

StarTribune

Medtronic, UnitedHealth Group want to export U.S. health care

Article by: Jim Spencer

September 26, 2011

WASHINGTON - A coalition of U.S. health care businesses, including Minnesota-based UnitedHealth Group and Medtronic, proposes to rebuild America's battered economy by selling the country's "health ecosystem" internationally.

The Alliance for Healthcare Competitiveness (AHC) wants the U.S. government to build its foreign free-trade policy around the health care industry, noting that the sector has been a significant jobs creator since the recession began in 2008. Breaking down tariffs and other forms of international discrimination against America's "health ecosystem" will allow developing countries such as China, India and Brazil to improve medical care while allowing U.S. companies to rescue the American economy by hiring more people, AHC leaders said Monday.

The worldwide need for health care in aging populations will lead to a demand for goods and services that can drive sales of American insurance, medical devices and record-keeping technology, said Simon Stevens, UnitedHealth's president of global health and an AHC member. Further, a growing middle class in developing countries will have the money to pay for better treatment, which U.S. companies can provide.

"This is about making it easier for patients around the world to benefit from things that have demonstrably worked," said Stevens, who once served as health minister to former British Prime Minister Tony Blair.

The push by major companies in the health sector comes as Congress and state legislatures battle over how to reform the U.S. health care system, which is beset with skyrocketing costs and inefficiencies. Americans currently pay more for health care and rank lower in life expectancy and infant mortality than much of the developed world.

AHC, which formed in 2009, claims that the immense size of the U.S. health system provides leverage for international expansion. "We've got a lot of wonderful technologies, wonderful approaches," said Alex Gorsky, Johnson & Johnson's vice chairman. "Let's start in Minnesota: There are a lot of medical device companies that are discovering and developing products every day."

With an economic impact of \$2 trillion a year, the American health care system is "as large as the national economies of major European powers," the AHC noted. Since 2000, the industry

has added 3 million mostly high-paying jobs as the rest of the private economy shed 6 million jobs. Many of those new health care jobs owe to a graying U.S. population. People over 65 require seven times as much health care as those under 65, Gorsky said.

With the number of Chinese age 65 and over expected to grow from 100 million in 2005 to 200 million in 2015, the need for elder care is hardly unique to America, Stevens said. "The question of aging is as important in developing countries as it is here," he said, adding that UnitedHealth is negotiating to provide a private health insurance program in India that could include one million people.

Still, the call to rebuild the U.S. economy by selling pieces of what is generally considered a broken health care system struck some experts as a bit awkward.

"It seems ironic, at best," said Jean Abraham, a professor of health policy and management at the University of Minnesota. "To the extent that you expand into markets with unmet need with better technology and access to care, it could be mutually beneficial. The question from a global perspective is the ability to pay."

Citing a Goldman Sachs report, AHC claims the international middle class -- people making \$6,000 to \$30,000 per year -- will grow from 1.7 billion people to 4 billion people by 2030.

The ability of the American health care industry to create successful models overseas when it could not create them here depends on the clean slate from which the effort will start, said Steve Parente, a professor of health finance and insurance at the U's Carlson School of Management. "I don't envy them for trying to do this through trade policy," he said.

Still, if tariffs and other free-market obstructions can be brought to heel, the developing world lacks many of the bureaucratic burdens that now afflict U.S. health care, Parente noted.

"Medicaid is like 50 state experiments," he said of the U.S.'s taxpayer-financed health insurance for the poor. "Medicare doesn't permit the use of some of the technologies they want to export. Medical technology is already one of this country's most successful exports. This is not completely laughable. What they're exporting is what other countries want."

Jim Spencer • 202-408-2752