

(Are you using dependent eligibility audits to cut clients' costs?)

BENEFITS SELLING™

CORE VOLUNTARY RETIREMENT

BenefitsSellingMag.com

Volume 3, No. 6

June 2009

To serve &
protect

JOE ALFONSI

left a life of bar
room brawls
and walking the
beat to back up
brokers in the
field

Medical Tourism

By Keith Mendoza | Photos courtesy Satori World Medical

MORE U.S. EMPLOYERS, PAYERS AND BROKERS ARE EMBRACING MEDICAL TOURISM PROGRAMS



Year after year, U.S. employers continue to face double-digit rate increases on health insurance premiums. Since 2000, the majority of employers have seen costs increase 100 percent or more just to offer their employees a comprehensive medical plan. Their increases are not linked to new coverage or benefits, just renewals. >>

However, today's economic realities are forcing most employers to pass along a greater portion of their medical benefit costs to employees.

Employees now pay more out-of-pocket expenses to use their health plan (higher copays, deductibles, or co-insurance responsibility) and are paying more out of each paycheck to contribute and participate in the medical plan. Even though employees share in more of the cost of their medical benefits, employers continue to pay for the majority of the cost of the plan and are faced with medical benefit costs that far outpace the Consumer Price Index.

Employers look to their consultants and brokers for answers and ideas about how to contain and manage cost. Employers and plan sponsors are continually looking to their benefit vendors to provide solutions that will lower their cost and allow them to offer benefits their employees will value.

STRATEGIES

There are a host of traditional strategies that benefit brokers use to help address cost for their clients, such as the following:

- Increases or higher copays, deductibles, or co-insurance
- Concentric or limited network access

Even when these strategies are implemented the net result is the employer is spending more for the benefit plan than the previous years. Some strategies provide immediate cost relief, but they can often mean more out-of-pocket cost to the employer or even less choice of medical providers for the employee.



Other strategies include healthy lifestyles promotions through employee support programs. These programs can have a positive effect on employee health and health care cost over the long term, but they often require an upfront investment by the employer for a future longer-term reduction to their overall health care cost. With the current difficult state of the economy, how many employers are happy or eager to invest upfront additional dollars into their medical benefit plan, hoping they will receive a return on investment?

BREAKING INTO THE STATES

There has been a movement towards increas-

ing the consumers' involvement in their own health care. As users of medical care, if patients have a greater financial stake in the cost of obtaining care (i.e. dollars out of their pocket) and are given data on price and quality, as a result, an individual will be a motivated, engaged consumers who will receive value from medical providers. There are examples of consumerism working in medical care. Elective procedures whereby patients normally pay cash such as LASIK eye surgery and cosmetic plastic surgery have seen prices decrease in recent years with quality improving or remaining the same.

What new strategy can be implemented to help reduce plan sponsor cost without increasing employees' out-of-pocket expenses or restricting access to quality providers of their choice?

Medical tourism or medical travel, whereby U.S. patients travel outside the United States to receive quality medical care at a fraction of the cost, is a benefit strategy that employers are using to achieve lower claim costs on a medical plan, provide additional choice of providers, and engage and reward consumerism within the scope of their existing medical benefit plan.

The key word is choice. Plan sponsors now offer their employees a choice of domestic network providers and networks provide plan sponsors with discounts of 20 percent to 40 percent off of providers' "retail" prices. The benefit plan provides incentives to use lower cost participating network medical providers over often more expensive, non-participating medical providers. The precedent is there. We have all seen 80/50 co-insurance plans, or plans with a \$500 deductible in network and \$1,500 deductible out of network. The employee has incentive and gains financially by using the network, or if they choose opting to the higher-cost network.

If you gave employees an additional choice of high-quality providers that can yield, for the employer, a 40 percent to 80 percent price reduction over domestic networks and the choice is 100 percent at the employee's discretion, the natural conclu-

sion is the employee should have additional financial gain for choosing an even more cost effective medical care option. The additional savings on a surgical procedure can range from \$30,000 to \$75,000. The savings allows the employer to provide a financially rewarding benefit to the employee and still results in significant savings to the employer.

Some global health care companies offer all-inclusive plans that waive all the out-of-pocket expenses for the employee when choosing a network hospital and physician. Additionally, using a proprietary model, some companies can help clients design a shared savings feature whereby the employer would share a portion of the \$30,000 to \$75,000 savings for their surgical procedure through a health reimbursement account contribution to the employee. The HRA is tax-free to the employee and tax-deductible to the employer. On average, the total cost savings of participating in some global health care networks are as much as 40 percent to 80 percent per procedure.

Additionally, medical travel programs can be offered as an additional benefit to any existing health plan design, and does not replace any domestic provider choice.

Of course, employees are only going to travel abroad for medical care if the quality of care is comparable or better than in the United States. The global economy has grown, and as a result, competition to provide the best possible health care services, has also grown. Just as high quality products and technologies are produced across the globe, and organizations purchase various goods and services from international companies based on price and quality so too are a number of high quality hospitals and physicians and medical services now available globally. For instance, there are a number of private hospitals that have U.S. or U.K. or equivalently trained and board certified physicians practicing in hospitals that compete for and attract international patients and that have outcomes which rival U.S. hospitals. Additionally, more than



200 of public and private health care organizations in 33 countries around the world are now accredited by Joint Commission International, the international arm of the United States accreditor of hospitals.

Companies also are now making it easier for employers and payors to embrace global health care programs because they have already built the infrastructure, performed the due diligence, and provided contracts that can be supported by U.S. third-party payors. For instance, as part of

Satori's offering, the company identified all high-quality hospitals and procedures, and provides the services that enable employers to offer cost-effective medical care that employees will value.

With the cost of health care and health insurance premiums being higher than in any other nation in the world, it is the right time to embrace innovative, cost saving alternatives like medical tourism. As the industry emerges, we see that the interest in global health care among American companies will continue to grow significantly.



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