

An Empirical Study on the relationship between Medical Tourism and GATS

— Does the GATS works as
a supporting actor on Medical
tourism industry?

Introduction

- Significant growth in medical tourism
2008: 20billion 2012: 100billion
 - Two kinds of destinations:
 - The West countries:
 - high quality advanced treatments
 - The developing countries
 - low cost healthcare treatments
- [Medical tourism is growing as a global industry which involved the whole world- liberalization]

GATS commitments

- General Agreement on Trade in Services
 - An additional commitments of WTO
 - Sectors- hospital services, education, etc.
 - Modes
 1. Cross-border supply;
 2. Consumption abroad;
 3. Commercial presence;
 4. Presence of natural persons

Relationship between GATS and medical tourism industry

GATS commitments

- An instrument to add credibility and predictability to existing regime and, lower, the risk barrier of potential investor

- Government tends to schedule the GATS to control the foreign capital in the health sector that could make health services trade formally and credibly,

Research methods and frameworks

- Hypothesis:
 - [GATS commitments support the medical tourism]
- Experiments:
 - Countries: Singapore, Thailand and Malaysia
 - Time period : 2001 to 2008
- Method
 - Case study: Variables Comparison

Variables

- Explanatory variable
GATS's commitments
- Dependent variable
Visits of foreign patients
- Control variables
 - Countries' health policy
 - Delivery in private sectors
 - Human Resources
 - Cost of treatments
 - Level of medical treatment services
 - Language services
 - Accessibility: Democracy

Result

- Explanatory variable - GATS's commitments

Singapore: not bounded

Thailand: not bounded

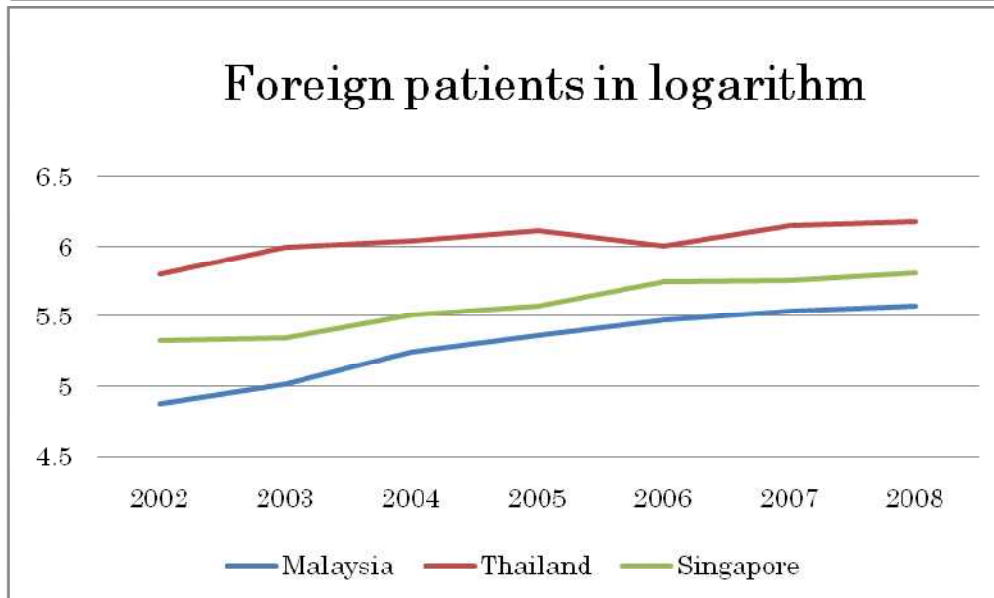
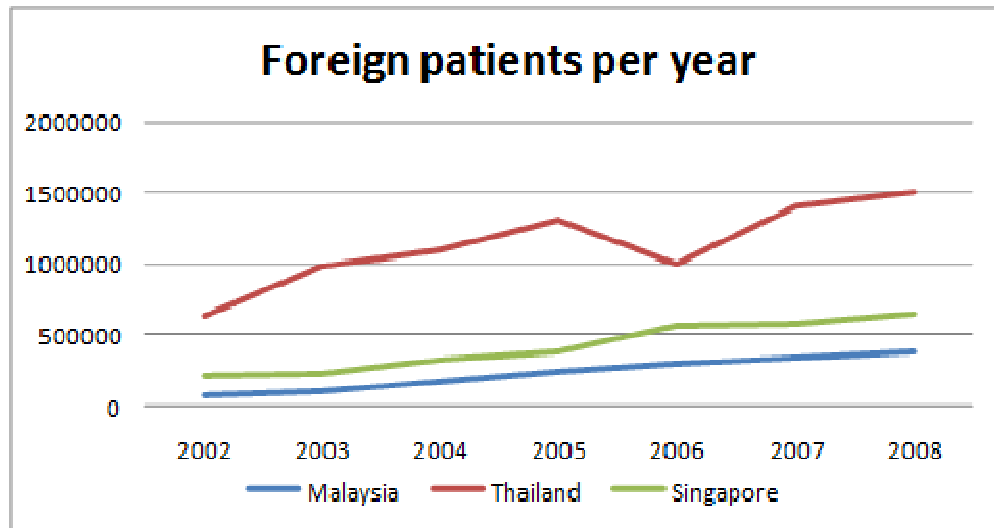
Malaysia: bounded in mode2

