

Medical Tourism

Is Now the Time to Offer Th

Medical tourism—seeking medical services abroad—may make sense as an employee benefit. Some procedures are significantly less costly abroad, and many foreign facilities offer topnotch, safe medical care. Medical tourism facilitators can offer guidance.

Medical tourism—voluntary travel to another country to seek medical services—has existed in some form for many years. Historically, this nontraditional approach was prompted by the need for medical services that were otherwise unavailable in a patient's home country, or because the wait for government-provided services was too long. Another common reason for medical tourism was and is the desire for anonymity. For example, a patient might travel abroad to have cosmetic surgery performed away from prying eyes.

During the past decade, however, the medical tourism trend has expanded in the United States as patients with limited or no health insurance have begun discovering that foreign medical providers offer the same top-quality services and state-of-the-art facilities as their U.S. counterparts—but at significantly lower costs (see the sidebar for more information). As patients have recounted their positive experiences in the press and online, some forward-looking companies have begun to explore whether medical tourism makes sense as a benefit for their employees.

Overcoming Negative Stereotypes

Any discussion of medical tourism should distinguish between the negative stereotypes of the past and the realities of today. Unfortunately, there are plenty of horror stories about foreign providers whose facilities are unsanitary, equipment is not sterilized and medical staff holds questionable certifications and qualifications. Those who are unfamiliar with medical tourism often assume this is what patients should expect (and fear) if they venture abroad for medical attention.

Without question, these substandard conditions are not representative of today's highly sophisticated medical tourism industry. Many foreign facilities involved in medical tourism have affiliations, agreements or sponsorships with trusted U.S. entities such as the Cleveland Clinic and the Memorial Sloan-Kettering Cancer Center, as well as prestigious universities, including Harvard, Duke, Johns Hopkins, Cornell and Columbia. In addition, Christus Health System in Texas operates numerous hospitals and clinics

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by | Kevin J. Ryan



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Significant Savings Possible

Medical tourism usually involves travel for high-cost elective surgeries, such as cardiac, orthopedic and neurosurgical procedures. Cosmetic and dental surgeries are also very common procedures sought by medical tourists. As this sidebar illustrates, U.S. patients can expect significant savings when they obtain certain procedures in a foreign country.

Cost Comparison for Common Procedures

Procedure	Countries				
	U.S.	India	Thailand	Singapore	Malaysia
Heart Bypass	\$130,000	\$10,000	\$11,000	\$18,500	\$ 9,000
Heart Valve Replacement	\$160,000	\$ 9,000	\$10,000	\$12,500	\$ 9,000
Angioplasty	\$ 57,000	\$11,000	\$13,000	\$13,000	\$11,000
Hip Replacement	\$ 43,000	\$ 9,000	\$12,000	\$12,000	\$10,000
Hysterectomy	\$ 20,000	\$ 3,000	\$ 4,500	\$ 6,000	\$ 3,000
Knee Replacement	\$ 40,000	\$ 8,500	\$10,000	\$13,000	\$ 8,000
Spinal Fusion	\$ 62,000	\$ 5,500	\$ 7,000	\$ 9,000	\$ 6,000

Source: *Patients Beyond Borders: Everybody's Guide to Affordable, World-Class Medical Travel* by Josef Woodman.

in Mexico through a joint venture, Christus Muguerza. Other top facilities abroad include Apollo Hospitals and Wockhardt Hospitals in India, Bumrungrad International Hospital in Thailand, ParkwayHealth in Singapore, Hospital Angeles in Mexico and Clinica Biblica in Costa Rica. Although these particular facilities have high profiles, there are many others that offer topnotch medical care in safe environments.

Over time, employers, health plans and third-party administrators have come to understand that medical tourism involves immaculate facilities, high-tech equipment and board-certified physicians providing the same services that patients can receive in the United States—only at a lower

cost. The top medical tourism facilities today have Joint Commission International accreditation or another similar international recognition or certification. Additionally, the same respected companies that provide equipment to U.S. hospitals also supply foreign health care facilities. In fact, because the Food and Drug Administration is notoriously slow in approving new technology for use in the United States, an international hospital may be able to offer equipment that is even more advanced than what a hospital in Chicago is currently using. For example, hip resurfacing (as an alternative to total hip replacement) has been available for many years abroad, while the procedure is just becoming common in the United States.

