Improving estimates of exports and imports of health services and goods under the SHA Framework

Progress Report

OECD Health Division

11th OECD Meeting of Health Accounts Experts
Paris, 7-8 October 2009
Overview

• Background to project
• Overview of project phases
• Preliminary concepts and definitions
• Next steps
The growing importance of trade in health services

Why is it growing?
- Increasing demand - Rising health spending /“consumerism”, more travel
- More health professionals travelling/foreign presence
- Regulatory liberalisation / bi-lateral agreements / portability
- Obstacles to treatment in home country - quality, access, legal/ethical
- Technology - Tele-medicine, e-health, etc

Some peculiarities of health
- All modes - Cross-border, consumption abroad, commercial & natural presence
- Boundary issues: What is health? TCAM, cosmetic surgery, well-being ...?
- Market/non-market players
- Third party payers – Government/Private Health Insurance
The extent of trade in health services?

- ‘it is clear that there is as yet no comprehensive data about cross-border healthcare.’ (European Commission, 2008)
- Many crude estimates and rough guesses abound
- “Officially” data for only half of OECD countries available amount to around $5 bn in 2007.
- Considerable underestimation likely
- Main source: Balance of payments items – health related travel – health services (insurance services – government services)
- International health accounts requests imports but not exports

Overall it is likely to be a small part of national health spending but growing ... with larger effects on smaller states, regions, specialist areas of care (heart surgery, dentistry, etc) ... and of course on the individual concerned.
How big is health-related travel and is it growing?

'Exports' of health-related travel


'Imports' of health-related travel


Input into health and trade policy

- Health spending accounts for 9% GDP on average

- Public health policy issues
  - Impact of foreign patients’ demand on public health services – equity of access, capacity in health system.
  - Residents’ unmet needs - shortcoming of domestic health provision, reducing waiting-lists, efficiency of care (specialist), circumvent domestic health regulation
  - Shortages and movement of health professionals
  - Portability of insurance - EU draft regulation on mobility of patients

- Trade issues
  - Exports earn foreign currency and generate employment
  - GATS trade policy
  - Trade negotiations / agreements
The need for accurate and timely information

- OECD System of Health Accounts
  - Comparative spending by functions, providers and the financing of health care; consumption by residents
  - Revision of SHA by OECD, WHO and Eurostat
  - Includes an international trade dimension to take account of increasing cross-border transactions in health services.

- Trade in Health Services 2-year project (2009-10)
  - Assess feasibility of collecting and reporting trade in health services
  - Develop methodology guidelines for reporting of trade in health services
  - Cooperation with WHO and Eurostat
  - Horizontal with Trade, Statistics and Tourism
  - Supported by the European Commission
Project aims

Aims

• improve and revise the current framework of SHA with regard to the treatment and reporting of imports and exports;
• to develop guidelines and best practices in the measurement of exports and imports of health goods and services, including the evaluation of the feasibility of data collection, to be used in future data collections;
• to assess the feasibility of collecting and reporting trade in health services according to different categories of entitlement of non-residents, e.g. intra- and extra-regional trade, temporary residency;
• to provide a required input to the revision of the System of Health Accounts for the recording of exports and imports of health goods and services.
Project phases

First phase (2009)
- Development of methodological framework for imports and exports
  - Preliminary discussion note on concepts, definitions and possible reporting
  - Input document to SHA Revision (Chapter or Annex)
- Stocktaking of current levels and trends, sources and methodology
  - Greece, Slovenia, Korea, United States, +?
  - France, non-OECD (Secretariat)

Second phase (2010)
- Draft guidelines on measuring imports and exports
- Feasibility testing with target countries – Workshop
- Input to compilation processes and guidelines - SHA Revision
- Final project report by end 2010
Preliminary discussion note on concepts and definitions

SHA – “the consumption of health care goods and services by resident units for final use ... irrespective of whether this takes place in the economic territory or abroad ... or who is paying for the goods or services.”

The explicit inclusion of services and goods provided by non-resident units (imports) and the exclusion of goods and services provided to non-residents by resident providers (exports).

1. Clear and internationally consistent definitions:
   • Economic territory, residence and ROW
     – BPM6, SNA, (TSA)...
     – cross-border workers, students, patients, retirees ... EU Regulations
     – Non-resident providers – govt. agencies, facilitators, etc.
   • Valuation and timing – e.g. value of externally funded and provided consultancy services
Preliminary discussion note on concepts and definitions (contd.)

2. Types of trade in health under SHA
   – Cross-border, consumption abroad, foreign presence, (commercial presence)
   – Intermediate /final consumption
   – Inconsistencies with SHA definitions / boundaries
     – travel, cosmetic surgery/well-being

3. Scope of reporting under SHA
   – Imports (HP*.9) by HC/HF
     – Further divided by HP.9.1 ...HP.9.7? By mode? By partner country/ EU-intra and extra
     – Health-related items - Education/Training /R&D
   – Exports - memorandum items by HP/HF
     – By function
     – By mode
     – By partner country/ EU-intra and extra
   – Additional?
     – Exports for intermediate consumption – products / classifications?
     – Other modes (foreign commercial presence)
## Simplified reporting of imports and exports under SHA

<table>
<thead>
<tr>
<th>Functions of Health care (ICH-A-HC)</th>
<th>Providers of Health care (ICH-A-HP)</th>
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</thead>
<tbody>
<tr>
<td>HC.1.0</td>
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### Legend
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- **X.(HC)** to **...**: Health services and goods (HC.1.0 to HC.x.0) to non-residents by resident providers (exports)
Next steps

- Country interest in undertaking a country case study and/or feasibility testing of guidelines
- Comments on preliminary discussion note by 6\textsuperscript{th} Nov 2009
- Input paper to SHA Revision process

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