Impact de la globalisation des marchés sur la santé

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Overview

- Canada and the global insurance industry
- GATS and health insurance
- Private health insurance in Canada and Québec
- GATS implications for health policy
- Directions for action – the GATS and beyond

Insurance : a $US 2,324 billion industry in 1999

Industrialised countries:

- 91.3% of world market ($US 2,121 billion)
- 77.4% of global GDP
- 15.2 % of world population

South and Transitional economy countries:

- 8.7% of world market ($US 203 billion)
- 22.6% of global GDP
- 84.8% of world population

Canadian Life and Health Insurers – Worldwide Business

Premium income ($millions)

	In Canada	out of Canada	worldwide
1960	747	393	1,140
1970	1,578	784	2,362
1980	6,623	2,720	9,343
1990	19,254	11,416	30,670
2000	40,468	49,104	89,572

Insurance industry credits GATS for globalisation

"The globalisation of the insurance markets was only made possible by the liberalisation and deregulation of what had hitherto been a strongly protected insurance industry… The process has been favoured and speeded up by multilateral agreements, such as the WTO, EU and NAFTA.

"Of particular significance in the liberalisation process are the multilateral negotiations as part of the General Agreement on Trade in Services…"

WTO credits financial industry for the GATS

"…without the enormous pressure generated by the American financial services sector, particularly companies like American Express and CitiCorp, there would have been no services agreement."

- David Hartridge, former director of the WTO Services Division (speech to the conference, *Opening markets for banking worldwide*, 8 January 1997, London)

General Agreement on Trade in Services (GATS)

- Concluded in 1994 (Uruguay round)
- Part of WTO “single undertaking” – mandatory
- A framework agreement – broad principles and some substantive rules
- Further negotiations are underway – GATS 2000

GATS health services commitments – Canada and major trading partners

Specific GATS Commitments for Health Services, Canada and Major Trading Partners					
	Health Insurance	Professional Services		Health-related services	
		Medical and dental	Midwives, nurses, etc.	Hospital services	Other health services
Canada	X				
United States	X			X	
Mexico	X	X	X	X	X
EC*	X	X	X	X	X
Japan	X			X	
Australia	X	X	X	X	X

*European Community (12 member countries)
Source: WTO Council for Trade in Services, *Health and Social Services: background note by the Secretariat*, 18 September 1998 (S/C/W/50), pp.24-5.

Countries with GATS commitments in health services

Health Services	**Total***	**Wealthy North***	**South + Transitional**
Medical and dental services	49	17	32
Nurses, midwives, etc	26	15	11
Hospital services	39	15	24
Other human health services	10	2	8
Health insurance	76	23	53

*note: 12 EU member states counted individually
WTO Council for Trade in Services, Health and Social Services: background note by the Secretariat S/C/W/50 (18 September 1998)

GATS rules favouring commercialization of health insurance

- National Treatment
- Market Access
- Payments and transfers
- Monopolies
- Domestic Regulation

Canada's financial services proposals (GATS 2000)

About the negotiating process:

"Canada suports maintaining the practice established during the Uruguay Round of having distinct negotiations regarding financial services… The direct participation of financial sector experts in the negotiation will ensure that the trade rules take into account the unique aspects of this vital sector."

About Canada's priority objectives:

"Negotiations should examine all four modes of supply (cross-border, consumption abroad, commercial presence and movement of natural persons) with the aim of improving and expanding liberalization commitments. In addition, scheduled commitments may have to be expanded in certain modes, particularly cross-border supply and consumption abroad, to reflect technological advances. The impact of the development of electronic commerce is particularly relevant in this context."

The WHO on Private Health Insurance in Developing Countries

Private health insurance introduces incentives that not only impact the level of demand for health services but also influence the supply of health services as well as the extent and composition of private/public services. The challenges faced by developing countries with the introduction of private health insurance are:

- *o Preventing the exclusion of the poor;*
- *o Preventing "dumping" of sick/expensive patients*
  o Controlling escalating health care costs; and
- *o Preserving the appropriate elements of the public health sector.*

Health services covered by Medicare

- Physician services: all “medically necessary” services as determined by doctor, and which are included in provincial fee schedule
- Hospital services: accommodation and meals, nursing care, labs, drugs, radiotherapy, physio, medical facilities and supplies, all staff of hospital

Services not universally covered by Medicare

- Drugs outside of hospital (74% have some coverage, of which approx. half is private insurance)
- Dental care (56% have some coverage, mostly private insurance)
- Home care
- Midwifery
- Physiotherapy, chiropractic
- complementary/traditional medicines

Private health insurance coverage in 2000 (Canadian Life and Health Insurance Association, *Facts and Figures 2001*)

- Total of $9.9 billion in premiums
- Extended health coverage for 23.5 million Canadians
- Dental coverage for 15.7 million Canadians
- Disability income coverage for 8.3 million Canadians

  (coverage data includes double-counting and uninsured employer arrangements administered by private insurers)

Growth of commercial health insurance 1960-2000

	($millions)	
	Individual	group
1960	40	151
1970	85	315
1980	221	1,602
1990	670	4,338
2000	1,301	8,548

Canada's commitments

- ***Health insurance was entered in Canada's original schedule, and in revisions following Financial Services negotiations***
- ***WTO and CPC (prov.) classifications make no distinction between public and commercial health insurance services***
- ***Canada did not shield Medicare (i.e. provincial health insurance plans) by entering limitations to its commitments in this area***
- ***Canada chose to bind its commitment in health insurance – all future government measures affecting health insurance must be consistent with the National Treatment and Markets Access obligations***

Possible GATS restrictions on regulation of private insurers

- National treatment – regulation of electronic commerce
- Market access – preferences for non-profit insurers
- domestic regulations – licensing requirements, design of benefits, criteria for assessing risk

Possible GATS limits on health reform:

- ***Any expansion of Medicare – e.g. to include home care, drugs, long-term care, dental care -- would reduce the market for commercial insurance coverage of these services***
- ***A commercial insurer established in Canada could claim trade compensation for losses due to extending the public health insurance monopoly to these services***
- ***This risk would be a deterrent to extending Medicare coverage, regardless of the health benefits***

Directions for Action – what Canada can do itself

1. ***Modify Canada's financial services schedule to change our commitments in health insurance from "bound" to "unbound"***
2. ***Enter a horizontal limitation to Canada's schedule of specific commitments, which explicitly exempts all government health measures affecting any scheduled service from the National Treatment and Market Access obligations.***
3. ***Enter a similar exemption to Canada's schedule of MFN exemptions***

Directions for Action
- new GATS negotiating priorities

4. ***Negotiate amendments to GATS Article I.3, and to Article 1 of the Annex on Financial Services, to ensure that mixed public-private services such as health care are fully excluded from the GATS***
5. ***Negotiate a general exception for health care systems – one that, like the exception for national security, is self-defining and will not be targeted in future negotiations***
6. ***State that Canada will not request specific commitments in health services, and will not support such requests by other member nations***

Directions for Action
- beyond the GATS

- Ensure that trade rules conform to international human rights obligations, including the right to health
- Promote international treaties to encourage collaboration on health issues, and ensure that they prevail over trade rules
- E.g. WHO Framework Convention on Tobacco Control