

Associated Whistleblowing Press

Release of

Secret Trade in Services Agreement (TISA)

**A Concept Paper
on Health Care Services within
TiSA Negotiations**

[presented by Turkey in September 2014 at the Geneva TISA
negotiations.]

**A CONCEPT PAPER
ON HEALTH CARE SERVICES within
TiSA NEGOTIATIONS**

It is now generally understood that the concept of “comparative advantage” which was originally developed for trade in goods, also applies in principle to international trade in services. Comparative advantage may occur for several reasons like productivity and price differences. Competitiveness in international trade in services is also determined by demand side factors like quality differences. The bigger the differences the more the benefits of international trade are.

Health-care sector is one of the tradable service sectors that comparative advantage can explicitly be observed. We know that health-related expenditures of governments account for nearly one-tenth of all expenditures in the OECD countries. The quality factors are in eclipse while the cost of providing health care services is increasing. In addition, quantitative studies show that there is enormous price and waiting time difference between countries.

Although there is huge price differences and potential efficiency gains, so far this service sector have played only a very minor role in international trade in services. It is mainly because the health care services is funded and provided by state or welfare organizations and is of virtually no interest for foreign competitors due to the lack of market-oriented scope for activity. Other than the nature of the health care sectors, there are also regulatory and structural access barriers suppressing the potential volume of trade in health services. This is also the basic reason behind the low level of commitments in trade agreements. Health and social services is one of the sectors that fewest commitments were taken by WTO Members under GATS.

In short, there is a huge untapped potential for the globalization of healthcare services even though it is being reflected in the growing cross-border delivery of health services through movement of consumers (patients), personnel or by electronic means.

Trade in health services may create opportunities and have a number of benefits not only for the business partners involved in trade, but for the population as a whole. Some countries suffer from shortages in the health sectors (human or capital).

Particularly the treatment of patients abroad (Mode 2) seems to create much greater benefits and helps alleviate some of the infrastructure (waiting times etc) and budgetary constraints (public and private spending on health). **The main obstacle to trade for case of Mode 2 is absence of health insurance portability.** (Mattoo, Aaditya and Randeep Rathindran (2006), “How health insurance inhibits trade in health care”, Health Affairs, 25 (2): 358-368.)

We think that establishing a system within TiSA in order to facilitate patient mobility via health insurance portability would be a real value-added.

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The proposed system for facilitation of patient mobility would stand on three pillars: financing (**reimbursement**), provision of service (**quality and standards**) and finally **after-treatment responsibilities**.

We project a potential annex on health care services (of facilitation of patient mobility) in order to cover those 3 pillars. The annex would be creating a system in which:

- 1) Health professionals grant **prior authorization** to their patients to be treated in other TiSA countries, (the reason may be along waiting time in the home country, inadequate expertise for the specific medical problem, the personal preference of the patient etc.)
- 2) The patient get treatment abroad.
- 3) They have the right of reimbursement up to the cost of treatment in home country system (social security system, private insurance coverage or other creative healthcare systems)
- 4) In order to ensure the quality and standards for the nationals of the home country, the authorities may accredit the health institutions in other TiSA country. So the reimbursement is valid only for treatment in the accredited institutions.
- 5) Host country bears the responsibility for any necessary care after the treatment.

We recognize that health is not a typical commodity or service but a public good. Trade objectives in the health sector should be compatible with other legitimate social objectives like universal access. Regulation of the health sector is necessary to protect patients against malpractice of their personal data.

All in all, trade negotiations should be revolving not around deregulation but more effective regulation to ease patient's life. There the main challenge for us will be to find adequate accompanying provisions that maximize the positive spill-overs and minimize negative spillovers of trade in health services.

The system should recognize and respect that Parties are free to organize their healthcare and social security systems in such a way as to determine entitlement for treatment.

For the September Round of TiSA negotiations we expect from Members to reflect initial reactions.