

THE TRANS-PACIFIC PARTNERSHIP: AN OPPORTUNITY FOR HEALTH-SECTOR TRADE POLICY

Alliance for Healthcare Competitiveness

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Thank you for this opportunity to present comments and observations on behalf of the Alliance for Healthcare Competitiveness. AHC is a group of 15 leading businesses and non-profits involved in health care provision, insurance, health IT, biotechnology, construction, standards, device and pharmaceutical manufacturers, and other fields of America's \$2 trillion health sector.

AHC supports the Trans-Pacific Partnership. The negotiations are conceived as a '21st-century agreement' which takes up new challenges and goes beyond earlier free trade agreements and trade fora. We believe this concept is especially relevant to the health sector as one of the largest sectors of all our economies by GDP measurements; as one of the leading job-producers, employers of skilled high-wage workers, and creators of small and medium enterprises (SMEs) in all the TPP countries; as a source of research and new technologies that can drive growth; and as a field in which all TPP members face complex challenges that integration and common efforts can help to solve.

In these early years of the 21st century, health industries are among the most economically and technologically dynamic sectors of any economy. This has direct benefits for the people we serve – and in particular the people of developing countries – most directly for health outcomes, as new communications technologies, health-care provider models, and medical treatments offer stunning opportunities to reach broader populations with advanced care and to improve life in every TPP member, but also for employment and growth in the economy more generally.

On the other hand, the era's health policy challenges are almost, though not quite, as great as the opportunities. Populations in all TPP members are aging, though the developed members are aging especially rapidly, and our industries and governments must consider the very large health and financial challenges this is bringing to us. Urbanization and the accompanying shift from lower-income to middle-income status in TPP's developing members – proceeding especially rapidly in Vietnam and Peru – are equally large secular trends which present their own challenges: As populations grow urban and wealthy, governments and providers will need to respond with construction of new clinics, management of larger patient populations, training of larger health-care workforces, and management of rising costs with limited budgets.

AHC views trade policy as a key tool which can help our governments both realize the opportunities and meet the challenges. We hope to see a state-of-the-art agreement that does so by reducing barriers to – and therefore costs of – investment in healthcare infrastructure and services, dissemination of new medicines and devices, enabling all of us to use the best and most

efficient health IT services, use all the possible tools available to manage costs efficiently, empower patients to choose from a diversity of providers both at home and through medical tourism, and ensure access to new technologies such as m-health and telemedicine, which offer such promise for the rural, low-income and newly urbanized poor.

AHC PRINCIPLES FOR HEALTH ECOSYSTEM TRADE POLICY

What sort of agreement can achieve these goals? Health ecosystems are organic wholes, in which each element contributes to the success of the others and to the broader goal of efficient care and improved health outcomes. Trade policy, while concerned with the details of each element of the health sector, should accordingly see the health industries as a whole in which each element can contribute to the growth of the others, and while continuing to focus on the manufacturing issues that have been central to earlier trade policy, should also look in depth at health services, regulatory and investment issues, and new technological opportunities. The agreement should therefore rest upon seven broad principles:

- *Zero-tariff and zero-Non-Tariff Barrier policies for all segments of the healthcare ecosystem.* These will reduce the cost of services, health manufactures, and other technologies, enabling hospitals and ultimately patients to use the most modern products and related services. This can not only help provide the best-quality care, but can also at times help providers and governments control costs, by allowing providers to offer efficient care and cures rather than more costly longer-term treatments.
- *Transparent, accountable and nondiscriminatory regulatory systems* for approvals and licenses for all segments of the healthcare system, including investment, services, insurance products, new medicines and devices. Such regulatory systems should include avenues for appeal to a clear higher authority when appropriate and capacity-building programs for the less-developed TPP members.
- *Efficient standards-setting*, to ensure complementarity of the various elements of the healthcare ecosystem, from hospital accreditation to capital requirements for insurance firms, to compatibility use of new devices throughout the TPP zone and ultimately throughout the Asia-Pacific.
- *Disciplines on State Owned Enterprises and competitive government procurement systems*, to ensure access and avert discriminatory purchasing requirements in investment, goods, and services, which can raise prices and/or reduce the quality of healthcare available.
- *Services-sector goals applied to the healthcare ecosystem, including payers such as insurers and providers such as hospitals, IT firms, professionals and others* to ensure open and competitive markets for services. A high-quality health services agreement will help all our governments control costs by using health IT and a diversity of financing options to track patients newly arriving in cities or using m-health in rural areas, reduce the cost burden on government health ministries and the necessity for out-of-pocket payments from individuals; will attract investment by hospitals and clinics that bring

large, labor-intensive job providers to new sites, allow providers to capture economies of scale, and in particular help TPP's developing-country create medical tourism industries and improve medical education.

- *Robust protection of intellectual property rights* along the lines of protections in the Korea-U.S. Free Trade Agreement, encouraging research and development of new technologies, copyrights, and trademarks suited to each TPP member.
- *Electronic Commerce/Telemedicine*: Special focus for telemedicine – a potentially revolutionary form of care, which can give rural clinics and small hospitals the chance to offer top-quality specialist care - ensuring that, consistent with appropriate professional-service standards for provision of any service, national policies do not discriminate against services provided via telemedicine.

TPP AS UNIQUE OPPORTUNITY

The TPP talks offer an unusual and valuable opportunity to put these principles into practice. The countries participating in these talks are –

- A unified health market large enough to encourage economies of scale, in which infrastructure builders and managers, manufacturers, financiers, providers, IT providers, educators and other elements of the healthcare ecosystem can all serve larger markets. This will encourage cross-border investment, larger commitments to research, and the growth of industry and employment in both the developed and the developing members.
- A set of economies diverse enough to encourage specialization and unique strengths, in fields ranging from hospital design and construction, to manufacturing, medical tourism, health IT, and telecommunications.
- And an agreement which can grow and develop over time, using success and growth to attract new members and become the foundation of the integrated Pacific market inherent in both the TPP itself and in the basic concepts of APEC.

CONCLUSION

Finally, AHC members see the TPP as a uniquely valuable opportunity, because we are already participants in the Asia-Pacific health market and see it as part of our future. American health industries operate hospitals in Vietnam and Peru, provide financial services to providers in Singapore, purchase medical technology made in Malaysia, and provide health IT to Australia, develop and research medicines and medical devices throughout the region. As the TPP talks extend these opportunities, encourage new partnerships, and deepen our engagement with governments, non-profits, industries, and patients, we can do much more for the common good.

AHC members are therefore pleased to support the TPP. We applaud the participating governments for their vision and commitment, we look forward to assisting and offering advice as your work continues, and we thank you for this opportunity to present our views.