

## **Interconnectedness in Health and Health Care**

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### **Abstract**

Globalization is a phenomenon that touches upon every aspect of life, including health care. Most people think of globalization in terms of business but the health care has also been affected by this phenomenon in several ways, such as in the sharing of knowledge and in the movement of the workforce from one country to another. As a result of the interconnectedness brought about by globalization, borders virtually melt away for patients who seek treatment abroad for various reasons and health care organizations are undertaking different strategies to attract international patients. Combined, these lead to competitive forces such as pricing and variations in services offerings. This paper presents the transforming health care realities.

**Keywords:** Global Health Care, Interconnectedness in Health Care

### **1 Directionality of Flows in Health Care**

Globalization has drawn significant attention over the past decade. It is considered as the most “dominant force in the global system of economics” with important impacts “in all other spheres of contemporary human phenomena of existence,” including health and health care [1]. Because of globalization, there is increasing interconnectedness between societies as well as growing “interdependence of the human community” [1]. Because of events taking place in one part of the globe, health effects are being felt from far away. Globalization is possible because of open trade, and multinational corporations and non-governmental organizations have transformed the ways that global governance and global health problems are being addressed.

Moreover, heightening sophistication of telecommunications technology as well as massive migration of people have combined with other aforementioned forces so that the delivery of healthcare has been impacted. Even the spread of infectious diseases has been influenced by globalization.

Globalization has also transformed directions affecting patients, health care workers and managerial practices. Patients have begun seeking treatments outside of their homelands,

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healthcare workers have been willing to relocate abroad and new management practices are spread from one country to another. These are briefly discussed below.

### **1.1 Patients**

Medical tourism is a term coined to refer to patients who cross borders in order to seek treatment abroad. It describes the activities of individuals “making health choices and then accessing health treatments across borders” [2]. From the perspective of commerce, medical tourism is considered as the trade in medical goods and services. From a broader perspective, it encompasses every facet of “consumers seeking treatment, improvement or change through medical or wellness practices” and the added factor here is that they cross an international border to achieve these [2]. Medical tourism is also a consumer-driven internet search term [3]. In order to obtain information regarding available treatments abroad, patients, consumers and the media utilize search engines. For economists, researchers and government planners, medical tourism represents data pertaining to movements of populations and the “value they bring or leave in their wake” [2].

There are different drivers for medical tourism, such as escalating health care costs in one’s country of residence, rapidly aging populations, medical technology advancements in certain countries, highly skilled specialists, the availability of prescription drugs and rising prevalence of chronic illnesses [4]. Interestingly, it has been noted that the recent trend towards medical tourism in the United States in which patients travel to lesser developed countries to get treatment is partly driven by consumerism [4]. Hence, patients are behaving more like consumers and opt to play more active roles in the management of their health.

Through the Internet, people have become aware of the different countries’ medical specialties. For example, these specialties include, (i) Costa Rica, for orthopedic surgery, spinal surgery, and cosmetic procedures; (ii) Mexico for dental work; (iii) Singapore for cancer treatment, spinal surgery, transplants, and orthopedic surgery; (iv) India for orthopedic surgery particularly hip and knee replacement and cardiac care; and (v) Thailand for orthopedic surgery, cardiac care and cosmetic procedures [4]. It must be noted that medical tourism is sometimes regarded as “disruptive innovation” and as such requires more and better managerial and clinical focus [5]. Critical factors for medical tourism pertain to the providers’ clinical reputation according to outcomes, technological backup as well as the use of sophisticated medical procedures [5].

### **1.2 Health Care Workers**

The flows of migrant health care workers encompass both skilled and unskilled occupations and one noticeable trend is the high numbers of females that are part of this population. Transnational labor migration is drastically different from the international movement of goods, services, or capital. Migration of transnational domestic or health-care workers “bring people from different nations, classes, races, ethnicities, genders, and ages into close proximity, creating new relationships and altering existing ones” [6]. Aside from the pursuit of greener pastures, there are other motivations among health care workers to seek employment abroad. For examples, countries such as the Philippines, India and Cuba, have national strategies involving a labor export plan.

