Medical tourism in the eyes of insurance companies

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Introduction

• Global medical trend
  • 4 million medical tourists; $100 billion by 2012 (Piazolo and Zanca, 2010; Herrick, 2007)

• In the U.S.
  • 15 million American medical tourists by 2017 (Piazolo and Zanca, 2010)
  • Several insurance companies already participated
Advantage

Disadvantage
Advantages to join MT

• Increased demand for MT
  – 540,000 (almost 50% of medical tourists worldwide) in 2008*; 648,000 in 2009 (BCBSA, 2010; BCBSA, 2009).
  – Five times higher after ten years (Kramer, 2010).
  – Driving forces:
    – Long waiting list; restricted procedures in the home country; tourism & vacations; privacy & confidentiality; information technology; increasing # of MT companies; increasing # of insurance companies joining MT
Advantages to join MT

• **Cost**
  - Lower medical cost – heart bypass: $210,842 in the U.S.; $10,000 in India; $12,000 in Thailand; $20,000 in Singapore (Herrick, 2007).
  - Low extra cost (traveling cost)

• **Legal environment**
  - Government policy on MT
    • West Virginia, HB4359 (HB2841), 2006.
    • Colorado, HB07-1143, 2007
  - Reduced risk of legal liability in the U.S.
    • Health Insurance Portability and Accountability Act of 1996 (HIPAA)
Advantages to join MT

• Quality and liability
  – Facts
    • Health care quality in developing countries > minimum required in developed countries (Forgione and Smith, 2006).
    • India: nearly 15,000 heart operations with 0.8% death rate in surgery (Kramer, 2010).
    • Greater number of nurses per patient (Horowitz and Rosenweig, 2007)
  – Accreditation from international organizations (JCI; TAS; ACHS)
  – Board-certified physicians
    • International alliances (JHU in Singapore)
    • Medical education (DU with NUS; CU in Qatar)
  – Advanced medical technology & treatment (exp. Tooth in eye surgery in Singapore)
Disadvantages to join MT

• Limited demand
  – “Only highly motivated individuals”
    • Quality or outcome may not be highly considered
    • SIGNIFICANT savings (>50%) (BCBSA, 2010)
  – Limited eligible patients
  – Opportunity cost – employees

• Cost
  – Generate cost savings (if >$25,000)
  – Deducted savings - travel cost; extra labor cost; health plan incentives; risk cost (travel, quality, legal issue)
Disadvantages to join MT

• Quality, accreditation and liability
  – Unprofessional physicians; poor and old devices; unreliable medical sources; unethical medical brokerage

• Travel risk (long flights; possible infections; the condition of a country)

• Legal environment (lack of legal remedies for malpractice & legal protection of privacy)

• Continuity of medical care
Disadvantages to join MT

• Ethics
  – Medical tourism brokerage (flaw promotion)
  – Insurance company
    • organ transplantation market - Unrelated donors (health, social status, finance)
    • Abortion (legal, but with limitation or “trigger laws”)
    • Euthanasia (illegal in all states; PAD is legal in the states of Washington, Oregon, and Montana)
Conclusion

- Advantages & disadvantages on similar aspects (demand, cost, quality, and legal environment)
- Insurance companies need to be conservative and critical in deciding to join MT
  - Company profile evaluation and industry analysis (PEST & SWOT)
  - Consideration of ethics
  - Other consideration: new health reform