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An Evolving Industry

As medical tourism has developed in the United States, entrepreneurs have identified business opportunities. Medical tourism facilitators, for example, offer assistance to patients looking to travel out of, or into, the United States for medical care. These agencies establish their own networks of providers whom they have screened for quality and service.

Most major facilitators have visited all of their providers. Complementing the services offered by facilitators, the non-profit Medical Tourism Association was established in 2007 to provide unbiased information and guidance to patients, physicians and others involved in the industry.

Despite all of this growth, medical tourism has remained largely unregulated by federal and state governments in the United States. The Senate Special Committee on Aging conducted a hearing on the industry in 2006, but the promised report and followup have yet to materialize. Likewise, expatriates have unsuccessfully petitioned Medicare to cover medical expenses incurred at foreign facilities as an alternative to more costly U.S. providers. At the state level, only California has enacted legislation directly affecting the medical tourism industry.

In June 2008, the American Medical Association (AMA) adopted its first medical tourism guidelines. They address a range of issues, including the voluntary nature of a decision to travel abroad for care, patient safety, the confidentiality and availability of patient records, and payment for follow-up care in the United States. Additionally, AMA guidelines state that “[p]atients should be informed of their rights and legal recourse prior to agreeing to travel outside the United States for medical care.”¹

AMA guidelines address a central concern in any discussion of medical tourism: What happens if something goes wrong? In most foreign countries, a patient’s legal recourse is limited compared to the recoveries available for medical malpractice in the United States. However, most foreign facilities go to extraordinary lengths to address the concerns of patients and their families. For starters, medical tourism is a service industry so many of these providers have a tremendous commitment to service. Also, they recognize that their reputation is based on word-of-mouth referrals, as well as online comments and reviews by patients and others. Many providers have publicly stated that they will do everything possible to address a bad outcome if the patient is still at the facility or in the foreign country. If the patient has already traveled home, these providers are committed to determining whether it is possible for the patient to return to the country where the procedure was performed or coordinating any followup care that is needed in the United States.

For many patients, assurances from a foreign provider simply are not enough. In response, insurance companies

takeaways >>

- Many foreign medical facilities have affiliations with U.S. entities such as the Cleveland Clinic and the Memorial Sloan-Kettering Cancer Center and with universities.
- Top medical tourism facilities have Joint Commission International accreditation or another similar international recognition or certification and buy equipment from the same companies that provide equipment to U.S. hospitals.
- Medical tourism facilitators can help patients looking to travel out of, or into, the United States for medical care.
- Insurance companies have developed products aimed at individuals and at employers that offer medical tourism options to employees.
- A medical tourism option may encourage employees to become more aware of costs associated with their care.
- Trustees must make sure that a medical tourism benefit is described in full to beneficiaries.

have developed several products over the last five years aimed at individuals as well as employers that offer medical tourism options to their employees. These insurance policies frequently cover transportation, lost wages and additional care, while also providing for damages up to an agreed-upon amount stated in the policy.

The Upside for Employers and Self-Insured Health Plans

There are many reasons an employer would want to consider adding a medical tourism option to its health plan. Here are several that stand out:

- It is an opportunity to proactively address rising health care costs. Although only a small percentage of elective procedures are appropriate for medical tourism, many of them are high-priced surgeries. Having only a fraction of them performed abroad can result in significant savings to the employer.
- An employer may also be able to incentivize its employees to become more aware of the costs associated with their care.
- Many companies have found that merely announcing the addition of a medical tourism option can encourage a frank discussion about costs that allows them to

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The trustees (of self-insured plans covered by ERISA) should educate themselves by understanding the quality and capabilities of the facilities that will be part of a medical tourism program. This can be accomplished by actually visiting the facilities or by working with a medical tourism facilitator that has carefully evaluated the providers to be included in the international network.

negotiate more reasonable rates with local or regional providers.

