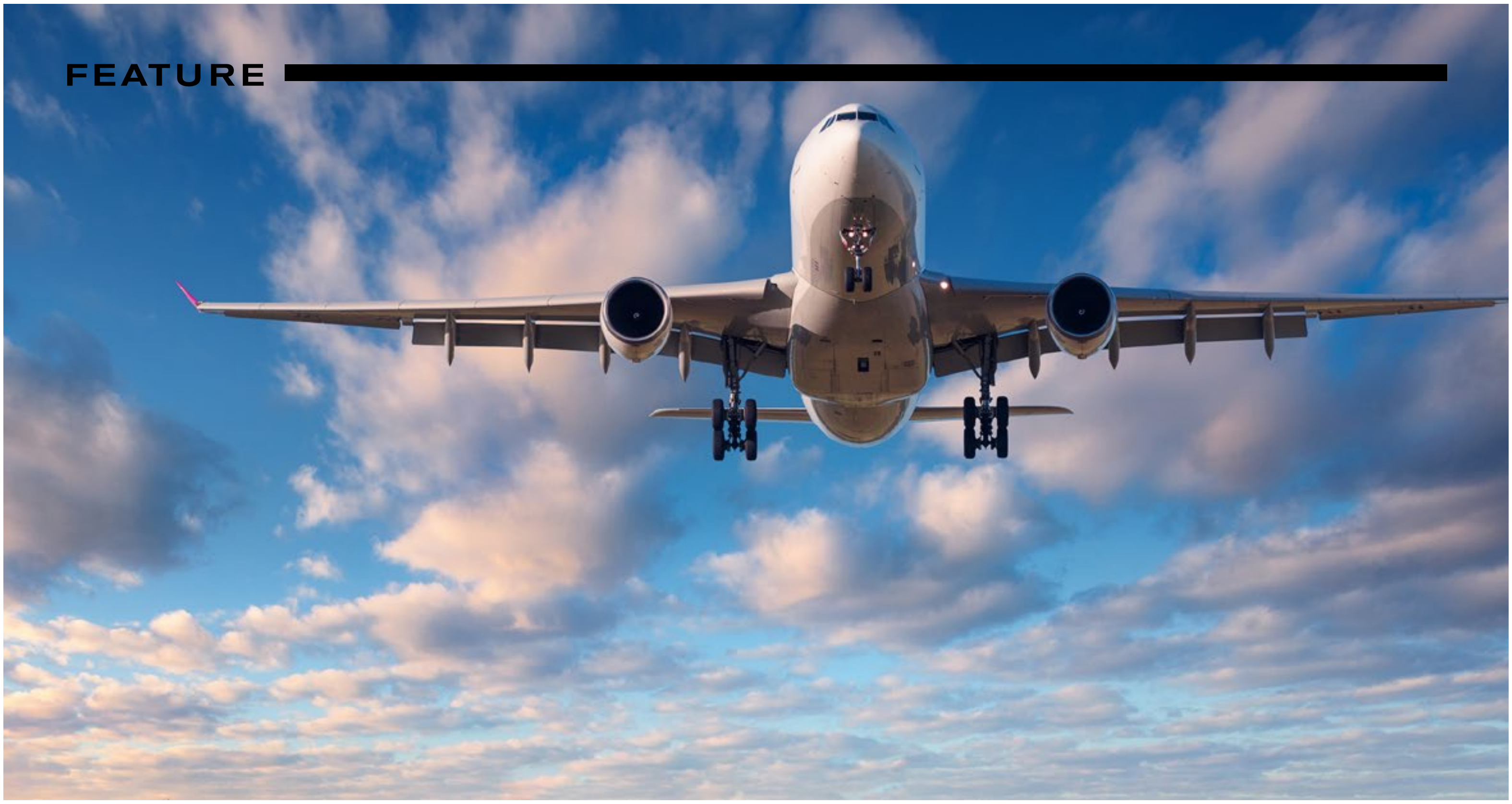
FEATURE



FULL SPEED AHEAD

FOR INTERNATIONAL AND US DOMESTIC MEDICAL TRAVEL

Written By Laura Carabello

When the US Centers for Disease Control and Prevention lifted its requirement for travelers to test negative for COVID-19 before entering the US, the medical travel industry received another boost for program adoption.

