HEALTH CARE SERVICES AND NAFTA

By Maria Echaveste

Abstract: *The aging of Americans, the high cost of health care, and the inadequate access to health care in many parts of the country require reimagining health care. It is time to reconsider NAFTA's existing provisions regarding cross-border trade of services and greatly expand trade in health care services with Mexico. People working in the U.S. along the border could obtain their health care in Mexico; increasing medical tourism to Mexico by U.S. residents could reduce health care costs; and medical professionals trained in Mexico could help address the current shortage of primary care physicians, nurse practitioners, and nurses in the U.S.*

Who knew I was on the cutting edge of the medical tourism industry when I made my first trip to Mexico at the age of 12? Having broken my teeth jumping over a tennis net, my parents decided the only affordable way to fix my teeth was to go to Mexico. Off we went on a three-day bus trip to San Luis Potosí, and I returned to middle school able to smile without embarrassment.

Fast forward to 2017: Medical tourism has increased around the world, with countries such as India, Thailand, and Singapore as destinations for patients seeking medical treatments as diverse as hip replacement and dental crowns, but at lower cost. It is time to reconsider NAFTA's existing provisions regarding cross-border trade of services and greatly expand trade in health care services with Mexico. With the aging of Americans, the high cost of health care, and inadequate access to health care in many parts of the country, why are we not exploring aggressively the procurement of health care services in Mexico?

Consider these estimates made in 2013:

1. Almost 10 million American adults (ages 19-64) with year-round insurance coverage would be unable to pay their medical bills;
2. 35 million American adults would be contacted by collection agencies for unpaid medical bills;
3. 15 million Americans would deplete all their savings to pay their medical bills; and
4. More than 11 million Americans would take on credit card debt to pay their hospital bills.

Chapter 12 of NAFTA governs cross-border trade in services and Article 1202 specifies the agreement "shall accord to service providers of another Party [country] treatment no less favorable than it accords in like circumstances to its own service providers." Article 1210 speaks to issues of licensing and certifications and encourages equivalency and uniformity of standards. These and other provisions are ripe for exploration in the health care sector by both the public and the private sector. Three areas for expansion to consider are: people working in the U.S. along the border and who could obtain their health care in Mexico; increasing medical tourism in Mexico by U.S. residents and citizens to reduce health care costs; and workforce development to address the current shortage and increasing need for medical professionals such as primary care physicians, nurse practitioners, and nurses, among others.

With respect to the first, inasmuch as more than 70,000 people cross the border daily from Mexico to work in the U.S., from San Diego to Brownsville, cross-border health services clearly make sense. In 1998, California was the first state to pass legislation permitting cross-border health plans.[12] It did so in response to a need in the San Diego area, where employers ranging from hotels to manufacturing plants operating in the U.S. sought lower-cost health plans, especially for their low-wage workers. In 2000, Blue Shield of California was the first insurance company to offer a cross-border health plan to employers for their employees; Health Net followed. Both insurance companies use a contracted provider network in Mexico and legislation requires employers to have an office within 50 miles of the border if the health services are only provided in Mexico.

In 2006, Health Net offered the first private insurance plan to customers who want to see doctors in the U.S. or Mexico. As part of its research before offering this plan, Health Net estimated that some 600,000 people traveled to Tijuana for health care. Since then, more insurance companies have been exploring the procurement of health care in other countries. For example, BlueCross BlueShield of South Carolina has contracted with providers in Costa Rica, Ireland, and Thailand, among other countries, for the health insurer's high-deductible, low-premium plans, because employers like them for their low-wage workers. There is an absence of state and federal regulation, however, to ensure quality, so the consumer must be vigilant.

[12] Texas, as the only other state to speak to this issue, prohibits cross-border health services, as it caved into pressure from U.S. doctors and health providers.

The growth of SIMNSA (Sistemas Medicos Nacionales, S.A. de C.V.) is instructive; it is now a comprehensive health care service and licensed as an HMO by the state of California. It works with Blue Shield and Health Net in their cross-border health plans that operate in Tijuana, Tecate, and Mexicali, Mexico. SIMNSA serves over 100,000 beneficiaries; employers who utilize SIMNSA include school districts, other public agencies, and private employers. Recently, SIMNSA partnered with Scripps Health network to turn SIMNSA's eight-story clinic in Tijuana into a full-service hospital with 200 patient beds, an emergency department, and an intensive care unit. Expected to open in 2018, this hospital intends to offer oncology, cardiology, neurosurgery, and labor and delivery procedures to complement SIMNSA's current array of outpatient services.

Given that most Mexican border urban areas are larger than their U.S. counterparts, the opportunity for growth in providing health care services in the border region, from Tucson to El Paso to Brownsville, should be on the agenda of policy makers on both sides of the frontier. Yet it's not just the border areas that could benefit from increased trade in health care services. Medical tourism to Mexico should be encouraged. The favorable exchange rate and the lower cost of living makes Mexico very attractive to retirees with restricted incomes. But even beyond the U.S. citizens who live in Mexico, why shouldn't retirees throughout the U.S. access health care in Mexico?

Accessing health care in Mexico through private insurance plans as well as government health care such as Medicare should result in significant cost savings for the entire system. Obviously with the perennial concern over Medicare fraud (which should not be ignored), regulations and oversight are critical; however, savings should still result. If one then layers on components of the private insurance system such as Medicare Advantage, one can see real possibilities for both improved access to health care and savings.

If Mexico were to expand its medical tourism to attract more U.S. residents with their private and government dollars, it will need to invest in more state-of-the-art medical facilities. Clearly this is happening in places such as Tijuana but also in Monterrey and Guadalajara. There also have been interesting developments with respect to nursing home and rehabilitation centers; again, as American citizens age, demand will only rise for these services.

The final area that should receive increased attention is the training of medical professionals. There is a documented shortage of primary care physicians and other medical professionals in rural and suburban areas throughout the country. As the numbers of Latinos in this country continue to grow, bilingual medical professionals are in increasing demand. With all due respect to the wonderful nurses from the Philippines, it is inexcusable that there are not more bilingual nurses and other medical professionals trained in Mexico working in the U.S. We should be looking at the certification and licensing processes to ensure that we are not depriving ourselves of needed professionals.

In sum, the opportunities for growth in Mexico and the U.S. for human capital development and economic enterprises that serve the health care needs of both countries are breathtaking to contemplate.

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