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Medical Tourism: Weighing the Benefits and Worries

FOCUS ON PUBLIC HEALTH POLICY

Our presidential election is only days away. Forty-eight million people in America are uninsured and healthcare costs are arising two to three times faster than our nation's GDP. Where will America's healthcare system be in 5 years? Welcome to ReachMD's monthly series, Focus On Public Health Policy. This month we explored many questions facing healthcare today.

If you as health professional stop the movement by consumers and patients towards medical tourism was a passing fad, think again. It is on the verge of becoming even more global. Welcome to the Clinicians Round Table on ReachMD XM157, The Channel for Medical Professionals. I am Bruce Japsen, the healthcare reporter for the Chicago Tribune and with me today is Dr. Devon Herrick. Dr. Herrick is a senior fellow at the National Center for Policy Analysis. Dr. Herrick is a healthcare economist specializing in such issues such as empowering patients, smart shopping for prescriptions, Internet based medicine, consumer driven healthcare, and innovative medical care providers. He has been quoted widely in the media. He has also been contributing his own articles as contributing editor of Healthcare News and his work has also appeared in Business Economics, The Washington Times and The Journal of American Physicians and Surgeons. He joins us today from the National Center For Policy Analysis' office in Dallas, Texas.

MR. BRUCE JAPSEN:

Dr. Devon Herrick, welcome to ReachMD XM 157, The Channel for Medical Professionals.

DR. HERRICK:

Well, thanks for having me, Bruce.

MR. JAPSEN:

Well, its great to have you here because this whole idea of medical tourism is really starting to take off. I mean I get a lot of e-mails and have had guests on the show, companies and people that are pushing this, but I do not think people realize just how big this is.

DR. HERRICK:

Well, it has been growing by leaps and bounds, I think. For example, a recent study by the Lloyd estimated about 750,000 Americans went abroad for some type of care last year and they are projecting that it could actually go up to, I want to say around 6 million by 2010.

So, that is a significant growth rate.

MR. JAPSEN:

And what is driving people to seek care abroad? I think when this started I sort of think of my aunt and uncle from Burlington Island, who have a place in South Padre Island, who would go across the border into Matamoros for some cheap drugs, but it is beyond that and what kind of people are going over there? Are they uninsured, are they elderly people who may be do not have, of course they have drug coverage now, who are these people and why are they going?

DR. HERRICK:

I think it is many of the people you mentioned. For example, I live in Dallas and I have been to South Padre and I had gone across the border to Matamoros and bought drugs before. But you know, <_____> South Texas has a significant number of what we call Winter Texans and retirees that like to come from the cold climate in the North to spend the winters in Texas and a lot of the medical tourism that currently exist is people crossing across this border, especially to Mexico, but also there is a lot of people that are either they are uninsured or they are under insured and I have a health need and I look at the cost domestically and I think we can do <_____> when going deeply in depth or if can I find a high quality healthcare facility abroad where my total cost might be say less than $10,000 for a heart bypass and so, I think that savings is driving a lot of it and that is also making insurance and health plans to take notice.

MR. JAPSEN:

I think that there are even some concerns by the American Medical Association and others where employers in this country, in the United States, are actually encouraging some of the workers to seek care abroad. Are you finding that in your research?

DR. HERRICK:

Well, I am not finding a lot of anecdotes of companies that have had actually paid workers to go abroad, but I am finding a lot of anecdotes of companies that are very interested over health plans or insurance companies that are interested in knowing more on how might this work, how might you know what could they do to offer workers. The option cannot force them, but offer them the option. I mean an example where people often times talk about is Blue Ridge Paper. Several years back, they offered one of the workers the option of going abroad to seek care.

MR. JAPSEN:

Where is Blue Ridge Paper from?