- Global companies are paying dearly for their employees to travel to the United States and other countries to obtain what they perceive as superior medical care. I recently had a conversation with a major employer with international operations, including a location in India. My contact in the human resources department explained that the company actually flew employees from India to the United States at least twice a year for medical care. The company could have saved a significant amount of money (up to 90%) by having those employees obtain comparable care at the top hospitals in India. For employers with international operations, developing a medical tourism offering can expand the options for all employees—whether living in the United States or abroad—to receive high-quality care from foreign providers.

Health plans also have several reasons to consider adding a medical tourism option for their self-insured clients:

- Health plan premiums have been rising for years. Adding a medical tourism benefit is a way to offer clients a means of reducing costs by adding benefits to the plan—rather than eliminating them.
- Adding a medical tourism benefit also opens the door for health plans to examine the different costs for care for the same procedures. This discussion can encourage patients to take more responsibility for their own care as part of the consumer-driven health care movement.

One question frequently asked by self-insured plans covered under the Employee Retirement Income Security Act (ERISA) is whether implementing a medical tourism benefit could violate the fiduciary obligation of the trustees to administer the plan in the best interest of its beneficiaries. If medical tourism saves money, then it arguably behooves the plan to offer

such a benefit. However, it is important that plans not proceed without doing their homework. The trustees should educate themselves by understanding the quality and capabilities of the facilities that will be part of a medical tourism program. This can be accomplished by actually visiting the facilities or by working with a medical tourism facilitator that has carefully evaluated the providers to be included in the international network.

The plan trustees, in meeting their fiduciary obligation, must also make sure that the new benefit is described in full to the beneficiaries. It should also be made clear that medical tourism, while an option that beneficiaries may select, is not mandatory. Furthermore, those who elect to participate should be provided with significant resources to ensure that they understand the benefits, risks, treatment plan (including coordination of pre- and postsurgical care) and financial incentives.

What About Health Care Reform?

On March 23, 2010, President

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Obama signed into law the Patient Protection and Affordable Care Act (PPACA). Among its many provisions is the phasing out of annual and lifetime limits on health care benefits by 2014. However, exceptions are already being allowed for a subset of health care plans known as *mini-meds*. These limited benefit plans are frequently offered by businesses with large numbers of part-time employees, including fast-food and retail chains. With very low annual limits of no more than \$15,000 (compared to the PPACA-imposed minimum of \$750,000 in 2011) mini-meds were at risk of becoming extinct, leaving large numbers of employees uninsured. To date, however, the U.S. Department of Health & Human Services has already issued more than 1,000 waivers related to the PPACA limits, many of which are for mini-med policies. As a result, the survival of these plans could provide a temporary shot in the arm for the medical tourism industry. Because of the potential cost savings, adding a medical tourism benefit to a mini-med could help the plan's beneficiaries obtain more high-quality care within the existing annual limit.

Seek Guidance From Facilitators and Other Advisors

Ultimately, the process of evaluating and implementing a medical tourism benefit requires considerable education. Plans, employers and trustees considering such an option should involve an experienced consultant or medical tourism facilitator. These knowledgeable advisors can provide insight regarding a range of important issues, such as determining the types of procedures to include in the plan, devising an implementation schedule, selecting a network of providers, coordinating care, maintaining proper documentation and limiting liability. Many plans and employers that have implemented a medical tourism option have done so in a highly structured manner, such as limiting the

benefit to a few procedures performed by select foreign providers.

Facilitators can also provide guidance regarding insurance options to limit liability for the patient and/or the employer. Finally, facilitators can coordinate with legal counsel to ensure that plan beneficiaries are provided with the appropriate documentation describing the risks and benefits of the medical tourism option so that they can make an informed decision. If a patient decides to pursue medical tourism, then this team of advisors can help ensure that the appropriate consents and releases are executed.

As the employee benefits landscape evolves, health care costs continue to rise and companies expand globally, employers and health plans may want to consider adding medical tourism as a benefit option. 

Endnote

1. See www.ama-assn.org/amednews/2008/07/07/prse0707.htm#s1.

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