

**Opportunities and Challenges for Expanding Trade in Health Services
in the English-speaking Caribbean**

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Executive Summary

The English-speaking Caribbean has several characteristics which make it an appealing destination for visitors seeking health services, including its proximity to North American and European markets; climate and ambient environment; lower costs of labor and other inputs; reliable telecommunications and good transport infrastructure; excellent hotel and tourism services; an educated population; and, well-trained health practitioners and established health and medical service industry in both public and private sectors.

Expansion of trade in health services will be influenced by the interplay between the demand for health services by foreign visitors, and the cost of providing and regulating these services by the national governments. The economic benefits from trade in health services can only be realized if the cost of regulating and developing these services are less than the potential revenues generated. Potential economic benefits will derive from:

- § additional revenues for the public sector (including foreign exchange) that can ease the pressure on public health budgets to provide quality health services for the local population;
- § productive use of current excess capacity in the public and private health sectors;
- § retention and repatriation of skilled health workers through increased employment opportunities and mitigation of the brain-drain of health care professionals;
- § establishment of linkages with medical centers outside of the region, and greater access to medical technology, equipment, and practices;
- § additional health benefits for local populations related to a wider range of health care providers and services;
- § private sector innovation and revenue generation;
- § additional revenues and diversification of other sectors, including tourism, transportation, etc.

In general, it seems clear that a “one size fits all” approach to developing trade in health services will not be a viable strategy for the Region. The opportunities identified from the case studies are as follows:

- ∅ There are significant opportunities to harness the global demand for health and wellness services in the English-speaking Caribbean.
- ∅ Expansion of trade in health services will need to be a predominantly private-sector led process, and mechanisms will be needed to support entrepreneurship in this area. In collaboration with the CDB, the World Bank and IFC could support incremental and sustained development of this sector.
- ∅ The range of health and health-related services to be promoted will depend upon the role of the tourism sector (conducive for spa and wellness services), as well as the extent of high quality, accredited medical services through which to promote curative and rehabilitative services through private or public health facilities.

- € The public sector facilities can become more involved in areas where there are excess capacities and relevant partnerships with the private sector. Niche markets remain to be identified and explored.

Policy, regulatory, institutional and legislative barriers to both foreign investment and movement of professionals within the Caribbean may limit the pace and extent of trade in health services in the region in the future. While there have been efforts to significantly liberalize the foreign investment environment, regulations or facilities have not been developed specifically for the health sector. General modalities or requirements would then apply to health investments, with the added review and approval of the Ministry of Health. Even so, Ministries of Health are often the last informed on what might be negotiated during rounds of the GATS, and how commitments in one sector might affect health service delivery and financing locally. There is greater need to bring trade, commerce and health sectors together in preparation for negotiations, and the Regional Negotiating Machinery and CARICOM will need to play a greater role in this regard.

The major challenges to overcome in the near future will require the following:

- § Harmonize regulations within the region. Develop specific requirements for the health sector, if needed; improve transparency and reduce uncertainty in the process; and increase access to information on government policies and regulations for investors.
- § Address the availability of skilled health professionals. Distribution of human resources between primary and secondary care is a concern, as is the shortage of staff in general: migration and retirement of staff have left a large void.¹ Increased trade may induce repatriation and retention of health professionals to work in joint private sector ventures. There may be scope for off-shore training facilities to provide staff for local markets.
- § Reduce variation or gaps in quality of care provided in both the public and private sectors in the Caribbean. Trinidad and Tobago has take the lead in national accreditation and licensing and other countries in the region are looking closely at their example, and need to be supported in this regard. The Caribbean Association of Medical Councils could play a pivotal role in this area working through the Joint Commission International (JCI).
- § Increase the portability of health insurance, as few health insurance plans offer clients insurance coverage for non-emergency medical treatments obtained overseas. The need to pay out-of-pocket for services provided abroad could limit the market for services to those who can afford to pay. Discussions with key informants in the insurance and care management organizations suggest that portability of health insurance may no longer be an insuperable hurdle, as there are innovations in case management across international borders. For example,

¹ Between 2002 and 2003, the Caribbean had lost some 900 nurses to the United Kingdom and North America (PAHO, 2002).

Canadian Medical Network/Care Management Network enters into contractual arrangements with governments, insurance companies, physicians, specialists and hospitals in more than 130 countries and seeks to advocate, facilitate and manage health care for the international patient.² This Network is in the process expanding its presence in the Caribbean.

- § Identify and implement mechanisms that prevent the development of a dual and inequitable health system with enclaves of high quality health facilities catering to foreign visitors. Governments are responsible for providing good quality care to their citizens, and policies and strategies to expand and foster greater trade in this area should support, and be complementary to national health care efforts. In addition, strategies should foster mutually beneficial linkages between the private and public health sectors, and between state-of-the-art health services and community health.
- § Establish a system that could address legal liabilities associated with treating foreign visitors. Consumers will have less of an incentive to go abroad for treatments if legal recourse is difficult. One possibility would be for medical service providers in the Caribbean to purchase malpractice insurance through US-based firms and agree to be subject to US legal practices in the event of law suits.

As a way forward, it is suggested that an incremental approach to expanding trade in health services be adopted initially, on a country-by-country basis. In some countries, expansion of trade in health services will need to proceed as a largely private sector-led initiative. Government role would be to develop an enabling legal and regulatory framework. In collaboration with the CDB, the World Bank and IFC could provide necessary finance and technical support to private entrepreneurs interested in health tourism projects. In other countries, a more government-led approach may be more appropriate, particularly for countries which are interested in developing national policies and strategies in this area. The type of health tourism that could be developed will be different based on the role of the tourist sector and institutional capacity to provide services.

In addition to previous suggestions, the following specific activities are recommended:

- € Establish, reactivate or strengthen mechanisms that can facilitate public-private sector partnerships. There is a need to provide support to local entrepreneurs in development of viable business plans for expansion of spa/wellness services, and in development public-private partnerships, including careful market analysis.
- € While there have been regional and national efforts to develop and streamline accreditation of health care providers in the region, additional efforts to generate linkages with care management companies, such as the Canadian Medical

² The main services include reviews of medical necessity, pre-certification of care, selection of providers, the co-ordination of admissions, and monitoring of treatment plans; claims management, processing and negotiation; logistical assistance for transportation and accommodation; and emergency care coverage.

Network/Care Management Network National will reduce search costs for potential consumers and provide a mechanism for reimbursement and financing. Efforts by the CSME and CAMC to license and accredit providers needs to be strengthened and sped up.

- € Because of the dearth of information regarding the number, origin, expenditures, and characteristics of tourists who may be coming to the Caribbean for health and health-related services, it is highly encouraged that a tracking system be developed, implemented, and maintained either by CARICOM, with the support of PAHO/CPC and CDB or other appropriate regional agency such as the CTO. As part of this effort, it may be useful to establish a health tourism desk at national level to collect and evaluate data.
- € The Caribbean needs to explore strategic options to training and retaining health personnel in both the public and private sectors. For the physician market, the expansion of off-shore medical schools might provide opportunities that could be linked to expanding trade in health services. Creation of linkages between these two areas could generate greater economies of scale.
- € Marketing of health tourism to source countries needs to be strengthened to target new clients in the UK, North America, and Asia. The Caribbean might be informed by the experiences of other countries with health tourism, particularly from the Apollo Health Services in India which caters to both national and international consumers.

Table of Contents

Executive Summary	ii
1. Introduction	1
2. Current Health and Health-Related Services Trade in the Caribbean	2
3. Opportunities for Expanding Trade in Health Services in the Caribbean-Supply Side Dimension	4
4. Challenges for Expanding Trade in Health Services	12
5. Opportunities for Expanding Trade in Health Services in the Caribbean-Demand Side Dimension	20
6. Pathways to Developing Trade in Health Services	22
7. Conclusions and Recommendations	22
References	24
Persons Interviewed	29
Annex 1: Status of WTO Commitments for English-Speaking Caribbean Countries in Health and Health-Related Services	36
Annex 2: Main Indicators of Social and Economic Development: St. Lucia And Trinidad and Tobago	39
Annex 3: Comparison of Prices (US\$) for Selected Medical Procedures in Trinidad and Tobago and St. Lucia	40
Annex 4: Question Guide for Interviews	41

Abbreviations

AMA	American Medical Association
CACAM	Caribbean Association of Complementary and Alternative Medicine
CAMC	Caribbean Association of Medical Councils
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CPC	Caribbean Program Coordination
CSME	Caribbean Single Market Economy
DECRG	Development Research Group
EWMSC	Eric Williams Medical Sciences Complex
GATS	Global Agreement on Trade in Services
IADB	Inter-American Development Bank
PAHO	Pan American Health Organization
PREM	Poverty Reduction and Economic Management
RNM	Regional Negotiating Machinery
WHO	World Health Organization

1. Introduction

Worldwide, there is increasing globalization of health care, as evidenced by growing cross-border delivery of health services and an increasing number of joint ventures. It has been estimated that by 2005, the global health services sector will amount to \$4 trillion, and that the value of exported (traded) health services will be approximately five percent of the global market (\$140 billion). Expected growth in exported health services is estimated to be six percent annually, but given the growth in information and communications technology and greater openness of health systems, trade in health services may be growing at much higher rates (Chanda, 2002; Wilbulpolprasert, et al, 2004).

Despite health being one of the most uncommitted areas by countries within the GATS, more than 70 countries have made some type of commitment with respect to health-related services. Many developing countries are recognizing the potential benefits of trade in health services.

