
TOUR OPERATORS & WHOLESALERS

On the road: Medical tourism market gaining ground (10/09/2007)

By Michelle Baran

Globalization has made it possible to get just about any product, made just about anywhere. But what if the product you need is a nose job, hip replacement or major heart surgery? Increasingly, Americans are looking beyond U.S. borders for healthcare.

No one is keeping an official count, but Josef Woodman, author of "Patients Beyond Borders," estimates that roughly 150,000 U.S. residents last year fell into the ballooning category of medical travelers, venturing to foreign lands for medical procedures that they couldn't afford to get, couldn't wait to get or couldn't get at all at home.

That number is expected to double this year, and predictions beyond 2007 are too uncertain to even guesstimate. But what's driving the multibillion-dollar medical tourism industry is clear.

"It's more to do with mathematics than anything else," said Bill Doran, CEO of Winnipeg, Manitoba-based Choice Medical Services, a medical tourism service that specializes in treatment trips to Cuba. "Canadians and Americans are living to an average age of 75 to 79 years old. That has put pressure on the healthcare system."

That pressure is expected to increase significantly as millions of aging baby boomers hit their retirement years in the next two decades.

At the same time, the growing lack of affordable healthcare in the U.S. is putting increasing financial pressure on patients. According to the Washington-based National Council on Healthcare, nearly 47 million Americans, or 16% of the population, were without health insurance in 2005, the latest government data available. Forty-two percent of the American public reported they were very worried about not being able to afford healthcare services.

They have reason to be concerned. The average list price for hip-replacement surgery, to cite but one example, is \$41,400 in the U.S.

Choice Medical Services quotes the same procedure in Cuba, including 20 nights in a private hospital room, at around \$6,120. Even with the additional costs for air travel, an upscale hotel for recovery and possibly some sightseeing or relaxing spa services, a patient ends up shelling out a lot less than he or she would in the U.S.

"You're going to get a lot more people boarding airplanes and heading overseas to avoid financial ruin," Woodman said. "It's a legitimate industry that's spawned by certain economic exigencies, and it's become a critical component in the larger healthcare debate and in globalized healthcare services."

Media mania

A swelling growth segment like medical tourism was bound to attract media attention. Widespread coverage, in turn, has helped to further spread the word about medical tourism, slowly diluting public skepticism and thus introducing the concept as a realistic option to many desperate and determined healthcare seekers.

In the last year, stories about medical tourism have shown up on major news networks and in newspapers and magazines. The coverage that grabbed the most public attention was the June release of "Sicko," a documentary directed



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by controversial filmmaker Michael Moore. "Sicko" fueled an already heated national debate about healthcare just as presidential hopefuls were beginning to develop their stands on the issue. The film also had consequences for the travel industry, turning a spotlight on foreign healthcare and, consequently, on medical tourism.

In "Sicko," Moore dissects the insurance-based U.S. healthcare system, finds it corrupt and failing, then contrasts it with the universal healthcare systems of Canada, Britain, France and Cuba. Since it hit theaters, nearly 9,000 people have rated their insurance providers at www.sicko-movie.com, and nearly 300 people have posted accounts of their experiences with the U.S. healthcare system.

Moore makes no attempt to hide his agenda: "If you want to be healthy in America," he writes on the site, "don't get sick."

Likewise, the movie is an unabashedly political platform. At one point in the film, Moore takes off in a small boat from Miami accompanied by a group of 9/11 cleanup volunteers whose health insurance claims have been denied. They head for Guantanamo Bay, where Moore, carrying a bullhorn, asks that military doctors treat "these heroes of the war on terror." When the group gets turned away, Moore takes them to Havana, where they are treated at no cost by Cuban doctors.

While that kind of confrontation makes for an interesting political manifesto, and while Cuba is in fact an increasingly popular treatment destination for patients from Europe, Latin America, Canada and the U.S., Moore's agenda is of little practical help to people seeking treatment outside the U.S. Advocates of medical tourism have adopted a more consumer-oriented approach.

