



Your International Healthcare Network

## What Does Medical Tourism Mean For US Companies: Benefits to Employers and Employees

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# Statistics to Consider:

- ❖ By 2050, more than 50% of the people living in the US will be of ethnic origin. \*
- ❖ Deloitte 2008 Survey of U.S. Health Care Consumers found that 51.4% of Hispanics and 56.8% of Asian Americans would consider having an elective procedure in a foreign country.
- ❖ It is expected that orthopedic surgeries will grow as the baby boomers age. A recent study released at the annual meeting of the American Academy of Orthopedic Surgeons estimates that knee replacement surgeries over the next 25 years will grow by 673%.
- ❖ Since 1999, employment-based health insurance premiums have increased 120 percent, compared to cumulative inflation of 44 percent and cumulative wage growth of 29% during the same period. \*\*

\* Medical Tourism Magazine

\*\* National Coalition on Health Care



# Terms

- ❖ **Major medical insurance** is a form of health care coverage that provides benefits for most types of medical expenses that may be incurred. Offering more complete coverage with fewer gaps, major medical insurance covers a much broader range of medical expenses with generally higher individual benefits and policy maximum limits.
  - ❖ Fully Insured Plans
  - ❖ Self-Funded Plans (Larger employers)
- ❖ **Mini-Medical/Limited Medical Plans** are lower cost alternatives to major medical insurance. These plans usually include capped benefits meaning there are specific maximums attached to the benefits. For example, a plan might pay \$60 for a doctor's visit and \$1,000 for a night in the hospital. In capping specific benefits, carriers are able to offer a lower cost plan.
- ❖ Fee-For-Service, Managed Care, Consumer Directed Health Plans



# Fully Insured Plan

Insurance Carrier receives a premium from the employer and takes on the following:

- ❖ Risk for all claims
- ❖ Benefit Plan Design
- ❖ Claims adjudication
- ❖ Administration
- ❖ Hospital/Doctor network
- ❖ Customer Service



## What is Self-Funding

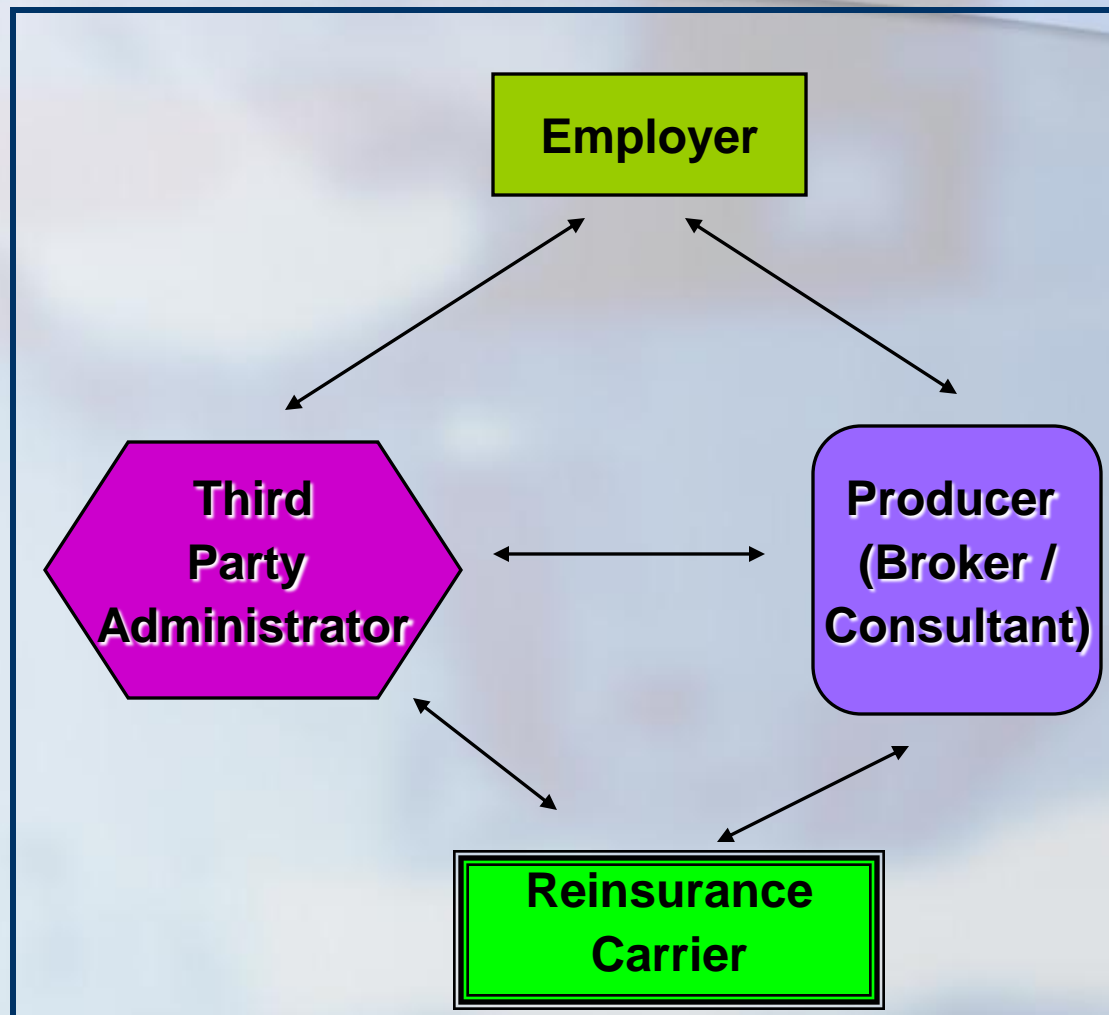
- ❖ Self-funding is an alternative funding arrangement to provide group and medical reimbursement
- ❖ The employer group assumes direct financial responsibility for the costs of the benefit plan
- ❖ The employer may purchase stop-loss coverage to protect the plan in the case of very high claims



