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Employers Move Into Primary Care

A surge in the number of clinics at factories and office parks could mean less reliance on traditional managed care companies

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Allan Khoury, MD, PhD, is Take Care Health's CMO. The company runs 368 clinics.

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Liability Concern Balances Medical Tourism's Cost Appeal

More employers and plan managers are looking at offshore options, but few are taking the plunge

By Richard Mark Kirkner

Four years ago Thomas Hiland, a suburban Denver businessman, needed mitral heart valve replacement surgery. He could have gone to the University of Colorado Hospital, or the Mayo Clinic, or the Cleveland Clinic. He chose instead a 15-hour flight and an operation at Escorts Heart Institute in Delhi, India. Last year when he needed a knee replacement, he went back to Delhi. His savings were more than $200,000 compared to prices he was offered in the United States.

Hiland had lost his medical insurance, and his health status precluded him from getting coverage for either condition. The University of Colorado Hospital said it would cost him about $150,000 for his mitral valve replacement and a five-night stay in 2005. His knee replacement price from Tampa General Hospital was $55,000 after a 30 percent discount. "You could have the operations and your lifetime savings could evaporate quickly in one or two procedures," he says. Instead, he spent $22,000 plus travel and received a bioprosthetic mitral valve and knee implant, made in the U.S. and preferred by Indian surgeons. He was not offered that valve in Denver, he said.

Experiences like Hiland's have pushed employers to ask their health plans about covering major

Thomas Hiland spent $22,000 plus travel and received a bioprosthetic mitral valve and a knee implant when he went to Delhi, India. His heart surgeon is Naresh Trehan, MD.

operations at foreign centers. A few have even collaborated on pilot programs. Of course, managed care plans negotiate discounts with providers that can range from one fifth to one half of private-pay charges. Medical tourism gives them an option to slash costs even more while waiving copayments and deductibles for subscribers and covering a companion's travel.

Deloitte, the consulting firm, estimates that 1.5 million Americans had an offshore medical procedure last year and 6 million will do so by 2010.

Renee-Marie Stephano, JD, general counsel of the Medical Tourism Association, a trade group, concurs that inquiries to its members are in line with Deloitte's projection. The favored offshore procedures for Americans had been cosmetic surgery and dental procedures, but that trend is shifting toward orthopedic, cardiac, and weight-loss operations, Stephano says.

"We have a better definition of what quality is, we have much more transparency, and while we have not solved the issue of legal liability, we have balanced the risk of liability with the potential for opportunity," she says.

"For folks covered by insurance, there is really no incentive for them to go overseas," says Amrita John, Cigna Healthcare's director of product management.

Where's the incentive?

Aetna, Cigna, and UnitedHealth report that employers are asking more questions about medical tourism, but their commitment is tepid. They are concerned about quality, liability, provider relations, and whether beneficiaries will really leave the country for care. "For folks covered by insurance, there is really no incentive to go overseas," says Amrita John, Cigna Healthcare's director of product management.

The existing model consists of waiving copayments and deductibles for the plan participant plus covering a companion's travel — out-of-pocket costs that can range from $2,000 to $12,000. Those incentives haven't exactly induced droves of people with health insurance to leave the country.

Josef Woodman, author of *Patients Beyond Borders*, a medical tourism guide, applies what he calls the $6,000 rule. "If the total estimated cost of the procedure in the United States is more than $6,000, a patient is likely to save money abroad," he says.

Such has been the experience of Maine-based Hannaford Brothers supermarkets. In 2007, Aetna created a program to waive copayments and deductibles for employees who chose to have hip or knee replacements at Singapore's National University Hospital. No employees have yet gone to Singapore, but two New England hospitals have negotiated lower fees for those procedures. "It is about 60 percent less than we were paying before," says Peter Hayes, Hannaford's director of health and wellness. Hannaford's costs for these operations now equal the fees and travel expenses for a medical trip to Singapore.

BlueCross BlueShield of South Carolina took the plunge in 2007 and formed Companion Global Healthcare, a subsidiary that provides a medical travel option to subscribers to its parent plan and other group plans as well. This year WellPoint, a Blue Cross & Blue Shield licensee, launched a pilot program with Serigraph, a Wisconsin printer, to cover selected operations in India. US Now, a limited medical plan that sets coverage maximums and premiums at a fraction of what managed care plans charge and provide, has ordered its sales agents to offer a medical tourism option to all employer groups.