The objective of this paper is to examine the opportunities and challenges for increased trade in health and health-related services in the English-speaking Caribbean as a means toward greater economic growth and development. This paper updates and draws upon previous in-depth work on trade in health services in the Caribbean (Gonzales, et al, 2001). In addition, key findings and innovative activities emanating from country case studies for St. Lucia and Trinidad and Tobago are reported. Finally, the paper draws upon work conducted by DECRG on supply and demand factors related to trade in health services in the Caribbean.

Specifically, this paper will contribute to “Caribbean Development in a Globalized 21st Century” being prepared by LAC PREM for policy discussions related to the Caribbean Forum on Development Biennial meeting. The case study will address the following issues:

- ∄ What is the potential scope for trade in health services in the Caribbean?
- ∄ What are some success stories and how might they be replicated?
- ∄ What are the specific demand-side and supply-side constraints to growth in this area?

Case studies were conducted between June 25 and July 11, 2004 in St. Lucia and Trinidad and Tobago. These countries were selected on the basis of factors that were thought to influence the prospects for development of trade in health services as a vehicle for economic growth, such as differences in a) their reliance on the tourism industry for economic growth and development; b) the quality and development of their public and private health sectors. The primary methods for data collection were an examination of relevant secondary data, information and reports, and in-depth interviews with key informants (in-person or by phone): these included Ministry of Health officials; representatives of health insurance companies; commerce, regional and international organizations; and, professional associations. Country-specific analyses were

supplemented by work on the nature and extent of involvement of relevant regional bodies, such as PAHO/CPC, the RNM, the CDB the CSME secretariat based in Barbados. Additional success stories were examined through telephone interviews and internet searches. Interviews were conducted using an interview guide/questionnaire specifically designed and developed for this purpose.

Previous work on trade in health services in the Caribbean have highlighted the range of activities which are currently ongoing related to all four modes of trade classified under GATS (Gonzales, et al, 2001). The focus of this paper is on Mode 2 (trade in health services), with the understanding that the enabling environment for Mode 2 may be dependent upon Mode 4 (temporary migration of health professionals) and on Mode 3 (foreign presence). Additional research is being done regarding Mode 4 by the Caribbean Commission for Macroeconomics and Health, to be completed by July 2005.

It is important to bear in mind that health services are a heterogeneous group of activities, that range from allopathic services (modern, facility-based health care services) to alternative health and wellness services provided in a hotel or spa setting or in a private practice. As such, trade in this area will be a complex undertaking involving a wide range of actors and stakeholders. Further, the current GATS classification for trade in health services does not incorporate all dimensions of this activity. For instance, rehabilitation and addiction treatment, cosmetic surgery, spas and wellness activities are currently not covered by the categories in the Sectoral Classification List. Finally, trade in health services in the Caribbean for foreign visitors (e.g., from North America and Europe and other parts of Latin American) needs to be distinguished from the already high volume of intra-Caribbean movement of consumers for medical purposes. The notion of shared health services has been firmly on the health agenda of the CARICOM health community for the past two decades, and a tradition of co-operation in health services has emerged largely in response to problems of economies of scale and scope in the OECS countries, and the inadequacy of national public health services.³

2. Current Health and Health-Related Services Trade in the Caribbean

The English-speaking Caribbean has several characteristics which make it an appealing destination for visitors seeking health services, including its proximity to North American and European markets; climate and ambient environment; lower costs of labor and other inputs; reliable telecommunications and good transport infrastructure; excellent hotel and tourism services; an educated population; and, well-trained health practitioners and established health and medical service industry in both public and private sectors (Gonzales, et al, 2001; Alleyne, 2001; Huff-Rouselle, 1999).

³ One study has suggested that OECS member country residents use Queen Elizabeth Hospital in Barbados for approximately 55% of their hospitalizations, and 10% of total hospitalizations at the Centre Hospitalier Universitaire in Guadeloupe (PAHO/OECS, 2002). The Eric Williams Medical Sciences Complex in Trinidad takes patients mostly from Guyana, Antigua and Grenada, especially for eye surgery and joint replacement.

Among the numerous benefits to the Caribbean from increased trade in health and health-related services are the following:

- § additional revenues for the public sector (including foreign exchange) that can ease the pressure on public health budgets to provide quality health services for the local population;
- § productive use of current excess capacity in the public and private health sectors;
- § retention and repatriation of skilled health workers through increased employment opportunities and mitigation of the brain-drain of health care professionals;
- § establishment of linkages with medical centers outside of the region, and greater access to medical technology, equipment, and practices;
- § additional health benefits for local populations related to a wider range of health care providers and services;
- § private sector innovation and revenue generation;
- § additional revenues and diversification of other sectors, including tourism, transportation, etc.

Despite several investigations into the scope for expanding trade in health and health-related services in the region, not much movement has taken place. Previous reviews have identified several challenges to the development and expansion of trade in health services in the Caribbean, including the variable quality of public health services; lack of international accreditation of services which is necessary for third-party reimbursement through health insurance; extent of necessary regulatory and legal requirements; and, competition within the region (Gonzales, et al, 2001).

The CARICOM countries have so far made limited commitments in the health sector in the GATS (see Annex 1). Most of the commitments have been made regarding professional medical and dental services (CPC 93121 and CPC 93122) rather than health-related services, such as hospitals (CPC 9311). Jamaica has made the greatest number of unbounded commitments, and both “Jamaica and St. Lucia have seen the scheduling process as an opportunity to create, and lock-in stable market conditions with a view to attracting foreign health care providers“(Gonzales, et al, 2001: p7). No commitments have been made regarding Modes 1 and 2, although several countries have constrained Modes 3 and 4 with respect to national requirements for work permits, medical registration, certification, and licensing.

Expansion of trade in health services will be influenced by the interplay between the demand for health services by foreign visitors, and the cost of providing and regulating these services by the national governments. The economics benefits from trade in health services can only be realized if the cost of regulating and developing these services are less than the potential revenues generated.

3. Opportunities for Expanding Trade in Health Services in the Caribbean- Supply Side Dimension

3.1 Policy framework

Interest and appreciation in the potential for health tourism is very high in both the public and private sectors in St. Lucia and to some extent in the private sector in Trinidad and Tobago. A number of private sector entrepreneurs indicated that health tourism was an insufficiently exploited area, there was therefore urgent need for movement away from the more traditional tourism product, to focus on niche markets targeted at the upper end of the income scale. The government of St. Lucia has allocated funds for a consultant, in conjunction with the European Development Fund, to conduct a feasibility study on health tourism. The objective of the study will be to determine the potential for a sustainable health tourism sector.

Public sector representatives in the Ministry of Health of Trinidad and Tobago did not place a high priority on developing and implementing a health tourism product, particularly in light of their mandate to ensure access to basic health services to the population. On the other hand, there seemed to be a greater interest from outside the health sector in developing this area. Vision 2020 for Trinidad and Tobago is based on the underlying philosophy that each and every citizen must be afforded equal opportunities for personal growth, self-expression, enjoyment of life and participation in the development process. This strategy emphasizes that all citizens enjoy a high quality of life, where quality healthcare is available to all. As part of this process, the government expects to achieve developed country level socio-economic indicators, and performance will be monitored against the UN Millennium Development Goals. Vision 2020 provides a potential framework for demonstrating the benefits from trade in health services, and future activities in this area need to be couched within the overall objectives of this vision.

3.2 Growing private sector role in health services

There is consensus within the Caribbean Region that equity is an important social goal and public health services are an essential input into achieving that objective. Caribbean countries have endeavored to provide good quality health care services, either free of charge or at highly subsidized prices to their populations. Caribbean health services focus on providing basic primary and secondary care to the population (Brenzel and Le Franc, 2000).

Health systems currently are challenged to meet the growing demand for expensive, secondary and tertiary care because of increasing prevalence of chronic and emerging diseases, such as diabetes, hypertension, and HIV/AIDS. At the same time, ministries of health also need to address public health priorities, such as control of communicable and vector-borne diseases (IDB, 1996). This dual challenge places a strain on public health systems, so that the role of the private sector in delivery of health services to the local

population, is of greater importance. Private sector health activities are substantial and growing in the region. For example, the private sector accounts for approximately 42% of total health expenditures in the Caribbean. In Jamaica, 75% of outpatient visits are made to private practitioners per year, which underscores the growing importance of the private sector in overall provision of health services. In Trinidad and Tobago, about 45% of the population uses private sector services as a first choice, particularly for ambulatory services. A growing private sector will provide new opportunities for expanding trade in health services in the Region.

3.3 Types of health services that might be traded

The following table illustrates the range of services that could potentially be traded as part of medical tourism and movement of consumers to the Caribbean. These services have been identified as a result of the country case studies and discussions with stakeholders.

Spas, wellness, and healthy lifestyles

Health and wellness services include aesthetic spa services (including a range of massage and personal beauty treatments); medical spa services (including treatments such as acupuncture, acupressure, cellulite reduction, laser hair removal, sclerotherapy, botox/collagen injections, and microdermabrasion); nutrition and weight loss; stress reduction; fitness (personal trainers, yoga, pilates), and lifestyle counseling. These types of services are primarily provided through the tourism industry, and would be ideal services to promote in the Caribbean, given the role of tourism as a share of GDP. One advantage to pursuing trade in these types of services is that many require limited input and support from public health services, and would not compete for scarce financial resources, nor encourage shifts between public and private practice of health professionals. Regulation of spa services would need to be undertaken, but this may not pose a major challenge to ministries of health and tourism.