# Self-Funding Model

Employer selects the services of:

- Third party administrator (TPA) or administrative services only (ASO) carrier
  - claims adjudication
  - administration
  - benefit plan design
  - managed care networks
  - other service vendors
- Reinsurance carrier for stop-loss coverage
  - specific coverage
  - aggregate coverage





# US Health Care Evolution



Fee-For-Service	Managed Care	Consumer Directed Health
Indemnity Plan	HMO Plan	High Deductible Plan
Freedom to choose Dr	Care is directed by a Primary Care Physician (PCP)	Consumer "shops" for their care based on cost and quality
% reimbursement	Copay	Consumer pays until deductible and/or maximum out-of-pocket is achieved



# Sample Cost Savings

Procedure	Normal US Retail Medical Cost	International Medical Cost	Potential Savings
Heart Bypass	\$130,000	As low as \$12,500	\$117,500
Angioplasty	\$57,000	As low as \$5,000	\$52,000
Knee Replacement	\$40,000	As low as \$10,500	\$28,000
Hip Replacement	\$43,000	As low as \$11,000	\$32,000





# Self-Funded Health Plan

## Example A: High Deductible Plan - Total Knee Replacement

<b>Employee Plan Coverage:</b>			
Family Deductible:	\$4,000		
Coinsurance:	80%		
Out of Pocket Max:	\$8,000 *		
	<b>Average US Hospital</b>	<b>International Hospital</b>	
Medical Costs	\$40,000	\$10,500	
Air, hotels, meals		\$4,000	
<b>Total Costs</b>	<b>\$40,000</b>	<b>\$14,500</b>	
Employee Cost (Ded/Coinsur/Copay)	\$8,000	\$0	
<b>Employer Cost</b>	<b>\$32,000</b>	<b>\$14,500</b>	
<b>Employer Savings</b>		<b>\$17,500</b>	
<b>Employee Savings *</b>		<b>\$8,000</b>	
* Employer agrees to waive			



# Mini-Medical Plan

## Example B: Mini-Medical Plan Total Knee Replacement

### Employee Plan Coverage from Mini-medical Plan:

Hospital Admission Benefit	\$1,000	
Daily Hospital Confinement Benefit	\$1,000 per day	(2 days)
Surgical Benefit	\$5,000	
Anesthesia Benefit (25% of surgical)	\$1,250	

### Employee Costs:

	Average US Hospital	International Hospital
Medical Costs	\$40,000	\$10,500
Air, hotels, meals		\$4,000
<b>Total</b>	<b>\$40,000</b>	<b>\$14,500</b>
Plan Coverage	\$9,250	\$9,250
<b>Employee Total Costs</b>	<b>\$30,750</b>	<b>\$5,250</b>



# Advantages of Global Health for Insurers and Employers

- ❖ Decreases health care costs while maintaining quality benefits
- ❖ Expansion of consumer directed health
- ❖ Employers see this as an alternative solution rather than shifting costs to employees
- ❖ Elimination of Stop Loss claims
- ❖ Predictability of surgery costs because pricing is “fixed”
- ❖ Provides employees with health care value



# Advantages of Global Health for Employees

- ❖ Money saving alternative
  - ❖ No deductible, coinsurance, copay
- ❖ Money “stretching” alternative
  - ❖ Affordability of major surgeries
- ❖ Employee choice
- ❖ High quality of care
- ❖ Personalized care by nurses, doctors and hospital staff

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