DR. HERRICK:

I want to say it is in South Carolina or North Carolina, but the bottom line was they had a worker who wanted to do it, who was doing to lower his cost sharing substantially, but at the last visit the union stepped in and said no we are not going to allow this. So, that was the case where workers were willing to do, they wanted to do it because they wanted to keep their cost sharing at a level they could afford and due to labor relations, they were all prevented. I think in the future, you will see more of these arrangements and increasingly I am

hearing about firms, Hannaford in Maine that is offering these options to the workers.

MR. JAPSEN:

And I assume what would they be wanting them to seek? I mean I guess one of the things that would be of concern to me as a patient and certainly the medical community would be okay, where are you going to encourage people to go and what has to be set up and we have to have some sort of quality for people to go overseas or Canada or even Mexico? I would think that they would want to know a lot of information about this.

DR. HERRICK:

Absolutely. I mean you would never just tell your worker, you know, go somewhere, we will reimburse you. No, there are intermediaries that actually have various hospitals, almost like the third world party networks, you know they make sure the hospital is good, that the doctors are good. For example, Apollo Group in India, Wockhardt in India is actually affiliated with Harvard International, Punta Pacifica in <_____> Costa Rica is partnered up with John Hopkins and or even Bumrungrad in Thailand. You would want to go to a facility with an international reputation and have the vision since many of whom actually tried in the US. If you know that you are getting the same quality you would get at home, I mean, it would not be liked wide we suggest to go somewhere and we will pay you back.

MR. JAPSEN:

Well, you bring up an interesting point when you were talking about places like Giants, Hopkins, and Harvard. Now, why would they want to establish something that would seem to take business away from them? I mean are they sort of willingness as they want to be treating ex-patriots or they want to just establish, they want to go where the business is much like McDonalds would go to a blooming company in China or so forth and not really seeing the reasoning here. I hope you can explain it to me.

DR. HERRICK:

There is actually quite a bit of examples on Cleveland Clinic has facilities that either manage or own abroad, Mayo Clinic, I think also. In fact down the road for me in Dallas there is International Hospital Corp, which has facilities in Brazil, Mexico, and Latin America. There is Christus Muguerza, in Irving down the road from me that is cooperating and partnering with firms and in Monterrey, Mexico. But the reason these firms are doing this is some of them are wanting to attract business, as a business opportunity, some of the big name companies, who are trying to create international brands as healthcare becomes more globally competitive today wanted to be the Coca-Cola, so to speak in healthcare.

MR. JAPSEN:

Yeah, that is fascinating and so are they able to have lower cost? I would assume they would have lower cost overseas. Otherwise, they would not be competitive.

DR. HERRICK:

Oh absolutely. I have analyzed why can some of these hospitals that have high quality, but much lower cost. Well, one of the reasons is lower cost of labor. A physician in India, for example, only makes 40% as much of a physician in the US. Now a nurse in India, would make may be, you know 1/10 to 1/20 as much and now that the orderly the semiskilled labor and the manual labor are even less

expensive compared to their US counterparts. There is fewer cost subsidies. There is less third party payment and the accompanying bureaucracy required for that, but in many cases, because they are competing for patient dollars, they have kept streamlined of these operations.

MR. JAPSEN:

When you think about a global economy, this makes it sound it is more than just some senior citizens, who wants to get a chief hip replacement going to Thailand and/or Mexico.

DR. HERRICK:

I think that is definitely true. I mean in fact, you know in many other industries that we can assume goods and services global competition is a norm. I mean, if you go to Maytag, for example, the washer or drier you buy, the chips have been made in Asia, the subassembly may be put together in Mexico, the pump or the motor may be in the US, but it might go to a variety of countries, but the local domestic manufacturers out source these products could be the most competitive they can be. Your local hospital would not, you know ordinarily would not advise you, okay we can provide the same service cheaper plane right away, but healthcare is going global and it is much more common in Europe. For example, people who routinely cross national borders for holidays or healthcare or what have they.

MR. JAPSEN:

That is an interesting question because if they are going to Europe, is this something that US provide…

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