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Medical Tourism: Seeking Affordable Healthcare Overseas

Medical tourism provides high-quality care with less financial suffering

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Because the cost of U.S. healthcare remains high, medical tourism could save an American patient thousands of dollars on procedures such as cosmetic or dental surgeries—as long as they are willing to travel to a foreign country where the costs are considerably lower. Foreign real estate investors can also indirectly benefit from the medical tourism industry, which appears to have a positive impact on the economies of developing destination countries.

The concept of traveling for medical care is nothing new, but the modern concept of medical tourism—traveling to foreign countries specifically for lower cost of care—has only emerged in the past 10 to 15 years, David E. Williams, cofounder and principal of MedPharma partners, and author of HealthBusinessBlog.com, said.

But “in a mainstream way it’s really only started to take off in the past year or two,” because more people are traveling around the world than they were ten years ago, and because the Internet has made long-distance communication more practical, he said.

The numbers of clients for MedRetreat, an American medical tourism services company, have nearly doubled each year since 2005, with approximately 200 clients in 2005, 350 clients in 2006 and 650 clients in 2007, Patrick Marsek, the company’s managing director, said.

Most clients are paying for health care procedures out of their pocket, specifically uninsured or under-insured American patients in need of costly medical surgeries, and clients who seek elective cosmetic or dental procedures, Marsek said.

“There’s a huge range of potential cost savings, anywhere from 50 to 80 percent depending on where [they] go and which procedures [are done],” Marsek said.

□ It is possible for patients to pay for foreign medical expenses with money from their health savings account (HSA). As the number of people with HSAs increases, and people have to take more responsibility for their medical costs, medical tourism could grow even more.

Cosmetic and dental surgeries are the most popular procedures because “those are services that typically are not covered by insurance,” Williams said. Many patients travel to South or Central American countries such as Brazil, Argentina or Costa Rica for cosmetic procedures, where it is cost effective to travel and cosmetic surgery is advanced. For example, a full face and neck lift procedure could cost \$12,000 in the U.S., while the same procedure could cost as little as \$3,800 abroad, Marsek said.

In vitro fertilization procedures are also becoming popular because the cost of the procedure is high in the U.S., Williams said.

The savings for uninsured clients in need of cardiovascular or orthopedic procedures are perhaps the most

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Medical tourism is most often for cosmetic surgery

dramatic because costs for those procedures are so exorbitant in the U.S. Hip replacement surgery, for example, could cost anywhere between \$40,000 and \$65,000 in the U.S., whereas a patient might pay between \$8,000 and \$18,000, which includes travel costs, to receive the procedure overseas, Marsek said.

Marsek said some of the least expensive destinations to receive hip replacement surgery are in India; however, “there’s [a different] price to be paid for going [there],” he said.

“It’s a huge culture shock for Americans to go to India,” Marsek said. “Patients should know that medical tourism is not only about receiving a high-quality procedure...it’s [also] about the total experience of when [they are] there. You have to be emotionally and psychologically prepared...as well as physically prepared.”

Quality of care

Patients might have questions about the quality of care overseas; however, one quarter of physicians in the U.S. are foreign-born, “so the concept of having a Thai...or an Indian physician is really nothing very new or very foreign to an American patient these days,” Williams said.

Furthermore, “people are also coming to realize that the U.S. health system, despite being the most expensive, is not perfect,” he said.

It’s difficult to figure out the quality of any particular overseas provider, and “if anything goes wrong you’re far away from your support network,” Williams said.

Consequently, patients should “do their homework” and work with a professional organization that has experience with overseas medical travel, Marsek said.

MedRetreat, for example, has performed extensive, on-the-ground due diligence on foreign hospitals that wish to participate in the medical tourism industry and has turned down more than half of candidate hospitals because they fell short of the company’s quality standards, Marsek said on a MedRetreat.com podcast.

Hospitals that participate in medical tourism usually reserve the highest quality of care and best physicians for international patients, Marsek said.

In terms of the actual procedure, “they really err on the side of caution overseas,” Marsek said.

“The absolute worst thing that could happen to a hospital overseas is to have a procedure go bad, and [for that patient to] come back to the U.S. and talk to CNN the next day,” he said. “That hospital could potentially be out of the medical tourism industry...forever.”

MedRetreat clients generally spend three times as much time in a hospital overseas than they would in the U.S. after having a similar procedure performed, Marsek said. Clients also tend to experience more hospitality—friendliness, compassion and caring—overseas.

