



“Competition is Healthy”

How Medical Tourism is making changes in the US
Healthcare System

Presented By
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What Is Medical Tourism?

- Traveling to a non-domestic destination for QUALITY and AFFORDABLE Healthcare

Who Are Medical Tourists?

THE CONSUMER IS EVOLVING – RAPIDLY

Used to be the uninsured.

- Too rich for Medicaid and too young for Medicare.

Clients looking for innovations and unavailable care.

- Stem cell
- Transplants
- Prosthesis not avail in the US
- Surrogate pregnancy
- Proton Beam Therapy

Lately assisting the insured and insurers.

- Clients who do not want their premiums to rise
- Clients with international coverage
- Companies agreeing to pay for employers

Why?

Cosmetic

- Affordable
- Discretion
- Experience for less

Dental

- Affordable
- Quality
- Experience/State of the art for less

Elective medical need

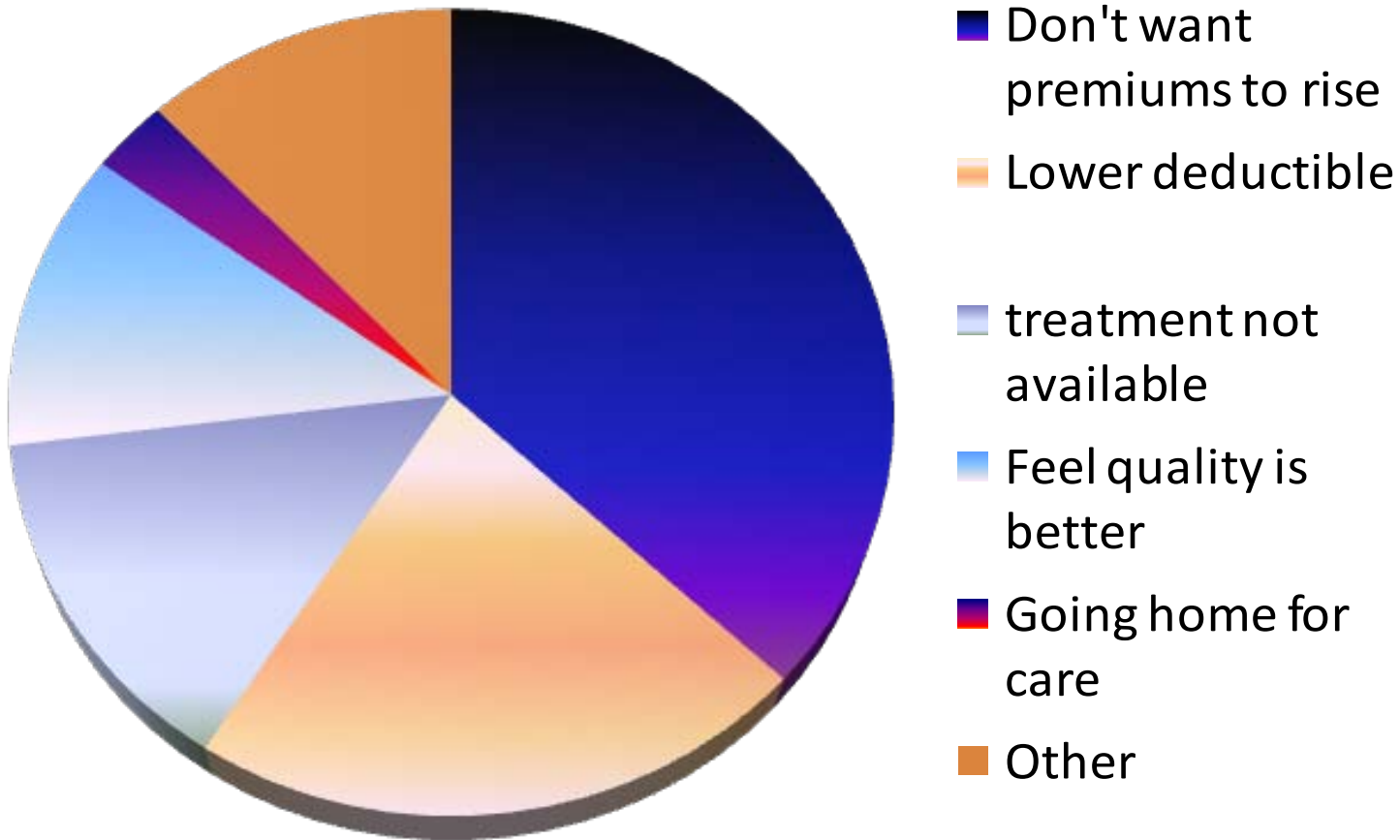
- Affordable
- Procedure not available
- Coming home for care
- Better care
- Innovation

Desperate Medical Need

- Procedure not available
- Quality
- Around the clock/VIP care/Attention
- Innovations

