

MR. THOMPSON: Thank you, Chairman D'Amato and members of the Commission.

It's a privilege and honor to testify before you today. I'm here to present the views of Johns Hopkins University School of Medicine regarding the opportunities and barriers to the continued growth of the health care services sector in international markets.

I thank the Commission for its foresight to include health care services in this hearing agenda.

The work of this Commission comes at a very opportune time for health care institutions, particularly academic medical institutions, such as Johns Hopkins. The investments of public and private funds in the U.S. health care system have made it the envy of markets around the world.

This is the case in the developed countries, as well as those nations whose markets are only now developing.

American health care organizations of all types and sizes are now looking to international markets as a source of new revenue, as payments to hospitals and physicians are reduced by both public and private payers in this country.

Johns Hopkins has been a leader in looking to foreign markets for new and unique opportunities to further enable the institution to achieve its mission

to lead the advancement of medicine through excellence in patient care, education, and biomedical discovery.

Johns Hopkins will provide care to approximately 10,000 citizens of other countries this calendar year at its main facility in Baltimore. Additionally, the Johns Hopkins facilities recently opened in Singapore will enable facilities on the faculty of Johns Hopkins University to treat patients from Southeast Asia much closer to their homes.

Through the development of industry partnerships, Hopkins and other health care providers will increasingly use technology to further extend their geographic reach.

The expansion of health care services into international markets is challenged by a host of complex barriers. Among the most challenging is the method and availability of health care financing in other regions of the world. The demands on governmental and private funding for health care infrastructure projects far exceeds the amount needed to initiate many of these required projects.

These projects would, in turn, attract and allow U.S. health care organizations into these markets. The availability of grants and low cost loans could provide a much-needed stimulus to many of these regions.

The existence of private health care insurance is another important factor and indicator which can have a favorable impact on the expansion of trade for the American health care sector into a given region. It can be shown that when governments, such as Brazil, allow private insurance the climate for private investment, then the health care sector opens and grows as well.

For this reason, it would be particularly advantageous to encourage the liberalization of insurance markets around the world as a necessary precursor to the entrance of American health care into a given country.

Professional liability laws and the recognition of medical malpractice as a remedy for legal claims are certainly less developed in most regions outside of the United States, and therefore, generally this is not viewed as an impediment to trade expansion.

The licensing of medical professionals is often a barrier to health care services provision outside the United States. For example, laws in Turkey make it almost impossible for non-Turkish citizen physicians to practice in that country.

While many could point to the restrictions in this country as a comparison, actually the U.S. has

a rather liberal practice policy once guidelines and educational quality indicators are achieved.

Restrictive policies governing the professional practice of medicine tend to provide great protection against invasion from foreign competition for these countries. While this seems obvious, it has often gone unchallenged by business and governments.

This matter constitutes a very significant obstacle to international expansion, particularly in the service component of health care.

Another opportunity for expansion of trade for the American health care industry lies in synergies that are created with telecommunications and Internet technology companies. As we have seen in other sectors, these tools tend to minimize geographic barriers of trade.

An excellent example of this can be seen in what Johns Hopkins has initially initiated. Through a partnership with a technology company, the two organizations have developed a global network which will allow virtual expansion of health care services and products throughout the world.

This expanded reach will be the first phase of development of infrastructure that will allow similar health care organizations to engage in the global marketplace.

It is important to consider that the global health care marketplace is one in which both goods and services will be traded simultaneously. As mentioned earlier, there is today an important marketplace here in the U.S. which draws people from all over the world to this country to receive services. The combination of advanced clinical services with other technologies and products can potentiate the trading opportunities for U.S. companies in new markets.

In a minor digression, I would like to speak to the barriers to global trade in the health care sector which exist as a result of current immigration policy. This impacts the health care business both at home and abroad.

The current labor shortage in nursing and other selected allied health professions makes it difficult to meet current service demands internally. It is important to remember that this is also the pool of talent that is used to expand and provide services when organizations move outside the United States.

Nurses trained in the U.S. are a much sought after resource. I will again use the example of Johns Hopkins Hospital in Singapore. This facility opened exactly one year ago. Due to the severe shortage of highly trained nursing staff in Baltimore, Hopkins was unable to assemble a full team of qualified

nursing staff internally to initiate services at that site.

Instead, it was necessary to embark on a much more costly and time-consuming process of locating nurses in Singapore and provide training to them. Quite simply, inadequate numbers of qualified nursing staff will hinder the expansion of the American health care service sector into international markets.

In conclusion, I would like to restate that the expansion of the American health care service sector into the international marketplace is dependent on the availability of resources. The availability of low cost funding as seed funds for health care infrastructure projects.

Markets that allow entrance of qualified professional service providers are also necessary. Telecommunication technology and other electronic communications will increase the ability of health care industry to expand globally.

With these elements, the health care system in the United States can be an extremely valuable component of this country's foreign trade activities.

Thank you, again, for the opportunity to address this important Commission.

CHAIRMAN D'AMATO: Thank you, Mr. Thompson.
Mr. Freeman.