In March, Woodman's "Patients Beyond Borders: Everybody's Guide to Affordable, World-Class Medical Tourism" debuted, offering one of the first do-it-yourself medical travel guides. Woodman is currently working on a follow-up focusing solely on medical treatments available in South Korea. He said he planned to write about other medical tourism destinations to create a sort of "Lonely Planet" for the medical tourism industry.

"You can sense when a cottage industry is about to become an industry sector," said Woodman. "It's not simply pioneering anymore. There's a legitimacy to the business."

Destination: Healthcare

With none of Moore's political overtones, Doran said, "Cuba doesn't have a lot of natural resources, but what it does have is education for its people, and it has healthcare. Cuba is using its medical process and its medical development as its natural resource."

Doran's company helps send Americans and Canadians to Cuba to undergo medical treatments that include cosmetic, orthopedic, eye, nose, throat and neurological surgeries. Even though it is illegal for Americans to travel to Cuba, 48% of Choice Medical Services' clients are from the U.S. And while Doran does not market his services to U.S. citizens, neither does he turn patients away.

Cuba is just one example of what companies like Choice Medical Services seem to be looking for: destinations that can combine well-staffed medical facilities with a soothing environment to entice discerning and often skeptical clients from the U.S.

"There are big [mental] hurdles that people have to overcome," said Wouter Hoeberechts, CEO of Concord, Calif.-based WorldMed Assist. The service, which has been in business for one year, sends clients to Belgium, Turkey, India and Mexico for procedures ranging from fertility treatments to open-heart surgery.

In fact, WorldMed Assist helped make arrangements for Kevin Stewart, the first American to receive a liver transplant in India. The operation took place at the Apollo Hospital in Delhi last November.

"Basic education is the biggest tool that we have," said Hoeberechts. "We like it if people ask the critical question, 'How can a facility that provides medical care at one-tenth the cost of a facility in the U.S. be just as good?' "

The answer, Hoeberechts said, is the company's thorough reconnaissance. "We actually visit all of the hospitals that we consider for partnerships," he said. "We get to meet some of the more renowned doctors. We also look at the surroundings of the hospitals. And we visit the hotels that we want to recommend to our clients. The other thing that we can offer our clients is testimonials of our patients that we have sent before."

Additionally, the countries where these procedures are taking place are heavily promoting themselves as medical tourism destinations, bolstering their infrastructure and services to better facilitate the industry. Many of the medical facilities maintain Web sites, and they frequently band together to promote the country as a whole.

Countries as varied in development and resources as Brazil, Costa Rica, Cuba, India, Mexico, Singapore, South Africa, Thailand and Turkey have established themselves as medical tourism destinations with notable physicians, acclaimed research and increasingly reliable hospital networks, which are mostly private institutions that are run independently of state-run or national healthcare systems.

For example, the Apollo Hospitals Group owns and manages 41 hospitals in India.

For better or for worse, medical tourists are receiving services designed specifically for them and often not offered to the local population.

"[Cuba] is a poor country, and the system that's developed for tourists and for diplomats in Cuba is a little bit different than that for the Cuban citizens," said Doran. "I wouldn't call it a two-tiered system, but there's a system that it sells to the world and that it promotes to the world. And then there's a system for Cubans."

Every location has its advantages. While Southeast Asia is known for more complicated surgeries, Latin American hospitals and clinics are at an advantage because of the considerable shorter flight times from the U.S.

Mexico is known for dental work, while Cuba is widely acclaimed for eye treatments. Belgium and India have been doing hip-resurfacing treatments for the last 10 years; the procedure was approved in the U.S. just a year ago.

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The tourism component

Not surprisingly, within the realm of medical tourism, destinations are jockeying for greater space in the market. Services by no means focus solely on the medicine.

"There's the medical part of it, which is that the medicine is very good," Doran said. "But there's also the tourism part of it, which is the beautiful beaches and nice hotels."