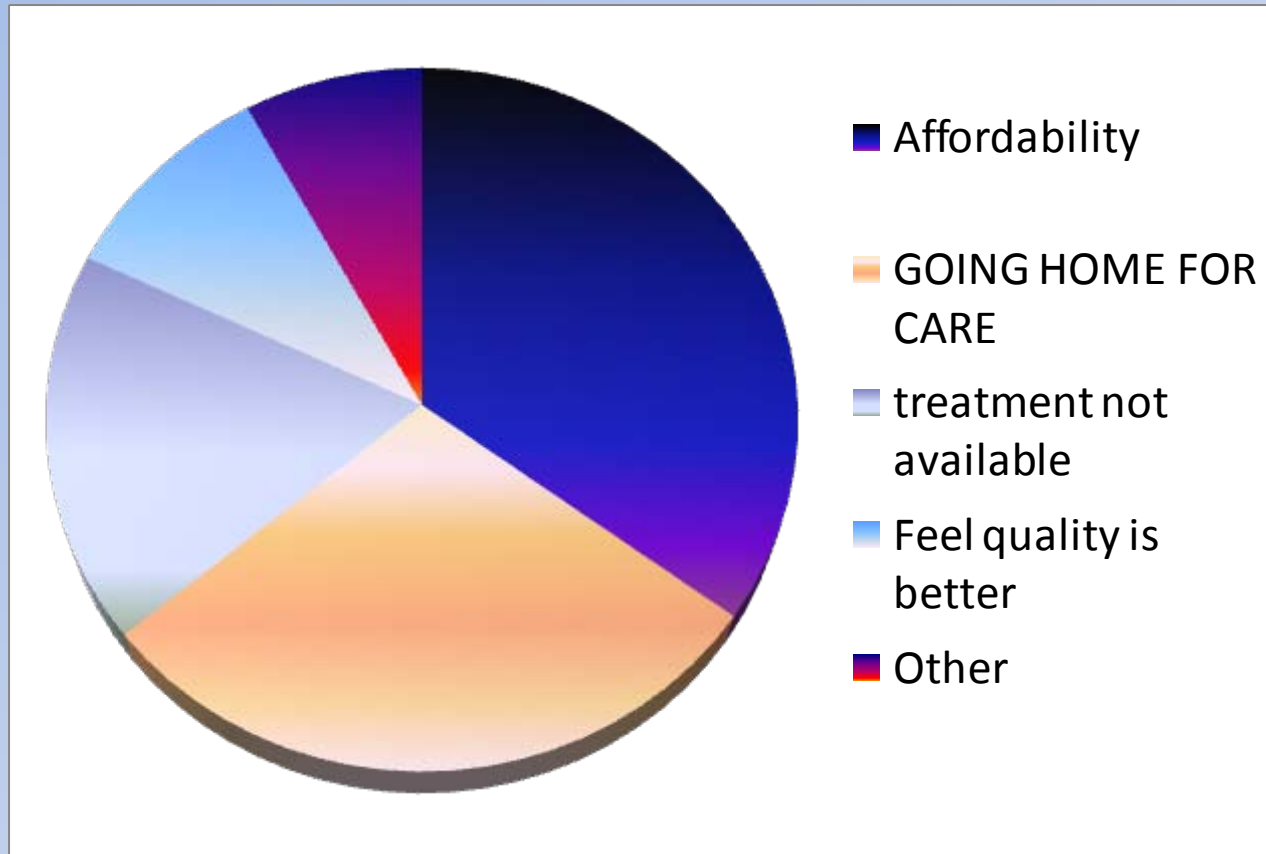
Why the Insured are Going Abroad?

(based on a survey pool of 29 respondents in 2008)



Why Consumer are Going Abroad?

(survey pool of 600 respondents in 2007)



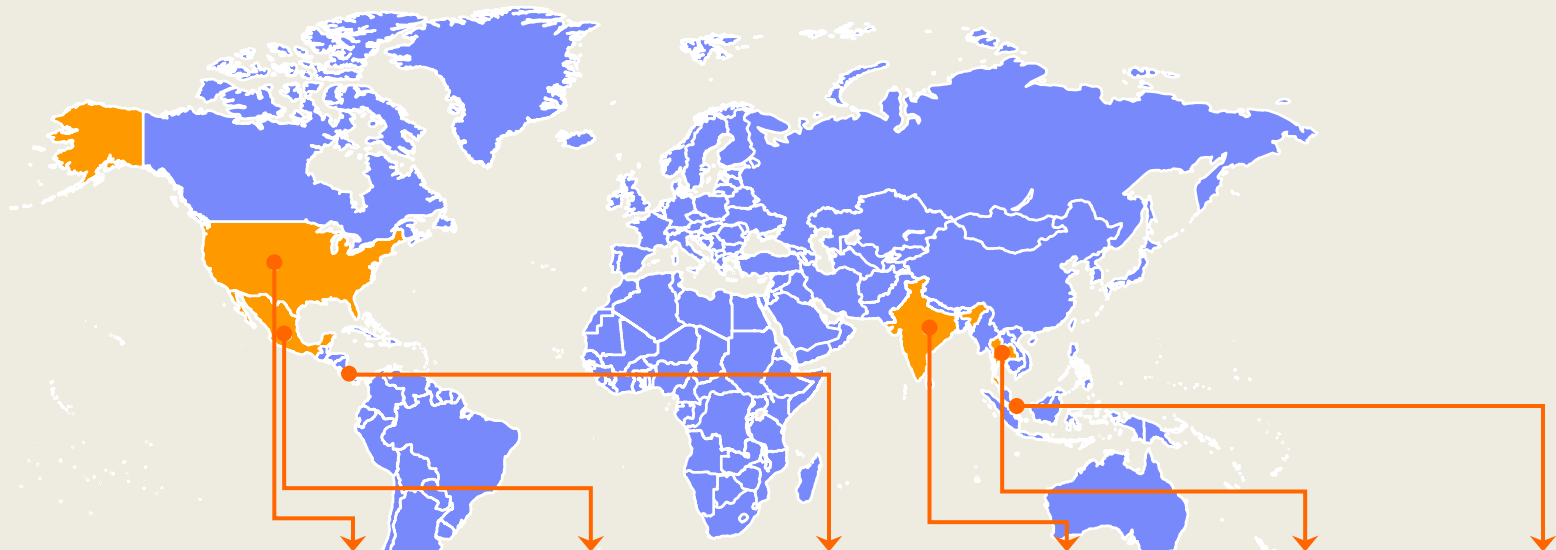
CONCLUSION: Immigration and ethnicity play a major role in globalization of healthcare delivery. Diaspora and INDUCED diaspora

Where Are They Going?

