



Medical Travel & Digital Health News



Post-Covid Surge in International and US Domestic Medical Travel

Issues and Answers for Self-Insured Companies and Group Underwriters

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Laura Carabello

CPR Strategic Marketing and Communications
Executive Editor and Publisher
Medical Travel Today & Digital Health News

US Healthcare Crisis

- Cost exceed 17% GDP -- \$3 trillion
- Health coverage costs will jump around 5.2 percent in 2022*
- Healthcare benefit now about 12% of an employee's pay
- \$1,500 - \$2,000 per GM automobile
- Hampers competitiveness
- Impacts recruitment amid worker shortages



Source: Willis Towers Watson's 2021 Best Practices in Health Care Survey; <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/health-plan-cost-increases-return-to-pre-pandemic-levels.aspx>

Managing Healthcare Costs

Employers are ready for cost containment solutions
based on

PATIENT-CENTERED QUALITY CARE,

while maintaining budget-conscious, bundled pricing.



Overview: Travel for Treatment

- **2020:** estimated **290,000 Americans** went **abroad** for dental and medical procedures.
- **2019: estimated** 780,000 sought outbound services.
- **2021: about** 650,000. traveled outside the US
- Medical travel has largely rebounded to pre-pandemic levels while spending has **increased 20% to 50%**.
- Americans are traveling abroad to save anywhere from **50% to 80%** on **medical and dental** procedures.
- Medical departures account for about 15% of total U.S. outbound business -- 100,000 or more Americans travel each year to Mexico alone.



Top Treatment at Centers of Excellence

Dental treatment

Cardiovascular treatment

Orthopedics treatment

Bariatric surgery

Fertility treatment

Eye surgery

Rx travel and general treatment

Children's Medical Care

COMPETITIVE MARKET

Popular Medical Travel Destinations



- Latin America
 - Mexico
 - Brazil
 - Costa Rica
 - Caymans
 - Panama
 - Colombia
- Europe
 - Germany
 - Spain
 - Poland
 - Turkey
- Asia
 - South Korea
 - India
 - China
 - Thailand

Mexico: Top Medical Tourism Destination for Alternative Treatments

- Over one million people traveled to Mexico last year for affordable or alternative medical procedures.
- Most from the United States, where healthcare costs keep rising.
- Unconventional cancer treatments, which are either too expensive or not approved are a draw.
- Mexico's medical tourism generates over 3 billion dollars a year.
- Expansion of new clinics and health facilities are currently under construction.
- Medical professionals caution patients to be careful in choosing their medical facility.
- Safety is a big concern

Source: Al Jazeera's Manuel Rapalo, Tijuana, Mexico.

SIMNSA Health Plan- Mexican HMO

- First licensed by the California Department of Managed Care.
- Comprehensive network on border cities of Tecate, Mexicali and Tijuana.
- Access to more than 200 physicians across the U.S.- Mexico Border.
- Used by US insurers including Aetna, Cigna, HealthNet, and Sekure
- Principles:
 - Quality
 - Accessibility
 - Affordability
 - Cultural Sensitivity



Ashley Furniture Industries, Inc.

A Case Study:

- Seeking high quality, affordable healthcare for employees' joint replacement surgeries.
- Surgery travel program designed as a carve-out.
- Patients travel to Cancun, Mexico and Costa Rica for surgery.
- Satisfied employees use word or mouth to promote program.
- Overwhelming positive employee response.
- Many return for second surgeries.
- **Savings:**
 - Patients: 100%**
 - Ashley: 50%**



Source: Marcus Gagnon, Benefits and Wellness Mgr., Ashley Furniture Industries, Arcadia, WI

Cost Savings

WHY

Other countries can charge less because of lower pay to physicians and other health care workers, much less overhead because patients pay cash and subtraction of the substantial cost of malpractice insurance.

- Savings between 50% - 80% of cost in the U.S.
 - Exchange rates, Inclusions, Exclusions
- Pricing Considerations:
 - NEVER choose surgeon & hospital solely based on price.
 - Safety, quality and service equally important
 - Find the best VALUE not price.
- Hip – Local \$40,000, 100 miles \$30,000, abroad \$20,000
- Use a qualified facilitator

Domestic Medical Travel

- Focus on cost and quality
- Hospitals forced to a new level of competition
 - Excess capacity requires filling beds at reduced rates
 - Cost and efficiency equal survival
 - Mayo Clinic, Johns Hopkins, Cleveland Clinic
 - Coronary bypass: \$100,000 US, \$ 8,500 India, \$32,000 DMT
- Pioneers: Lowes and Pepsico – savings 20-30%
 - No deductible, no travel expenses for 2, plus a cash bonus
- Fifteen percent of Fortune 50 now offer DMT

Direct Contracting

- Direct arrangements with a provider organization — typically a large health system or provider network — accountable care organization or clinically integrated network
- Unique opportunity to gain control over both the quality and the escalating cost of health care benefits.
- Entire spectrum of health care services or tailored to a specific subset of services, such as joint replacement surgeries, cardiac catheterization procedures, transplants or other high-volume, high-cost procedures.
- Companies design benefit offerings that are custom-tailored to meet the specific needs of its employee population.
- Include key negotiated terms on which the provider will provide and manage the provision of care to the employer's employees and dependents.

Benefits of Direct Contracting

- Rather than pay premiums to a commercial payer/third party traditional health insurer and accept unknown carrier network pricing, employers designate these select providers to be their preferred points of service for employees' healthcare needs,
- Contracts ranging from fee-for-service, risk-based (using capitation or other global payment methods), service level agreements and in some cases, medical tourism programs to access care outside of local or regional delivery system.

Travel Surgery Benefit Programs

Self-Funded Companies

- Joint replacements
- Spine
- Bariatric surgery
- Heart
- Transplants
- Pain management
- Cancer

Large High-Profile Companies include:

Walmart, Lowe's, Boeing, McKesson, PepsiCo, ALCO, JetBlue

Medium-sized Companies Seize the Opportunity

- 140,000 Employers with Fewer than 5,000 lives
- Nine times bigger than total of large companies
- Seeking opportunities to reduce healthcare costs
- Growing interest in Travel Surgery Programs

What Employers Want

Excellent Patient Experience Throughout Continuum of Care:

- Value and Quality
- High Performance Networks & Providers
- Improved Outcomes
- Bundled Pricing
- Cost Containment
- Transparency Pricing
- “0” Infections
- Lower Re-admissions
- Reporting & Benchmarking

What Employers Want

Relief from Hyper-Inflated Patient-Pay Portions and a Seamless Surgical Travel Experience

- Patient-Centric, High Quality Care
- Pre- and Post Surgical Planning
- Coordinated Follow-up Care
- Expedited Paperwork, Records Transfer
- Individual Attention and Information
- Travel Companion Programs
- Local Contacts at Destination
- 24-Hour Access to Care

ACCREDITATION: International Tipping Point

- Provider Business Group on Health – looking at Centers of Excellence outside the U.S.
- The Leapfrog Group – Quality and Safety
- Joint Commission International – now more than 1,000 international hospitals





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LAURA CARABELLO

Principal and Founder

CPR Strategic Marketing Communications

lcaravello@cpronline.com