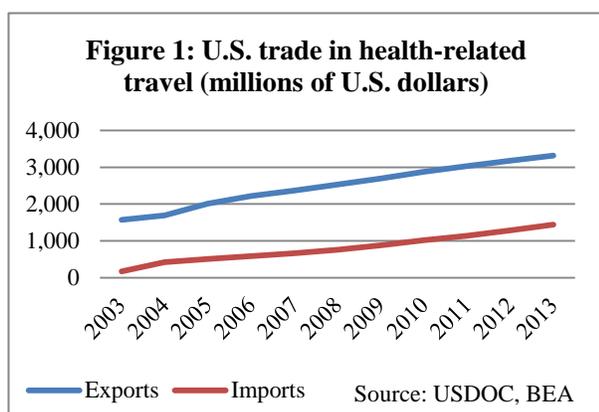


TRENDS IN U.S. HEALTH TRAVEL SERVICES TRADE

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U.S. trade in health travel services (often called “medical tourism”) has grown steadily in recent years; exports (i.e., travelers coming to the United States) have doubled, and imports (U.S. travelers going abroad) have increased almost ninefold from a low base in the early 2000’s. Despite rising costs, the U.S. health system continues to attract foreigners because of its high-quality services and its closeness to large patient markets. At the same time, more Americans are seeking more affordable care abroad, even if they must pay for their expenses out of pocket. The two most important barriers to increasing cross-border trade in health services are visa restrictions for travelers from certain countries entering the United States and a lack of coverage by many U.S. health insurers for treatments provided abroad.

In 2013, U.S. cross-border exports of health-related personal travel services were \$3.3 billion, up from \$1.6 billion in 2003, for a 7.7% compound annual growth rate (CAGR).¹ Imports rose from \$168 million in 2003 to \$1.4 billion in 2013, implying a CAGR of 24%, albeit from a low base. Though health travel services represent only a small share of total trade in personal travel, they have consistently produced a trade surplus for the United States (\$1.8 billion in 2013, see figure 1). Health travel exports grew faster than growth in spending on healthcare, with total U.S. personal healthcare expenditures rising at an average rate of 5.6% from 2002 to 2012 before slowing in 2013. The growth trend of these exports more resembles that of total U.S. travel exports, which rose 7.9% annually from 2003 to 2013.



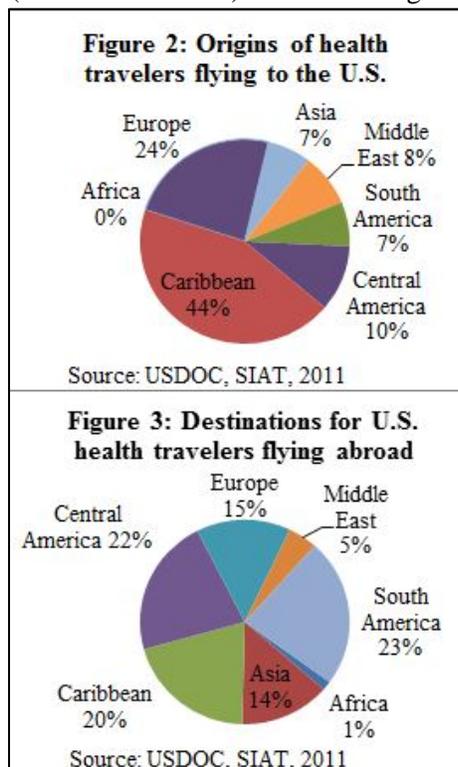
About 0.5% of all air travelers entering the United States annually—between 100,000 and 200,000 people—list health treatment as a reason for visiting (this data excludes travelers from Canada and Mexico, the majority of whom travel to the United States overland). Foreign patients most often cite access to advanced medical care as their reason for traveling to this country for treatment. Some U.S. health facilities, such as the Mayo Clinic, have long specialized in providing high-quality medical care to foreigners, particularly from the Middle East and Asia. These facilities actively market their services overseas, offering offices abroad and help in

arranging travel. Several hospitals in Florida specifically cater to health travelers from the Caribbean and Latin America, capitalizing on the availability of direct flights and bilingual staff.