While medical tourism services and foreign hospitals collaborate to ensure success and satisfaction with the medical procedure and recovery, many travel arrangements are needed to accommodate a typical medical tourist.

"The average patient spends around \$15,000, including surgery," Woodman estimated. "And the companion spends another \$2,000 to \$4,000. The accommodations are usually four- to five-star."

Patients often book stays lasting several weeks. In fact, some medical tourism services require a minimum stay abroad, often up to a month to ensure a complete recovery and access for the longest period possible to the doctor and to the facility where the procedure took place. To add to the allure, sightseeing and spa services are also offered.

So, who's booking these complicated packages?

While medical tourism services specialize in establishing relationships with qualified hospitals and connecting patients with doctors, the level of assistance they can provide with travel arrangements seldom extends beyond suggesting accommodating airlines or hotels located near the hospitals. All admit they are not travel experts, and they advise patients to make their own arrangements, use their own travel agents or work with a travel agency associated with the medical tourism service.

MedRetreat, a medical tourism service in Vernon Hills, Ill., sends clients to Argentina, Brazil, Costa Rica, El Salvador, India, Malaysia, Thailand, South Africa and Turkey. To get clients to these destinations, they work with the U.S. division of Japan-based Nippon Travel Agency.

"Every package is built specifically around the needs of the consumer," said Patrick Marsick, managing director of MedRetreat. "Everybody's different. Everybody has specific needs. It's specific for their condition."

MedRetreat also assigns each client a destination program manager. "They meet and greet you at the airport. They attend to all your needs," said Marsick.

Destination program managers are analogous to ground operators; they help with all necessary transportation and provide dining, pampering and sightseeing suggestions, usually for an additional fee.

WorldMed Assist has partnered with Carlson Wagonlit. A couple of dedicated agents work with their account.

"The [medical] traveler certainly feels more comfortable going through a travel agent," said David Underwood, an account executive at Carlson Wagonlit who manages the WorldMed Assist account. "They want to focus more on the procedure, and they really don't want to concern themselves with the travel

arrangements. They want to be comfortable, and they want to work with a company that understands why they're going there."

Taking his customer's needs into consideration, Underwood generally books business-class airline tickets and makes sure that tickets are refundable or have flexible return dates, as clients often have varying recovery times. Underwood also books hotels according to WorldMed Assist's recommendations regarding the patient's condition. All in all, a typical booking runs around \$3,000 per person, he said.

Risky business

Given its rapidly growing popularity, U.S. travel agents in general can expect to begin seeing requests for medical travel cross their desk. But they need to be aware that along with shared opportunities to generate new business, medical travel also poses new challenges and liabilities.

"Out of 800 patients, we've only had two patients with complications," said Marsick, who added that both had been related to post-procedure infections.

And while no medical tourism agency admits to having clients who reported an unsuccessful -- or worse, disastrous -- procedure or recovery, the fact is that something can always go wrong.

Most medical tourists seek less invasive, less dangerous procedures such as cosmetic, orthopedic, dental and eye surgeries. But as more people turn to medical tourism for higher-risk procedures such as cancer treatments, open-heart surgery, neurological procedures and transplants, navigating the risks poses challenges. For one thing, there is no way to get insurance designed to protect a medical tourism service against potential losses or litigation.

"The legal arena is still undetermined," Woodman acknowledged. "That said, the prudent medical travel agent will stay away from recommending treatments; diagnosing a patient, even if they have medical experience; and from specifically recommending a physician. He or she will remain firmly in the space of being a purveyor of information and not a medical-referral agent."

On the other hand, the fact that more hospitals are seeking and obtaining accreditation from Joint Commission International, the international division of the organization that accredits U.S. hospitals, reduces the risk of doing business in medical travel.

Still, no matter how good the treatment facility, the patient has to return home. For this reason, medical tourism services stress post-treatment care both in the destination country and back home. In addition to requiring certain minimum stays abroad, they all encourage clients to communicate with primary physicians in the U.S.

