

## 7. HEALTH EXPENDITURE AND FINANCING

### 7.7. Trade in health services (medical tourism)

International trade in health services and one of its main components, medical tourism, have been attracting increasing attention from health analysts, the medical profession, public health policy makers, and trade and tourism promotion agencies. Discussions on the opportunities and threats of such trade have been conducted with relatively little data to inform them.

The only reasonably comparable and widely reported measure of trade in health services is the balance of payments item “Health-related travel”. This item is defined as “goods and services acquired by travellers going abroad travelling for medical reasons”. This definition corresponds quite well to the notion of medical tourism. The concept has some limitations in that it does not include medical expenses of persons travelling for other reasons, and who happen to require medical services when abroad. Nor does it include health services provided cross-border such as medical laboratory services and telemedicine, or health services provided by medical personnel who go temporarily abroad. In the language of trade, exports of health-related travel from a reporting economy occur when domestic health service providers supply medical services to non-resident visitors travelling for medical reasons. Similarly, imports occur when residents of the reporting economy acquire medical services abroad from non-resident providers.

Data for around half of OECD countries shows that total reported exports and imports of health-related travel each amounted to about USD 5 billion in 2007. Due to definitional and measurement issues, this is a significant underestimate. Nevertheless, it is clear that, in comparison to the size of the health sector as a whole, medical tourism is marginal for most countries, but growing. In the case of Germany, reported health-related travel imports represent 0.5% of Germany’s current health expenditure. However, from 2004 to 2007, they grew on average at 13% a year.

The United States is by far the largest exporter, reporting some USD 2.3 billion of exports in 2007 (Figure 7.7.1). The Czech Republic, Turkey, Belgium and Mexico all reported exports in excess of USD 300 million. Twenty-one OECD countries reported a total of USD 4.6 billion of health services imports, most in health-related travel in balance of payments sources and a few under the wider concept of imports of health care in the SHA data collection (Figure 7.7.2). Of these, Germany is by far the largest importer reporting some USD 1.5 billion of imports in 2007. The United States and Netherlands reported

imports of over USD 600 million, while Canada and Belgium reported imports above USD 300 million. The rate of growth of OECD imports of health-related travel was significantly higher than exports, suggesting the increasing importance of health services exported from non-OECD countries (Figures 7.7.3 and 7.7.4).

Despite increasing numbers of United States residents seeking treatment abroad, the United States remains a net exporter of medical services – with a USD 1.7 billion surplus in 2007. This export of health services includes visitors who suffer unexpected illness while in the United States (a wider definition than the one used in other countries), as well as international visitors, primarily from the Middle East, South America and Canada, coming with the express purpose of obtaining treatment. The motivations behind such inbound medical tourism can vary. For example, a number of medical institutions actively market their services to affluent consumers from emerging countries to come to the United States for specialised high quality care, or for services unavailable in their native countries. Some medical tourists may want to avoid extended waiting times within their home country. Other consumers may combine business or leisure travel with a specialised medical demand. Interestingly, the growth in exports slowed in 2007, due in part to the increased establishment of commercial hospitals abroad by US medical institutions (USITC, 2009).

#### Definition and deviations

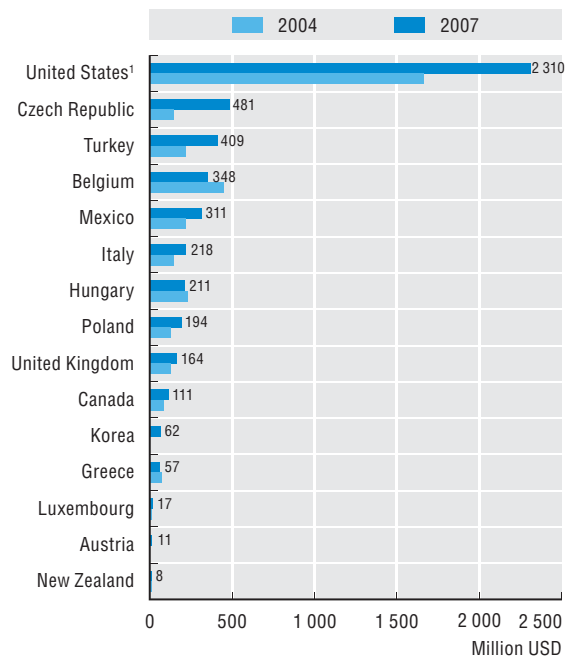
According to the *Manual on Statistics of International Trade in Services*, “Health-related travel” is defined as “goods and services acquired by travellers going abroad for medical reasons”. In the balance of payments, trade refers to goods and services transactions between residents and non-residents of an economy.