A post-COVID surge in the volume of patients accessing care outside of their local healthcare delivery system is re-Invigorating opportunities for self-insured employers and plan sponsors. The thirst for high quality care at lower costs is fueling this trend which is directly tied to several factors:

- Health care spending in America grew 9.7 percent in 2020, reaching $4.1 trillion or $12,530 per person. As a share of the nation's Gross Domestic Product, health spending accounted for 19.7 percent.

- Health coverage costs will jump around 5.2 percent in 2022 – as the healthcare benefit accounts for 12% of an employee's pay -- representing $1,500 - $2,000 per GM automobile
- Data shows that the vast majority of U.S. employers (94%) say managing healthcare benefit costs will be their top priority over the next two years.
- A highly competitive employee recruitment market amid worker shortages makes it even more critical for employers to offer a robust health benefit package with affordable options on co-pays and deductibles.
- Swelling ranks of uninsured with no employee benefits: in 2021, 30.0 million people of all ages were uninsured in the United States

Self-insured employers are more than ready for innovative cost containment solutions based upon patient-centered quality care while maintaining budget-conscious, bundled pricing.


Mike Lanza

Mike Lanza, vice president, Claims, USBenefits Insurance Services, LLC, advises, "Medical travel provides greater options for employees challenged by cost, treatment access, or perceived care quality, but it is not without heightened travel-related risks."

He says that from a financial perspective, the plan document should specifically outline which medical costs are covered – this includes unforeseen expenses.

"For instance, does your plan have a contract with an air ambulance firm in case the employee has to air transported back to the US or are you at the firm's mercy? Unexpected charges like this could mean the difference between a successful medical procedure and being hit with hundreds of thousands of dollars in medical debt," continues Lanza.

OVERVIEW: TRAVEL FOR TREATMENT

Here's a capsule summary of the volume of medical travelers:

- 2020: estimated 290,000 Americans went abroad for dental and medical procedures
- 2019: estimated 780,000 sought outbound services
- 2021: about 650,000 Americans traveled outside the US
- Medical travel has largely rebounded to pre-pandemic levels while healthcare spending has increased 20% to 50%
- Americans are traveling abroad to save anywhere from 50% to 80% on medical and dental procedures
- Medical departures account for about 15% of total U.S. outbound business -- 100,000 or more Americans travel each year to Mexico alone.

Laurie Mollé, vice president of Claims, Spectrum (a division of Companion Life Insurance Company), provides solid guidance: "For a medical tourism claim to be eligible under the stop loss policy, the plan document must include the program and allow for travel as it relates to the program. The same will be required for any incentives that are expected to be included in the stop loss.

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She says the claim review process will be much smoother if the appropriate documentation is provided with the submission, adding, "This includes an itemized bill from the provider for services rendered, billing for the concierge services (airfare, hotel, meals, etc.) and program fees. There could be significant cost savings to the plan, provided plan participants are willing to use the program."

