

**Statement of Johns Hopkins University
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Before the

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Thank you Chairman D'Amato and members of the Commission. It is a privilege and honor to testify before you today, I am here to present the views of Johns Hopkins University School of Medicine regarding the opportunities and barriers to the continued growth of health care services in international markets

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 United States 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 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 research. 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 physicians to treat patients from south east 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.

Barriers to Trade in Health Care Services

The expansion of American heath 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 the required projects. These projects that would attract and allow U.S. heath care organizations into these markets. The availability of grants and low-cost loans would provide a much-needed stimulus to many of these regions.

The existence of private health care insurance is another important factor, 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 in the private 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. Generally, this is not viewed as an impediment to trade expansion.

The licensing of medical professionals is often a barrier to health care service provision outside of 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 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. While this seems obvious, it has often gone unchallenged by business and governments. This matter constitutes the most significant obstacle to the international expansion of the clinical service component of health care industry.

Opportunities to Overcome Barriers

Perhaps the greatest opportunity for the 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 the geographic barriers of trade. An excellent example of this can be seen in what Johns Hopkins has recently initiated. Through a partnership with Lucent Technologies these two organizations are developing a global network which will allow the 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.

Goods and Services

It is important to consider that the global health care marketplace is one in which goods and services will be traded. 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 outside of this country.

Immigration

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 outside of 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.

Immigration policy also plays an important role in the ability to attract foreign patients and their families to receive services in the US. Timely and responsive immigration policy that allows individuals

seeking health care is vital to continue to insure the continued flow of these patients to The United States.

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.
- Immigration policy that allows health care organizations to meet their staffing requirements for domestic and international operations.
- Telecommunication technology and electronic communications will increase the ability of the health care industry to expand globally.
- Immigration policy that facilitates the entrance of patients and families who wish to receive health care services in the US

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.