(PlanetHospital Network Only)

	Patient Served (2002-present)	# of US Licensed or boarded Surgeons	US Board eligible /educated	EU Boarded
India	300+	4	29	21
Mexico	150+	5	20	2
Belgium	132	1	1	5
Singapore	127	22	30	10
Thailand	63	5	14	7
El Salvador	33	5	11	4
Panama	17	11	20	6
Costa Rica	13	3	12	5
Brazil	11	2	9	14
Greece	1	0	1	3
Cyprus	1	1	2	2
Malta	1	0	0	4
Philippines	1	20	30+	3

WHAT DOES IT COST?

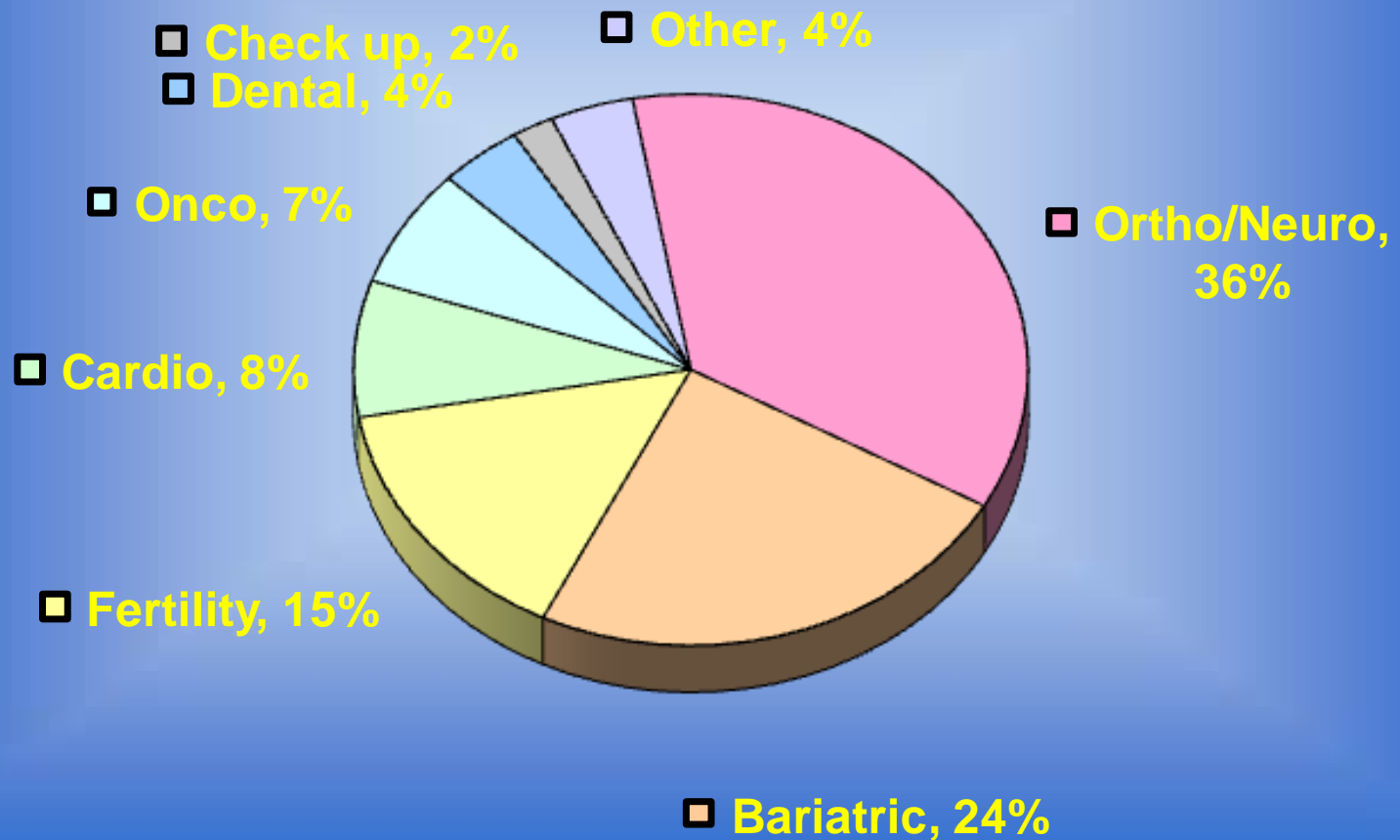


Procedure	United States	Mexico	Costa Rica	India	Thailand	Singapore
Angioplasty	\$166,000	\$13,125	\$14,500	\$10,800	\$14,200	\$15,500
Heart bypass	\$137,000	\$19,400	\$18,600	\$12,650	\$19,000	\$23,500
Hip replacement	\$65,000	\$17,000	\$17,000	\$12,500	\$16,000	\$20,000
Knee replacement	\$41,000	\$14,500	\$17,500	\$16,500	\$18,500	\$19,000
Laparoscopic hysterectomy	\$29,000	\$10,275	\$10,500	\$6,238	\$8,500	\$10,500
Laparoscopic prostatectomy	\$37,500	\$13,800	\$11,500	\$10,900	\$11,500	\$17,000

Source: PlanetHospital

Note: Estimates INCLUDE air and hotel but not per diem. Expenses can also increase if there are complications with the procedure. United States rates reflect Medicare reimbursements for hospital services but not for medications or anesthesia.