TIMING IS RIGHT

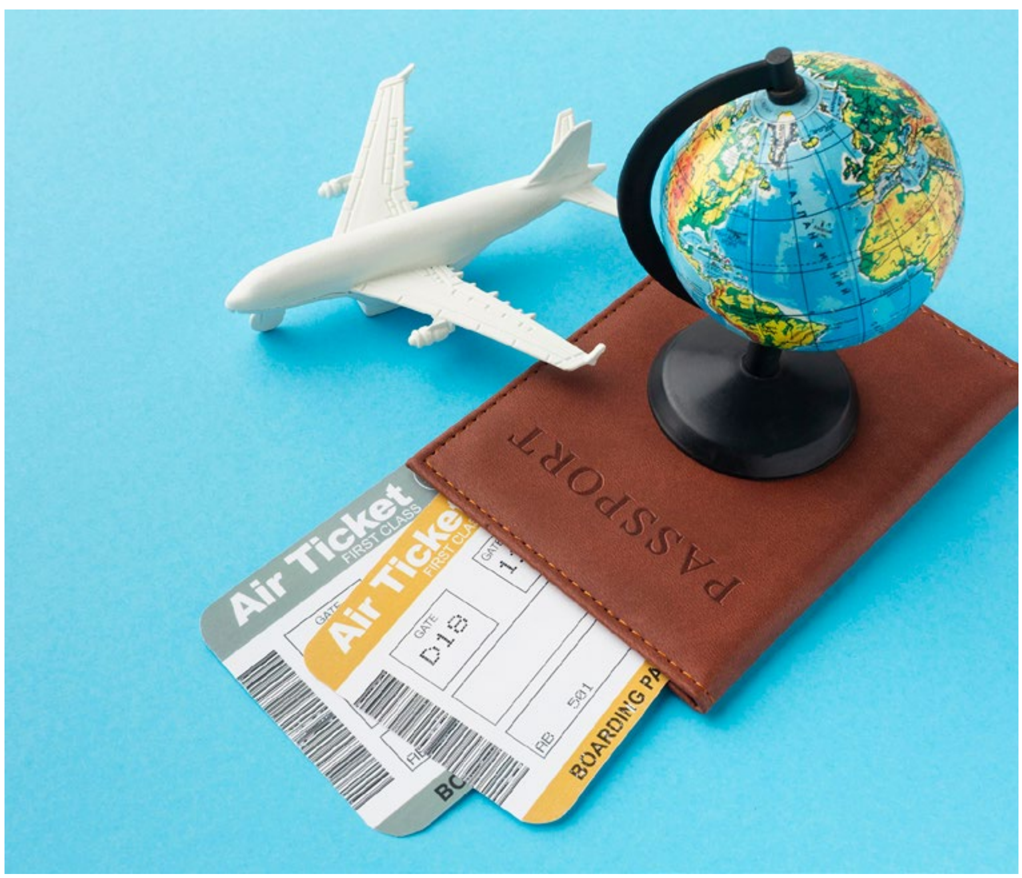
There are many factors impacting the adoption of medical travel. U.S. Health Reforms that affect self insured employers appear to be ongoing. Among these reforms, fines will be imposed if companies don't purchase appropriate coverage. Higher premiums, higher taxes, and longer waiting times are in play even if an employer does purchase appropriate coverage. Finally, there are potential limits on access to new technology and treatments.

With continued budgetary constraints, employers are under pressure to drop or limit coverage, shift full-time workers to part-time or cease operations. Employer-based coverage is dropping: estimates of Americans who will lose their employer-based insurance range from 8 to 19 million. Employers that don't drop coverage will be under pressure to move their employees to Health Savings Accounts.

Finally, there are escalating provider shortages, as the US faces a critical shortage of physicians and nurses. This is creating issues with access to care, as expanding coverage to 35 million more Americans creates even more access problems. Further complicating this problem are projected reductions in payments to medical professionals by Medicare and Medicaid and lack of tort reform also magnify shortage problems.

The result of these issues is that more patients are willing to travel rather than wait for services. The most likely medical tourists are Americans who have an HSA: they are willing to travel, are internet savvy and don't mind shopping abroad for value because they are spending "their own money." With new transparency provisions in place, Americans are more aware of costs, especially the newly uninsured who are looking for less expensive places to access care. Furthermore, wealthy seniors are retiring overseas to avoid higher taxes on investments and will access care in their new "home" country.

The introduction of new technology and treatments not yet available in the U.S. has always been a deciding factor in medical travel and continues to be a driver.



Now, US employers and insurance carriers are looking to send employees overseas for procedures to lower their cost of benefits and avoid excise tax. It is also an opportunity for insurance companies to build relationships with foreign doctors and hospitals as they look for opportunities to sell insurance products in emerging markets.

This option is not simply for large companies, as medium-sized and smaller employers are now taking advantage of this opportunity to reduce healthcare costs with a travel surgery program. Some industry reports show that 140,000 employers with fewer than 5,000 lives are using medical travel programs -- nine times bigger than the total of large companies.

