In Focus

Welcome Aboard! Next Stop Surgery

They Said It?

President Barack Obama during a speech in Holmdel, NJ on July 16, 2009:

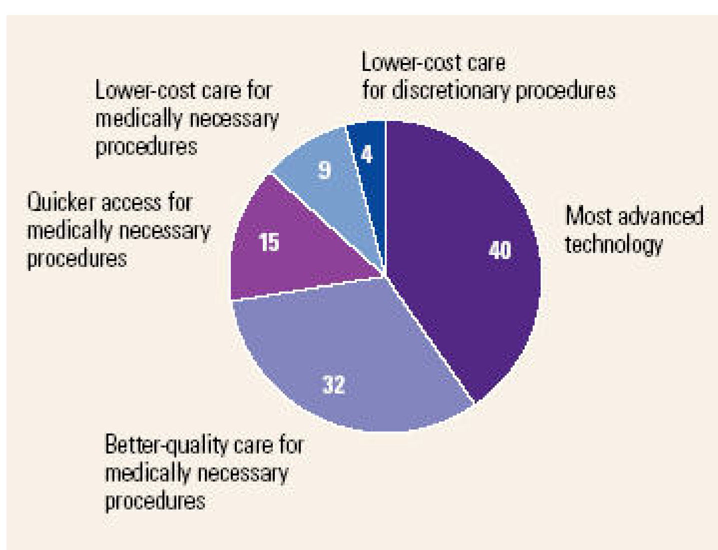
"Let me be exactly clear about what health care reform means to you," the president told residents of the Garden State. "First of all, if you've got health insurance, you like your doctors, you like your plan, you can keep your doctor, you can keep your plan. Nobody is talking about taking that away from you."

"Medical travel" (also called "medical tourism") is a booming business and interest among U.S. employers is increasing. Two to three million people worldwide travel to another country for medical treatment every year. According to the Deloitte Center for Health Solutions, about a quarter million of Americans did so in 2007 and the number will reach 6 million by 2010.

A group of Fortune 500 companies has now created a steering committee to focus on medical travel. The committee will provide guidance on the options available to employers, recommended pre- and post-operative procedures, and ways to ensure high quality and ethical services. Tom Emerick, formerly the benefits director for Wal-Mart Stores and currently a strategic partner of our firm, is a member of the medical travel steering committee. Medical travel is now a large part of his consulting practice.

So why are people doing this? The answer may surprise you. Lowers costs are *not* the main reason people travel for medical treatments. Most people do so because they want more advanced medical technologies or to receive superior care than they could at home. Just 9% of all medical travelers seek lower costs for necessary procedures, and Americans account for almost all of the patients in this group.

The most popular destinations are Singapore, Thailand, India, Brazil, Costa Rica and Panama. These countries have reputations for quality care and low cost and many people speak English. Health care chains that target foreign patients are building modern, technologically-advanced hospitals in these countries.



Since the cost of services is often lower than in the U.S., treatment abroad is appealing to many uninsured or underinsured Americans. For example, open heart surgery in Wockhardt Hospitals in India costs just $8,500, whereas the same procedure costs about $100,000 in the U.S.. Even within the U.S., there are significantly lower cost options for high-quality care in places such as Puerto Rico.

Jonathan Edelheit, of the Medical Tourism Association, says medical tourism "is about to become the fastest trend in health care." He also noted that, "All the big insurance carriers are working toward implementing medical tourism."

Source: The McKinsey Quarterly, Mapping the Market for Medical 2008

Example programs include:

- Blue Cross & Blue Shield of South Carolina launched a medical tourism subsidiary called Companion Global in 2008 that offers international benefits to its 1.5 million members. It has contracted with three self-insured employers (one in South Carolina, another in Florida and one in California) and has deals in the works with others.
- Hannaford Brothers, one of New England's largest grocery chains, started working with Aetna in 2008 to offer care in Singapore for employees seeking hip surgeries and other expensive procedures.
- WellPoint's pilot program, which started in January 2009, allows employees to access benefits for certain common elective procedures, including major joint replacement and upper and lower spinal fusion, at designated facilities in India. WellPoint assigns a case manager to coordinate all medical and travel arrangements for both the patient and a companion and to make arrangements for any necessary post-operative care in the U.S. The employer's plan pays the travel costs for both the patient and a travel companion.

While the potential for further growth of travel abroad for medical treatments is considered strong, there are barriers for U.S.-based plan members:

- Reluctance of insurers to include medical-travel destinations in networks.
- Lack of transparent worldwide data on health care quality. Several international accrediting organizations exist, such as Joint Commission International, International Society for Quality in Health Care, and country-specific accreditation agencies. However, no one agency has defined or is currently monitoring international standards for safety and quality by medical specialty (e.g., cardiac, hip/knee surgery).
- Lack of clarity on malpractice jurisdiction. Foreign laws are not as strict in as in the U.S. and awards are generally lower.
- Difficulty of obtaining travel authorization for some destinations.
- Inconvenience of travel and discomfort with unfamiliar settings.
- Post-operative complications. Patients who are treated in another country may have difficulty finding a U.S. based provider for post-operative care. Hospitals providing surgeries to medical travelers should coordinate with a local (to the patient) organization to ensure appropriate pre- and post-operative care is provided.

A more conservative option is to sponsor medical travel within the U.S. Wal-Mart implemented a program such as this in the 1990s that was very successful and is still in place today. The program allows transplant patients and people with other complicated medical conditions to travel to either the Mayo Clinic or the Cleveland Clinic for treatment. Both hospitals utilize teams of doctors in these types of cases. Emerick remarked that Wal-Mart has even been able to avoid the cost of many transplants because, with the help of these centers of excellence, certain patients were able to improve their health through less invasive treatments and through reductions in medication side effects and contra-effects.

Regardless of whether medical travel is provided within or outside of the U.S., Emerick advises employers to consider the following factors when selecting providers: ethical standards, quality, and price. For example, a quality medical travel network or provider won't accept a patient without first performing a thorough

assessment and verifying that appropriate aftercare will be available in the patient's home town.

He also recommends an "early warning system" be implemented so employers can intervene before expensive surgeries take place at more local institutions. This is generally provided through a pre-certification process. At this time, the patient's candidacy can be assessed and the benefit enhancements can be discussed. The right benefit enhancements can create a real win-win. For example, an employee might be happy to obtain a major cost sharing reduction and recuperation in a beach-front hotel in Puerto Rico while the plan saves around $10,000 for carpel tunnel surgery.

From our home in Cleveland, it is hard to imagine traveling to obtain quality care. However, most employees don't have the world class health care that we enjoy. These employees have to travel to address complicated medical conditions. It may be a couple hours down the road, so why not make it a few hours on the plane? In June 2008, the American Medical Association issued its first medical tourism guidelines for employers and insurers. AMA President-elect James Rohack said, "Medical tourism is a small but growing trend among American patients," adding, "It is important that U.S. patients have access to credible information and resources so that the care they receive is safe and effective." Maybe it is time we provide it to them.

The Chelko Consulting Group LLC is not offering legal advice. Our comments should be accepted subject to legal review and confirmation by your legal counsel.

powered by

subscribe | unsubscribe | forward | update profile

This mailing system may only be used for sending permission based email.
If you did not give permission to receive emails from this sender, please notify us.

This email was sent to llinder@the-cbm.com by infocus@chelkogroup.com| Print / PDF version | Read our Privacy Policy.
Frank Mulvaney - 27500 Detroit Rd., Suite 201, Westlake, OH, 44145, United States