Officials of the Caribbean Tourism Organization claim that hotels catering to the upper end of the income scale must now provide high quality spa facilities if they are to remain competitive in the global market place. Expansion of health and wellness services will require focusing on more affluent and mobile population groups that are willing and able to pay out-of-pocket, as these services are generally not insured. Expansion of this area will also need to take advantage of internet marketing and on-line booking of reservations. There is some anecdotal information that demand for spa and wellness services is very high especially among the younger, affluent and upwardly mobile visitors.

Table 1: Potential Health and Health-Related Services for the Caribbean

Type of Service	Trinidad & Tobago	St. Lucia	Other English-Speaking Caribbean Countries
Spa, Wellness and Healthy Lifestyle	Yes	Yes	Yes
Alternative and Complementary Medicine	Yes	Yes	Yes
Medical Treatment	Elective surgery Cardiothorasic services Eye surgery Orthopedic surgery Hip replacements Plastic/cosmetic surgery Nephrology Oncology	Elective surgery Oncology Orthopedics Cardiology Plastic/cosmetic surgery Eye surgery	Available, but country-specific
Rehabilitation	Renal dialysis Recuperation, convalescence & recovery Support services	Renal dialysis Recuperation, convalescence, & recovery	Potential
Addiction Treatments	Limited	Some (not encouraged)	Available, but competition within the Caribbean expected to be high
Executive Check-Ups	Yes	Yes	Yes

Alternative and Complementary Medicine

Alternative and complementary medicine, which includes acupuncture, Reiki, naturopathy, chiropractic, biofeedback, homeopathy, ayurvedic medicine, and herbal medicine, usually provided on a fee-for-service, outpatient basis, is another potential area for the development of trade in health-related services in the Caribbean. Many Caribbean countries have seen growth in the number of practitioners in recent years, and some, like St. Lucia have promoted the production of medicinal foods and herbs. The Caribbean Association of Complementary Medicine (CACAM) aims to ensure the integration, acceptance, and expansion of alternative and complementary medicine, and activities are largely in the areas of promotion and advocacy.

Alternative medical services are largely unregulated in the Caribbean, which may have repercussions for the quality of care and health outcomes. Governments may be challenged in their capacity regulate and register providers, including establishing standards of operation. Nevertheless, when offered in tandem with spa and wellness services in a hotel or resort setting, these types of services may help to differentiate the market for medical tourism further.

Box 1: Le Sport, St. Lucia

As one of the world's most acclaimed health spas, Le Sport combines a great beach vacation with the pleasure of personalized spa services. Currently owned by Sun Swept Resorts based in St. Lucia (which also has facilities in the US, Canada, UK and Europe), Le Sport is located on what was once a large, family-owned coconut estate on the former site of the Malabar Hotel.

The BodyHoliday is not a single experience, but can be tailor-made from Scuba to exotic Ayurvedic treatments to fulfill specific needs and expectations. European readers of Condé Nast Traveller recently named The BodyHoliday the Number One Destination Spa in the world and one of the 100 Best Of The Best in Travel. Le Sport offers a wide range of aesthetic and medical spa services from yoga, Tai Chi, meditation, aerobics, stress management, fitness with personal trainers, stress and tone classes, aromatherapy, hydrotherapy, Thalssotherapy, Swedish and Shiatsu massage, Ayurvedic treatments, Acupuncture and Acupressure, Reflexology, and skin clinic. Staff are primarily from St. Lucia and the Caribbean and have received training in treatments and therapies.

Le Sport caters primarily to couples, but has facilities for families and those traveling alone. Le Sport targets the European market, primarily UK and Germany. The facility has 154 rooms and relatively high occupancy rates.

Visitors pay for an all-inclusive package to encourage guests to avail themselves to the full range of services offered. The cost of a 7-day Body Holiday package is approximately \$2,550 depending upon time of year. Specialize retreats (7-days) are offered for \$3,650, and scuba holidays (5-days) are \$1,900. Air fare is not included.

Addiction Treatment

Addiction treatments usually refer to substance abuse rehabilitation such as recovery from drug and alcohol addiction, but can also include treatments for other behavioral disorders such as smoking and eating disorders. The Caribbean is an ideal destination for drug and alcohol rehabilitation treatments because of its proximity to the US and Canadian markets, commonality of language, and the potential anonymity of consumers traveling abroad for this type of treatment. In addition, because it is largely labor-

intensive, there is relatively little use of high-cost medical technologies requiring back-up and support from local health systems.

Addiction treatments are also insured by third party payors, so that financing of services may not be a limiting factor for demand. Patients seeking rehabilitation services have a choice of several centers, such as the Crossroads Center in Antigua, Mt. St. Benedict in Trinidad, Turning Point in St Lucia, and Verdun House in Barbados.

Potential limiting factors to expansion of addiction treatment services in the Caribbean is the stigma associated with these types of services and the reluctance of governments to actively promote trade in this area due to perceived sensitivities among their constituencies. In addition, competition within the Caribbean may be high.

Box 2: The Crossroads Center in Antigua

The Crossroads Center for drug and alcohol rehabilitation in Antigua is a world-renowned facility. Set up by Eric Clapton in 1998, it has quickly developed into an internationally recognized Treatment Centre of Excellence, providing services to individuals and their families suffering from the devastating effects of addiction. It utilizes a combination of effective therapies to address addiction and recovery, while capturing the spiritual serenity that many have found unique to Antigua. Within the serene, healing atmosphere, individuals participate in a structured 29-day residential 12-step based program, developed by Alcoholics Anonymous, that allows clients to experience a whole person wellness approach to recovery. Roughly 70% of their clientele is from the US, Canada and Western Europe.

The Clinical staff is trained overseas (either the US or UK) and is also licensed to practice overseas. In terms of treatment and lodging, the facility is on par with some of the best centers in the US, such as the Betty Ford and Hazelden centers, but costs much less at about \$14,500 for the month-long inpatient program inclusive of lodging. An equivalent program at a Betty Ford or Hazelden center is about \$21,000. The center strives to maintain a high staff to patient ratio. The cost advantage of Crossroads is attributed to lower health-care worker costs in the Caribbean, and the fact that the organizational structure of Crossroads is a lot more simple and streamlined. For example, since admissions at Crossroads are pre-paid, there is no need for an accounts receivable department.

Medical Treatment and Rehabilitative Services

There has been much discussion over whether health tourism should be pursued and what types of medical services could be provided to foreign visitors through both the public and private health sectors in the Caribbean (Alleyne, 2001; Brenzel and Le Franc, 2000; Gonzales, et al, 2001). International success in medical tourism will be a function of the availability of low cost, quality health services with appropriate referral, support, and back-up.

To a large extent, expansion of trade in health services will need to begin through a largely private sector initiative, as public health services in the Caribbean are of varying quality and must meet the health needs of the local population. The private sector is growing in the Caribbean. Of the 33 private hospitals registered with the Private Hospitals Board in Trinidad and Tobago, 13 have operating theaters and offer some diagnostic services. The country case studies illustrate the increasing capacity of private providers to cater to foreign visitors:

1. **The West Shore Clinic** in Trinidad (52-bed capacity, 72 nurses and some 50 doctors) was recently established by a group of doctors, and is equipped with the most modern facilities and has the best skills in the region for performing laproscopic surgery. West Shore Clinic will eventually develop facilities for vascular, eye and heart surgery, and is also in the process of putting together packages that could be marketed regionally and internationally, in order to ensure the maximum and most efficient use of the existing and planned capacities.

2. **The Tapion Hospital** in St. Lucia is a 32-bed inpatient and specialty facility was established by a group of doctors frustrated with conditions in the national public hospital. The original aim was to make Tapion the hub of medical services in the OECS. Tapion is known for its orthopaedics service which has taken off in recent years and for its strength in cardiology services. Although Tapion has a dialysis unit, it is highly under-utilized since the number of persons accessing the service from within St Lucia is not sufficient. The Board of Directors of the Tapion Hospital, however, are presently considering dialysis as an avenue to health tourism. They are also seeking to promote radiotherapy, cardiology, and the construction of a hyperbaric chamber.

Stakeholders felt that there would be numerous opportunities for offering cosmetic surgery in the region. The Caribbean has reputable plastic surgeons and resorts that offer numerous plastic surgery procedures at a fraction of the cost of the corresponding procedures in the US. Some of these surgeons have trained in the US and use state-of-the-art medical equipment. Though considered viable, it is however, not being embarked upon with the energy being put into the development of other services.

There is also an active interest within St. Lucia in the development of recuperative and convalescent facilities. Many private sector entities have realized the benefits to be garnered from amalgamating the traditional hospitality and health sectors to promote convalescence and recuperation. Careful consideration would however have to be given

to the types of recuperation encouraged as it would require adequate medical back-up and skills. Tapion Hospital is considering the possibilities for establishing a senior citizens resort in conjunction with the Pain Management Institute, to serve the health needs of senior travelers.

Several private health care providers in Trinidad are identifying other potential niche markets for their services, including:

- ∄ Large, off-shore companies within the oil and petroleum sectors. Providing reliable and high quality preventive and curative health services for employers, employees, and their families could bring desired revenues.
- ∄ The foreign diplomatic and development communities also are potential population groups which utilize private medical care institutions to a greater extent.
- ∄ Trinidad and Tobago is increasingly a destination for the yachting population, which has an average length of stay of 1-3 months. With an average of 2,000 passenger arrivals per year, spending \$1,700 per month per vessel, this population group may be increasingly interested in health and medical tourism.
- ∄ Because of its close proximity to other Caribbean countries, the quality of medical services available in the public and private health sectors in Trinidad and Tobago could be pared with the more traditional hotel services provided by many island countries into a package of medical tourism and recuperation.

