

Health Services Trade: How Thailand may benefit from trade liberalisation with ASEAN



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Health services trade

- Scope of the study
 - Medical doctors, nurses, dentists, midwives (Professional Services sector);
 - Hospital services (Health services sector negotiation);
 - Health insurance (Financial services sector negotiation);
 - Medical Education and training

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Difficulties with health services

- Economic aspect:
 - Trade brings about benefits in the usual way;
- Moral aspect:
 - The notion that service performed at a certain standard or quality should be available across all socio-economic groups.

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Current situation - government



- No health service liberalisation commitments in GATS nor AFAS.
- Government policies in health services
 - BOI has been giving tax incentives for investments in private hospitals since 1980s;
 - More recent promotions are:
 - Medical services: General medical services, plastic surgery, dental care and medical examination;
 - Wellness services: Thai traditional massage, spa and long stay;
 - Herbal Health products: Herbs, cosmetics, food and drinks.
 - Set up of accreditation institutions: e.g. Institute of Hospital Quality Improvement and Accreditation for monitoring standards of health care.

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Current situation – private sector

- Mode 1: No provision of telemedicine across border on commercial basis. However, there exists some cross-border supply of training and education.
- Mode 2: Since 1997, some Thai private hospital has been active in promoting exports.
 - In turn, these private hospitals are competing with the public sector for medical doctors.

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Current situation – private sector (cont.)

- Mode 3: Foreign investments are welcome. Foreign investors have the rights to request to become majority shareholder from MOC. Evidence that some bypass this via nominees.
 - Thus far only 14 out of over 400 private hospitals have some foreign ownership.
- Mode 4: Movement of medical doctors and nurses from Thailand to US and Europe has been on-going for decades without trade agreements.
 - Less so now than between 1960 and 1975

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Current problems:

- Unequal distribution of health personnel nationwide;
 - Mostly concentrated in BKK and Central region.
- Recent Universal Health Coverage (UC) scheme puts pressure on public health resources.
 - Workload and poor salary are encouraging medical doctors to leave public to private practices.
 - Recent medical graduates working in public sector earn 1/10 of those working in private sector.

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Problems with current policy to promote private sector exports

- Likely to raise the demand for health personnel by private hospitals. It is easy for private sector to offer relatively attractive pay packages.
- Past data suggest that the supply of medical doctors is sensitive to financial incentives.
- This is likely to exacerbate brain drain from public to private hospitals;
 - Since 2001, evidence of drain as the economy picks up;

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Problems with current policy to promote private sector exports (cont.)

- In general, private hospitals devote more resources per patient, approx. 5 times what public hospitals use => makes public to private drain more severe.
- Regional distribution of medical doctors worsens as most private hospitals are located in urban areas.
- Tiered health system –lower socio-economic group are priced out of the private system.

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Ways of overcoming the shortage of medical staff

- Raise the salary of the public sector employees;
 - Encourage public hospitals to give treatments to foreign patients as a way of raising income of public sector employees;
- Encourage training/production of MDs:
 - Domestic training: encourage private hospitals participation;
 - Training abroad;
- Encourage permanent or temporary visits by foreign medical professionals.

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How trade agreements may help Thailand:

- To overcome potential resource constraints by raising the number of health professionals, e.g. medical doctors, through mode 4 and/or through education.
 - So social and commercial goals can be achieved at the same time.
- Key = eliminate barriers to imports of medical professionals, while maintaining medical standards through MRAs and harmonisation of regulations.

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Why regional trade agreement like AFAS rather than GATS?

- Shared experience in Tropical diseases.
- Liberalisation may not be too costly
 - Given that financial incentives to health service providers are more comparable amongst ASEAN, the liberalisation of health services trade within ASEAN may not lead to such a drastic reallocation of health service resources.

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Why regional trade agreement like AFAS rather than GATS? Cont.

- Differences across countries in regulatory standards are less pronounced, making harmonisation and/or MRA easier to establish in ASEAN
 - Check regulations of various members of ASEAN.