MOST POPULAR TREATMENT OPTIONS AND DESTINATIONS

TREATMENTS

- Dental
- Cardiovascular
- Orthopedics (Shoulders, Hips, Knees)
- Bariatric surgery
- Fertility treatment
- Eye surgery
- Rx travel and general treatment
- Children's Medical Care

DESTINATIONS

Latin America
- Mexico
- Brazil
- Costa Rica
- Caymans
- Panama
- Colombia

Europe
- Germany
- Spain
- Poland
- Turkey

Asia
- South Korea
- India
- China
- Thailand

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SPOTLIGHT ON MEXICO

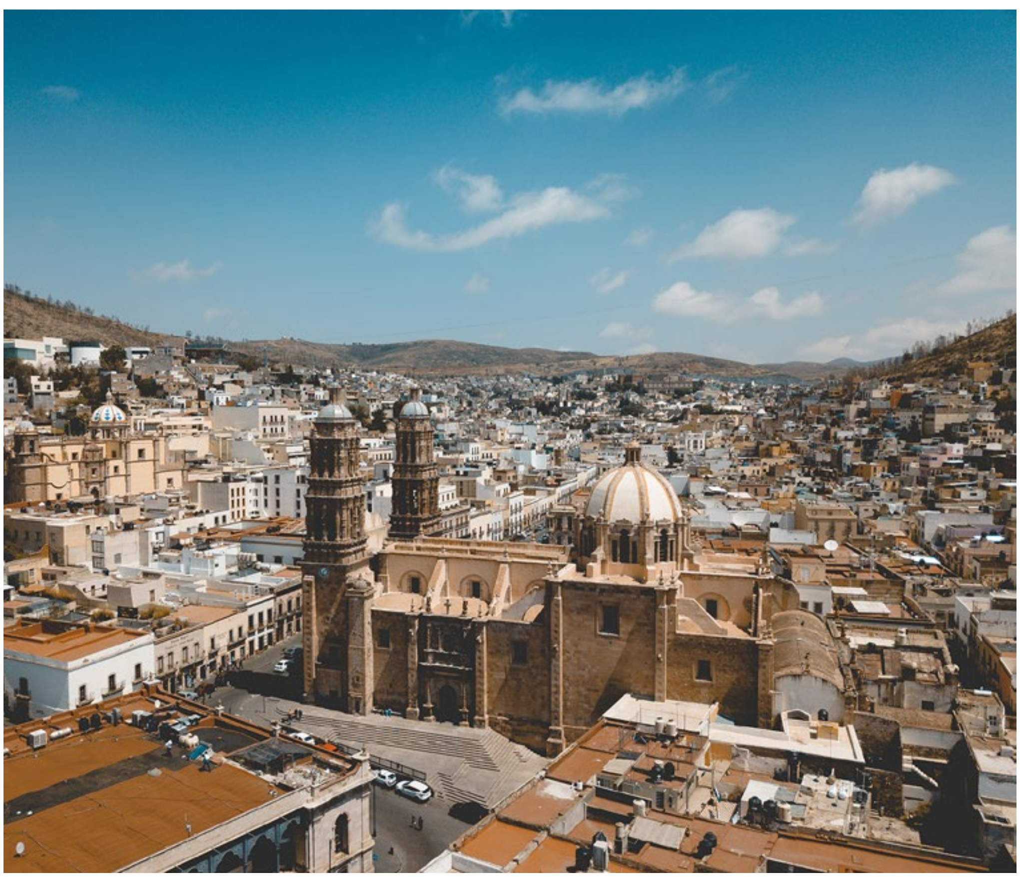
Over one million people traveled to Mexico last year for affordable or alternative medical procedures. Mexico's medical tourism generates over 3 billion dollars a year. Expansion of new clinics and health facilities are currently under construction

Given its close proximity to the US, it's not surprising that most of these medical tourists traveled from the United States, where healthcare costs keep rising. Many Americans seek unconventional cancer treatments, which are either too expensive or not approved.

There are a few caveats: medical professionals caution patients to be careful in choosing their medical facility since there is wide variation in quality. Safety is also a big concern given the tumultuous political situation in Mexico.

WHY ARE COUNTRIES ABLE TO DELIVER COST SAVINGS?

Other countries can charge less for several reasons: 1) lower pay to physicians and other health care workers 2) much less overhead because patients pay cash 3) subtract the substantial cost of malpractice insurance.



The savings are substantial: between 50% - 80% of the cost in the U.S. This can fluctuate based upon exchange rates, inclusions or exclusions. As an example, a hip replacement performed at a local hospital could be $40,000…100 miles away it may cost $30,000…and if performed abroad, it might run as low as $20,000.