Non-Cosmetic Procedures Outsourced via PlanetHospital



Understanding the importance of Pricing

We are all motivated by low pricing

PlanetHospital emphasizes VALUE.

Bangkok offers breast implant surgeries with implants made in China for \$1,000

- But is this safe? Most sensible consumers do not think so.

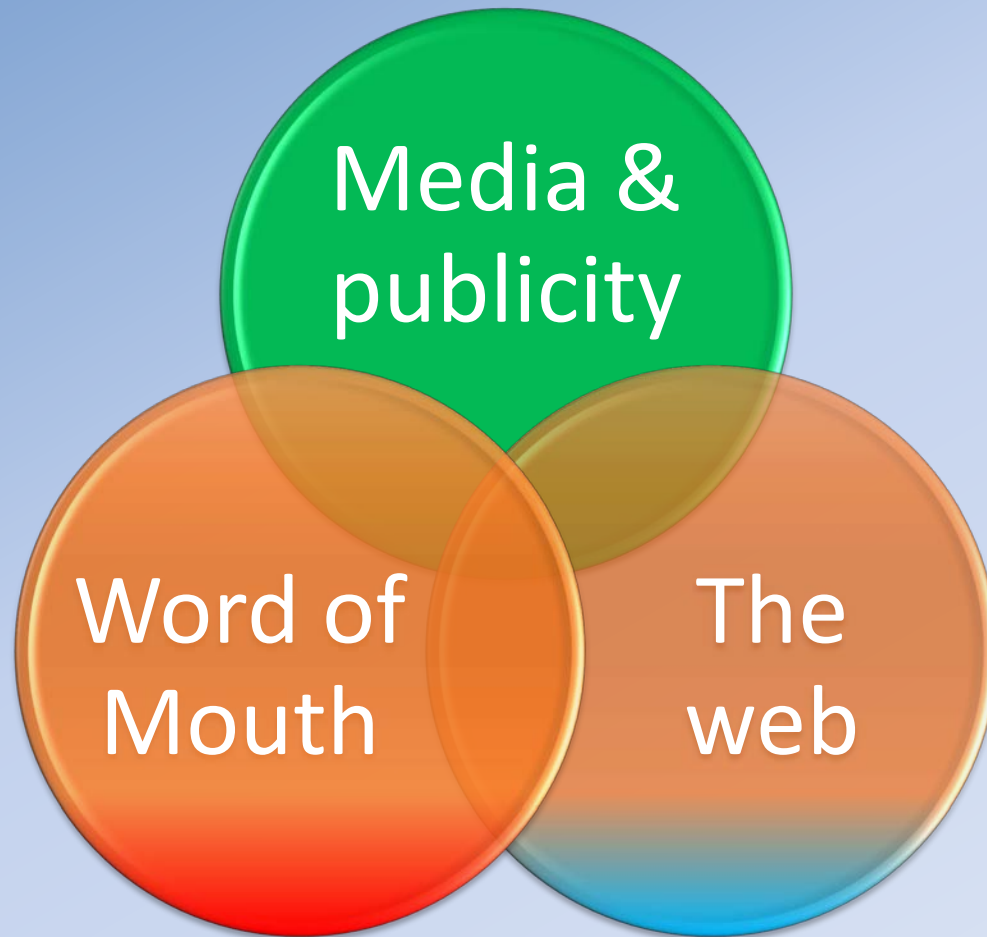
PlanetHospital offers Hip surgery in the following areas:

Pricing (cont'd)

Surgery in the US \$40,000+

	India	Belgium	Mexico
Pricing with Travel	\$12,000	\$18,500	\$16,000
Advantages	Affordable, highly experienced (over 1200 procedures)	Very highly experienced (3000+ procedures)	Proximate, trained by Indian doctor
Disadvantages	3 rd world country, visas, long distance	Most expensive of the bunch	Least experienced (less than 100 procedures)
Why do patients choose this destination?	Experience, PR, testimonials	Patients want the absolute best, price not the main concern	Patients do not want to fly to the destination

How are they learning about it?



What are their fears?

Quality of facilities

Aftercare

Being away from home for so long

Long distance travel

Fear of the unknown

Lack of liability

How are fears overcome?