Towards this direction, these three countries have made significant investments in the training of health care workers for export. In return, it is not uncommon for these migrant

workers contribute to the economies of their countries of origin through remittances as well as enhanced skills when they come home [6]. Notably, remittances for migrant health workers are now considered as an integral part in the fabric of global developmental finance [5]. Meanwhile, destination countries benefit from migrant health workers. Their labor force increase, there is brain gain as skilled people join the labor force, increasing population diversity results in more vibrant economies, and savings may be realized as there is no longer need to train these workers. The countries of origin suffer especially in terms of brain drain.

### **1.3 Managerial Practices**

Due to improved telecommunications technology that permits real-time communication between parties that are far from each other in terms of location, there has been more sharing of managerial practices as well as policy instruments. An ideal example of this is the patient classification system (PCS) [5]. Eventually, the United States Congress legislated that a form of PCS called the Diagnosis-Related Groups (DRGs) be adopted by hospitals. In a nutshell, the DRG was designed by researchers at Yale University with the intention of providing a tool that would identify the case mix differences from one hospital to another so that it becomes possible to determine costs and pricing more effectively [5]. By 2010, varying versions of the DRG have been adopted in 26 countries [5].

## **2 Five Segments of Patients**

There are five segments of patients that willing travel across international borders in order to obtain medical attention. First, patients from countries with high GDP such as the United States and Japan, seek medical treatment abroad due to the cheaper medical costs in certain countries. Although the United States and Japan both have outstanding and comprehensive health care systems, they are also quite expensive. In India, the Apollo Hospitals provide immediate access to and excellent services for procedures such as coronary artery bypass for only 10% of the cost in the United States [5]. Moreover, a patient can make 75% savings by seeking treatment in Thailand than in the United States [7].

Second, patients from countries with long waits would rather seek treatment abroad. Studies show that waiting for treatment exacts psychological and physical tolls especially for older patients [5]. For example, in Scotland, older patients needing hip or knee replacements have to wait an average of 30 months (for urgent cases ) to 78 months (for non-urgent cases) [5]. While waiting, such patients experience extreme pain, mobility problems and some even have had to retire [5].

Third, there are patients who seek elective procedures abroad if their health insurance does not cover them [7]. For instance, in 2010, at least 20,000 people from the United Kingdom sought dental treatment abroad because this procedure is not covered by their insurance [7]. Fourth, there are also patients who seek treatment abroad due to privacy concerns, especially for those who will be undergoing plastic surgery, sex change operations, or rehabilitation.

Fifth, there are medical tourists who seek treatment abroad because procedures they need

or desire are not offered at home. For instance, non-fertile Iranian couples seek fertility or reproductive treatment abroad due to considerations such as less legal and moral restrictions as well as religious constraints. A more extreme type of medical tourist that falls under this category is the patient who travels to Switzerland or the Netherlands to seek euthanasia [7].

It must be noted here that overseas health care providers have been developing “reputations for high-quality facilities and exceptional service” [7]. For example, the private health care sectors in Bangkok, Thailand, “have more gamma knife, computed tomography (CT) scan, and mammography capacity than England” [7]. Many private hospitals have been capitalizing on these business opportunities by offering VIP waiting lounges, deluxe hospital suites, free airport transfers, inexpensive meal plans for patients’ companions, as well as discounted hotel accommodations made possible with tie-ups with hotels [7].

### **3 Competition for Inbound Hospital Patients**

There is currently growing competition for inbound hospital patients simply because inbound medical tourism is lucrative. For instance, there were at least 400,000 medical tourists who traveled to the United States [8]. In all, these medical tourists spent nearly \$5billion for health services [8]. For the United States, inbound medical tourism represents 2% of the users of U.S. hospital services, and are mostly from the Middle East, South America and Canada [8]. Many of these inbound medical tourists combine medical reasons and touring for their travel abroad. Hence, aside from clinical services, other revenues that may be generated from inbound medical tourism include hotel accommodations, food and beverage, medicine, entertainment, and cultural products. The experience of Thailand is an excellent example.