The *System of Health Accounts* includes imports within current health expenditure, defined as imports of medical goods and services for final consumption. Of these the purchase of medical services and goods, by resident patients while abroad, is currently the most important in value terms. This trade is not well reported by many of the countries reporting health accounts according to the SHA.

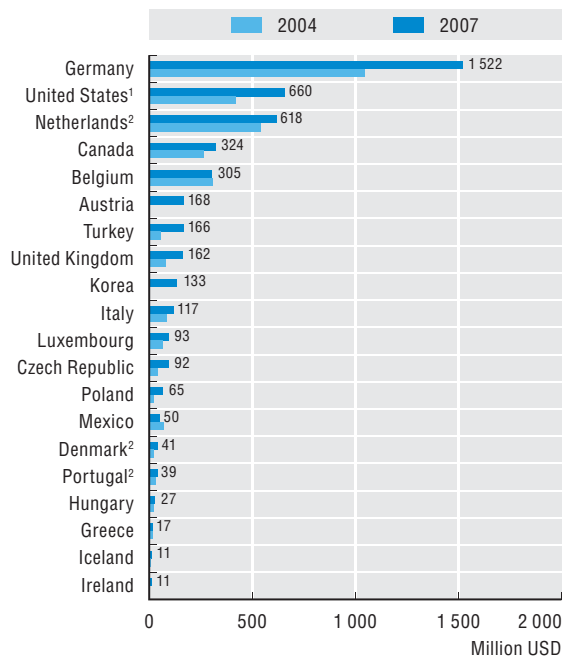
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#### 7.7.1 Exports of health-related travel, 2004 and 2007 (or nearest year)

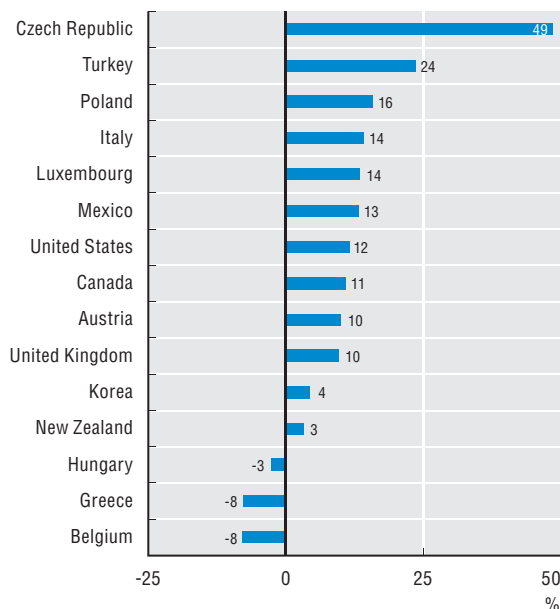


#### 7.7.2 Imports of health-related travel, 2004 and 2007 (or nearest year)

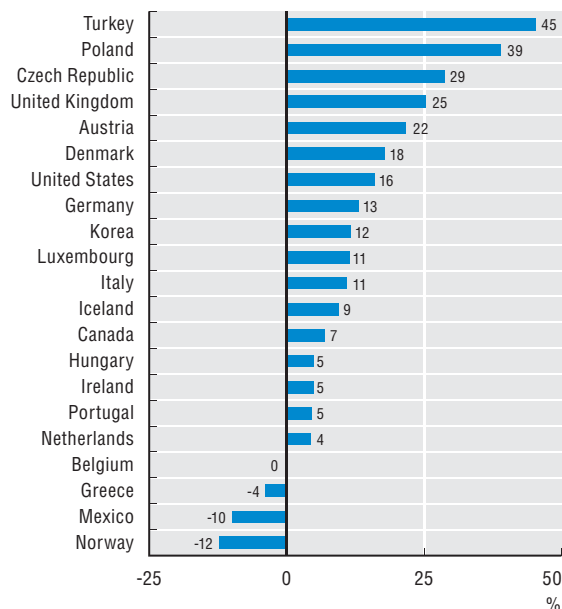


1. Expenditure by patients in foreign countries for treatment (BEA). 2. SHA concept of imports.

#### 7.7.3 Annual average growth rate in health travel exports, 2004-07 (or nearest year)



#### 7.7.4 Annual average growth rate in health travel imports, 2004-07 (or nearest year)



Note: Health-related travel exports occur when domestic providers supply medical services to non-residents travelling for medical reasons.

Source: OECD Statistics on International Trade in Services, IMF Balance of Payments Statistics, OECD System of Health Account.

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