Keeping It Safe

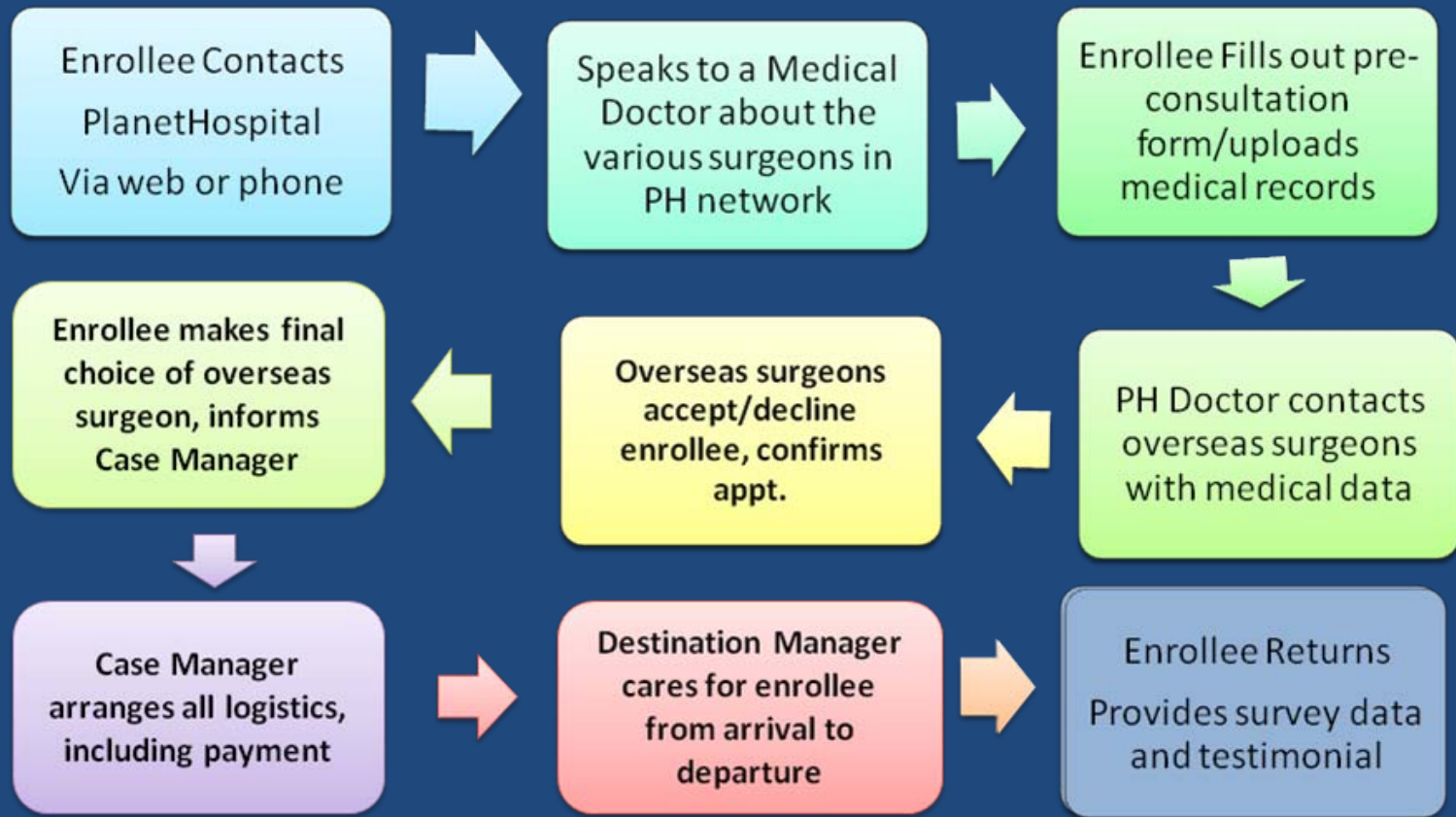
In US, MANY doctors feel it is a risk to follow up on care provided by offshore provider

Measures we have taken to counter this:

- Elective Care ONLY
- Network of over 50,000 surgeons
- Follow up doctor engaged before departure
- Protocol standards to help patients return for remedial care at no charge except prosthesis and expensive medications
- Insurance product in the works.

OUR PROCESSES

Customer Service Model



Quality Of Care

Surgeon first – Hospital Second

- *Emphasis on US or EU boarded and trained surgeons*
- *Excellent Peer Review and credentials*
- *Our process of surgeon review not done in the US.*
- *Excellent CMO (physician to 3 presidential administrations)*

14 JCI Hospitals, 6 JCI Equivalent

- *JCI does not go far enough. We do personal inspections*
- *English Speaking nurses? Water supply? Commissary?*

Quality Of Hospitals

Measure and Report any incidents resulting in injury or adverse outcomes

Patient falls

Medical Errors
(caught or otherwise)

Pressure ulcers
developed during
admission

Patient Feedback

Hospital
Acquired
infections

Determining Whom to Partner With

JCI or Equivalent Hospitals

- With exceptional surgeons

Background Checks

- Medical and Quality review and verification of credentials, background checks, and data from on-site Destination managers.

Personal Inspection

- Senior staff has visited every single hospital in our network and has personally interviewed the providers as an integral part of our process

Myths & Realities of Liabilities Abroad

MYTH

Reality

No Malpractice Abroad

Docs & Hospitals DO have malpractice

Difficult to Collect or settle with parties abroad.