Thailand’s medical tourism began right after the Asian Financial Crisis of 1997, when private hospitals had to generate revenue because of a decline in the number of their local patients [7]. It took seven years of preparation but by 2004, the Thai government created policies combining medical services to foreign travelers and the Tourism Authority of Thailand (TAT) developed website ([www.thailandmedtourism.com](http://www.thailandmedtourism.com)) providing pertinent information regarding the types of medical treatments available in the country. These medical services, locations of hospitals/clinics, destination guides, as well as packages and promotions from medical service providers were combined with tour offerings from travel agents.

By 2007, there was an estimated 1.4 million foreign patients who availed of medical services in Thailand. Business opportunities were the pull factors for both medical service providers and the travel segment to medical tourism. Consequently, many hospitals and clinics have expanded their services by offering “extras such as accommodation for those accompanying patients, transportation, and visa arrangements” [7]. An added bonus is that brain drain is less felt in Thailand compared to other countries as there is plenty of employment for healthcare professionals.

Along these lines, there has been an increased need for investments in plants and medical technology in order to attract international patients. However, these investments must only be done if the professionals in such healthcare organizations have the skills that attract medical tourists. Studies show that in the case of the United States, inbound tourists will not travel to America to obtain less expensive medical care. Indeed, many of

them willingly travel to the United States in spite of the higher costs because they consider American medical care as among the best in the world [8]. As evident here, reputation is important to medical tourism. If a healthcare organization has the appropriate facilities and the most modern technology but does not have a solid reputation associated with quality backing it up, then these investments are worthless. Aside from these, it would also be worthy to make these investments for the purpose of specializing in a specific procedure less offered anywhere else. Again, this hinges upon the available skills in the country.

#### **4 Global Differential in Pricing**

There are differences in global pricing among hospitals due to varying access to resources, among other things. Therefore, when there is sufficient supply of skilled health care workers, then labor costs at hospitals will be low. When there are only a few hospitals offering a specific medical technology, then charges for the use of such technology will tend to be high. However, the pricing in American hospitals is a more complex matter. This is because the United States may have the capability to offer the best healthcare services in the world, but it also has the worst healthcare system. The healthcare system is highly fragmented, such that patients tend to get confused as to where to go for specific healthcare needs.

Studies show that at least 30% of the care provided in the American health care system “is clinical waste” because of “medical services that have no demonstrable benefit for the patients who receive them” [9]. Matters are further exacerbated when such services are harmful. Indeed, research shows that an average of 98,000 patients dies in America’s hospitals every year due to preventable medical errors. Such risks of medical errors are one of the drivers of increasing health care costs, which is why certain services cost much higher in the United States.

The medical profession also has significant influence over insurance companies and government when it comes to compensation for services because they have the ability set prices. Notably, at least 80% of Americans with health insurance are not even aware of how much services they receive should cost [9]. Moreover, it is commonplace for medical professionals to negotiate rates with health insurance providers or other institutions responsible for providing coverage. As a result, this could generate issues arising from the opportunities to perpetrate fraud.

In addition to these, the dominance of insurance providers, acting as go-betweens between healthcare providers and patients, in the American healthcare industry makes it virtually impossible for patients to make provider decisions with regards to price. Hip and knee replacements are outrageously expensive in the United States because manufacturers typically have to enter into confidentiality agreements with hospitals or doctors regarding prices. There is no comprehensive, singular guideline as to what hospitals must charge for services for the guidance of patients. Therefore, the lack of transparency, consistency and policies pertaining to pricing has led to the reality that certain services cost ten times as much in the United States compared to other countries.

## 5 Conclusion

Globalization has impacted almost every aspect of life, including the health care industry. As a result, people are now more aware of the existence and importance of the different societies beyond their own borders. Globalization, due to the increased interconnectedness that it promotes, has transformed directions affecting patients, health care workers and managerial practices. Through medical tourism, patients are now seeking treatments abroad. Moreover, healthcare workers have been relocating abroad and different countries are now sharing new management practices. Because of these factors, it has become evident that the American healthcare system has many flaws, such as its exorbitant prices compared to other countries.

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