

The Globalization of Health Care, Round Two

By Diana M. Ernst

- International travel for medical care is an increasingly important phenomenon.
- Patients worldwide are saving time and money traveling to high quality hospitals for non-cosmetic surgeries in developing countries like India and Thailand.
- As long as U.S. laws hinder cost-effective and patient-centered reforms that emphasize individual choice and ownership, American patients will increasingly choose health care outside our borders.
- Medical malpractice costs, employer mandates, and underpaying federal programs threaten to stifle our ability to compete globally in health care.

Medicine is perhaps the least expected of American industries to face global competition, but as businesses become globalized, national boundaries weaken against competitive forces and economic necessity. Today, doctors can work remotely from patients, and patients can choose remote health care. Medical tourism is growing, and that makes it more important for American public policy to streamline health care and allow domestic providers to compete internationally.

Foreign hospitals are often technically proficient and increasingly customer-focused, employing interpreters who speak the languages of medical travelers. An added benefit is that international patients spend much of the hospital money they save on “tourist” goods and services in the destination country.¹

Why is it happening? The cost of care at home, or the cost of waiting for it, is mainly what puts Americans through the unusual experience of *emigration*. “Reverse immigration is remarkable,” said a man who called regarding my essay on medical travel last year.² His cousin came to the U.S. from India to practice medicine, but when he decided to have Lasik eye surgery for both eyes, he returned to India! He paid a total of \$500 for a procedure that can cost six times as much here.

Such stories of successful medical travel abound. Thailand’s Bumrungrad International Hospital, the largest private hospital in Southeast Asia, is at the locus of media attention. Larry Shaw made the news for his trip to Bumrungrad for open-heart surgery this year. The operation would have cost him \$47,000 in Dallas, Texas. At Bumrungrad, said to look like a five-star hotel, the price was \$6,400. This included a two-night stay, surgeon’s fees, drugs and anesthesia.³ Last year, Bruce Pearson from Florida chose Bumrungrad for a spinal operation. He paid \$7,000 for the surgery, four days in the hospital, a week to recuperate, and round-trip plane tickets for himself and a partner.⁴

Surgical procedures abroad cost 30 to 80 percent less than they do here. Estimates on the annual number of American medical travelers range widely, from 150,000 to 500,000.⁵ Last year, Singapore claimed almost 400,000 medical tourists; India had 600,000, and Thailand at least 1.2 million. David Boucher, assistant vice president of health care for BlueCross of South Carolina, estimates that 80,000 Americans went to Thailand, an increase from 55,000 in 2005.⁶

Americans aren’t the only ones traveling for medical care. *The Complete Medical Tourist* targets patients seeking to avoid the United Kingdom’s notoriously long hospital waits. It outlines procedures such as cardiac surgery, dental surgery and fertility treatment; the countries in which they cost thousands of dollars less than in the UK; and information to plan a vacation after surgery.⁷

In exchange for cheaper health services, medical tourists are valued contributors to the health of foreign economies. Ruben Toral, former marketing director of Bumrungrad Hospital, has noted the “fierce” competition among governments in Southeast Asia for medical tourists. Toral said, “[They] view it as an important extension of regular tourism.”⁸

The American market is also a catalyst for medical tourism, with published guides and budding businesses facilitating medical travel. Josef Woodman's *Patients Beyond Borders* was inspired by a trip with his father to Puerto Vallarta, Mexico, for a dental examination. His father saved \$11,000 and enjoyed excellent service.⁹ Medical tourism companies abound: A new, Nevada-based company called Overseas Medical Connection appeals to clients with questions like, "No medical insurance? Want to travel?"¹⁰ New Medical Horizons in New York offers travel packages, assistance upon arrival and follow-up health-care services.¹¹ MedRetreat, in Illinois, will offer 650 overseas surgeries for clients this year;¹² IndUShealth provides service to about 1,000 patients annually.