A clear benefit of medical tourism for the public health sector could be that the presence of high quality and state-of-the art facilities would help to retain skills in the country, as well as help to “pull up” the level and reach of service in the public sector.

3.4 Excess capacity in the public and private health sectors

In Trinidad and Tobago, there is a fair amount of excess capacity in both the public and private health sectors which could be more profitably and efficiently used. Indeed, the recognition of the potential for economies of scale and scope is helping to fuel the current drive to look for external markets, and to subsidize national service delivery.

Box 3: Eric Williams Medical Services Complex [EWMSC], Trinidad

The Eric Williams Medical Services Complex [EWMSC] at Mount Hope, Trinidad and Tobago was established ten years ago with state-of the art equipment and facilities, in order to be a regional central of excellence for the Caribbean. While some of its facilities (e.g. those in the Hibiscus Suite) function at very high quality levels, significant areas of the complex remain empty, and only about 30% of the capacity is utilised. Proposals to upgrade and/or introduce new services could present an important opportunity for initiatives in health services trade development. These include:

- establishment of state-of-the-art open-heart surgery and trauma facilities with IDB and government funding through linkages with institutions in Miami and Bristol;
- development of a National Oncology Center. This facility will be introduced through a government-government arrangement with the Canadian Commercial Corporation (CCI). CCI will provide the design, equipment and facility specifications and the development of the care and treatment program and protocols. Construction is to begin by 2005 and service is expected to be operation after two-three years. The oncology center will have own its management structure and will be free to purchase services locally, regionally or internationally.
- agreement with British Petroleum (TT) to establish a heliport at the hospital to facilitate emergency evacuation and medical travel. This service is expected to be a money earner through fee-for-service arrangements. If Trinidad becomes the headquarters for the FTAA, this would significantly expand possibilities for the supply of high quality off-shore medicine.
- Spa services also have the potential advantage that these can be developed through private sector entrepreneurial efforts. In Trinidad, for example, there is interest by a developer to establish a 25 bungalow spa/resort facility which offers renal dialysis and kidney transplant services in collaboration with the EWMSC.

4. Challenges for the Expansion of Trade in Health Services

Effective domestic and international partnerships could help to ensure the satisfactory provision of medical tourism. In both Trinidad and St. Lucia there was interest in these partnerships, and the government political and infrastructural establishments appeared willing and able to facilitate them. However, successful implementation and longer-term sustainability would require significant levels of government commitment, facilitation, and possible investment; that is, effective public-private sector collaboration.

Several significant challenges to pursuing widespread medical tourism in the Caribbean have been identified, including:

- ∅ Wide variation in the type and quality of services potentially available to tourists in the public and private sectors in the region;
- ∅ Limited accreditation systems of health services and providers in the region;
- ∅ Policy, incentive, and regulatory environment for foreign investment and innovation in this area;
- ∅ Migration of health professionals, particularly specialists, limiting the range of potential services to be provided;
- ∅ Limitations on portability of health insurance; and,
- ∅ Many public health systems are challenged to provide access to affordable, quality health services to their own populations;

4.1 Quality of care and accreditation

Variation in the quality of care provided in both the public and private sectors in the Caribbean, and the asymmetry of information between providers and consumers regarding quality will be a limiting factors. One of the main arguments cited by the American Medical Association (AMA) against going abroad for medical treatments is that the quality of medical care rendered is questionable.

Trinidad and Tobago has take the lead in national accreditation and licensing and other countries in the region are looking closely at their example, and need to be supported in this regard. The Caribbean Association of Medical Councils could play a pivotal role in this area working through the Joint Commission International (JCI). While there is currently no international accreditation standards program for individual physicians, the CAMC should strive to launch a regional accreditation program for Caribbean physicians that would make it easier for the latter to become part of international physician referral networks. Once Caribbean health-care providers are accredited and part of international referral networks, they can be properly rated for risks by US health insurers, and subsequently, health insurance can become more portable for US-based consumers of health services. Being part of such a referral network could also substantially expand the patient-base for Caribbean hospitals and physicians, and thereby bring more revenues.

Box 4: Accreditation of Health Services and Providers in Trinidad

The government of Trinidad and Tobago has been working with the Joint Commission International [JCI] to establish a single streamlined system for accreditation of all private and public health care facilities, including laboratories, diagnostic centers, outpatient clinics, and day surgery centers in the country. In response to growing interest in accreditation and quality improvement worldwide, the Joint Commission launched its international accreditation program in 1999. JCI accreditation standards are based on international consensus standards and set uniform, achievable expectations for structures, processes and outcomes for hospitals. The accreditation process is designed to help international health care organizations, public health agencies, health ministries and others to evaluate, improve and demonstrate the quality of patient care in their nations, while accommodating country-specific legal, religious and cultural factors.

Trinidad and Tobago is the first English-speaking Caribbean country to develop an accreditation process for health facilities and providers, and was the result of the decentralization of service delivery to Regional Health Authorities, with the central ministry retaining its role as a purchaser and manager of services. To this end, there was a need for an accountability and accreditation framework.

In July 2003, a comprehensive Standard Manual for the Health Sector was formally issued which adapted international standards to the Trinidad context. A forthcoming Health Quality Assurance Act will provide enabling legislation to establish an Accreditation Council, which will be external to the Ministry of Health and be composed of representatives from professional councils, the MOH, and consumer representatives. Internally, the MOH will have a Health Service Quality Council which makes policy decisions. Once the legislation passes, all facilities in the public and private sectors will go through the accreditation process, obtain a ranking, and will be monitored over time. Incentives will be put in place to improve rankings. New facilities will request to undergo an accreditation process, and licenses will be issued by the Minister of Health.

In order to internationally accredit all public and private health facilities in Trinidad and Tobago, the MOH is interested to have the International Society for Quality in Health Care accredit the Accreditation Council and the Standard Manual. This approach will reduce the need for a separate accreditation process for each facility.

4.2 Creation of dual health systems

Given the serious inadequacies and deficiencies in the public health sector official interest has been limited by the recognition that there may not be a product that could be offered on an international market (Alleyne 2001:7). Even more importantly, governments are perhaps more concerned with addressing serious health issues, such as the relatively poor state of basic community health and sanitation facilities, and a burgeoning HIV/AIDs problem. Historically, governments have accepted the mandate to

provide health as an individual right and public good, but available data indicate that budget allocations (2.3% of GDP on average) are below that spent in the developed world, as well as that currently recommended by WHO/PAHO (Human Development Report, 2003). Further, many Caribbean governments have difficulty in keeping pace with population growth, and the real levels of health expenditure tend to be volatile (OECS Human Development Report, 2002). Budgetary constraints have made satisfactory provision of quality health care problematic, and almost all governments are now searching for new and innovative ways to finance and provide more adequate public health services.

The real challenge to expanding medical tourism as a strategy for economic growth and development will be to identify and implement mechanisms that a) prevent the development of a dual and inequitable health system with enclaves of high quality health facilities catering to foreign visitors; and b) foster mutually beneficial linkages between the private and public health sectors, and between state-of-the-art health services and community health.

We cannot be insensitive to the criticism that may arise when the services for export are better than what are available to the local population. The answer ...[may be] to create an environment such that there is seen to be some benefit to the local institutions and patients from technology that must be made available Alleyne (2001:8).

4.3 Regulatory environment

Policy, regulatory, institutional and legislative barriers to both foreign investment and movement of professionals within the Caribbean may limit the pace and extent of trade in health services in the region in the future (Gonzales, et al 2001). Table 2 below compares Trinidad and Tobago and St. Lucia in the different requirements for general foreign investment. While there have been efforts to significantly liberalize the foreign investment environment, regulations or facilities have not been developed specifically for the health sector. General modalities or requirements would then apply to health investments, with the added review and approval of the Ministry of Health. Even so, Ministries of Health are often the last informed on what might be negotiated during rounds of the GATS, and how commitments in one sector might affect health service delivery and financing locally. There is greater need to bring trade, commerce and health sectors together in preparation for negotiations, and the Regional Negotiating Machinery and CARICOM will need to play a greater role in this regard.

Major challenges to overcome in the near future will be in harmonizing these regulations within the region; developing specific requirements for the health sector, if needed; improving transparency and reducing uncertainty in the process; and increasing access to available information to investors on government policies and regulations.