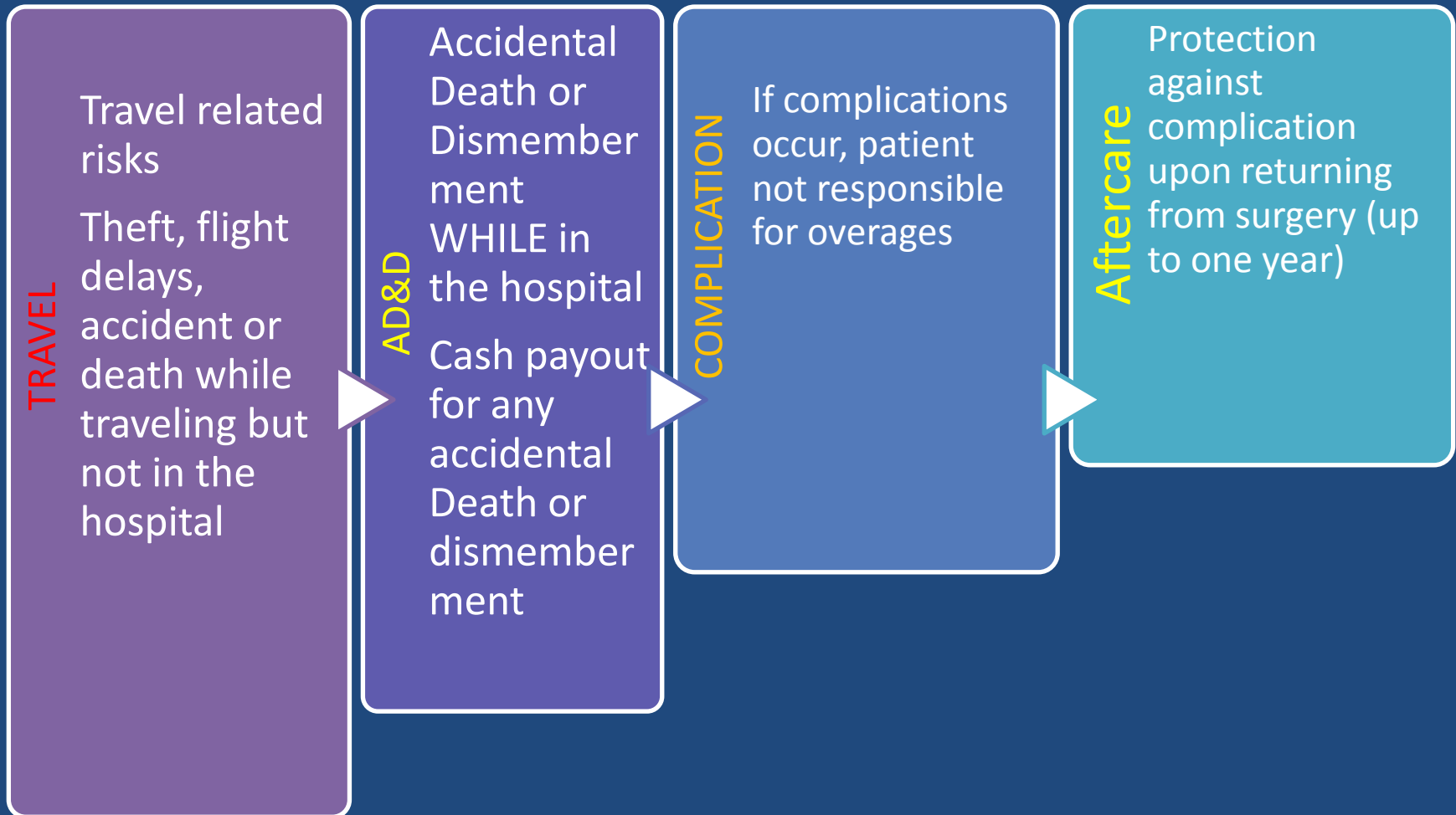
Invisible Hand

Employers vulnerable

ERISA, Liability coverage/free will decision



Liability Protection - CATA



Impact on Healthcare

Savings to Self Insured Plan

Work with self funded employers and their TPA to help promote Medical Tourism and its Utilization



Benefit To Employers

Potential discounts
on Stop Loss for
cost savings

NO COST

Huge Savings on
Stop Loss fund.

Case Study SKI RESORT

Major Claims	Cost	Result
<ul style="list-style-type: none">• 12 Knee repairs• 2 Spine procedures• 1 pacemaker replacement	<ul style="list-style-type: none">• Cost of major claims to employer• <u>\$650,000</u>	<ul style="list-style-type: none">• Increase in employee healthcare costs: 9%• Increase in stop loss premium 3.2%