"Nobody's going to Singapore for $1,500 to get a hip done," says Steve Lash, CEO of Satori World Medical, which arranges travel for medical procedures. So his company this year launched a business for health plans that splits the savings with the participant who chooses to be a medical traveler, depositing up to $10,000 of the savings into a personal health reimbursement account.

"Ten years hence, medical tourism will shift from a consumer-dominated market to one dominated by carriers and employers as globalization of medical services matures," Woodman says.

Who is doing the operation?

The American Medical Association has adopted guidelines for medical tourism, among them that foreign facilities be accredited by the Joint Commission International (JCI) or a similar body. The two hospitals in India in Serigraph's pilot program are accredited by JCI. "We've been surprised by the level of openness and transparency with quality and outcome metrics," says Razia Hashmi, MD, MPH, a WellPoint medical director. "Actually, it's full transparency in terms of outcomes."

Likewise, Companion has 17 JCI-accredited cen-

ters in its network. Companion also compiles outcomes data from network prospects and compares that with U.S. centers, then conducts its own site surveys for amenities such as English-language television stations. "We always eat a meal in the hospital because, inevitably, a prospective member or employer is going to ask, how is the food?" says David Boucher, Companion's CEO.

JCI's accreditation process for foreign hospitals is similar to the Joint Commission's domestic accreditation. "Although they are not identical, they are comparable," says David Jaimovich, MD, JCI's former chief medical officer. That process takes into account a country's laws and cultural attitudes. For example, do-not-resuscitate orders common in Western countries may not be permitted in some countries. "We respect those religious laws as well as governmental laws," Jaimovich says.

JCI standards for medical and nursing staff members also replicate U.S. standards. "We look at primary source verification for all staff members that care for patients, as well as educational training certifications and periodic certifications," Jaimovich says.

Medical tourism facilitators, the companies that put these foreign-treatment programs together, commonly claim that physicians have been trained in the United States, but that can mean different things to different people. At Bumrungrad International Medical Center in Bangkok, a major draw for U.S. medical travelers, none of the 39 staff general surgeons graduated from U.S. medical schools (three graduated in England), and just two had postgraduate training in the United States. All members of the 44-doctor orthopedic staff graduated from Thai medical schools. Eight had U.S. postgraduate training.

Language is a key component in quality assessment. India has an advantage over other Asian health magnets (a new term for countries trying to attract foreigners to their hospitals) because English is spoken there. Latin American countries draw Spanish speakers from the United States.

"Although the international health care arena may be different in many ways from the domestic arena, when one starts to become familiar with the issues that one sees internationally, we have a lot more similarities than differences," Jaimovich says.

AMA guidelines for medical tourism

Last year the American Medical Association revised its guidelines for entities that arrange for medical care outside the United States. They include:

- Medical care outside the United States must be voluntary
- Financial incentives should not limit diagnostic and therapeutic alternatives or restrict treatment or referral options
- Institutions should be accredited by recognized international accrediting bodies
- Before travel, local follow-up care ... and financing should be arranged to ensure continuity of care when patients return
- Coverage must include the costs of follow-up care upon return to the United States
- Patients should be informed of their rights and legal recourse before agreeing to travel
- Patients should have access to physician licensing, facility accreditation, and outcomes data
- HIPAA guidelines should apply to handling of medical records
- Patients should get information about the risks of combining surgical procedures with long flights and vacation activities

Comparing costs*

Procedure	United States	India	Thailand	Singapore
Mitral heart valve replacement	$75,000–$140,000	$9,500	$25,000	$22,000
Hip replacement	$33,000–$57,000	$8,000	$12,700	$12,000
Knee replacement	$30,000–$53,000	$7,500	$11,500	$9,600
Gastric bypass	$35,000–$52,000	$9,300	$13,000	$16,500

*Physicians' fees not included

Source: Josef Woodman, *Patients Beyond Borders*: Second Edition, 2008: Chapel Hill, N.C.: Healthy Travel Media