**Table 2: Comparison of Foreign Investment Requirements
in Trinidad and Tobago and St. Lucia**

Activity	Trinidad and Tobago	St. Lucia
Foreign investment	<p>The Companies Act, 1995 (as amended by the Companies Amendment Act, 1997), and the Foreign Investment Act has created a very liberalized environment for FDI. No limits on foreign equity ownership.</p> <p>Trinidad and Tobago now has the highest FDI per capita in the LA and Caribbean region.</p>	<p>Govt. is very pro-foreign investment. No limits on foreign equity ownership</p>
Joint investment ventures	<p>Joint-ventures and strategic alliances are actively encouraged. Informational and promotional documents - A “Guide to Investment”, and “Business Partnering Opportunities”- are available at www.tidco.tt</p>	<p>All – including partnerships between US-based hospital groups and Caribbean ones - are encouraged; especially if it will contribute to the benefit and upgrading of locally provided services.</p>
General restrictions or regulations	<p>External companies required to register within 14 days of their establishment. The following documents must be filed with the Registrar:</p> <ol style="list-style-type: none"> 1. Application for Registration of an External Company 2. Affidavit or solemn declaration of an officer of the external company 3. Copy of the corporate documents of the company Statutory declaration of an attorney-at-law 4. Power of attorney <p>There are many different investment incentives. In some cases these are available only to locally incorporated companies, or locally:</p> <ul style="list-style-type: none"> € Concessions from import duty on raw materials, machinery, and equipment for approved industrial projects. € Exemption from corporation tax on profits, and from tax on dividends (under the Fiscal Incentives Act and Hotel Development Act). € Loss write-off provisions. € Training subsidies for developing new skills. € Provision of industrial sites and developed industrial accommodation. € Export allowances, promotion and assistance. € Export credit insurance. € Double taxation relief. € Exemption from Value Added Tax on inputs for companies exporting 80% of production. 	<p>Foreign companies (i.e. those with 51% or more foreign equity ownership) need:</p> <ul style="list-style-type: none"> € A Trade licence and; € An Alien Land-holding Licence (if applicable). € Planning permission if building construction is proposed (applicable to local and foreign ventures) € Work permits are required unless working directly for the government. They would then be given exemption. Usually processed in 21-30 days. <p>Strict regulations re alien land-holding could make the acquisition of that licence difficult – but where the proposed venture is in a priority area – e.g. Services - then special efforts are made to facilitate the process.</p>

	<p>€ Free Zones under Act 19 of 1988.</p> <p>Work permits are normally required for non-CARICOM nationals; processing can take up to 6 months. In addition to permits, health professionals need to be licensed and registered.</p>	
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There are differing opinions about the user-friendliness of existing regulations, ranging from easy entry and facilitation to a highly bureaucratic and lengthy process requiring personalized contacts. Development and expansion of trade in health services will require streamlined, transparent and institutionalized structures and systems, and less dependence on informal networks. There is need to bring the current variations in the incentive arrangements and rules of engagement into a single and more coherent economic space.

However, several initiatives in the region are promoting partnership and investment opportunities in order to facilitate trade and development, such as PROFIT (PROINVEST) which has the principal objective to promote partnership and investment opportunities in the tourism industry sector by bringing together enterprises from the Caribbean and Europe,⁴ and the Tourism and Industrial Development Company (TIDCO) which had been set up to be the entry point for foreign investment enquires in Trinidad and Tobago. Established in 1995 to encourage the growth of investment, trade, and tourism, TIDCO includes an Investment Facilitation Department which is responsible for evaluating applications from investors for industrial and tourism investment incentives, and an Investment Promotion Department, which promotes Trinidad and Tobago as a suitable location and participates in trade fairs and other promotional projects.

Negotiations are also underway for the establishment of the CSME which will allow incorporated entities owned by CARICOM nationals to invest in other CARICOM countries. Only registration will be required. However, there is still a fair amount of intra-regional variation with regard to free access by non-CARICOM nationals. Trinidad and Tobago is perhaps the most open, and in the health and tourist sectors there are no limitations on market access or on national treatment [CSME Country Briefs, 2004].

4.4 Availability of skilled health professionals

The availability of skilled health professionals has been a fairly significant constraint in the expansion of traditional health services in the Caribbean region, and will certainly be a factor in development of trade in health and health-related services. The most recent review of health conditions in the Americas noted that the distribution of human resources in health between primary and secondary care is a concern, as is the shortage of staff in general, and migration and retirement of staff have left a large void. Between 2002 and 2003, the Caribbean had lost some 900 nurses to the United Kingdom and North America (PAHO, 2002).

⁴ For more information, see www.onecaribbean.org; www.ProfitCaribbean.com

There are now systems in place for standardized training of nurses and physicians, thereby removing one barrier to the deployment of skills in different countries within the region. The Regional Nursing Body has instituted an examination and accreditation process for nurses to facilitate movement within the region. In addition, the Caribbean Association of Medical Councils is to put in place common licensing requirements and procedures, and common registration procedures to protect consumers, and to set up transparent systems to facilitate trade in the professional services in the health sector by non-CARICOM service providers. These activities are part of a program to put in place domestic regulations for the provision of all services within the CSME by 1 January 2006. There is a fairly strong political commitment to the achievement of freedom of movement for skilled labor, particularly within the developing frameworks of the Caribbean Single Market Economy.

One strategy to alleviate the health professional shortages has been the importation of skills on a short-term basis. For instance, in July 2004, Trinidad and Tobago recruited 45 physicians and 35 nurses from Cuba to fill vacant posts in rural areas. In St. Lucia, over 40% of public hospital physicians were recruited from Guyana and Trinidad.

One very important expectation of increased trade in health services is that through the increased opportunities locally and regionally, it would encourage and facilitate a greater retention of skills in the region. For instance, West Shore Clinic in Trinidad is actively recruiting back specialists and qualified practitioners who want to work in their home country and have the benefits of a rewarding professional environment.

For the physician market, the expansion of off-shore medical schools might provide opportunities that could be linked to expanding trade in health services. Creation of linkages between these two areas could generate greater economies of scale.

4.5 Health insurance portability

Few health insurance plans in the US actually offer their clients insurance coverage for non-emergency medical treatments obtained overseas. Most people with state-sponsored health insurance (e.g., Medicare in the US, or the NHS system in the UK), or those insured through Health Maintenance Organizations (HMOs) are not eligible for insurance coverage on out-of-network treatments. Even when some of the private plans do cover these treatments, the overseas health-care provider is treated as an out-of-network provider and the corresponding deductible and co-insurance rates are higher than the case where care is obtained from a domestic in-network provider. This works as a disincentive toward going abroad for medical treatments.

In the case of services that are covered by health insurance plans in the US, consumers do not have the incentive to seek out cheaper treatments abroad, and thus prefer to undergo the procedure at home. However, in the case of services not covered by insurance, such as cosmetic and plastic surgeries, American consumers have taken the lead in obtaining treatments abroad.

Whereas in 2001, there had been fears that this would have presented an “insuperable hurdle” (Alleyne 2001), discussions with key informants in the insurance and care management organizations suggest that this may no longer be as large an obstacle as previously thought. Most of the major insurance companies in the region now operate at the regional level; handling intra-regional movement for health care therefore presents few difficulties.

Box 5: Blue Card World-wide and International Physician Networks

The Blue Cross-Blue Shield Association (BCBS) now has a program called Blue Card Worldwide, where their policyholders can seek emergency and non-emergency medical care almost anywhere in the world. As far as non-emergency medical care is concerned, the overseas patient first has to call BCBS’ internationally accessible toll-free line, following which they would be directed to the closest hospital or doctor within BCBS’ international network. If the patient decides to get non-emergency treatment overseas by going to an out-of-network doctor or hospital, she/he bears the entire treatment bill out-of-pocket.

The international network of physicians and hospitals mentioned above is set up by a medical assistance company named World Access Service Corp, which is part of the Mundial Assistance group, itself a subsidiary of the Allianz group. World Access provides their network to US insurers such as BCBS for a fee. World Access and its affiliates have contracts with over 750 hospitals in more than 75 countries. The contract ensures that the provider will agree to bill World Access directly, and in many cases offer them a discount off billed charges. Contracted providers are available to World Access customers (such as BCBS policy holders) via a search on their website. In addition to the contracted hospitals, World Access maintains contracts with hundreds of physicians around the world.

International hospitals are chosen into the network after a review process where World Access sends a team of experts to visit the overseas hospital and assess the facilities, equipment, and interview doctors. A doctor based in the Caribbean could join the international network at zero cost and with negligible delay if his/her credentials are readily verifiable. In cases where physicians are nominated for the network by the local US embassy, or recommended by a hospital that World Access already contracts with, the process of being instated into the network is even quicker. After the doctor fills out an on-line application form, World Access reviews the doctor’s information, requests copies of licenses and/or insurance certificates, and then contacts local correspondents who may be able to verify the physician's qualifications. If approved, a letter is sent to the physician with further details regarding participation in the network.

The services currently offered by the Canadian Medical Network/Care Management Network¹ provide an illustration of the possibilities for care management across international borders. This network (now in existence for about 10 years) enters into contractual arrangements with governments, insurance companies, physicians, specialists and hospitals in more than 130 countries and seeks to advocate, facilitate and manage health care for the international patient. The main services include

- š medical care management: reviews of medical necessity, pre-certification of care, selection of providers, the co-ordination of admissions, and monitoring of treatment plans;
- š claims management, processing and negotiation;
- š logistical assistance for transportation and accommodation; and
- š emergency care coverage.

At the present time, they are still largely concentrated in the North American and UK markets; their proprietary network in the US consists of over 7,000 acute hospitals, and more than 400,000 physicians and specialists. However, the Network is in the process expanding its presence in the Caribbean and is for example, now entering into contracts with the EWMSC as well as a number of private sector facilities in a number of countries including Trinidad and Tobago, and Barbados.

The pre-certification and selection of providers that this service undertakes can go a long way to reduce uncertainty and improve asymmetry of information between the consumer and the health care provider, and be a facilitating effort in expanding trade in health and health-related services.

