

Chapter 5.9

Outsourcing of Medical Surgery and the Evolution of Medical Telesurgery

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ABSTRACT

With rising and often unreasonable costs in the U.S. healthcare system, Americans are becoming more inclined to seek cheaper alternatives. In some cases, Americans do not have to search for such alternatives on their own because their employers are offering them incentives to receive care from a foreign institution. Employees can go abroad to countries, such as India, in order to receive medical services for prices that are at least half of what the procedure would cost in the U.S. This emerging market seems to be beneficial to all involved except U.S. healthcare providers; however, this outsourcing of healthcare services sends a powerful international message. It seems that the U.S. has a healthcare system that cannot adequately serve all economic classes of the American public. In contrast, though India has the proper facilities and professionals, there are concerns regarding malpractice litigation,

postoperative care, and possible negative effects on the Indian public. Having given consideration to all affected constituencies, it seems that the outsourcing of medical procedures is in the best interest of lower- and middle-class Americans as well as medical professionals in India. In reality, though medical tourism is receiving much attention, it will most likely not be a pressing concern for the American market in the near future. A widening discrepancy in the Indian public may, however, be cause for nearer concern. This new trend does foreshadow a push for more preventative changes in the business of U.S. healthcare, such as the development of information technology specific to the growing international healthcare market. Whereas, it will initially be beneficial to send patients abroad, with the evolution of technology, the latter ideal will instead be to have medical professionals abroad that care for patients located in the U.S.

INTRODUCTION

The cost of healthcare in the United States seems to be approaching a level that is beyond the economic means of the general public. Even with insurance, expensive surgeries sometimes require thousands of dollars in out-of-pocket costs. Americans have found the cheaper alternative of seeking less expensive healthcare in a foreign country. This practice, which is often coupled with sightseeing and actual tourism, is appropriately referred to as medical tourism. Since there are plenty of advantages for both Americans and their foreign counterparts, medical tourism seems like the natural solution in the short run, and has the potential to become a rapidly growing market. However, when taking all constituencies into consideration, in the long run, this growing market could have some indirect, unfavorable side effects.

ENCOURAGEMENT OF FOREIGN PROCEDURES

Perhaps the largest instigators in this recent trend are the employers. They could be playing a large role in the development of medical tourism simply by introducing the idea to their employees and, in some cases, even offering some economic incentive. In an effort to save on insurance fees, several companies have begun to promote foreign healthcare options.

Blue Ridge Paper Products, based in Canton, North Carolina, is one such venturesome company. Their healthcare claims were initially projected to be \$36 million by 2006; however, due to these foreign alternatives, their actual claims in 2006 were closer to \$24 million (U.S. Senate Hearing, 2006). These savings will be to the advantage of the company and its employees because they will be able to internalize more revenue as well as keep wages reasonable.

Carl Garrett is a technician at a Blue Ridge paper mill who had plans to receive two medical

operations in New Delhi, India. The 60-year-old needed both his gall bladder removed and his rotator cuff mended, and was delighted at the opportunity to avoid paying \$10,000 in deductibles and out-of-pocket fees (Milne-Tyte, 2006). The cost for Blue Ridge was so low in comparison to the charge that the company would have incurred from U.S. medical fees that they actually offered to return a portion of their savings to Garrett.

In another case, Howard Stabb, a successful business owner, sought physicians in India rather than in the United States. Stabb had chosen not to have health insurance and found that he could save over \$150,000 by receiving heart surgery out of the country. He brought a patient advocate with him, and both of them agreed that his decision to seek services abroad was best for both his personal well-being and for the financial stature of his company (U.S. Senate Hearing, 2006).

THE PREFERENCE TOWARDS INDIA

One might wonder, of all the third-world countries where one might be able to receive care, why would India be a good choice? Why would the global leader in importing foreign patients be half-way around the world? Though a possible reason could be coincidence, as in, Indians were the first to create such a market, there are more likely, tangible reasons for this phenomenon. For instance, there is less of a language barrier in India as opposed to some other possible foreign destinations. Most Indians begin learning English in school at a young age, so odds are that the healthcare professionals would be able to communicate with an American in English. Also, helping to make their foreign patients feel secure with the care that they will be receiving, many Indian physicians have been trained in the west (Rai, 2006). Much American hesitation to travel abroad for care comes from uncertainty about the quality of care and knowledge and experience of the foreign physicians.

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