bounded in mode3 on limitations

(1) Corporation: Joint-venture (below 30% FDI) or Malaysian- controlled

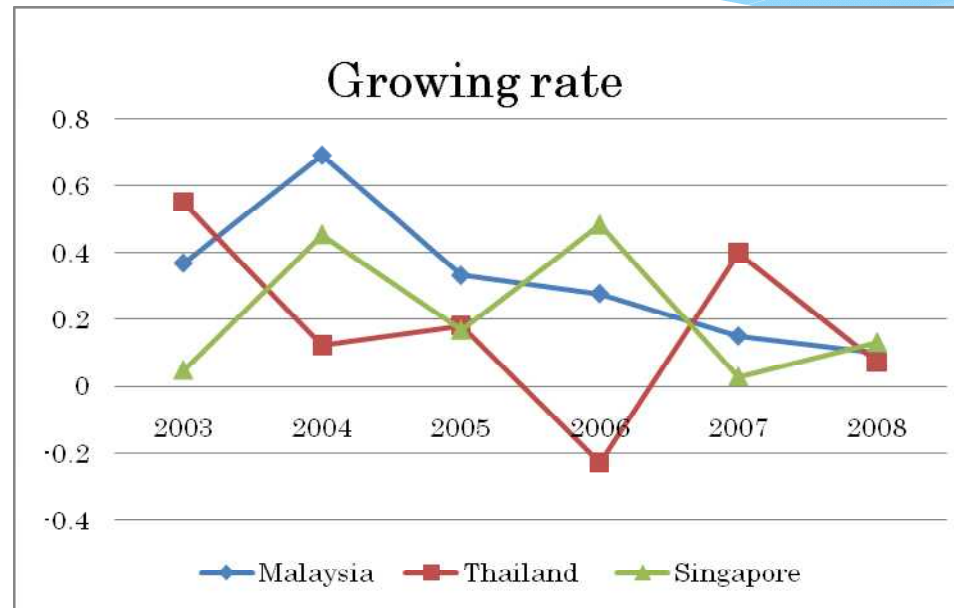
(2) Operation: a minimum of 100 beds,

- Dependent Variable



Malaysia's medical tourism market grows 32% per year, which grows fastest among three countries.

- Dependent Variable



From three graphs, the conclusion is that although the scale of Malaysia's medical tourism is the smallest, its growth from 2002 to 2008 is the most significant.