4.6 Medical liability

The provision of medical services is fraught with uncertainty of health outcomes and informational asymmetries. Difficulties by patients to ascertain provider qualifications, and to know the appropriate level, type, and cost of care required will be a challenge to expansion of health tourism in the Caribbean. The possibility of malpractice claims and lawsuits provide strong incentives for health-care providers to provide the necessary care and to reduce moral hazard problems. The possibility of legal recourse increases the consumer's confidence that the health care provider will exert extra effort to avoid mistakes. Consumers will have less of an incentive to go abroad for treatments if legal recourse is difficult, and could be a major obstacle to the expansion of trade in health-care services. One possibility would be for medical service providers in the Caribbean to purchase malpractice insurance through US-based firms and agree to be subject to US legal practices in the event of law suits. Additionally, establishing a system that could deal with any legal liabilities associated with treating international patients will be essential.

5. Opportunities for Expanding Trade in Health Services in the Caribbean- Demand Side Dimension

5.1 The increasing cost of health services in developed countries

Lack of adequate health insurance for a large portion of the population in countries like the US is an endemic problem. According to US Census Bureau estimates, as of 2002, about 43.6 million people, accounting for 15.2 per cent of the US population, were uninsured. Access to reasonably priced health services is routinely cited as one of the most important concerns in public opinion polls and is a leading issue in political debates in most US elections. A recent OpEd piece in the Washington Post illustrated the plausibility of traveling for routine medical care outside of the US.⁵ In the UK, long waiting lines for surgeries and procedures in the NHS are inducements for consumers to look elsewhere for medical care.

5.2 Aging of the world's population

The rapid aging of the population globally is leading to a growing number of elderly. The senior population accounts for 26% of the UK population; 21% of the US population, and 28% of the German population. There is a sizeable senior population with resources to travel. The population aged 60 years or older accounted for 10% of total arrivals to the Caribbean in 1998. In Barbados, senior arrivals have been increasing steadily and represent a niche market that cannot be under-emphasized (Gonzales, et al, 2001).

With the aging of the world's population has come a greater demand for anti-aging products and services. The International Spa Association's (ISPA) 2002 study provides great evidence of a booming spa demand in the US and Canada.⁶ According to the study, between 2001 and 2002, approximately 155.8 million spa visits were made in the US, more than 30% of which were resort/hotel spa visits.

The trend toward rapid aging is resulting in a gradual increase in aggregate medical expenditure in developing countries, and retirees from developed countries may be a major driver for trade in health services. If only three percent of the retired elderly living in OECD countries chose to living in developing countries, this would translate into an additional \$10-15 billion in health care expenditure (Sidorenko and Findlay, 2003).

While the American Association for Retired Persons (AARP) does not keep track of the number of retired persons that go overseas to obtain various medical treatments, it must be stressed that endorsements of Caribbean hospitals and resorts by the AARP and similar organizations for the elderly can act as a powerful catalyst in encouraging the flow of health tourists overseas.

⁵ Sunday, October 31, 2004.

⁶ International Spa Association (2002), "Spa Industry Study"

5.3 Tourism in the Caribbean

Many Caribbean countries rely on tourism services for economic growth and development. The tourism industry in the Caribbean is recuperating from slumps associated with post 9/11 and the SARS epidemic. Tourists are taking more frequent and shorter trips, as well as booking their reservations more on-line.

Tourism now accounts for about 14% of the GDP of St. Lucia, which is now widely promoted as the major health tourism destination, or more specifically as the “Spa Resort Destination” of the Caribbean. The largest portion of tourist arrivals are from the US, UK and Caribbean markets with the US market accounting for 36% of all tourist arrivals.

By contrast, Trinidad and Tobago generated less than one percent of GDP from tourism in 2004. Figures for 2001 show that in the Caribbean region, Trinidad and Tobago ranks at 8 out of 10 for the visitors from the UK and Canadian markets; and 13 out of 15 for those from the US market [Ministry of Tourism, 2004]. Trinidad and Tobago lags behind countries such as Jamaica, Barbados, and the Bahamas, in terms of the arrivals by air or cruise ships, as well as in terms of tourist expenditures and the contribution of the sector to GDP. Most foreign visitors travel to Tobago, while Trinidad visitors appear to be returning residents and family members. The relatively low occupancy rates of hotels and guest houses in Trinidad and Tobago are an indication of the underutilization of existing capacities.

5.4 Price differentials between developed and developing countries

For non-insured services, such as cosmetic surgery, price differentials may affect demand for services by travelers. Table 3 shows price comparisons for selected plastic surgery procedures between the US and the Caribbean. If even 10% of this population underwent their plastic surgery treatments in the Caribbean, instead of the US, there would be a gross saving of about \$430 million.

Table 3: Price Differentials for Plastic Surgery Procedures

Procedure	Avg cost in US (1)	Avg cost in Caribbean(2)	No. of US patients in 2003 (3)	Cost savings (1)-(2) * (3)
Abdominoplasty	\$6,500	\$2,500		
Facelift	\$8,000	\$4,390	128,667	464,456,487.8
Eyelift	\$4,500	\$1,465	246,633	748,922,158.5
Breast augmentation	\$6,000	\$3,250	254,140	698,368,455.3
Nose surgery	\$5,000	\$2,765	356,554	797,173,577.2
Liposuction	\$7,700	\$2,600	320,022	1,631,591,839

Source: American Society of Plastic Surgeons & Caribbean Yellow Pages

6. Pathways to Developing Trade in Health Services

There appear to be two approaches taken at country level to promote trade in health services. The first relies on development of a national policy of export promotion in this area. For instance, Cuba has undertaken an export strategy which sends medical personnel abroad; attracts foreign patients from Latin America and the Caribbean, Europe, North America, and the former Soviet-Union countries to use specialized health care services (such as treatment of vitiligo and alopecia); and, establishes training schools for foreign medical students. Cuba began providing health services to tourists in 1989 through creation of SERVIMED, a state-run company that generates revenues from medical tourism for the country. Jordan has also recently adopted a national policy for medical tourism for the middle-eastern region as a means of generating needed revenues for the health sector. Singapore is also exploring promotion of an export orientation for hospital services. One study estimated that this would bring about \$1.7b in value-added to the Singapore economy (Sidorenko and Findlay, 2003). The biggest risk or challenge with an export-oriented policy for trade in health services is the potential to develop inequitable and dual health systems: one which promotes health services for profit to foreign visitors, and the other which struggles to provide access to quality services to the local population.

On the other hand, there are countries which do not have a national export promotion policy, but have left development of medical tourism to the private sector. For instance, the Apollo Medical Center in India attracts patients from around the world, particularly for routine medical procedures. The company has capitalized on the high cost of health care in North America and long waiting lists in the UK. Since 1983, Apollo has grown to encompass 45 hospitals and has treated over 7.4 million patients. The largest challenge with a private-sector led approach is a government's ability to monitor and regulate the type and quality of services provided.

7. Conclusions and Recommendations

While there has been growing support for expanded trade in health services, in reality, there is little active promotion, and relevant support systems and structures remain relatively undeveloped in the English-speaking Caribbean.

As a way forward, it is suggested that an incremental approach to expanding trade in health services be adopted initially, on a country-by-country basis. In some countries, expansion of trade in health services will need to proceed as a largely private sector-led initiative. Government role would be to develop an enabling legal and regulatory framework. In collaboration with the CDB, the World Bank and IFC could provide necessary finance and technical support to private entrepreneurs interested in health tourism projects. In other countries, a more government-led approach may be more appropriate, particularly for countries which are interested in developing national policies and strategies in this area. The type of health tourism that could be developed will be different based on the role of the tourist sector and institutional capacity to provide services. World Bank assistance to governments and regional bodies could be

instrumental in addressing the following major challenges to expanding trade in health services:

- § Harmonize regulations within the region. Develop specific requirements for the health sector, if needed; improve transparency and reduce uncertainty in the process; and increase access to information on government policies and regulations for investors.
- § Address the availability of skilled health professionals. Distribution of human resources between primary and secondary care is a concern, as is the shortage of staff in general: migration and retirement of staff have left a large void.⁷ Increased trade may induce repatriation and retention of health professionals to work in joint private sector ventures.⁸
- § Reduce variation or gaps in quality of care provided in both the public and private sectors in the Caribbean. Trinidad and Tobago has take the lead in national accreditation and licensing and other countries in the region are looking closely at their example, and need to be supported in this regard. The Caribbean Association of Medical Councils could play a pivotal role in this area working through the Joint Commission International (JCI).
- § Increase the portability of health insurance, as few health insurance plans offer clients insurance coverage for non-emergency medical treatments obtained overseas. The need to pay out-of-pocket for services provided abroad could limit the market for services to those who can afford to pay. Discussions with key informants in the insurance and care management organizations suggest that portability of health insurance may no longer be an insuperable hurdle, as there are innovations in case management across international borders. For example, Canadian Medical Network/Care Management Network enters into contractual arrangements with governments, insurance companies, physicians, specialists and hospitals in more than 130 countries and seeks to advocate, facilitate and manage health care for the international patient.⁹ This Network is in the process expanding its presence in the Caribbean.

⁷ Between 2002 and 2003, the Caribbean lost approximately 900 nurses to the United Kingdom and North America (PAHO, 2002).

⁸ A recent proposal (funded by The Commonwealth Secretariat and supported by CARICOM) to explore the viability and benefits of partnerships between training institutions, host markets, and Caribbean tertiary institutions in the development of training programmes for nurses and teachers could provide useful lessons about possible strategies. This initiative, which is a response to the demand for these two types of professionals in the North America and the UK, seeks to develop private/public sector partnerships that will support a managed migration programme, develop the capacity of Caribbean professional training institutions to deal with local and international market demand in these areas, and minimize the drain on the local health and educational sectors.