Predicting the future

While no one knows just how much the medical tourism sector stands to grow, its potential hinges on two key factors: a continuing or worsening healthcare crisis in the U.S. and the possibility that employers and insurance companies might begin endorsing medical tourism initiatives for their own reasons.

Should the U.S. healthcare system improve in the near future, "we'll happily back out of the medical tourism industry if there's no longer a need," Marsick said. "But for right now, there's a tremendous demand."

Trailblazing medical tourism services are anticipating many more than their current handfuls of patients, which currently range from a dozen to several hundred patients a year. The big unknown about the future of the medical tourism sector is how major health insurers will respond. "The market for self-insured businesses is big," Hoeberechts said. "They are looking for alternatives, and they've turned to our company. In the long-term future, I see that the big insurance carriers will turn to us, too, because of the advantages."

Hoeberechts predicts that employers and insurance companies, already drowning under \$2 trillion in annual healthcare costs in the U.S., will be forced to get creative. Just as it costs the patient less to go elsewhere, it may ultimately cost insurers less to pay the patient to go elsewhere.

"Certainly, employers are putting huge pressure on insurance companies because so many of them just can't afford to insure their employees," said Woodman.

"Right now, what we are seeing are pilot [programs]. The Aetnas and the Cignas of the world are waiting on the sidelines. I'd have to say that any business plan that a travel agency would want to create should count on the business being a consumer-driven business for the next two to three years."

Offering an example of why he believes that the U.S. healthcare system and the government should embrace medical tourism, Doran recalled a story from one of his U.S. patients.

"He says, 'You know, the funny thing is, Bill, the Cuban healthcare system fixes me, puts me back to work, allows me to pay taxes again. So in essence, Cuba is helping the American economy by putting me back to work and helping me pay taxes again. I wonder if I should get George to send Fidel a thank you.' "

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The dark side of medical travel

While the medical tourism industry is undoubtedly growing and gaining in sophistication, the under-informed medical traveler can face serious risks.

From counterfeit medicines to organ trafficking to phony procedures or credentials, there are people and facilities abroad that are attempting to capitalize on the medical travel industry in dangerous and often illicit ways.

For example, the World Health Organization has for years recognized the growing problem with organ trafficking. According to the WHO, as the demand for organs increases and wait lists get longer, organ trafficking continues to rise.

Consequently, medical tourism agencies tread very carefully in the arena of transplants, going to great lengths to ensure that the organs being provided come from legal and legitimate sources, with consent and not for reimbursement.

The laws governing organ transplants differ from country to country, and because it is largely an underground industry, patients should be vigilant in their research. The same is true for any aspect of medical travel in which another patient is involved, including blood transfusions and surrogacy.

Another huge segment in global healthcare and medical travel is counterfeit pharmaceuticals. Many Americans travel to Mexico, for example, to purchase cheaper prescription drugs.

And while it has become a relatively common practice, patients take risks when purchasing and consuming unregulated drugs.

The U.S. Center for Medicine in the Public Interest predicted that counterfeit drug sales will reach \$75 billion globally in 2010, a 90% increase since 2005.

Laetrile, for example, is a controversial cancer treatment drug. The U.S. Food and Drug Administration has not approved laetrile treatments in the U.S. And according to the National Cancer Institute, though the drug is "made and used as a cancer treatment in Mexico, laetrile compounds from Mexico may vary in purity and contents. Products containing bacteria and other substances and products labeled incorrectly have been found."

To counter the growing illicit drug trade, in February 2006 the WHO created the International Medicinal Products Anti-Counterfeiting Taskforce in an attempt to stop the production of unregulated medicine.

Unregulated doctors or facilities also pose a challenge to the international medical community. There have long been horror stories about botched cosmetic surgeries, but the more serious the surgery the more serious the risk.

Just as with drugs, there is little credibility for certain treatments that have not been approved by the FDA or medical organizations, and those can run the gamut from herbal and spiritual treatments to experimental procedures. -- **M.B.**

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