

Outsourcing the Patients

More U.S. health insurers are slashing costs by sending policyholders overseas for pricey procedures

by [Bruce Einhorn](#)



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For years, Americans have been traveling abroad to save money on elective procedures or dental work. David Boucher, 49, doesn't fit the usual profile for such medical tourists. An assistant vice-president of health-care services at Blue Cross & Blue Shield of South Carolina, he has ample health benefits. But Boucher recently chose to have a colonoscopy at Bumrungrad International Hospital in Bangkok, mainly to make a point about the expanding options available to Blue Cross customers. And his company happily picked up the \$640 tab—a bargain by U.S. standards.

Blue Cross and other insurers would like to see more policyholders traveling abroad for medical care. Since the start of the year, Boucher has signed alliances with seven overseas hospitals and hopes to add five more by yearend, including them all in coverage for his company's 1.5 million members. As health-care costs continue to rise in the U.S., "medical travel is going to be part of the solution," he says.

Yes, just like manufacturing facilities and call centers, health care is moving offshore. "All of the largest U.S. insurers are starting to educate themselves or are putting [offshore] programs in place," says Jonathan Edelheit, president of the Medical Tourism Assn., an industry group formed just last year. Companies that self-insure are also bombarding Edelheit's group with requests for information.

Getting covered employees to leave the U.S. won't be that hard, says Edelheit. An insurance company could waive all deductibles and co-pays, offer to cover travel costs for the patient and family members, even throw in a cash incentive, and still save tens of thousands of dollars. After all, a heart procedure that costs \$100,000 in the U.S. runs only \$10,000 to \$20,000 at some of the best private hospitals in Asia. And the quality of care? Foreign hospitals in such arrangements are typically approved by Joint Commission International, part of the same nonprofit organization that accredits American hospitals.

Blue Cross took the lead in medical offshoring when it formed its first partnership, with Bumrungrad Hospital, in February. Since then the insurer has signed similar pacts with the Parkway Group Healthcare, owner of three hospitals in Singapore, and hospitals in Turkey, Ireland, and Costa Rica. Three members of India's Apollo Hospitals Group are also joining the network. And another large Indian chain, Wockhardt Hospitals, is talking with U.S. insurers as well. "Americans haven't come to grips with having their heart surgery in Thailand," says Curtis Schroeder, the American CEO of Bumrungrad. "But that will change."

The shift is sure to leave some policyholders disgruntled, of course. Offering international coverage might make it easier for employers to limit benefits at home, for instance, by raising the deductibles on U.S.-based procedures. It's also extremely difficult for patients to sue for malpractice in most Asian countries. Bumrungrad has offices for marketing and promotion in 20 countries, but not the U.S.—in part because having a U.S. office would open the door to potential liability, hospital officials say. So it will take a while for the trickle of insured U.S. patients in Asia to become a torrent. But over time, for policyholders and payers alike, the price may be hard to resist.

With Catherine Arnst