“They’re not trying to push you out of the hospital,” Marsek said.

In a paper issued by MedPharma and MedTripinfo.com last fall, Williams and his colleague John Seus predicted that U.S. physicians, in general, will not object to medical tourism. Many U.S. physicians are familiar with foreign doctors, or are originally from foreign countries themselves, and understand the credibility of receiving care abroad, Williams said. Furthermore, physicians are probably not worried about losing business because of a shortage of physicians in the U.S. that is causing many patients to be turned away.

Thus far, the prediction seems accurate and there doesn’t seem to be any “huge outcry” by doctors against medical tourism, Williams said.

Considerations and risks of medical tourism

Quality of care abroad is not necessarily cause for concern, especially for patients who book their medical tour through a reliable company. However, other considerations about medical tourism should be taken into account.

First, patients need to decide whether or not opting for a medical tour makes sense, financially and physically. MedRetreat's website recommends "The \$6,000 Rule." A procedure that costs \$6,000 in the U.S. would probably "realize a break-even scenario" if the patient elected to go abroad, because the overhead created by travel costs would cancel out the money saved for the actual procedure.

Nevertheless, some clients choose to go for the experience as well as the care, and Medretreat has "perpetual medical tourists," Marsek said.

"Many people still choose to travel abroad to achieve complete privacy and anonymity, peaceful recuperation, and the avoidance of daily hometown distractions," according to the MedRetreat website. The company's clients enjoy a two- to three-week vacation in luxury accommodations following their procedure.

American patients with a medical condition should have their diagnosis performed in the U.S., Marsek said. After finding out what procedure needs to be done, they can ask the approximate cost and their physician should be able to give them "a ballpark figure," he said. That figure can then be compared with the cost of having the same procedure performed overseas.

In addition to financial considerations, medical tourism is not physically appropriate for all patients, especially patients in need of high-risk medical procedures.

"We can't [take patients in need of] quadruple-bypass [surgery] and facilitate those [procedures] overseas," Marsek said.



Medical tourists can find high quality of care

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Communication barriers are one cause of concern for medical tourists

Once a patient has traveled to a foreign country for care, he or she may face the risk of miscommunication resulting from a lack of familiarity with a foreign culture and language barriers, Williams said.

Because of all the risks involved, clients might want to have the option of canceling their procedure after they arrive in their destination country without taking a huge financial hit, Marsek said. MedRetreat promises to return the 20 percent deposit for a procedure if the client should change their mind after arriving. As a result, the financial risk to the client is only the cost of travel and cost of stay.

But none of their clients have ever felt the need to use this option, according to the MedRetreat podcast.

Refund policies vary between companies, so consumers should research multiple companies

before making a decision.

Impacts on economic health

Foreign real estate investors might be interested to know that the impact on medical tourism destination economies should be “very positive,” according to Williams. Popular medical tourist destinations include developing countries such as India, the Phillipines and South and Central American countries, as well as fairly developed countries, such as Singapore and South Korea.

One important benefit of medical tourism for these countries is that the influx of international patients will create career opportunities that encourage foreign physicians to remain in their home countries as opposed to moving to the U.S. to make a living.

Furthermore, medical tourism has a positive impact “all the way down the economic ladder,” from high-educated occupations in medicine and hospital administration to the unskilled trades.

Overall, medical tourism will have a positive impact “directly by improving the health care infrastructure within a country, and indirectly because of all the new economic activity that’s generated and opportunity for growth,” Williams said.

Destination countries are realizing the value of medical tourism, and “there are [initiatives] at the government level or at the individual hospital level...to try to lure tourists from the [U.S.], Western Europe or Canada,” Williams said. As a result of the increasing supply of participating hospitals, an increasing number of medical tourism companies are emerging onto the scene to get between care providers and consumers to arrange medical tours.

As for the effects of medical tourism on U.S. health care costs, the direct impact will probably not be large, Williams said.

“At the end of the day...most procedures are not suitable for going abroad, and most patients, even if offered the opportunity, won’t take advantage of it,” he said.

Still, the secondary impact on the U.S. health care industry will be substantial; for instance, an increasing number of “mini-med plans” will begin covering medical procedures performed overseas. According to the results of a survey called *Health Care Benefits: Eligibility, Coverage and Exclusions*, medical tourism is already being covered by 11 percent of organizations surveyed—a surprisingly large number, Williams said.

“U.S. hospitals and physicians [will be] competing for the first time on an international basis and not just on a local or regional basis,” Williams said.

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