



Using Self-Pay Management Systems to Manage and Promote the Growing Practice of Medical Tourism

An nTelagent White Paper

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Executive Summary

Globalization is affecting the healthcare industry in a dramatic manner, just as it continues to change other industries. Medical tourism---the rapidly growing practice of going to another country to obtain healthcare---is becoming a popular healthcare service delivery option, transcending U.S. reliance on first-dollar insurance coverage by making service and pricing options in other settings more attractive and affordable. As other countries continue to promote low-cost, high-quality healthcare services to potential patients, and as travel around the world becomes more common and affordable, the practice of medical tourism can only be expected to increase.

This white paper explores the need for healthcare service providers---both in the United States and worldwide---to begin allowing price transparency, price negotiation and discounting, package pricing, and front-end collections to facilitate insured and uninsured access to elective and non-elective medical care.

Implementation of a self-pay management system can accomplish these goals. Also discussed is the need for healthcare providers in the United States to more strongly position this country as a destination for medical tourists, focusing on our state-of-the-art medical facilities and technologies, high quality of care, and abundance of top-tier medical professionals.

Background

According to the Medical Tourism Guide (www.medicaltourismguide.org), medical tourism is the practice of a patient "outsourcing" healthcare services to an area outside of his or her home country. Medical tourism is not a new concept by any means; people have been traveling for treatments by healers and doctors for thousands of years.

In recent years, however, medical tourism has become increasingly popular, largely because obtaining quality treatments at affordable prices at home has become difficult for many. Medical travel is becoming more and more common as people realize its benefits, which include having the opportunity to travel to an exotic destination and reaping potentially large monetary savings. Many operations overseas cost a fraction of what they might cost in the United States, for example. Services typically include elective procedures, such as cosmetic surgery, as well as complex specialized surgeries, such as joint replacements (knee/hip), cardiac surgery and dental procedures.

Medical tourists can come from anywhere in the world: Europe, the United Kingdom, the Middle East, Japan, the United States, Canada and other countries. **Many residents of these countries embark on medical tourism journeys due to the high cost of healthcare at home, wait times for procedures, the ever-increasing ease and affordability of international travel, and improvements in technology and standards of care in many countries.**

An estimated 500,000 Americans traveled out of the United States to obtain medical treatment and dental work in 2005, and that number continues to rise. With places such as Costa Rica, the Dominican Republic, India, the Philippines and Thailand pitching their low-cost, high-quality care, Americans are expected to turn medical tourism into a \$40-billion-a-year industry by 2010, according to David Hancock, author of "The Complete Medical Tourist." (Source: Business 2.0, <http://money.cnn.com/2006/08/02/magazines/business2/medicaltourism.biz2/index.htm>)

The burgeoning industry is already spawning a brand-new business segment: medical tourism agencies. According to an article from Business 2.0: “Not only do these companies act as middlemen between patients and foreign physicians, but they also find hospitals, schedule surgeries, buy airline tickets, reserve hotel rooms, and, yes, even plan sightseeing tours for recovering patients. Most important, they aim to reassure customers that cheap does not equal poor quality.”

Just 10 years ago, medical tourism was hardly popular enough to be noticed. Today, that has changed. According to a 2005 University of Delaware article: “In monetary terms, experts estimate that medical tourism could bring India as much as \$2.2 billion per year by 2012. Argentina, Costa Rica, Cuba, Jamaica, South Africa, Jordan, Malaysia, Hungary, Latvia and Estonia all have broken into this lucrative market as well, or are trying to do so, and more countries join the list every year.” (Source: <http://www.udel.edu/PR/UDaily/2005/mar/tourism072505.html>)

Quality care at lower costs is clearly driving the trend. According to the above-mentioned article:

“For many medical tourists, though, the real attraction is price. The cost of surgery in India, Thailand or South Africa can be one-tenth of what it is in the United States or Western Europe, and sometimes even less. A heart-valve replacement that would cost \$200,000 or more in the U.S., for example, goes for \$10,000 in India--and that includes round-trip airfare and a brief vacation package. Similarly, a metal-free dental bridge worth \$5,500 in the U.S. costs \$500 in India, a knee replacement in Thailand with six days of physical therapy costs about one-fifth of what it would in the States, and Lasik eye surgery worth \$3,700 in the U.S. is available in many other countries for only \$730. Cosmetic surgery savings are even greater: A full facelift that would cost \$20,000 in the U.S. runs about \$1,250 in South Africa.”