⁹ The main services include reviews of medical necessity, pre-certification of care, selection of providers, the co-ordination of admissions, and monitoring of treatment plans; claims management, processing and negotiation; logistical assistance for transportation and accommodation; and emergency care coverage.

- § Identify and implement mechanisms that prevent the development of a dual and inequitable health system with enclaves of high quality health facilities catering to foreign visitors. Governments are responsible for providing good quality care to their citizens, and policies and strategies to expand and foster greater trade in this area should support, and be complementary to national health care efforts. In addition, strategies should foster mutually beneficial linkages between the private and public health sectors, and between state-of-the-art health services and community health.
- § Establish a system that could address legal liabilities associated with treating foreign visitors. Consumers will have less of an incentive to go abroad for treatments if legal recourse is difficult. One possibility would be for medical service providers in the Caribbean to purchase malpractice insurance through US-based firms and agree to be subject to US legal practices in the event of law suits.

In addition, the following specific activities are recommended:

- € Establish, reactivate or strengthen mechanisms that can facilitate public-private sector partnerships. There is a need to provide support to local entrepreneurs in development of viable business plans for expansion of spa/wellness services, and in development public-private partnerships, including careful market analysis.
- € While there have been regional and national efforts to develop and streamline accreditation of health care providers in the region, additional efforts to generate linkages with care management companies, such as the Canadian Medical Network/Care Management Network National will reduce search costs for potential consumers and provide a mechanism for reimbursement and financing. Efforts by the CSME and CAMC to license and accredit providers needs to be strengthened and sped up.
- € Because of the dearth of information regarding the number, origin, expenditures, and characteristics of tourists who may be coming to the Caribbean for health and health-related services, it is highly encouraged that a tracking system be developed, implemented, and maintained either by CARICOM, with the support of PAHO/CPC and CDB or other appropriate regional agency such as the CTO. As part of this effort, it may be useful to establish a health tourism desk at national level to collect and evaluate data.
- € The Caribbean needs to explore strategic options to training and retaining health personnel in both the public and private sectors. For the physician market, the expansion of off-shore medical schools might provide opportunities that could be linked to expanding trade in health services. Creation of linkages between these two areas could generate greater economies of scale.
- € Marketing of health tourism to source countries needs to be strengthened to target new clients in the UK, North America, and Asia. The Caribbean might be

informed by the experiences of other countries with health tourism, particularly from the Apollo Health Services in India which caters to both national and international consumers.

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Annex 1: Status of WTO Commitments for English-Speaking Caribbean Countries in Health and Health-Related Services

Country	Professional Services (Medical Services)		Health Related and Social Services		All Insurance and Insurance-Related Services	
	Limitations on Market Access	Limitations on National Treatment	Limitations on Market Access	Limitations on National Treatment	Limitations on Market Access	Limitations on National Treatment
Antigua & Barbuda	Medical Services (CPC 93121) Modes 1-2: None Mode 3: Medical Act Mode 4: As indicated under horizontal commitments	Modes 1-2: None Mode 3: Medical Act Mode 4: None	N/A	N/A	N/A	N/A
Barbados	Medical Services (CPC 93121) Modes 1-2: Unbound Mode 3: Only a natural person can practice medicine Mode 4: Under the Medical Registration Act, all medical practitioners must be registered	Modes 1-2: Unbound Mode 3: Not applicable Mode 4: None	N/A	N/A	N/A	N/A

Jamaica	<p>Medical Services (CPC 93121 & 93122) Modes 1-2: None Mode 3: Registration, licensing, board examination required Mode 4: Unbound except as indicated in horizontal section.</p> <p>Services provided by nurses (CPC93191) Mode 1-2: None Mode 3: Registration, licensing required. Mode 4: Unbound except as indicated in horizontal section.</p>	<p>Modes 1-3: None Mode 4: Unbound except as indicated in the horizontal section</p> <p>Modes 1-3: None Mode 4: Unbound except as indicated in the horizontal section</p>	<p>Hospital Services (CPC 9311) Modes 1-2: None Mode 3: Registration, licensing, local certification required Mode 4: Unbound except as indicated in the horizontal section</p>	<p>Modes 1-3: None Mode 4: Unbound except as indicated in the horizontal section</p>	<p>Life, accident, and health insurance services (CPC8121)</p> <p>Modes 1-2: None Mode 3: Under the current government policy there is a stipulation that entities should be at least 51% Jamaican.¹⁰ Mode 4: Unbound except as indicated in the horizontal section</p>	<p>Modes 1-3: None Mode 4: Unbound except as indicated in the horizontal section</p>
St. Lucia	N/A	N/A	<p>Hospital Services (CPC 9311)</p> <p>Modes 1-3: None Mode 4: Subject to horizontal limitations concerning Work Permit Regulations, and Medical Registration and Certification, Medical Officers Ordinance</p>	Modes 1-4: None	N/A	N/A

¹⁰ This policy is now being reviewed with the objective of removing that stipulation and allowing fully owned foreign establishments. However, permission is granted for such investments subject to a review of the investors' applications by the Ministry of Finance in a case-by-case basis. The Superintendent of insurance must also be satisfied that the covers being offered by these companies will be supplemental to the industry in situations where there is limited capacity in the market. In addition, he must also be satisfied that adequate funds will be deposited to cover the domestic liabilities of these companies.

Country	Professional Services (Medical Services)		Health Related and Social Services		All Insurance and Insurance-Related Services	
	Limitations on Market Access	Limitations on National Treatment	Limitations on Market Access	Limitations on National Treatment	Limitations on Market Access	Limitations on National Treatment
St. Vincent & the Grenadines	N/A	N/A	Hospital Services (CPC 9311) Modes 1-2: None Mode 3: Subject to Commercial Code, Exchange Controls Act, Hotels Proprietor Act Mode 4: Limited to managerial and specialist services; subject to Work Permit and Immigration Regulations as indicated in horizontal commitments	Modes 1-4: None	N/A	N/A
Trinidad & Tobago	Dental Services (CPC9312) Modes 1-2: None Mode 3: Unbound Mode 4 : None (registration and certification)	Modes 1-2: None Mode 3: Unbound Mode 4: None	Hospital Services (CPC 9311) Modes 1-2: None Mode 3: Unbound Mode 4: None (registration and certification)	Modes 1-2: None Mode 3: Unbound Mode 4: None	N/A	N/A

Source: WTO Services Database Output, July 2004.

NB: Cuba and the Dominican Republic have made commitments regarding life, accident and health insurance (CPC 8121). The Dominican Republic has made commitments under Health and Social Services, including hospital and other human health services.

**Annex 2: Main Indicators of Social and Economic Development:
St. Lucia, and Trinidad & Tobago**

Indicators	Trinidad	St. Lucia
Population	1,282,400	160,000
GDP Per Capita (PPP US\$ - 2001)	9,100	5,260
GDP Growth Rate	6.7	2.0
Health Expenditure p.c.	468 (PPP)	272 (PPP)
- As a % of GDP:		
- Public	2.3%	2.6%
- Private	2.2%	1.6%
Human Development Index	0.802	0.772
Life expectancy	74.1	72.8
Infant Mortality Rate	18.5	12.0
Crude Birth Rate	14.1	17.3
Unemployment Rate	11	20.4

Source: Caribbean Development Bank Annual Economic Review 2003. The State of the World's Children 2004. Regional Core Health Data System – Country Profiles 2002.

Annex 3: Comparison of Prices (US\$) for Selected Medical Procedures in Trinidad & Tobago and St. Lucia

Procedure	West Shore Clinic (TNT)	Tapion Health Center (St. Lucia)	Eric Williams Medical Complex (TNT)	Victoria Hospital (St. Lucia)
Elective surgery (e.g., Hernia repair)	402	514		370
Dialysis/treatment		350	112	
Excision of skin lesion	305	380		185
Incision and drainage of abscess	321	391		185
Cardiothoracic services/visit			11	
Recuperation, convalescence & recovery	1,125	3,150	526	
Eye Surgery (e.g., Cataract extraction)		559		
Joint replacements				370
Varicose vein stripping	643	574		370
Plastic/Cosmetic surgery				

Notes: West Shore clinic prices are inclusive of cost of stay; Cost of a night's ward stay (US \$250) was added to Tapion Health Center surgery rates; No hospital stay rates were available for Victoria Hospital; Prices do not include physicians fees.

Annex 4: Interview Guide: Caribbean Health Services Trade Case Study

Questions to ask the Ministry of Health

Priority and types of activities

1. Is trade in health services an area of interest in the ministry's plan of activities, including promotion of telemedicine? developing services for foreign patients? promoting foreign investment in hospitals, clinics, diagnostic facilities; promoting temporary migration of health professionals?
2. Has the government taken any official policy decision regarding promotion of trade in health services, or would you be interested in pursuing this issue further?
3. What do you perceive as the main disadvantages related to promotion of trade in health services?
4. What do you perceive as the main benefits relating to promotion of trade in health services?
5. What are the main challenges or bottlenecks to developing this area further?
6. Do you see the MOH taking on a leadership role in this area? What other agencies would the MOH need to work with on this? How would that be accomplished?
7. Would the MOH have sufficient capacity to manage and monitor this type of pursuit?
8. Would the legal and regulatory framework of the government need to be revised? If so, how?
9. Do you know of any specific activities that have been undertaken regarding trade in health services? What are the particulars of each, and obtain contact information.

