

The Growth of Medical Tourism: High US healthcare costs drive patients overseas.

The spiraling costs of healthcare and increasing numbers of people without medical insurance in the United States is driving people overseas to look for their treatment, giving rise to a new industry—Medical Tourism. With an estimated 46 million Americans without any healthcare insurance and tens of millions more with only minimal coverage, it's easy to see the attraction to travel outside the country if lower cost treatments can be found elsewhere.

Even those with healthcare insurance travelling to get treatment might be an option as US medical insurance companies look to save costs. In March 2008 Blue Cross and Blue Shield of South Carolina signed alliances with 7 overseas hospitals and more insurers are actively pursuing similar agreements. Cost is not the only factor for looking outside your country for medical services. Countries with socialized medical systems, like the United Kingdom and Canada, where treatment is free but could be a waiting time of many months, have their countries residents looking further aboard.

The US healthcare market is now finding itself in a business environment that has been present for many years for organizations in other markets; the global economy and international competition. Not only do healthcare providers need to deal with falling reimbursements, they also need to increasingly consider being competitive with other providers, and not only in the US. This means increasing productivity, reducing cost and driving up customer satisfaction. OpEx has many years of experience in helping healthcare organization deliver process improvements that make them fit for the competitive markets they now find themselves in.

At a time of collapsing economies, most industries are suffering, including that of international tourism. The World Travel Organization forecasts international tourism to decline by 0% to 2% in 2009. Although in the context of other markets like automotive sales this does not sound too bad, this is the first time that international tourism has had negative growth or stayed flat since World War II. The one bright spot for the international tourism industry is the booming market for medical tourism.



Medical tourism is the term used to describe the practice of travelling across international borders to access health care services. The types of treatments being sought are growing in variety, from cosmetic surgery and dentistry, to more serious conditions such as cancer treatment, joint replacement and heart surgery. It is not just surgical and drug treatments attracting people offshore. Recently China Connection Global Healthcare (www.chinaconnection.cc) announced a new program called Fitness and Culture Experience for Teens. This 8 week obesity-intervention program, coordinated with China's Aimin Hospital, will take 40 US high school students to Tianjin, China, where they receive a program of diet, exercise and Chinese medicine to achieve significant weight loss.

Obviously, travelling after surgery can be extremely dangerous so medical tourist patients often combine their treatment with a well earned vacation in their destination country. Taking advantage of this burgeoning market some travel agencies now offer "Healthcare Vacations". One example of what is currently offered are package deals involving low-cost plastic surgery in South Africa, followed by recuperation on a safari. A number of countries are going as far as promoting themselves as "Healthcare Destinations", the top 5, according to a McKinsey report, being Panama, Brazil, Malaysia, Costa Rica and Brazil.

Medical tourism is not a new concept. Thousands of years ago people travelled to mineral rich thermal springs and in Europe during the 16th Century there was a boom in medical tourism, with the rich and famous travelling to towns like Baden Baden, Bath and St. Moritz to "take" the waters.



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The cost and complexity of travel ensured that only the elite could afford to have such treatment. With the arrival of cheap travel, the growth of the middle class and rising healthcare costs in Western countries medical tourism is set to explode. A report by Deloitte Consulting in August 2008 estimated that Americans travelling abroad for treatment will increase from 750,000 in 2007, to 6 million in 2010 and reach 10 million in 2012. The report suggests that this exodus will be worth US \$21 billion a year in developing countries in four years time.

What are the potential cost savings? One of the more popular treatments to travel overseas for is dental work. One couple headed off for a 2 week vacation to Puerto Vallarta, Mexico, which included a round of extensive dental treatment. The cost of the dental work, travel, lodging, and food for both of them came to \$11,000. The same treatment in the US would have cost them \$24,000 and they wouldn't have gotten a tan! Mexico is a relatively short hop for US residents, but some are travelling much further to get their treatment.

Fifty three year old building contractor Brad Barnum from Ruidoso, NM, traveled to Wockhardt Hospital in Bangalore, India to have one knee and both hips replaced. He returned to the US two months later, content with his treatment, which had cost him \$23,000. He had also spent an additional \$5000 (approximately) on airfares, visa, passport, and incidentals. A lot of money yes, but the same replacement surgery in a US hospital would have cost around \$125,000 not including physician fees and ancillary charges.

It is not just non-life threatening conditions people are traveling to get treated; India is now a popular destination for those needing heart surgery. A heart-valve replacement that would cost \$200,000 or more in the US, for example, goes for \$10,000 in India, and that includes round-trip airfare and a brief vacation package!

Travelling overseas to get treatment might appear to be a daunting option but there are an increasing number of resources available to potential medical tourists. "Patients Beyond Borders" is a guide available in printed and digital form that takes its readers through the practical issues about making choices when considering accessing overseas healthcare. There is also a newsletter called Medical Tourism News, which was launched in September 2008.

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