The travel insurance industry is also offering enhanced medical services abroad. Emergency assistance and insurance provider, Medex Global Group Inc., joined with Harvard Medical International (HMI) to create "Medex 360m," an online database where clients purchase a travel-insurance policy from Medex, and it provides information about hospitals, physicians and health concerns in foreign countries.¹⁴

Interestingly, health professionals move in the opposite direction, seeking education and careers in the United States. According to leading economists at the World Bank, Aaditya Mattoo and Randeep Rathindran, U.S. medical schools also constitute hubs for internationalism. Almost 20 percent of American medical school faculty members are from other countries. International medical graduates account for one fourth of the more than 800,000 physicians in the United States today, and their top eight countries of origin are all developing countries.¹⁵

Less frequently are American health professionals educated outside of the U.S., but the California Labor and Workforce Development Agency recently decided to send 40 California students to a school in Guadalajara, Mexico, to become qualified for the California nursing license exam. This is one answer to the dearth of nursing-school teachers and graduates.¹⁶

Dr. Arnold Milstein, a physician and "Health Care Thought Leader" at Mercer Health & Benefits, has researched the possibility of outsourcing medical care for three, anonymous Fortune 500 corporations.¹⁷ He notes that such partnerships and "endorsements" such as Johns Hopkins' hospital branch in Singapore, or Harvard Medical International's (HMI) partnership with Wockhardt super-specialty hospitals in Mumbai, India,

will perpetuate this global, medical phenomenon. With help from HMI, Wockhardt was accredited by the Joint Commission International (JCI), the largest accreditor of health-care organizations in the United States.¹⁸ JCI has accredited more than 4,000 U.S. hospitals and 120 medical organizations worldwide.¹⁹

Dr. Milstein and co-author Mark Smith conducted a comparison study on hospitals in low-wage countries that perform coronary artery bypass graft (CABG) surgery. Not one reported bills exceeding 40 percent of average hospital fees in California. Two Asian hospitals reported lower mortality rates than California hospitals. Three Asian hospitals were JCI-accredited, had English speaking cardiac surgeons trained at Western hospitals, recuperation after surgery, and hotel accommodations for family.²⁰

Mattoo and Rathindran conclude, "An international price comparison of fifteen procedures reveals that there could be savings of around \$1.4 billion annually if even only one in ten U.S. patients chooses to undergo treatment abroad.²¹ In their view, the "key impediment" to medical tourism is that health insurance does not cover it. Recently, however, some insurance companies are stepping out on that limb.

BlueCross BlueShield (BCBS) of South Carolina was the first American insurer to work with Bumrungrad hospital. It established "Companion Global Healthcare," affiliated with World Access, a medical travel insurance provider. BCBS will assist patients with medical travel packages and follow-up appointments upon returning to the U.S. through physician clinic "Doctors Care."²²

United Group Programs, a Florida-based company that sells insurance policies to small businesses, offers a plan with Bumrungrad hospital. Vice President Jonathan Edelheit said last year that his company had 50 clients that offered the choice of medical care abroad for employees.²³

American providers are devising ways to address medical tourism, including an effort to discredit foreign competition, common in the media. The *Business Intelligence Network* published an article suggesting this phenomenon is indeed an "opportunity" to make one's organization stronger.²⁴ But if we want our hospitals to be competitive, U.S. laws and regulations also have to change.

One place to start is our exorbitant medical malpractice costs. In foreign countries, doctors can pay as little as \$4,000 a year for malpractice insurance. American doc-

tors can pay 25 times that amount every year. Liability pressures here force doctors to change the way they practice medicine, and in extreme cases, even close down their practices.²⁵

America has inefficient, under-paying federal health-care programs that force hospitals to shift costs to private payers, and strict rules limiting specialty hospitals.²⁶ The federal Medicare program prevents doctors from referring patients to specialty hospitals in which they have a financial interest. These laws stifle entrepreneurial initiative and impede doctors and hospitals in America that struggle just to compete with each other in different states, much less the world. Reforming these flaws will increase health access and lower costs, making domestic providers more responsive to American patients, who might then be less likely to go overseas.²⁷

One thing is certain, notes Robert Watcher, author of "The Dis-Location of U.S. Medicine – Implications of Medical Outsourcing" in the *New England Journal of Medicine*: "Competition may make us more responsive to the needs of our patients and colleagues, even as it extracts waste from the system."²⁸ In preparation for competition with eager and competent foreign businesses, our domestic policies should battle our own "waste." Patient choice is absolutely fundamental to medical tourism. If our health care reforms fail to value patient choice, then patients will choose medicine elsewhere.

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Endnotes

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