COMPARISON

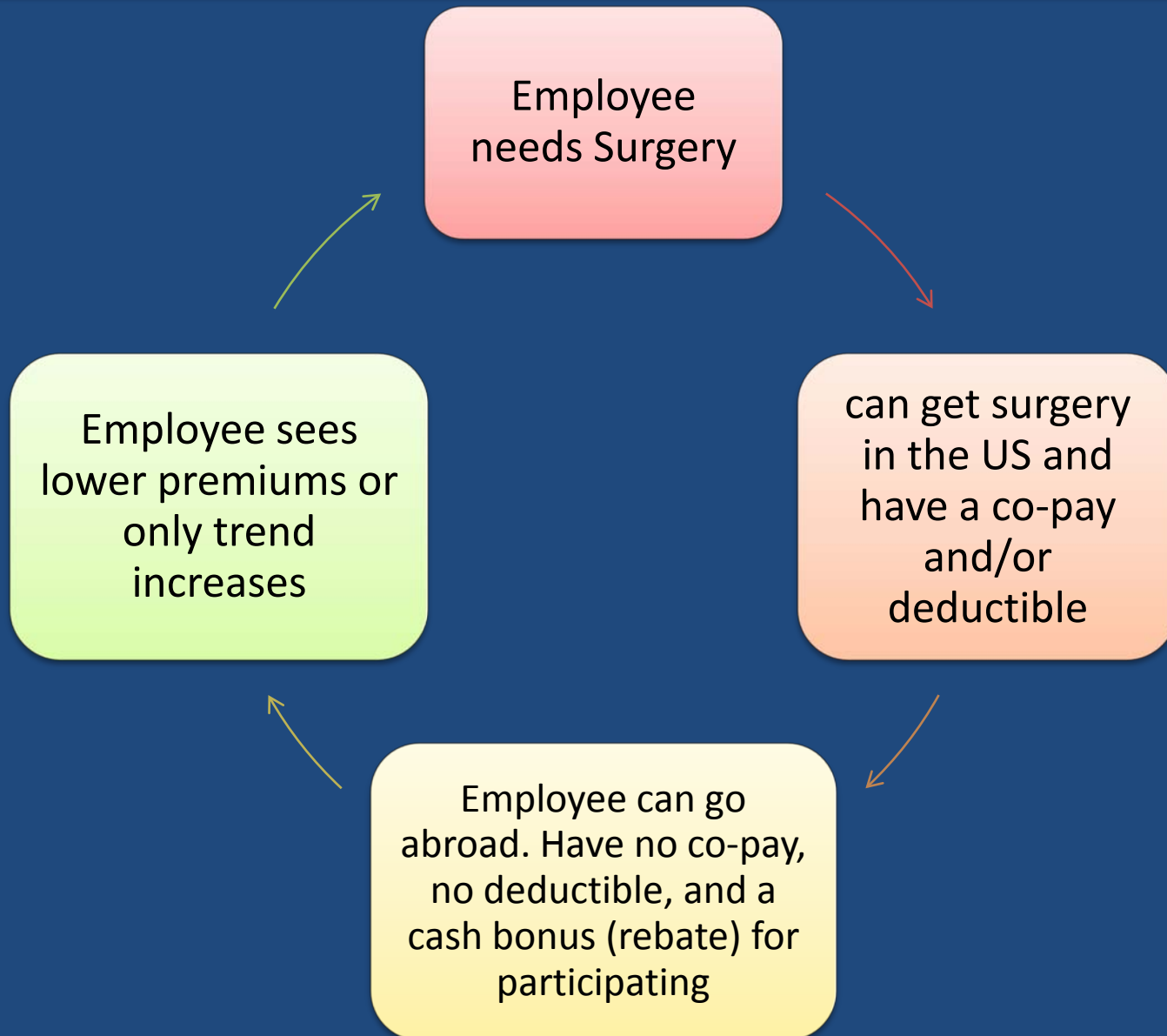
PlanetHospital

- Total Major claims would cost \$140,000 - \$170,000 (depending on destination or surgeon and travel)

Compared to....

- Cost Savings = \$480,000 to \$510,000 compared to \$650,000
- NO STOP LOSS premium increase (except trends)

How Does it Work?



Optional Rebate

Some companies may choose to rebate a % of cost savings back to employees:

eg: If all the participants of SIMPOL save the company \$500,000, then \$50,000 will be shared by all participants.

Depending on the cost and type of overseas care

eg: If a hip surgery abroad costs \$10,000, the employer will give the employee a \$4,000 incentive to do so.

Others prefer a fixed cash rebate:

eg: \$5,000 cash rebate for surgeries that would cost between \$50,000-\$100,000 in the US.

A good rebate increases the buy-in from employers.

PlanetHospital Can design a rebate program at no charge.

Follow Up?

