



Medical Tourism & Growth Trends Shaping Global Healthcare


Medical tourism is a growing phenomenon whereby U.S. patients travel to locations outside of America to seek quality healthcare services and procedures at a significantly lower cost than within the country.

Medical tourism is expected to experience explosive growth over the next three to five years. According to The Deloitte 2008 *Survey of Health Care Consumers*:

- Six million Americans will travel abroad for medical care (including dental procedures) by 2010; a 100 percent increase from the 750,000 in 2007.
- Consumers are willing to travel to obtain care that is both safe and less costly. In fact, two in five survey respondents said they would be interested in pursuing treatment abroad if quality was comparable and the savings were 50 percent or more.
- The emerging U.S. medical travel industry is estimated to have reached \$2.1 billion in revenue in 2008 and projected to reach \$4.4 billion in 2009. Due to the exploding cost of care in U.S. hospitals, the medical travel industry is forecasted to grow at a significant accelerated pace, and is projected to reach \$13.9 billion by 2011.

There are a number of driving market factors and trends shaping the growing appeal for medical travel and global healthcare.

- **Rising healthcare costs:** The shock of escalating healthcare costs in the U.S. is felt in every American household and by every company. This has prompted more and more Americans to seek low-cost treatment alternatives such as medical travel. According to the National Coalition of Healthcare, healthcare spending in 2007 reached \$2.3 trillion and is forecasted to reach \$3 trillion in 2011. Medical premiums are also increasingly soaring well above the general rate of inflation (medical insurance premiums increases for 2009 will average 9 percent). Due to higher co-pays and deductibles, American employees are now being forced to take greater financial responsibility for their own healthcare, even if they have some form of healthcare coverage through their employer.
- **Availability of first-rate healthcare internationally:** There are now hundreds of hospitals around the world that are accredited by the Joint Commission International (JCI), an arm of the U.S. hospital-accrediting body, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Furthermore, these hospitals have leading-edge technology; nurse-to-patient ratios exceeding U.S. standards; U.S./U.K. or equivalently trained and Board Certified physicians; medical staff that is fluent in English; as well as affiliations with prestigious U.S. medical universities, such as Harvard Medical, Johns Hopkins, Cleveland Clinic and others.
- **An aging America:** The utilization and demand for surgical procedures are increasing due to the aging of America. The first wave of the 80 million baby boomers heading towards retirement, also known as the "Silver Tsunami" phenomenon, will result in a significant population shift and burden in healthcare expenditures. Lawmakers and experts say that it will affect every aspect of municipal government, including transportation, health services and public safety. This represents a significant strong and growing market for both cardiac and orthopedic procedures, which are offered in many high quality international hospitals at a fraction of the cost than within the U.S.

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- **Increased demand for Consumer-Driven Health Plans (CDHP):** CDHP is fundamentally about empowering healthcare consumers with control, choice, and information. A consumer-driven healthcare model requires that consumers have access to adequate information about healthcare provider price and quality so that they can make more informed healthcare decisions. Such health plans are designed to give patients greater command over expenditures because most costs will be paid directly using a tax-advantaged account. Employers, health plans and policymakers all recognize that unless consumers are more engaged in decisions about their health and the costs associated with those decisions, costs will continue to soar.
 - **President Barack Obama's Healthcare Reform Plan:** With the incoming administration of President Barack Obama, the availability of quality and affordable healthcare for all Americans is at the top of the agenda. This will result in healthcare reform policies that strengthen employer coverage, make insurance companies accountable and ensure patient choice of doctor and care without government interference. As a result, we can expect to see the increased availability and adoption of alternative healthcare benefit options like global healthcare networks.
 - **GASB 45 and the public sector:** GASB 45, an accounting-rule change adopted in 2004 by the Government Accounting Standards Board, requires local governments, quasi-governmental entities and other public sector employers to immediately disclose their retirees' healthcare expenses for the next 30 years, thus further fueling demand for cost-effective healthcare plan options.
 - **Growth of ethnic populations in America:** Global medical travel is growing in its appeal as ethnic populations in the U.S. with family ties in foreign countries increases. According to U.S. Census Bureau projections, ethnic Americans will represent close to half of the U.S. population by 2050, with among the fastest-growing ethnic populations being Hispanics and Asian Americans (including Asian Indians).

A combination of factors has led to a substantial increase in popularity of medical travel; favorable clinical outcome results in accredited hospitals, the high cost of U.S. healthcare, an increase in the dollars that the patient is responsible for in their healthcare expenses, the ease and affordability of international travel, significant improvements in technology, hospitals, physician and nurse training, and overall demonstrable improvements in transparency, measurement and quantification in the standards of care available globally.

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For media inquiries and interview requests contact Rachel Neppes at 619.231.9977 x306 (office); 619.405.3917 (cell); or racheln@berkmanpr.com



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World Headquarters 591 Camino de la Reina, Suite 407, San Diego, CA 92108 | (619) 704-2000 | www.satoriworldmedical.com