Foreign patients:

1. What types of services could be actively promoted and provided for patients coming from North America or the UK?
2. Would you see this as a largely private sector initiative?
3. What would be the role and activities of the MOH in this type of initiative?
4. What type of incentives could the government provide to develop this area further?

5. Would the legal and regulatory framework of the government need to be revised? If so, how?
6. What, if any, investments or expenditures did the government make in support of these activities or services?
7. What type of incentives and support does the government provide for developing trade in health services?

Commercial presence/foreign investment

1. Would the MOH be interested in developing partnerships with private investors to develop a clinic, hospital, or diagnostic facility in TNT? If yes:

- ∄ What type of facility would be most needed?
- ∄ Who would this facility cater to in the population?
- ∄ What types of services would it provide?
- ∄ Would there be sufficient technical expertise in TNT to operate this facility?
- ∄ What type of oversight or monitoring could the MOH provide?
- ∄ How would the government ensure that quality was maintained at a reasonable price?

2. If no, why not?

3. Would the legal and regulatory framework of the government need to be revised? If so, how?

4. What, if any, investments or expenditures did the government make in support of these activities or services?

5. What type of incentives and support does the government provide for developing trade in health services?

Movement of Health Professionals

1. Does the Government of TNT actively promote exchanges of health professionals to and from other countries?
2. What were the motivating factors contributing to the decision to import health professionals from Cuba and other countries?
3. Where there any types of regulations, laws, policies that needed to be changed in order to facilitate temporary migration of health professionals?

4. How many foreign professionals are working in TNT?
5. Where do they come from (country of origin)?
6. In which facilities do they primarily work (public/private, POS, other)?
7. What types of services do these professionals provide? What are their skills and specialization?
8. Does the government keep statistics on the services and patients of foreign professionals? If so, obtain the relevant documents.
9. What are the processes and procedures for licensing health professionals, particularly those coming from other countries?
10. What other procedures must professionals coming from other countries satisfy? (i.e., economic means testing, visa requirements, etc.)
11. How is the quality of service of health professionals coming from other countries monitored?

Telemedicine

1. Would the government be interested in pursuing development of telemedicine links with other institutions outside of TNT and the Caribbean?
2. What would be the capacity of the MOH to develop this further?
3. What would be the main bottlenecks and challenges?

Evidence and decision-making regarding pursuing this area

1. Has the government undertaken any studies related to the possible demand and need for these types of services? Or the pros and cons of supplying these services and taking a more proactive policy toward developing this area? Or feasibility studies for how to implement activities in any of these areas?
2. Who carried these out? When were they done? Obtain copies.
3. To what extent was the information and analyses contained in the studies done used in the decision-making process?
4. In addition to evidence from these studies, what other factors were taken into account in the decisions to pursue/undertake these types of activities?

Monitoring

1. Is the MOH monitoring any statistics related to trade in health services? If so, what type of statistics and information? Obtain these.
2. Who in the Ministry of Health (units) is involved in tracking activities related to trade in health services, in terms of monitoring quality, and other types of regulations?

Participation in negotiations

1. Are you or any of your staff involved in discussions regarding trade in health services with any other part of government?
2. Would the MOH like to become more involved in discussions related to trade in health services?
3. How could this process be facilitated and by whom?
4. How would you rate your understanding of trade in health services?

Questions to ask Health Care Providers (those providing services to foreigners and those not providing)

1. Are you a solo or group practice? Are you the sole proprietor?
2. What is the legal status of your practice? How long have you been established?
3. What types of services do you offer? How many beds? Surgical theaters? Staff? Specialists? Obtain a copy of general statistics on number of in-patients, outpatients, surgeries, etc.
4. Where are most of your staff from? Where did they receive their training?
5. Are any of your staff from outside of the Caribbean? Do they work in the facility year-round, or are they brought to the facility on a temporary basis? Describe this affiliation in greater detail.
6. What proportion of your patients are from outside the Caribbean? What proportion are from the US?
7. What specific treatments do patients from outside the Caribbean most often seek from you?

8. What are the prices of those treatments?
9. Do you currently accept extra-country (eg. UK, USA, other country) health insurance? If yes, what is the method of payment (capitation, fee-for-service, etc.)? Which extra-country insurance (Aetna, BCBS, Kaiser etc.) do you accept?
10. If “no” to above, why not?
11. Are you currently part of an international referral network (such as World Access, SOS International, etc.)? If so, what led you to become part of this network? If not, why not? What constraints do you face being part of an international referral network?
12. Are you an accredited facility? What sort of procedures, regulations, etc. did you have to satisfy to establish your business?
13. Are you internationally certified? Have you tried or contemplated obtaining international accreditation through the Joint Commission International (JCI)? What are the constraints to becoming internationally certified?
14. Do you advertise your services to foreign patients? How do foreign patients find out about your services? Do you have an internet website?
15. Are your services linked with hotel and hospitality services as well? Which ones?
16. Do you receive any subsidy, oversight and monitoring, etc. from the government? If so, what agency and how often? Is the government agency helpful? What constraints are there in providing services that could be facilitated by government involvement?
17. If you are not currently providing services to foreign patients, would this be an area of future interest for this facility? What type of services do you think would be ideally suited for trade in health services?
18. How would you scale-up or alter your current make-up to address this issue? What would be the major benefits? What would be the major constraints and challenges?

Questions to ask clinics/providers which have resulted from foreign direct investment

1. Who invested (what company)?
2. What is the ownership arrangement? Who is the local party?

3. What type of facility is it (hospital, clinic)?
4. What type of health services are provided? How many beds, surgical units, etc. in the facility?
5. What population group uses your services: local, within the Caribbean, outside the Caribbean?
6. What prices are charged for each service?
7. Do you currently accept extra-country (eg. UK, USA, other country) health insurance? If yes, what is the method of payment (capitation, fee-for-service, etc.)? Which extra-country insurance (Aetna, BCBS, Kaiser etc.) do you accept?
8. If “no” to above, why not?
9. Are you currently part of an international referral network (such as World Access, SOS International, etc.)? If so, what led you to become part of this network? If not, why not? What constraints do you face being part of an international referral network?
10. Are you an accredited facility? What sort of procedures, regulations, etc. did you have to satisfy to establish your business?
11. Are you internationally certified? Have you tried or contemplated obtaining international accreditation through the Joint Commission International (JCI)? What are the constraints to becoming internationally certified?
12. Do you advertise your services to foreign patients? How do foreign patients find out about your services? Do you have an internet website?
13. Are your services linked with hotel and hospitality services as well? Which ones?
14. Do you receive any subsidy, oversight and monitoring, etc. from the government? If so, what agency and how often? Is the government agency helpful? What constraints are there in providing services that could be facilitated by government involvement?
15. Is medical insurance accepted? Is insurance from abroad accepted?
16. Was this facility accredited?
17. How many staff? Are they local staff? Are these staff licensed, registered, accredited?
18. Are there any specific stipulations about the participation by local individuals and/ or agencies? What are these?

Questions to Ask the Caribbean Tourism Organization, Barbados

1. What is the current volume of patients traveling to the English-speaking Caribbean for health and health-related services?
2. Do any of the patients come from other countries within the region? Estimation of proportion?
3. What are the main services these patients seek in the English-speaking Caribbean?
4. Who/what are the main providers of these services and where are they located in the Caribbean?

Questions to ask TIDCO, Trinidad and Tobago

1. Is TIDCO now, or has TIDCO in the past pursued promotion of health and medical services as part of a tourism package?
2. Has the government taken any official policy decision regarding promotion of trade in health services, or would you be interested in pursuing this issue further?
3. What do you perceive as the main disadvantages related to promotion of trade in health services?
4. What do you perceive as the main benefits of trade in health services?
5. What are the main challenges or bottlenecks to developing this area further?
6. Do you see TIDCO taking on a leadership role in this area? What other agencies would TIDCO need to work with on this? How would that be accomplished?
7. Would the TIDCO have sufficient capacity to manage and monitor this type of pursuit?
8. Would the legal and regulatory framework of the government need to be revised? If so, how?
9. Do you know of any specific activities that have been undertaken regarding trade in health services? What are the particulars of each, and obtain contact information.
10. What types of services could be actively promoted and provided for patients coming from North America or the UK?
11. Would you see this as a largely private sector initiative?

12. What would be the role and activities of the MOH in this type of initiative?
13. What type of incentives could the government provide to develop this area further?
14. What, if any, investments or expenditures did the government make in support of these activities or services?
15. What type of incentives and support does the government provide for developing trade in health services?
16. Is TIDCO interested in promoting FDI in the health services area? If yes, how would this be actively promoted within TIDCO's strategic plan?
17. If no, why not?
18. What are the current policies related to foreign direct investment? What types of policies could be applied to the health sector?
19. What types of incentives and support, such as land and tax holidays, could be offered for foreign investment in health services?
20. What are the regulations regarding ownership and ownership shares for foreign direct investment in the health sector?
21. Has the government undertaken any studies related to the possible demand and need for these types of services? Or the pros and cons of supplying these services and taking a more proactive policy toward developing this area? Or feasibility studies for how to implement activities in any of these areas?
22. Who carried these out? When were they done? Obtain copies.
23. To what extent was the information and analyses contained in the studies done used in the decision-making process?
24. In addition to evidence from these studies, what other factors were taken into account in the decisions to pursue/undertake these types of activities?
25. Does TIDCO collect and monitor any statistics related to trade in health services? If so, what type of statistics and information? Obtain these.
26. Are you or any of your staff involved in discussions regarding trade in health services with any other part of government?
27. How would you rate your understanding of trade in health services?