But pricing should never be the sole concern. The best advice is to NEVER choose surgeon or hospital solely based on cost. Safety, quality and service are primary considerations, with a goal is to find the best VALUE not price. Using a qualified facilitator is the best way to ensure value.

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US DOMESTIC MEDICAL TRAVEL

Centers of Excellence throughout the country are competing for patient volume that emanated from outside the local service area. Here again, they are focused on cost, quality and patient outcomes.

Hospitals are being forced to this new level of competition since excess capacity requires filling beds at reduced rates. In this new environment, cost and efficiency equal survival. A few of the high-profile hospitals that are in the medical travel business include Mayo Clinic, Johns Hopkins, Cleveland Clinic, Geisinger and others.

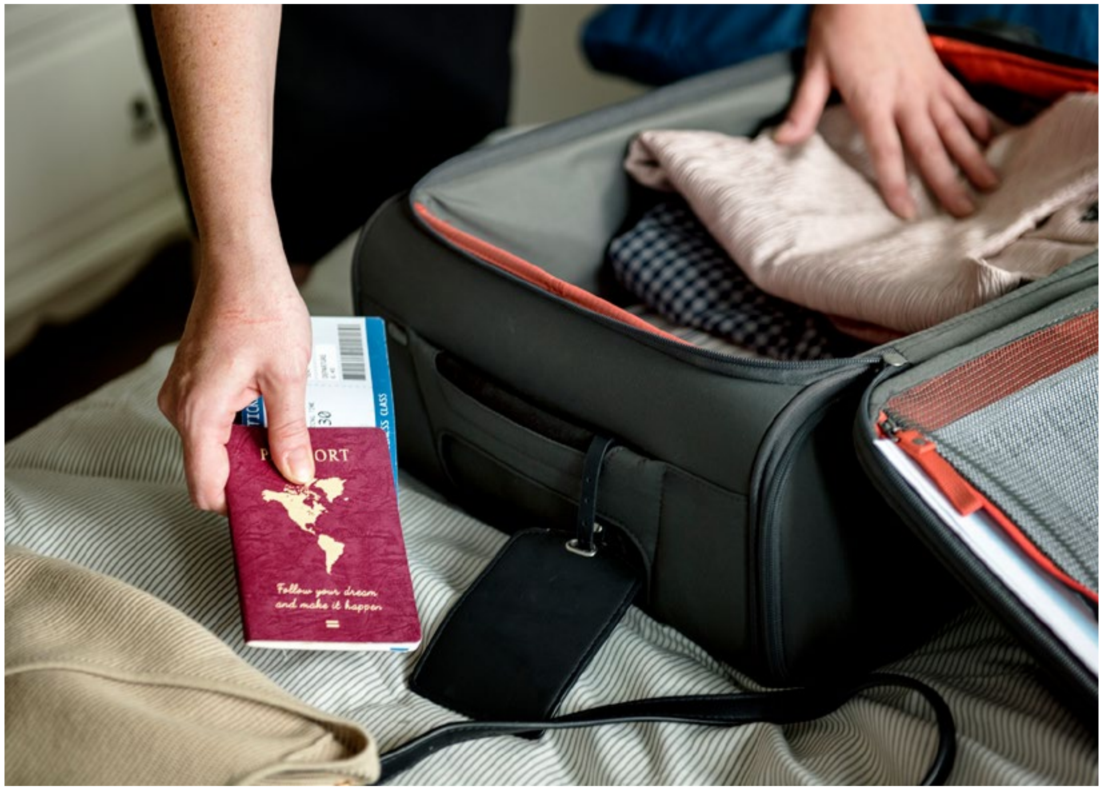
Many companies are utilizing this approach and are regarded as industry pioneers. This includes some well-known businesses such as Lowes and Pepsico and 15% of Fortune 50 companies now offer a domestic medical travel program. While savings are not the only issue, some report savings of 20-30%.

For employees, the option to travel is highly attractive since more employers incent adoption by eliminating any deductible, providing travel expenses for the patient and a companion, and often paying a cash bonus.

Wright Dickinson, AMWINS, says, “We consider domestic medical tourism to be built around the COE (centers of excellence) concept where facilities with statistically superior outcomes for complex procedures offer them at a very competitive rate, often in a bundled payment scenario. It’s an easy win-win for the plan and the member/ patient, if the logistics of travel and support are a fit.”

