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## Prescriptions

Making Sense of the Health Care Debate

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### Looking Abroad for Health Savings

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Saeed Khan/Agence France-Presse — Getty Images Bumrungrad International Hospital in Bangkok is a common destination for “medical tourism.”

No matter what Congress does with health care legislation in the next few weeks, one thing is already clear: the result will not do much to control the climbing costs of medical care in the United States.

And that is why many employers and insurance companies may seek savings by encouraging patients to travel abroad for treatment.

Offshore medical care is usually significantly less expensive than in the United States, and the wait times are often shorter. A heart operation that might cost \$130,000 in this country could cost \$18,500 in Singapore or \$10,000 in India.

Estimates of the number of Americans traveling abroad for treatment — “medical tourism,” some call it — vary widely, from 75,000 to 750,000 last year. But many experts consider it a growth industry.

Paul H. Keckley, executive director of the Deloitte Center for Health Solutions, forecasts an annual growth rate for medical tourism of 35 percent starting next year, which could reach 1.6 million patients by 2012.

“This is driven by the reality of health care costs, increased premiums and the mobility of the work force,” Mr. Keckley said, “and it’s becoming more understood and accepted. There’s nothing in the current health reform bills that decelerates the cost of care, so that contributes to the appetite that people have.”

For years, most of those who sought treatment overseas had no insurance. But today, medical tourists include people with insurance who are trying to avoid an increase in their premiums, as well as those who want procedures not available in the United States.

And while they typically have traveled for dental care or cosmetic surgery, medical tourists now go abroad for procedures as diverse as heart surgery, surrogate pregnancy and knee and hip replacements.

### Travel Agents

Offshore providers are trying to enhance their reputations by working with reputable

American medical centers. But the biggest spur to medical travel may be the active encouragement of the medical tourism industry — the overseas providers, as well as domestic brokers who arrange all of a patient's treatment and travel.

This industry is prodding insurance companies and employers to build or consider building incentives for offshore treatment into employee benefits packages. Incentives include the cost of airfare for the patient and a companion, hotels, all out-of-pocket expenses and sometimes even cash.

“The industry is poised to expand, and they are really going after insurance companies and employers,” said Judy Dugan, research director and health policy advocate for Consumer Watchdog, a nonprofit, nonpartisan consumer advocacy group in California.

“That's where the money is,” Ms. Dugan said. “They see that as the way to get a much larger market.”

The industry push comes as health care costs continue to climb about 8 percent annually and as employers seek deeper and deeper savings.

“This is fruit just waiting to be plucked,” Ms. Dugan said, although she advocates caution until more outcome data are available and some recourse is available to patients if things go wrong.

Large employers especially are interested in offshore treatment, Mr. Keckley said, in part because the bills in Congress would not allow them to participate in the new insurance exchanges, or marketplaces, that may be established. Such exchanges, and the possibility of competition among commercial insurers from a government-run plan, could lower insurance costs for individuals and small companies.

But “if you're a company with more than 100 employees,” Mr. Keckley said, “you have to fend for yourself.”

Among employers that have embraced the medical tourist concept is Hannaford Brothers, a supermarket chain based in Maine, with 27,000 employees in five states. Two years ago, the company offered to send its employees needing knee or hip replacements to Singapore. The medical costs would be so low that the company would pay the employee's insurance co-payment of about \$2,500 and the travel expenses for the employee and a spouse or companion.

The move attracted the attention of hospitals in Maine and Boston, and they offered to match the Singapore price. Michael Norton, a spokesman for Hannaford, said that none of the employees had traveled overseas for the operation, but that 10 had had it performed in the United States.

### **Competition's Effect**

That raises the question of whether competition from providers abroad might have the unexpected effect of lowering medical costs in this country. But Marco D. Huesch, an assistant professor of business administration at the Fuqua School of Business at Duke University, said that was unlikely for now.

The numbers of patients are still too small to make much difference, Professor Huesch said, and despite the emergence of medical tourism brokers, there is still little transparency on pricing that would allow comparison shopping.

“Consumers can estimate the cost of a Honda within \$1,000,” he said, “but they have no clue about the range of costs of medical services.”

The real value of treatment abroad, in Professor Huesch’s view, is that it might show how modern medical systems are developing from a blank slate in some other countries — and avoiding, at least for now, some of the practices that have encumbered the American system.

“What can we learn about the way they operate hospitals and do insurance and financing?” he said. “Those innovations could have longer-term benefits for the U.S. health system.”