



Health

Outsourcing Your Health

Allison Van Dusen, 05.22.07, 6:00 PM ET

When 56-year-old Ward Styner found out he needed a new hip last summer, he did what any logical, uninsured American would do. In pain while selling used cars in Yakima, Wash., he got on the Internet and searched the phrase "free hip replacement."

Styner didn't have the surgery for free. But he only paid \$15,000--a quarter of what he was quoted at a local hospital--by traveling to Malaysia, and the Gleneagles Medical Centre Penang, through the medical tourism agency MedRetreat.

With more than 45 million U.S. citizens lacking health insurance and no end in sight to the rise of health care costs, Americans are increasingly turning to places like MedRetreat to help them outsource their health care to hospitals in India, Thailand, Turkey and Singapore. It's estimated that 150,000 foreigners sought treatment in India alone in 2004, and that number is growing by 15% a year, according to the international independent consulting firm Oxford Analytica.

In Pictures: 10 Hospitals Worth The Trip

While Americans might not associate developing world hospitals with high-quality care, and there have been horror stories about botched procedures, patients willing to fly across the globe stand to gain. On top of thousands in savings, medical tourists' fees may include assistance from a concierge, lengthy hospital stays, rehabilitation and sometimes sightseeing tours. High medical staff-to-patient ratios are common. And doctors, who may provide services not approved by the Food and Drug Administration, sometimes have U.S. degrees.

Medical tourism agencies are expecting this year to be big, as word spreads and the insurance industry warms to the idea of offering low-cost overseas procedures as options in employers' benefits packages.

"I wouldn't be surprised if 10 years from now, a majority of large employers' health plans had added non-U.S. hospitals to hospital networks serving U.S. enrollees," says Dr. Arnold Milstein, chief physician and national health care thought leader for Mercer Health & Benefits.

In 2006, PlanetHospital, a Malibu, Calif.-based agency, worked with 500 patients, 65% of whom were American. This year, founder Rudy Rupak Acharya expects to serve 5,000. Several insurance companies have approached him about collaborating, and he's turned to Mercer for financial advice on servicing a Fortune 500 company.

The Illinois-based MedRetreat, which served 250 clients in 2006 and expects that number to quadruple this year, aims to offer services to self-insured companies for procedures over \$6,000. It's also negotiating with small insurance companies to offer packages through employers' health plans to people for a handful of procedures, such as in orthopaedics, says Patrick Marsek, MedRetreat's managing director and co-founder.

While in the past couple of years cosmetic procedures not covered by insurance have dominated the medical tourism market, now orthopaedics, gynecological and heart procedures are all picking up.

As for the tourism side of the business, Marsek says he downplays it to customers.

"We give people information about what to do and tell them they don't have to book it today," he says. "They should wait and see how they feel."

GlobalChoice Healthcare, based in New Mexico, doesn't offer sightseeing assistance or even use the term medical tourism, instead calling itself a medical travel company. It already has one insurance company committed and expects more to follow. The company wants to become the "Expedia" of health care, letting people decide where to be treated based on cost and location, says CEO and founder Ken Erickson. For every million people in a health maintenance organization, Erickson says GlobalChoice's services could represent \$75 million a year in savings.

It's hard to estimate how many Americans are outsourcing their health care and what impact it's having on the country's health care system. National health organizations say hospital administrators are aware of the trend, but aren't noticing drops in demand for certain procedures. Pat Schoeni, executive director of the National Coalition on Health Care, says

medical tourism likely appeals to a particular group--those who can still pay thousands for a procedure but can't afford insurance.

"Are hospitals worried that millions of patients are going to be going somewhere else? No," says Rick Wade, senior vice president for communication for the American Hospital Association. "I think it disturbs them to see that it's come to this in this country."

Milstein predicts off-shore competition for nonurgent surgeries, such as major joint replacement and heart procedures, is going to start affecting U.S. prices. In some places, it's already happening. GlobalChoice Healthcare is teaming up with Rapid City, South Dakota-based Black Hills Surgery Center, which plans to offer knee and hip replacements for under \$20,000 each, Erickson says. Elsewhere in the U.S., the operation can cost more than twice that. "They said, 'We want to compete,' " Erickson says of the center.

PlanetHospital is looking to work with Global Heart, a new Austin, Texas-based group that works with domestic and international hospitals to secure low prices for the uninsured. Dr. Rodney Horton, a cardiologist, founded Global Heart after listening to patients complain about not being able to get straight answers from hospitals about procedures' total costs before going under the knife. Global Heart prenegotiates fees with hospitals and providers for every service required and clients pay upfront. Horton estimates saving patients at least 50% on most procedures.

Acharya hopes teaming up Global Heart will help PlanetHospital fulfill his mission of not just being a medical tourism agency, but the "IMG of doctors" around the world, including the U.S.

Of course, medical tourism is a two-way street. Foreigners have long gone out of their way to come to the U.S. for the best medical care, and despite an increase in difficulty obtaining visas post Sept. 11, 2001, they continue to do so. For instance, between 2002 and 2005, the Cleveland Clinic had double-digit growth in the number of foreign patients it treated.

But for the uninsured, who often can't afford care here, outsourcing is a growing option. Just ask Ward Styner. "This reflects the fact that Americans' health care costs per person are twice what they are in any country they're competing against," Milstein says. "And there's not a lot of evidence that they're getting more health care as a result."

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