be established by foreigners

Reducing or lifting the limitations on foreign equity participation in the establishment of hospitals, medical and nursing schools

Mode 4 or Movement of Natural Persons

Reducing or lifting the restrictions on the number of foreign health professionals allowed to practice in the country

Measures taken in the country to lift these limitations

Ways of improving competitiveness and upgrading the industry

Mode 1 or Cross Border Transactions

Improve country's telecommunications infrastructure to enhance the cross border trade in health and medical services

Availability of trained human resources to carry out cross border trade in health and medical services

Improve the English language competency of country's graduates

Mode 2 or Consumption Abroad

International accreditation of hospitals to facilitate the portability of health insurance of foreign patients

Increase the number of accredited hospitals

International accreditation of medical and nursing schools

Improvement of quality and standards of medical and nursing schools

Mode 3 or Commercial Presence

Create an environment conducive to foreign investment in health and medical services

Availability of qualified health and medical professionals to attract foreign capital in the field of health services and medical and nursing education

Mode 4 or Movement of Natural Persons

Attractive compensation package for health and medical professionals to attract foreign health and medical professionals to practice in the country

Ways of improving trade facilitation in health services

Mode 1 or Cross Border Transactions

Ease in the release the imported computers and telecommunications equipment in the country's customs bureau

Mode 2 or Consumption Abroad

Make immigration policies less restrictive in the entry of students, patients, and tourists

Measures undertaken to address portability of foreign health insurance in the country

Mode 3 or Commercial Presence

Assist hospitals in getting international accreditation

Mode 4 or Movement of Natural Persons

Establish mutual recognition arrangements to facilitate the movement of natural persons in health services

Participation in the discussions on the establishment of a mutual recognition arrangement (MRA) in the health sector in the ASEAN

Suggested strategy for trade negotiations with Japan, China and Korea

How can ASEAN exploit the demographic asymmetry among ASEAN and East Asian nations to enhance East Asian integration via health and medical services?

Push for the opening of the health sector in Japan and South Korea.

- Conduct language and cultural training programs for ASEAN doctors, nurses and other health professionals to facilitate the entry to Japan and Korea
- Promote health tourism
- Establish retirement homes in ASEAN countries
- Allow the temporary movement of health professionals in countries with shortages of health professionals

What can ASEAN get from the well-developed alternative medicine of China and the sophisticated Western-type medicine available in Singapore, Japan and

South Korea to push for the integration of East Asia via health and medical services?

Development of programs in alternative medicine

- International accreditation of curricular programs in medicine, nursing and other health professions
- What can ASEAN do in exploiting the regional health tourism route in enhancing regional economic integration?

Establish an ASEAN+3 wide framework for portability of medical and health insurance

- More liberal immigration policies pertaining to the stay of patients seeking treatment overseas
- Development of ASEAN+3 visa for health tourism and temporary movement of health professionals in the region
- Accreditation of hospital and medical centers
- Promote ASEAN+3 as haven for sophisticated type medical treatment and exotic alternative medicine
- Development of rules of rules on the privacy and confidentiality of patient

How can ASEAN+ 3 proceed in the establishment of a regional MRA for medical and health professionals?

Training and transfer of skills towards the harmonization of standards in the practice of various health professions and in medical and health education towards the establishment of MRA in health

- Assist countries in the development of regulatory boards in health professions
- Facilitate the accreditation of hospitals and medical and nursing schools
- Development of a regulatory framework for alternative medicine

What technical assistance measures can be extended by developed countries in the region to facilitate trade in health services?

- Assist developing countries improve their medical and nursing curricular programs to meet international standards
- Language training for foreign health professionals seeking employment overseas or in the region.

5. Highlights of the Technical Workshop on November 3, 2006

Variability of Professional Fees

One of the weaknesses of the Philippine medical sector in exploiting the opportunities in medical tourism in the region is the variability of professional fees charged by doctors. As self-employed professionals with affiliation with hospitals

doctors are able to segment their market. As a consequence, they practice price discrimination in charging professional fees based on the capacity to pay of their patients.

If the range of price variability is very wide, it can make the provision of health services in the country uncompetitive relative to the other countries in the region where professional fees are known and fixed. In addition, medical insurance requires that professional fees of doctors should be established before hand. If they are not stated and have wide variation, health and medical insurance firms can consider it as a factor for not accrediting the doctor and consequently the hospital leading to the non-portability of medical insurance. Moreover, well known medical doctors may not want to be accredited by health insurance since they have to reveal their professional fees. This may weaken their ability to segment the market and discriminate in charging professional fees.

Thus, it was recommended that there is a need for the PCCI to engage hospital administrators and medical practitioners in a discussion for them to appreciate the benefits of expanding regional trade in medical services. The standardization of medical professional fees can be discussed in these engagements.