Ruben Toral, Chairman of the Health Care Globalization Summit, has outlined the following predictions, paraphrased on the next page, about the future of medical tourism:

- **The term “medical tourism” will be replaced by “global care.”** The term “medical tourism” was not universally liked or accepted, especially by many in the international provider community. The term “global care” recognizes that globalization is significantly changing the way healthcare is bought, sold and delivered around the world. Medical tourism and medical travel are only small parts of this larger globalization process that will lead to more innovation, more choice and more direct consumer involvement. Information technology and the Web are flattening the world we live in, and healthcare will be just one more industry that will be flattened in the process. “Global care” recognizes that healthcare is changing from a locally to a globally delivered service; that it is moving away from a doctor-centric model; and that medium in which care is delivered is increasingly virtual, not physical.
- **Insurance companies will develop new “global choice” care plans.** These plans will offer a global

provider network consisting of top-quality international medical centers in Asia, Europe and Latin America for customers who want the option to travel overseas for specified medical services in exchange for lower premiums, co-pays and deductibles.

The real opportunity with these global choice plans is to bring affordability and the under-insured, the self-insured and small businesses back into health plan coverage. Individuals and corporations alike want more affordable options, and right now the insurance industry is focused on selling a high-cost, premium product that is beyond the reach of tens of millions of their customers. By adding new products that take advantage of global networks of providers, the insurance industry has a real opportunity to grow its customer base. Aetna, Blue Cross plans, United Healthcare and Towers Perrin are among many of the companies looking at options or deploying initiatives to offer a wider range of choice to their customers.

- U.S. providers will begin to look overseas for new business and expansion opportunities. U.S. healthcare providers are beginning to understand that global care is a two-way street, and they have a “world of opportunity” beyond their borders. **The United States is a recognized center of excellence in medicine, research, technology and education,**

and the global market--rather than a threat to the industry--offers endless opportunities for growth. By acting smart, U.S. healthcare providers can take a page out of the automobile playbook and begin developing global research and development, education and treatment platforms internationally, using their vast resources and brand power.

Why Medical Tourism?

Convenience and speed draw many patients to the option of medical tourism. For instance, countries that operate public healthcare systems are often so taxed that it can take considerable time for a patient to receive non-urgent care. Waiting times for a procedure such as a hip replacement can be a year or more in Britain or Canada. In Singapore or Hong Kong, though, a patient could feasibly have an operation the day after his or her arrival in the country.

Additionally, patients are finding more and more that their insurance plans do not cover certain surgeries (e.g., knee/hip replacements), or, if they do, they impose strict restrictions on the choice of facility, surgeon or prosthetics to be used. Also, a growing number of people in the United States are opting out of buying health insurance altogether because of the high expense of insurance premiums.

Interesting to note is that medical tourism for knee/hip replacements has emerged as one of the more widely accepted procedures because of the lower cost and minimal difficulties associated with traveling to and from the surgery. (Colombia provides a knee replacement for about \$5,000 USD, including

all associated fees such as FDA-approved prosthetics and hospital stay expenses.)

(Source:
en.wikipedia.org/wiki/Medical_tourism)

Finally, the negative perceptions once associated with medical tourism are fading. In places such as the United States, medical travel was at one time viewed as risky, due to our expectations of receiving the highest quality of care. All that has changed now, as many countries have realized the financial opportunities associated with providing top-quality care administered in state-of-the-art facilities by the most extensively trained medical staff possible. In addition, there are now organizations offering international accreditation to healthcare facilities, including Joint Commission International (JCI), the global arm of the U.S.-based Joint Commission on the Accreditation of Healthcare Organizations (JCAHO).

Coupled with the prospect of spending time in a luxurious, exotic locale, as well as the impressive cost savings, these factors make a strong case for medical tourism.

The U.S. Perspective and the Need for Self-Pay Management Systems

Opportunities abound for the United States to position itself as a popular medical tourism destination: U.S. healthcare providers offer high-quality care, world-renowned specialists, state-of-the-art technologies and facilities, short wait times for procedures, and an abundance of luxury destinations and tourist options for recovery time/vacations following medical treatments.