The three largest source markets for foreign travelers visiting the United States for health treatment in 2011 were the Caribbean (with 44% of arrivals), Europe (24%), and Central America (10%) (figure 2). Restrictive visa requirements have reduced the number of patients who are able to enter the United States from certain countries and as a result many health travelers, for example from the Middle East, have opted instead to seek treatment in Southeast Asia. Estimates of the size of the global market for health-related travel services vary, but roughly 3 million patients are thought to travel for healthcare each year. The three largest providers of international health services are Thailand (receiving 1 million visitors per year), India (500,000) and Singapore (350,000). These countries have developed specialist hospitals to cater to foreign patients: Thailand’s Bumrungrad Hospital sees over half of the country’s medical tourists

¹ Health travel services are measured through foreign nationals’ purchases of goods and services, such as food, lodging, and medical care while traveling abroad. An American receiving care in a foreign country would be considered an import of health travel services, and a foreign national receiving care in the United States would be considered an export. Figure 1 includes U.S. exports and imports to all countries. Travel to Canada and Mexico is not included in figures 2 and 3.

each year, while Singapore and Dubai are both developing new health care complexes purpose-built for treatment of medical tourists. Of the three top providers, Singapore has developed a reputation for high quality but higher cost services; India is an emerging center for lower cost cardiac care and also offers a special class of visa (the M visa) to attract medical tourists. Hospitals in Thailand are rapidly expanding into more specialized types of care. In addition, some U.S. hospitals have opened foreign affiliates or have partnered with local clinics in these markets in an effort to attract would-be medical tourists unable to travel to the United States. Such relationships could reduce inbound patient flows to the United States (cross-border trade) while boosting trade through affiliate transactions.



U.S. outbound medical tourists are thought to make up about 10% of the worldwide total. Data from a U.S. government survey suggest that 150,000 to 320,000 U.S. travelers list healthcare as a reason for traveling abroad each year, or between 0.2% and 0.6% of all outbound U.S. air travelers. South America represents the largest destination market for such travelers (26% of the total), followed by Central America (18%) and the Caribbean (19%) (figure 3). These figures may partly reflect a tendency for members of large diaspora communities in the United States to return to their countries of origin for healthcare. Trade with Canada accounts for approximately 12% of U.S. exports and 7% of U.S. imports of health travel services while an estimated that 952,000 Californians enter Mexico to receive healthcare annually (including prescription drugs), about half of whom are Mexican immigrants residing in the United States.

Americans cite cost savings as the most common reason to go abroad for health treatment, as medical procedures in foreign hospitals can cost thousands of dollars less than in the United States. This is especially true for those without health insurance—for an uninsured person, a knee replacement can cost \$30,000 in the United States, compared to \$12,000 in India.

Many health travelers also go abroad for elective procedures such as cosmetic surgery that regular policies may not cover. However, since medical insurance does not cover even non-elective procedures performed abroad (with few exceptions), the market is limited to those who can pay out of pocket for care. Issues of safety and liability also keep many potential patients from considering overseas treatment, although nongovernmental groups like Joint Commission International are making efforts to promote medical standards across borders.

Globally, growth in cross-border trade in healthcare services has been driven by demand from high-income countries, often in Asia and the Middle East, that have not built up a network of high-quality hospitals. Wider availability of health insurance in Latin America and the Caribbean, as well as long wait times or lack of coverage for certain procedures in some public healthcare systems in Europe, has also increased demand for treatment abroad.

Sources: USDOC, BEA, *Survey of Current Business*, 2014; McKinsey, “Mapping the Market for Medical Travel,” 2008; Mayo Clinic website; Cleveland Clinic website; NPR, “South Florida Hospitals Compete for Foreign Patients,” 2009; Deloitte, “Medical Tourism: Consumers in Search of Value,” 2008; KPMG International, “Issues Monitor: Medical Tourism Gaining Momentum,” 2011; Carabello, “A Medical Tourism Primer for U.S. Physicians,” 2008; Crone, “Flat Medicine? Exploring the Trends in the Globalization of Healthcare,” 2008; Youngman, “Medical Tourism Statistics: Why McKinsey Got It Wrong,” 2009; Bumrungrad Hospital website; OECD, “Medical Tourism: Treatments, Markets and Health System Implications; A Scoping Review,” 2011; Herrick, “Medical Tourism: Global Competition in Health Care,” 2007; *Financial Times*, “Healthcare in Emerging Markets Special Report,” 2014; Horowitz and Rosenweig, “Medical Tourism —Health Care in the Global Economy,” 2007; USDOC, *Survey of International Air Travelers (SIAT)*, 2011; Stats Canada; Wallace et al., “Heading South: Why Mexican Immigrants in California Seek Health Services in Mexico.” (Accessed 5/12/2015).