Framework for trade negotiation

The framework for trade negotiation in the health and medical sector in the region should be based on existing differences in the regulatory frameworks governing the health sectors in various ASEAN countries. Health and medical sector is a highly regulated sector in many countries since it is considered a basic right sometimes enshrined the fundamental law of the country. Because of this, many citizens and to some extent policy makers in the several countries view health as a non-tradable service that should not be subjected to global market forces. But because of limited public funds for medical and health services, on the one hand, and the increasing demand for efficient health care systems in many countries, on the other hand, trade in health services becomes very crucial in offering access to better quality of health care.

However, because of the differences in domestic regulation there is a need to standardize these regulatory frameworks to allow the greater trade in services within the region. In particular, there is a need to liberalize the limitations on market access, national treatment and domestic regulation to make the health sector market friendly to domestic and foreign consumers and suppliers within the region.

Basis of intra-regional trade in health services

In expanding trade in health services with the region, the basis of trade will be anchored on the relative strengths of the country in a specific field in the

medical and health sector. In order to attain this, the ASEAN as a regional institution should push for policies that would promote the role of market forces in enhancing intra-regional trade in health and medical services. In addition, technical assistance should be extended to other member countries to improve their environment in facilitating market friendly policies.

Best practices in enhancing regional trade in health services

Some best practices in the health and medical services can likewise be promoted that can make the region competitive in the medical and health care sector including the following:

- Hasten the international accreditation of hospitals by addressing the limitations of hospitals through technical assistance
- Expand intra-ASEAN trade based on the relative strengths of the country
- Work towards the portability of health and medical insurance
- Harmonization of pharmaceutical products
- The regional competitiveness in health and medical sector can also be addressed by making medicine and pharmaceutical products competitive.

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Development of a private sector framework for ASEAN trade negotiations: Health care sector

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Introduction

- Economic integration of East and Southeast Asia
- Institutional factors that facilitate trade
- AFTA, AFAS, ASEAN+3
- Health care sector has been identified as one of the priority sectors in the ASEAN
- Problems with international trade in health services

Objectives

- Evaluate the status of the health care sector within the ASEAN and its competitiveness in the East Asian region.
- Examine the various trade negotiation and trade facilitation issues by industry and by country in terms of market access, technical barriers, rules of origin and other pertinent issues with special focus on the implementation process and private sector cooperation
- Examine the flexibilities needed by the industry to effectively adjust to regional integration and liberalization processes
- Construct a strategic framework and roadmap for ASEAN+3 trade negotiations.

Overview of healthcare in the ASEAN

- USD 3 trillion in revenue per year
- International trade in services can involve the transfer of either the producer or consumer across boundaries
- Mode 1 – cross border transactions
- Mode 2 – consumption abroad
- Mode 3 – commercial presence
- Mode 4 – movement of natural persons

SWOT analysis of the healthcare sector of ASEAN countries

Summary Analysis

- Malaysia, Singapore and Thailand are the top exporters of health care services in the ASEAN region.

Table 1. Export of health tourism services

	Export revenues	No. of patients	Origin of patients
Malaysia	USD 40 million	> 100,000	60% from Indonesia; 10% from other ASEAN countries
Singapore	USD 420 million	210,000	45% from Indonesia; 20% from Malaysia; 3% from other ASEAN countries
Thailand	USD 482 million	470,000 (2001) 630,000 (2002)	42% from the Far East (mostly Japan); 7% from ASEAN countries

Sources: Singapore Tourism Board; Abidin, Alavi, and Kamaruddin (2005); Arunanondchai (2005).

Summary Analysis

Strengths

- Increasing health expenditures in some countries
- Increasing private sector participation in the health sector
- Availability of well-trained health professionals
- Availability of medical services comparable with global standards

Summary Analysis

Weaknesses

- Health sector is still underdeveloped in poor countries
- Shortages in health professionals in some countries
- Over-migration of health professionals threatens the provision of health services

Summary Analysis

Opportunities

- Rapid economic growth in the region
- Aging population in Northeast Asia
- Asymmetries in demography, economic development and labor market
- Well-developed alternative medicine in Northeast Asia

Summary Analysis

Threats

- Increasing cost in the provision of health
- Variability in the regulatory framework on health services across the region
- Non-portability of medical and health insurance
- Limited hospitals with international accreditation
- Variability of prices and quality of pharmaceutical products

Trade Negotiation Issues

- The health care sector can be seen as an avenue for regional integration. It can be viewed that the health industry can be expanded through trade in health services in ASEAN with Japan, China, and Korea.