However, the United States is behind in seeking to become a destination for those in other parts of the world, largely due to the U.S. dependency on health insurance payors and lack of price transparency. Most healthcare services providers in the United States are simply not equipped to accept medical tourists from a pricing and billing point of view.

With implementation of a self-pay management system, however, healthcare providers in the United States---as well as worldwide---would be able to begin offering services to medical tourists in a comprehensive, streamlined manner. (“Self-pay” is the portion of the medical bill for

which the patient is responsible. This includes co-pays and deductibles for patients with traditional health insurance and the full medical bill for uninsured patients, such as medical tourists.)

Using proven information technology, a self-pay management system can provide the following: price transparency, price negotiation and discounting, package pricing, and front-end collections. **These factors benefit not only the healthcare provider, but also the potential medical tourist. With the growing trend toward the globalization of healthcare, offering price transparency will be essential in order to be competitive, as patients “comparison shop” among different providers, possibly across different countries.**

Self-pay management systems help to ensure that the cash portions of medical accounts are handled properly and consistently from the point of service. The system improves a healthcare provider’s revenue cycle process for those patients who must pay 100% of the

medical bill at the point of service, such as medical tourists.

Providers who cater to medical tourists must have a self-pay management system that can accomplish the following:

- Provide price transparency for buyers seeking to pay cash for services
- Offer flexible payment options and medical banking, which increases collections and allows a patient to budget for care
- Create discount policies that improve access and generate collections
- Allow registrars and financial counselors at the healthcare facility to offer reasonable terms
- Determine co-pays and deductibles for those with insurance coverage
- Screen for benefit qualifications and determine co-pays and deductibles if eligible for government benefits--- domestic or foreign
- Drive consistent policies by procedure and service type

Conclusion

The practice of medical tourism will continue to grow, given the rising cost of healthcare in industrialized nations, increasingly long wait times in nations with public healthcare systems, and the high standards of care now being offered in medical facilities across the globe.

Healthcare service providers---in the United States and worldwide---can benefit from this trend of medical tourism if they are able to attract and manage medical tourists both medically and administratively. Using a self-pay management system enables healthcare providers to compete for and attract medical tourists because it allows for price transparency, price negotiation and discounting, package pricing, and front-end collections.

Appendix: What the Experts Are Saying

John Kelly, MD, Former Vice President and Chief Medical Officer of Union Pacific Railroad

"Employees are increasingly recognizing that there are places outside of the U.S. where they can receive good care. As employees also see what the costs of care are, we anticipate there to be pressure from employees to have access to opportunities abroad."

Curtis Schroeder, Group Chief Executive Officer of Bumrungrad Hospital

"All of us are talking about the same things. Everybody has been asking the same questions we've been asking about the [global health care] industry, about the legal issues, about the practicalities, about the financial issues, about the leap of faith that American companies [and] American insurance companies are going to have to take--who will be the first entrants and how do we begin to work with them."

David Boucher, Assistant Vice President of Healthcare Services of BlueCross BlueShield of South Carolina

"In the flattening world of consumerism that we are seeing in medical care, we simply want to offer a global healthcare option. If folks want to travel, we want to make it easy for them and ensure that they go to quality hospitals overseas."

Ori Karev, Chief Executive Officer of UnitedHealth International

"[Healthcare] used to be very local, but today it is becoming a truly global phenomena. People are getting older all over the world. Diseases are the same--treatment, medication, procedures, even the patients are similar today. The first real trend we see is a desire to share information."

(Source: Healthcare Update News Source)

Appendix: The Benefits of Medical Tourism

According to the Medical Tourism Guide (www.medicaltourismguide.org), the following are 12 benefits of medical tourism:

- 1. Potential Savings** — The driving force behind the medical tourism market is the potential for savings. For those without insurance or those needing operations that insurance won't cover, medical tourism can be an affordable alternative to the skyrocketing costs of health care. Costs for major surgeries in the United States can run into the hundreds of thousands of dollars while the same surgery in a country like India or Thailand can be as little as a tenth of that. The cost differential isn't caused by a lack of quality, but because a good portion of health care costs in the U.S. are tied up in administrative and insurance costs. While there is a risk involved with not having a firm legal recourse if something goes wrong, you can at least know that your money is going towards your actual care rather than to shuffle some papers around.
- 2. Shorter Waits** — Even people who live in countries with public health care coverage often choose to take their treatment abroad because overburdened hospitals and doctors can have long wait periods for surgeries on conditions that are not life-threatening. While a bum knee might not be life threatening, it sure can make your life difficult and uncomfortable, and for some waiting months to get surgery simply isn't an option. In most countries where medical tourism is popular, wait times are almost non-existent. Patients can usually be scheduled for a surgery within a few days or weeks allowing patients convenience not available at home.
- 3. Quality** — If most people are honest, they will admit that the first place that comes to mind when they think of world class health care isn't India or the Philippines. Yet this is a bit of an unfair stereotype. Many of the countries where medical tourism has become popular have made significant investments in the industry to ensure that patients are happy and healthy. Many doctors have been trained abroad, and some are leaders in their fields. With careful research, it's possible to get the same if not better treatment abroad than you could at home.
- 4. Relaxing Recovery** — Traveling for medical treatment gives you the added benefit of helping yourself to a relaxing vacation while you're in recovery. Depending on the location you choose and the type of surgery you have, you could spend a relaxing week on the beach, a mountain resort, or just living it up in a luxury hotel. While it isn't advisable to party too hard after surgery, being away from home can give you a break from the stresses of everyday life and allow you to relax and concentrate on getting better.
- 5. Insurance Coverage** — While it isn't a guarantee, there are some insurance plans that will cover treatment that is performed outside of your home country provided that it isn't an elective procedure. More and more insurance providers are covering treatment abroad, as it saves them in costs as well.
- 6. You Can Bring Friends and Family** — Because of the reduced cost of treatment abroad, it can be completely feasible to bring others along and still spend less than you would have at home. This can help make foreign treatment less scary, and also provide a vacation for the whole

family. Some hospitals can even provide accommodation for relatives at less than the cost of a hotel.

7. Same Facilities and Equipment as Home — Because medical tourism is such a big industry, hospitals are making big investments in equipment and technology to help them draw more patients. Some hospitals have even made names for themselves as world class research centers. Essentially, there is little difference between these facilities and those at home. In fact, many top hospitals in medical tourism destination countries are associated with a well-respected hospital in the United States.

8. Package Deals — If you are unsure where to start when getting medical treatment abroad, package deals can be a great time saver. Many companies specialize in providing patients with not only their treatment, but vacations afterwards, travel to and from the airport and all of the accommodations needed. It can make travel much less stressful to let someone else do all the work. The best part about these kinds of deals is that even with all the extras, they can still be cheaper than treatment at home.

9. Surgical Options — While the most popular options with medical tourists are cosmetic and dental surgeries, the reality is that there is a growing market for a wide variety of procedures including heart surgery and orthopedic hip and knee replacements. Chances are good that if you need a particular type of care that there will be a surgeon specialized in it to help you out.

10. Luxury Accommodations — Many hospitals that cater to medical tourists are corporately owned and therefore are in staunch competition with other hospitals to draw you in to their facilities. This can be a real boon to patients, who benefit from private rooms and luxury accommodations that are often much nicer than they would be able to afford at home.

11. Service — Patients can usually expect a high level of personal care and attention from hospitals and clinics that are popular with medical tourists. Many have very low staff to patient ratios and many pride themselves on friendly patient relations.

12. Travel is Affordable — While fuel costs have risen in the past few years, air travel is still an affordable and relatively convenient way to travel. With the wide variety of websites that cater to getting you the lowest rate on flights and hotels, the costs of traveling to a foreign country can be nominal when compared to the savings from not having surgery at home.

About nTelagent, Inc.

nTelagent, Inc. has developed The Retail Application for the healthcare industry, called the Self-Pay Management System (SPMS). Similar to applications used in the retail industry at the point of sale, the company's proprietary, automated system tells healthcare registrars and financial counselors exactly what to do and what to say to each patient at the point of service regarding financial responsibilities.

Moving workflow to the front end of the revenue cycle, nTelagent helps providers ensure a better patient experience through clearer communication and better handling of patient accounts, while improving upfront and overall cash flow, receivables and profitability by reducing bad debt. Using non-credit scoring data, SPMS provides interactive scripts that integrate patient demographic information with each provider's business policies and rules.

The system allows for price transparency and automatically identifies discounting options, social services eligibility and charity care options when applicable, ensuring that patient financial accounting—for both insured and uninsured patients—is handled appropriately and consistently.

Visit www.ntelagent.com for more information.