He explains that transplant COEs have been around for decades, but today there are a much wider array of procedures offered in the COE model including complex items like cancer and gene therapy with additional options for more routine procedures like hip or knee replacements.

“Facilities with specific treatment focus, expertise and higher patient volumes are able to reach scale and really dial in the cost/ benefit while offering an outstanding product and service experience,” he continues.



The risk/reward tradeoff moves further out on the spectrum when considering traveling outside the U.S. for service. Wright says that those treatments may come with impressive savings, noting, “But the same system controls or recourse options may not exist if something goes wrong. That doesn’t mean there aren’t many quality providers abroad, there are just more variables at play so there is a heightened need to research and weigh them carefully."

He cautions that this option may extend outside the comfort zone of some employers. “For others, they may make a program available for members to decide for themselves.”

Wright advises that a lot may depend on what procedure is involved. Is it a dental surgery? Administration of a specialty drug? Or something more complex?

“There are many more options available today that offer excellent quality of care and material cost savings,” he concludes. “Consumers just need to do a little research to determine the right fit for their situation.”

ROLE OF DIRECT CONTRACTING

Medical travel arrangements typically fall under the umbrella of direct arrangements with a hospital or provider organization: typically a large health system or provider network, accountable care organization or clinically integrated network.

Employers take advantage of a unique opportunity to gain control over the quality and escalating cost of health care benefits. They can contract for an entire spectrum of health care services or tailor the contract to a specific subset of services: joint replacement surgeries, cardiac catheterization procedures, transplants or other high-volume, high-cost procedures.

Many of these arrangements require travel for treatment if the employer has a workforce that is geographically diverse but wants employees to access care at a hospital under a direct contract.

Under these arrangements, companies design the benefit offerings, custom-tailored to meet specific needs of its employee population. This includes key negotiated terms on which the provider will provide and manage the provision of care to the employer’s employees and dependents.

Among the many benefits of direct contracting, self-insured employers point to these two advantages:

- Rather than pay premiums to a commercial payer/third party traditional health insurer and accept unknown carrier network pricing, employers designate these select providers to be their preferred points of service for employees' healthcare needs.

- Contracts ranging from fee-for-service, risk-based (using capitation or other global payment methods), service level agreements and in some cases, medical tourism programs to access care outside of local or regional delivery system.

"PHARMACY MEDICAL TRAVEL"

The newest and possibly most attractive option is an International Rx provision that many employers are finding as a great addition to any benefit plan, fully-insured or self-funded.

As an example, you are allowed to bring prescription medications approved by the Food and Drug Administration (FDA) from Mexico into the United States for your personal use. But there is a limit. In general, you may bring up to 50 dosage units into the U.S. without a prescription.

Bob Repke, president, IC West Insurance Services LLC and a long-time member of the SIIA community who has served on the international committee and other SIIA groups, says, "Just as medical inflation continues unabated, the same is true for pharmacy costs. In fact, with the introduction of new high end prescription treatments, the costs exceed budgeted medical inflation. Self-funded employers now have the option of including an International Rx benefit alongside their existing PBM."

He points out that for the past five years, the State of Utah thru its health plan, PEHP, has included an International Rx benefit for its members. ProvideRx Pharma, the company coordinating this program for employers, offers a customized pharmacy program with high-cost prescriptions available from both Mexico and Canada. Patients can obtain up to a 90-day supply of their prescription while getting their copay and deductible waived.

"This includes brand name drugs like Stelara, Cosentyx and Humira and has been legally vetted as part of their health benefit," says Repke. "ProvideRx Pharma has a formulary of close to 10k name brand drugs at discounts averaging 50%

available to customize an international Rx plan for self-funded employers. Members have the option of continuing local service, traveling to either Canada, Mexico or having their prescription delivered directly to their home. Savings are significant and this is worth exploring."