Trade Negotiation Issues

● OPPORTUNITIES

Mode 1 or Cross Border Transactions - Telemedicine, medical transcriptions, tele-radiology, tele-pathology, etc.

Mode 2 or Consumption Abroad - Health tourism, alternative medicine, medical treatment, medical education

Mode 3 or Commercial Presence - Establishment of foreign hospitals, establishment of foreign medical schools

Mode 4 or Movement of Natural Persons - Movement of doctors, nurses and other health professionals in the region

Trade Negotiation Issues

● MARKET ACCESS LIMITATIONS

Mode 1 or Cross Border Transactions

Limitations on foreign-service providers in telemedicine

Mode 2 or Consumption Abroad

Limitations on the entry of foreign patients seeking treatment in the country

Limitations on the type of ailments allowed to be treated in the country

Limitations on the allowable period of stay of patients in the country

Limitations on the entry of foreign students in health related courses

Trade Negotiation Issues

● MARKET ACCESS LIMITATIONS

Mode 3 or Commercial Presence

Limitations on the number, type of hospitals, health clinics, and home for the aged that can be established by foreigners

Limitations on foreign equity participation in the establishment of hospitals, medical and nursing schools

Mode 4 or Movement of Natural Persons

Limitations on the number of foreign health professionals allowed to practice in the country

Trade Negotiation Issues

● REGULATORY MEASURES

Mode 1 or Cross Border Transactions

Regulatory measures governing the conduct of telemedicine, tele-radiology, tele-pathology and medical transcriptions

Mode 2 or Consumption Abroad

Regulations on alternative forms of medicine

International accreditation of hospitals accredited to facilitate the portability of health insurance of foreign patients

Trade Negotiation Issues

● REGULATORY MEASURES

Mode 3 or Commercial Presence

Regulations on the establishment, management and operation of hospitals, health spas and clinics for alternative medicine

Regulations on the establishment, management and operation of medical schools and nursing schools

Mode 4 or Movement of Natural Persons

Permission of foreign health professionals to practice in the country

Mechanisms of recognition of training, licensing and experience of foreign health professionals

Trade Negotiation Issues

● NATIONAL TREATMENT LIMITATIONS

Mode 1 or Cross Border Transactions

Differentiated treatment of foreigners in the granting of incentives for telemedicine and other health-related cross border transactions

Mode 2 or Consumption Abroad

Differential pricing of health and medical services for citizens and foreign patients

Differential treatment of foreigners in the granting of government subsidy for the provision of medical services

Differentiated price system in charging tuition for foreign students in health related courses

Trade Negotiation Issues

● NATIONAL TREATMENT LIMITATIONS

Mode 3 or Commercial Presence

Provision of government subsidies and incentives to private hospitals

Extent of government subsidies given to foreign-owned or foreign-controlled hospitals

Provision of government support to private medical and nursing schools

Extent of government support to foreign-owned or foreign-controlled medical schools and nursing schools

Mode 4 or Movement of Natural Persons

Coverage of practice of foreign medical and health services

Differentiated treatment of foreigners in health and medical practice

Trade Negotiation Issues

● WAYS OF ADDRESSING MARKET ACCESS LIMITATIONS IN VARIOUS MODES OF SUPPLY

Mode 1 or Cross Border Transactions

Openness to the liberalization of cross border transactions in health and medical related activities

Mode 2 or Consumption Abroad

Lifting the restrictions on the number and duration of stay of foreigners seeking medical treatment in the country

Lifting the limitations on the kind of ailments that foreign patients can seek medical treatment in the country

Lifting the limitations on the number of foreign students allowed to enter and study in health related programs

Trade Negotiation Issues

● WAYS OF ADDRESSING MARKET ACCESS LIMITATIONS IN VARIOUS MODES OF SUPPLY

Mode 3 or Commercial Presence

Reducing or lifting the limitations on the number, and type of hospitals, health clinics, and home for the aged that can be established by foreigners

Reducing or lifting the limitations on foreign equity participation in the establishment of hospitals, medical and nursing schools

Mode 4 or Movement of Natural Persons

Reducing or lifting the restrictions on the number of foreign health professionals allowed to practice in the

Measures taken in the country to lift these limitations

Trade Negotiation Issues

● WAYS OF IMPROVING COMPETITIVENESS AND UPGRADING THE INDUSTRY

Mode 1 or Cross Border Transactions

Improve country's telecommunications infrastructure to enhance the cross border trade in health and medical services

Availability of trained human resources to carry out cross border trade in health and medical services

Improve the English language competency of country's graduates

Mode 2 or Consumption Abroad

International accreditation of hospitals to facilitate the portability of health insurance of foreign patients