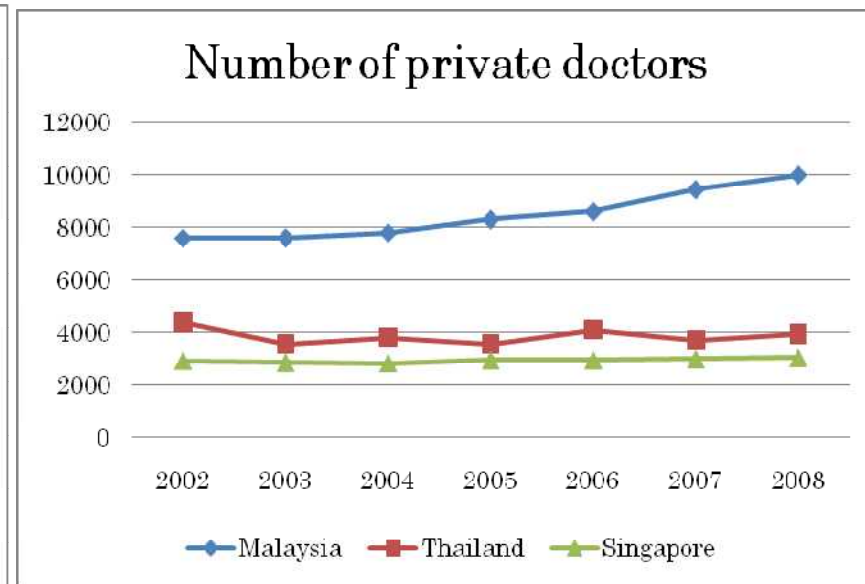
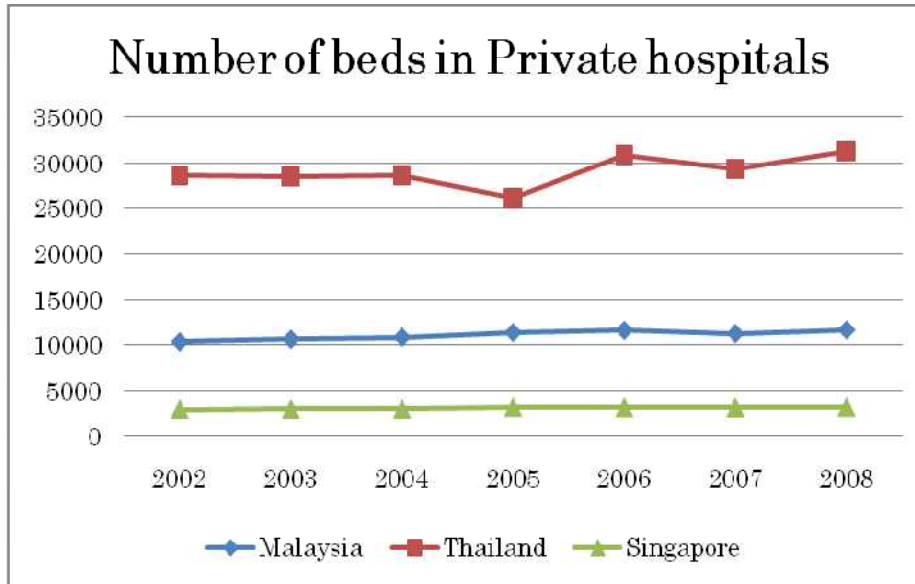
Control Variables

- Countries' health policy

Country	Purpose	Promotion	Budget
Singapore	To sustain medical technology	Singapore Medicine Plan(2003)	175 thousand US dollars
Thailand	To increase demand	Health capital of Asia (2003) Medical hub Plan(2005)	337 million US dollars(Before 2006) 10 million US dollars (2006)
Malaysia	For industrial structure shifts	Tax exemption; Visa on Arrival(2005)	67 million US dollars