In addition to handling surgical travel programs for employers for many years, Raj Rao, CEO, Indus Health, has also introduced Rx medical travel programs. Raj says that these programs can be introduced any time of year and that employers are saving incredible sums on many specialty drugs – the highest cost Rx expense. Here's a sampling of the specific drugs:

Therapeutic Class	Specialty Rx	Frequency	Annualized Savings ($K)	Annualized Savings (%)
Chronic Inflammatory Disease	Humira Pen	quarterly	17 - 27	27% - 44%
Chronic Inflammatory Disease	Humira Pen (High-Dose)	quarterly	53 - 64	42% - 51%
Chronic Inflammatory Disease	Stelara	quarterly	21 - 33	24% - 38%
Chronic Inflammatory Disease	Stelara (Low-Dose)	bi-annual	34 - 40	39% - 46%
Chronic Inflammatory Disease	Stelara (High-Dose)	quarterly	137 - 146	52% - 56%
Chronic Inflammatory Disease	Enbrel Sureclick	quarterly	21 - 26	34% - 44%
Chronic Inflammatory Disease	Orencia Clickjet	quarterly	11 - 17	21% - 33%
Chronic Inflammatory Disease	Cosentyx Sensoready Pen	quarterly	24 - 30	37% - 46%
Rheumatoid Arthritis	Actemra	quarterly	21 - 31	29% - 44%
HIV-Multiclass Combo	Genvoya 150mg	quarterly	5 - 11	13% - 28%
Oncology	Tasigna	quarterly	7 - 12	19% - 33%
Autoimmune Disease	Rituxan	quarterly	7 - 18	11% - 27%
Hepatitis C	Mavyret	single	7 – 10	24% - 35%
Hepatitis C	Epclusa	single	24 - 27	32% - 36%
Hepatitis C	Viekira Pak	single	23 - 26	27% - 30%
Multiple Sclerosis	Ocrevus	bi-annual	9 - 15	14% - 23%

Here are some caveats from VeryWell Health:

Is it legal to import prescription drugs from Mexico?
In most cases, it is illegal to import drugs from Mexico. However, the FDA does not object to the importation of drugs unavailable in the United States that are intended for personal use to treat a serious medical condition.

When is it legal to import drugs from Mexico?
According to the FDA, you can do so if you have a serious medical condition; there are no effective treatments available in the United States; and the drug does not pose any unreasonable risks. You are only allowed a three-month supply and must state in writing that the drugs are for personal use.

What do I need to legally buy drugs from Mexico?
Customs officials will want a letter stating that the drug is intended for personal use to treat a serious medical condition and is not available in the U.S. You will also need to provide information about the doctor treating you or proof that you are continuing treatment started in another country.

What are the dangers of buying prescription drugs from Mexico?
Drug purity, safety, and effectiveness are the main concerns as these cannot be monitored or guaranteed. This is especially true with drugs that are available only by prescription in the United States but sold over the counter in Mexico.

BOTTOM-LINE: WHAT EMPLOYERS WANT

Medical travel programs can suit the needs of any size employer and can be customized to meet specific requirements.

Amy Argeros, managing director of Rockport Benefits, owned by ELMC Risk Solutions, shares, “From the stop-loss perspective, COVID did not help this concept to prosper, but we have had a few groups inquire over the years and maybe a vendor discussion or two. While nothing had ever come to fruition, we do feel it could have its merits, depending upon what the procedure and certainly the country. As with anything, if determined parameters are in place based upon facility credentials and diagnosis/procedure, it may certainly have its place despite some issues."

Self-insured companies are looking for medical travel-for-treatment programs that deliver:

- Value and Quality
- High Performance Networks & Providers
- Improved Outcomes
- Bundled Pricing
- Safety
- Cost Containment
- Transparency Pricing
- "0" Infections
- Lower Re-admissions
- Reporting & Benchmarking


Mark Lawrence

Despite the upbeat forecasts for medical travel among employers, there is lackluster interest from the stop loss community. Mark Lawrence, President, HM Insurance Group, says, "We've seen very few requests for domestic or international medical travel. Decisions about where care is provided is between the employee, plan sponsor and Administrator.

Stop loss carriers don't direct care, as Lawrence explains, "HM's Stop Loss contract follows the benefits provided under the plan document, so we would look to see if it's covered under the Plan when we receive a claim. I'm interested to see where this market goes, but in the near term, I don't see medical travel making a large impact on our business." ■

Laura Carabello holds a degree in Journalism from the Newhouse School of Communications at Syracuse University, is a recognized expert in medical travel, and is a widely published writer on healthcare issues. She is a Principal at CPR Strategic Marketing Communications. www.cpronline.com

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