Increase the number of accredited hospitals

International accreditation of medical and nursing schools

Improvement of quality and standards of medical and nursing schools

Trade Negotiation Issues

● WAYS OF IMPROVING COMPETITIVENESS AND UPGRADING THE INDUSTRY

Mode 3 or Commercial Presence

Create an environment conducive to foreign investment in health and medical services

Availability of qualified health and medical professionals to attract foreign capital in the field of health services and medical and nursing education

Mode 4 or Movement of Natural Persons

Attractive compensation package for health and medical professionals to attract foreign health and medical professionals to practice in the country

Trade Negotiation Issues

● WAYS OF IMPROVING TRADE FACILITATION IN HEALTH SERVICES

Mode 1 or Cross Border Transactions

Ease in the release the imported computers and telecommunications equipment in the country's customs bureau

Mode 2 or Consumption Abroad

Make immigration policies less restrictive in the entry of students, patients, and tourists

Measures undertaken to address portability of foreign health insurance in your country

Trade Negotiation Issues

● WAYS OF IMPROVING TRADE FACILITATION IN HEALTH SERVICES

Mode 3 or Commercial Presence

Assist hospitals in getting international accreditation

Mode 4 or Movement of Natural Persons

Establish mutual recognition arrangements to facilitate the movement of natural persons in health services

Participation in the discussions on the establishment of a mutual recognition arrangement (MRA) in the health sector in the ASEAN

Trade Negotiation Issues

● SUGGESTED STRATEGY FOR TRADE NEGOTIATIONS WITH JAPAN, CHINA AND KOREA

- Push for the opening of the health sector in Japan and South Korea.
- Conduct language and cultural training programs for ASEAN doctors, nurses and other health professionals to facilitate the entry to Japan and Korea
- Promote health tourism
- Establish retirement homes in ASEAN countries
- Allow the temporary movement of health professionals in countries with shortages of health professionals

Trade Negotiation Issues

● DEVELOPMENT OF PROGRAMS IN ALTERNATIVE MEDICINE

- International accreditation of curricular programs in medicine, nursing and other health professions
- What can ASEAN do in exploiting the regional health tourism route in enhancing regional economic integration?

Trade Negotiation Issues

● ESTABLISH AN ASEAN+3 WIDE FRAMEWORK FOR PORTABILITY OF MEDICAL AND HEALTH INSURANCE

- More liberal immigration policies pertaining to the stay of patients seeking treatment overseas
- Development of ASEAN+3 visa for health tourism and temporary movement of health professionals in the region
- Accreditation of hospital and medical centers
- Promote ASEAN+3 as haven for sophisticated type medical treatment and exotic alternative medicine
- Development of rules of rules on the privacy and confidentiality of patient

Trade Negotiation Issues

● TRAINING AND TRANSFER OF SKILLS TOWARDS THE HARMONIZATION OF STANDARDS IN THE PRACTICE OF VARIOUS HEALTH PROFESSIONS AND IN MEDICAL AND HEALTH EDUCATION TOWARDS THE ESTABLISHMENT OF MRA IN HEALTH

- Assist countries in the development of regulatory boards in health professions
- Facilitate the accreditation of hospitals and medical and nursing schools
- Development of a regulatory framework for alternative medicine

Trade Negotiation Issues

- WHAT TECHNICAL ASSISTANCE MEASURES CAN BE EXTENDED BY DEVELOPED COUNTRIES IN THE REGION TO FACILITATE TRADE IN HEALTH SERVICES?
 - Assist developing countries improve their medical and nursing curricular programs to meet international standards
 - Language training for foreign health professionals seeking employment overseas or in the region.

Highlights of Technical Workshop

- Variability of Professional Fees
 - Weakness of RP medical sector in exploiting medical tourism
 - Can make RP medical services uncompetitive
 - Basis for non-accreditation of doctors
 - Need to convince hospital administrators and medical practitioners on the benefits of regional trade in health services

Highlights of Technical Workshop

- Framework for trade negotiation
 - Based on existing differences in regulatory frameworks
 - Need to address regulatory heterogeneity by liberalizing limitations on market access, national treatment and domestic regulation
 - Make health sector market friendly to domestic and foreign consumers and suppliers within the region

Highlights of Technical Workshop

- Basis for intra-regional trade in service
 - Based on the relative strengths of the country
 - ASEAN should promote the role of market forces in enhancing trade in medical and health services
 - Provision of technical assistance to other countries to improve their environment for market friendly policies

Highlights of Technical Workshop

- Best practices in enhancing regional trade in health services
 - Hasten the international accreditation of hospitals
 - Expand intra-ASEAN trade based on relative strengths of countries
 - Work towards portability of health and medical insurance
 - Harmonization of pharmaceutical products