- Delivery in private sectors

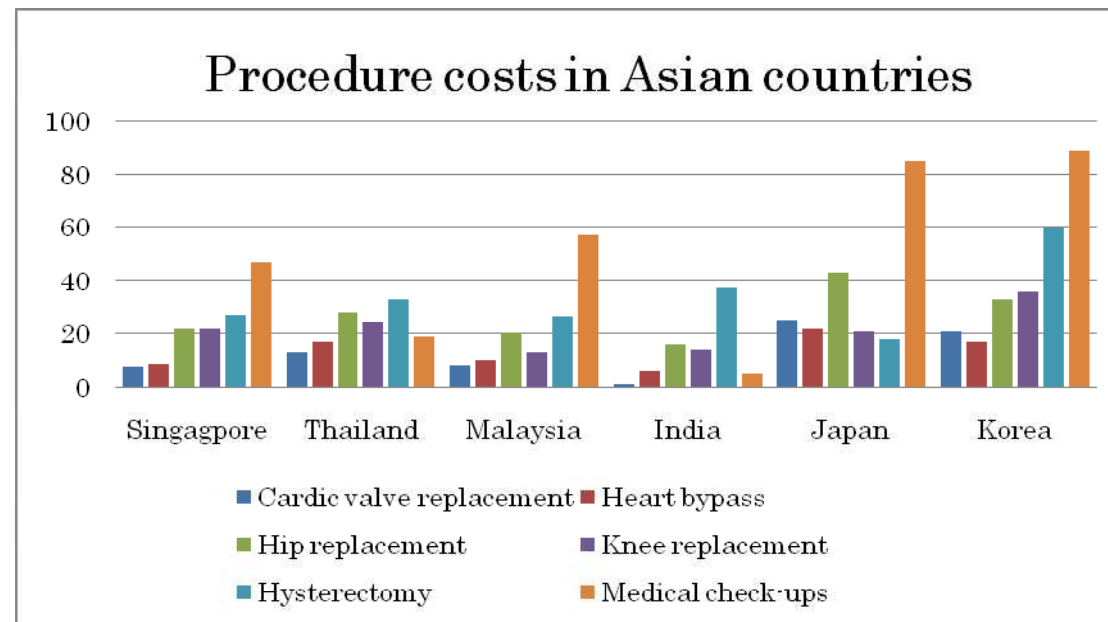
- Human Resources



No significant correlations are found between delivery and growth.

Some correlations are found between the scale of Human resource and growth.

- Cost of treatments



Compared the main medical treatments costs in those countries, such significant cost differences are not founded, however, the subtle cost differences exist in three countries so that it can be assumed that patients' movements happen among these three countries.

- Level of medical treatment services

Country	Doctors	Hospitality& Accommodation	Package
Singapore	Highly educated in the Western countries	Arrangement of transportation and hotel reservations	Payment package and discount
Thailand	Educated in the Western countries	More gorgeous than Singapore	Package of whole services
Malaysia	Educated in the Western countries	Hotel reservation and language support services	Transportation package and discount

- Language services

Country	Language Window	Language environment	Communication in Treatments	Language training
Singapore	○	Official language English, standard Chinese (Mandarin), Malay and Tamil	English and other language ex. Japanese	No need
Thailand	○	Thai	English	○
Malaysia	○	Official language English, standard Chinese (Mandarin), Malay	English and other language ex. Japanese	○



- Accessibility: Democracy

Singapore: -2

Thailand: 3

Malaysia:9

Democracy does not effect on tourists' decision-making.

But, nature of the nation have influence on medical tourism
-- Malaysia: market of Islam countries- the UAE, Oman, etc

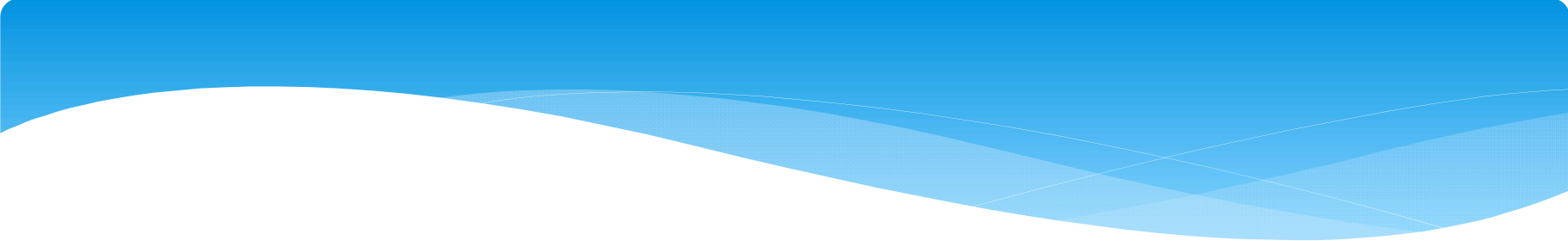
Conclusion

Findings

- Policy implication has influence, a budget change will effect on market growth.
- Hospitals' efforts are effective, such as low cost, specialty, language service, hospitality, and so on.
- Malaysia grows faster than other two countries.
- So far neither specific policy implications nor special hospital managements are observed among three countries.

Explanation of Hypothesis

- GATS can be considered as a positive indicator for reasons that
 - First, it increases foreign patients for a effect of trade liberalization on the field of healthcare
 - Second, it strengthens the roles of foreign capitals and makes a system in destination countries that avoids monopolization of foreign investors which make the market transparent and ordered.



- As we know, in South-east Asia, many countries' governments and private capitals have invested on the field of medical tourism, however, the foreign investor received tax exemptions and deregulations in destination countries which hinder the growth of host countries medical tourism industry. So that after scheduling GATS could prepare a fairer environment for host suppliers thus more effort is contributed by host hospitals and the effect of policy implication becomes clearer.

Discussion and directions for future research

- More analysis on demand side are necessary to explain the movements of equilibrium points
- Data about visits from which country to which country in detail is needed for a further study on this topic if considering to use statistical models.



Thank you very much!!

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