



***Boom***  
*in the*  
***Medical Tourism***  
***Industry***

Written by:  
Anand Gaddum  
iLink Systems, Inc

## Abstract

It's common knowledge that US health care spending is an issue of concern and spiraling out of control. Voters rank health care as the single most important domestic issue. There's growing awareness that the US doesn't get the value of care for what it pays for either. The value of care that is realized for the amount spent is going down due to liability insurance and other costs. Furthermore, close to 50 million people in the US lack health insurance. The American healthcare system is the costliest in the world. Indeed, the high costs of American medicine have put many American businesses at a competitive disadvantage with foreign firms. In short, countries such as India, Thailand, Mexico, Dubai, and Costa Rica can provide healthcare treatment at much lower prices and better service than in the United States.

The purpose of this white paper is to discuss how the Medical Tourism industry is shaping up and the benefits it offers to brokers and hospitals.

## Introduction

The Medical Tourism market is currently valued at \$20 billion annually. These numbers are expected to double by 2010. During the past decade, many hospitals in Asia have offered cosmetic surgery to the American public for a fraction of the cost in the U.S. Because cosmetic surgery is not covered under most insurance plans, individuals were enticed to travel abroad for the procedure to avoid high out-of-pocket expenses. These surgeries were often coupled with inexpensive vacations in India or Thailand at five-star resorts. Today, a handful of hospitals in Asia have expanded their service offerings to include complex procedures, such as coronary artery bypass surgery, mitral valve replacement, joint replacement, and herniated disc surgery. These institutions also provides services to simplify the workflow process by transferring medical records for patients across the Pacific, making air and hotel reservations, and hosting patients when they arrive at the destination airport.

## Statistics

More than 150,000 Americans traveled abroad for healthcare and savings vary worldwide and by the type of procedure. Patients can expect rates 25%–75% less than those in the US. Savings for a full mouth restoration can run from \$7k to \$25k. Savings for a hip replacement range from \$30–\$50k. Savings for a heart valve replacement range from \$20k to \$45k. Medical tourism will be particularly attractive in the United States, where an estimated 43 million people are without health insurance and 120 million without dental coverage—numbers that are both likely to grow. Patients in Britain, Canada and other countries with long waiting lists for major surgery will be just as eager to take advantage of foreign health-care options.

## Current trend in Medical Tourism

Patients are discovering high quality, low cost care and excellent customer service in overseas locations. Increasingly, patients are traveling for “complicated” surgeries, including cardiac and orthopedic procedures. This builds on the established phenomenon of medical tourism for cosmetic and dental surgery. Employers, health plans and benefits consultants are taking notice and in some cases are launching pilot programs. Media coverage has attracted attention to medical tourism, while medical travel facilitators have sprung up to help patients and companies go abroad. Thailand, Singapore, Dubai, India, the Philippines, Malaysia and others are incorporating medical tourism into their economic development strategies.

## Issues

Concerns about patient safety and liability are starting to be addressed. The Joint Commission International (JCI), an arm of JCAHO, the main accreditation body for US hospitals, has accredited over 100 foreign hospitals. HIPAA privacy rules are strict, and health plans in the U.S. must follow these rules even for services provided in another country. However, outside of the U.S., HIPAA does not apply to foreign hospitals and doctors. Although privacy protection in Europe is generally thorough, Asia is not as strict.

## Benefits

Hospitals in the Middle East and the Asian markets can reap huge benefits with the current trend in Medical Tourism. With the price of healthcare in the US skyrocketing, many people are approaching these hospitals for better care, easy access and at a lower cost. Hospitals and brokers can engage patients directly to increase revenues. By being part of this phenomenon, they can build a distinct brand identity in this industry. They can also benefit from obtaining critical and immediate feedback on their services from patients around the world so that they can take immediate steps to correct it.

There is also a definite subtle benefit to leverage medical tourism to achieve broader benefits for the healthcare industry in the US as a whole. When overseas providers begin to present a credible alternative to their US counterparts, it may spur domestic providers to re-engineer their clinical and administrative processes and to challenge inefficient, outdated work practices. Thinking of health care in terms of discrete, albeit often complex, services with measurable inputs and outputs will advance the field. Customer service levels can be expected to rise, and not just in services that face direct competition. Additionally, foreign providers and US providers will start to work together, with some administrative and clinical tasks performed in the US and some overseas. Advanced, inexpensive communications technology will enable broader application of “virtual medical tourism,” through increased use of new forms of telemedicine.

## Conclusion

Medical tourism is an emerging phenomenon that has important implications for participants in the US health care system. The direct impact will be modest at first because only certain procedures and treatments lend themselves to medical travel and only a small percentage of eligible patients will travel over the next few years. However the impact is likely to increase over time as medical tourism becomes an accepted part of the solution to high health care costs and as the industry evolves. If medical tourism is incorporated into state or Federal government policy, the effects will be felt sooner.

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**About the author:**

**Anand Gaddum, MHA** is the Director of Healthcare Practice at iLink Systems, Inc. He has broad healthcare domain knowledge with special emphasis on claims and has implemented a number of change initiatives for healthcare organizations. He has a proven track record in a variety of fields, which include medical instruments, software development, training and change management.

**About iLink Systems:**

iLink Systems is a custom software solutions provider and Microsoft Certified Gold Partner. Our solution capabilities include enterprise application development, optimization and integration; web application development; user experience architecture; and mobility application development and services. Our vertical industry experience includes: healthcare, government, technology, telecom, and nonprofit. iLink has worked with companies and organizations at all levels of business maturity, from startups to the Fortune 50. Our accomplishments also include numerous rapid application prototype development and complex solution migrations from one technology framework to another.

Headquartered in Bellevue, Washington, iLink has offices in Washington, D.C., Atlanta, GA, and Chennai, India. With over 120 employees and growing, iLink has been providing business solutions for over seven years. Members of our team have numerous certifications in a variety of technology and solution frameworks, particularly on the Microsoft platform.

**For more information, please contact:**

Anand Gaddum

Healthcare Practice Director

Ph: 206-412-2626 (C) | 425-688-0669 ext. 113

E-mail: [anandgad@ilink-systems.com](mailto:anandgad@ilink-systems.com)