PlanetHospital Network

- Over 53,000 doctors willing to provide follow up care for overseas procedures

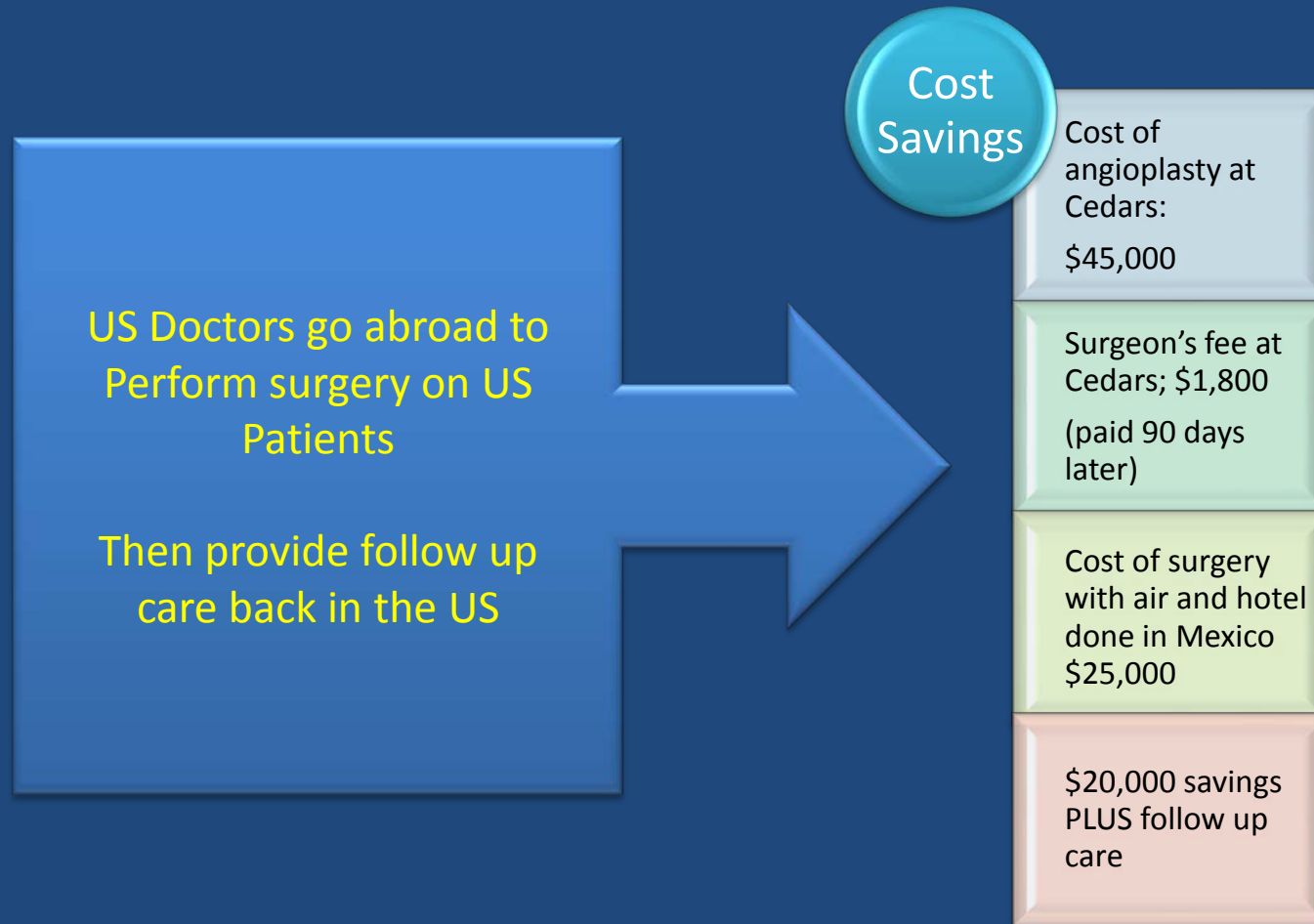
Best Of Both Worlds Network

- US doctors → Surgeries Abroad → Follow up care in US

Liability Coverage

- CATA

Best of Both Worlds

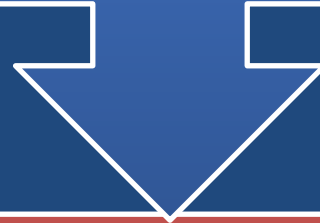


CONCEPT

Domestic care covers:

\$X for pharmacies, \$X for doctor visits up to Y# of visits, accidents, heart/stroke, emergencies.

In exchange for LOW PREMIUMS.



Choice

Travel abroad to the PlanetHospital Network for all other procedures

Or receive the cash equivalent of procedure if it were done abroad

Unique Plan Design

Basic Coverage

- Prescription drugs, doctor visits, emergencies or accidents, heart/stroke incidents

Comprehensive

- All other procedures to be done abroad or the cash equivalent will be reimbursed to the end user or provider

Example

- Hip surgery in India = \$8,500 plus air and hotel (total \$12,000). If client opts to do it in the states, he/she would receive only \$12,000 towards a domestic surgery.

Diaspora

Pilot in El Salvador



Offers up to \$50,000 in accident and emergency



Everything else, must go abroad to our international network



Premiums = <\$70/individual , \$120 for family

HDHP/HSA

THE HDHP/HSA CONUNDRUM

- Consumer Driven health plans which would combine HSAs or HRAs with a High deductible PPO (or HDHP) should lead the charge in Medical Tourism – saving the employer/payor in huge claims.
- once their HSA balance is exceeded patient does not care about saving the employer/insurer money. A \$5000 surgery and a \$60,000 surgery are the same to them.
 - This is one of the weaknesses of a CDHP
- What if the CONSUMER (employee/employer) were incentivized to us offshore care in exchange for:
 - No increase in premiums
 - Lower deductibles
 - A rebate (or cash back) for utilization?

Health Plan Benefit

Opportunity: Leasing our network to Insurers and PPOs

	IN-NETWORK	OUT-OF-NETWORK
4. Deductible Type²	Calendar Year	
4a. ANNUAL DEDUCTIBLE^{2a} a) Individual ^{2b} b) Family ^{2c}	a) \$4,000 b) \$12,000 Amounts paid toward deductible shall be applied to satisfy the out-of-pocket maximum.	a) \$8,000 b) \$24,000 Amounts paid toward deductible shall be applied to satisfy the out-of-pocket maximum.
5. OUT-OF-POCKET ANNUAL MAXIMUM³ a) Individual b) Family c) Is deductible included in the out-of-pocket maximum?	a) \$8,000 b) \$16,000 c) Deductible is included in the out-of-pocket maximum. All copayments apply toward the out-of-pocket maximum, unless otherwise noted. Out-of-pocket maximum is calculated separately for in-network and out-of-network benefits. Services for which the copayments do not apply toward the annual out-of-pocket maximum will remain payable after the out-of-pocket maximum has been reached.	a) \$16,000 b) \$32,000 c) Deductible is included in the out-of-pocket maximum. All copayments apply toward the out-of-pocket maximum, unless otherwise noted. Out-of-pocket maximum is calculated separately for in-network and out-of-network benefits. Services for which the copayments do not apply toward the annual out-of-pocket maximum will remain payable after the out-of-pocket maximum has been reached.
6. LIFETIME OR BENEFIT MAXIMUM PAID BY THE PLAN FOR ALL CARE	\$5 million per member per lifetime (in-network and out-of-network benefits combined)	\$5 million per member per lifetime (in-network and out-of-network benefits combined)
7A. COVERED PROVIDERS	<u>In Colorado:</u> Rocky Mountain HCO Network <u>Outside Colorado:</u> MultiPlan/PHCS Network <u>Behavioral Health:</u> Life Strategies See participating provider directory for a complete list of current providers.	All providers licensed or certified to provide covered benefits
7B. International Covered Providers	\$0 deductibles, \$0 co-pay Must be pre-certified with medical need and reviewed by PlanetHospital for eligibility to travel. Travel costs included this is a voluntary benefit.	not applicable

Relevance to Kentucky

Assistance to the indigent...

- Go abroad, get money...

State Employee Plan

- Save the current fund
- Provide incentives to travel

Telemedicine/Teleradiology

- Cost savings

Objectives

Never Events/MRSAs

- Statistically very low in the overseas hospitals.
- To date 0 out of 2613 patients with PlanetHospital

Transparency

- Medical Tourism is being held to a different and higher standard than US medicine.
- Transparency more readily available

Shop for healthcare:

- Definitely we apply to the world-wide basis

Five drivers make healthcare fundamentally different from the past

Globalization



Consumerism



**Aging and
overweight populations**



**Diseases that are
more expensive to treat**



**New medical technologies
and treatments**



The Money will follow the patient

Questions?