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## U.S. Employers Look Offshore for Healthcare

As costs rise, workers are being sent abroad to get operations that cost tens of thousands more in the U.S.

By Daniel Yi, Times Staff Writer  
July 30, 2006

After going overseas to outsource everything from manufacturing to customer services, American businesses — pressed by rising healthcare costs — are looking offshore for medical benefits as well.

A growing number of employers that fund their own health insurance plans are looking into sending ailing employees abroad for surgeries that in the U.S. cost tens of thousands of dollars more.

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### FOR THE RECORD:

Outsourcing: An article in Section A on Sunday about American employers sending workers offshore for surgeries to cut costs in their health plans incorrectly said Blue Cross of California offered insurance plans that covered medical treatment in Mexico. The insurance provider is Blue Shield of California. —

Carl Garrett of Leicester, N.C., will fly to a state-of-the-art New Delhi hospital in September for surgeries to remove gallstones and to fix an overworn rotator cuff. His employer, Blue Ridge Paper Products Inc. of Canton, N.C., will pay

for it all, including airfare for Garrett and his fiancée. The company also will give Garrett a share of the expected savings, up to \$10,000, when he returns.

Garrett chose to go abroad rather than have the operations locally, where he would have paid

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"I think it is a great thing," the 60-year-old technician said. "Maybe it will drive down prices [of surgeries] here in the U.S."

Blue Ridge, which employs 2,000 and funds its own health plan, began studying the idea out of frustration with rising rates at local hospitals, company officials said. Blue Ridge's healthcare costs have doubled in the last five years, to about \$9,500 a year per employee.

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"The hospitals have a monopoly. They don't care, because where else are patients going to go?" said benefits director Bonnie Blackley. "Well, we are going to go to India."

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Every year, tens of thousands of Americans travel abroad for cheaper tummy tucks and angioplasties. This "medical tourism" has typically been reserved for uninsured procedures or uninsured patients.

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No major insurer offers such travel, but several employers that fund their own benefit programs have expressed interest, according to consultants and medical tourism agencies. No statistics are readily available on how many companies or patients have undertaken such travel.

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Some medical tourism agencies are preparing to offer health insurance plans that outsource all major surgeries abroad. IndUSHealth — a medical tourism agency based in Raleigh, N.C., that Blue Ridge hired — said it was in negotiations with several companies.

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Earlier this year, United Group Programs Inc., a health plan manager in Boca Raton, Fla., added a Thai hospital to its network of preferred providers. A handful of plan members have traveled to Thailand for treatment in recent months.

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Arnold Milstein, chief physician at human resources consulting giant Mercer Health & Benefits, said he had been hired by three Fortune 500 companies interested in contracting with offshore hospitals. Milstein said the employers requested anonymity because they were not ready to unveil plans to their workers.



"This could really open up the healthcare market to foreign medical travel," said Milstein, who is based in San Francisco. "It won't just be people without insurance anymore. It could be available to just about everybody."

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U.S. hospital operators say that doesn't bode well for them.

"This is not the solution," said California Hospital Assn. spokeswoman Jan Emerson. "In fact, this could make problems worse."

Hospitals must deal with rising costs just like other parts of the healthcare system, she said, and California hospitals lost \$6.65 billion last year caring for the uninsured. Hospitals rely on paying, well-insured patients to keep them afloat in the face of costly government regulations and low-paying government programs like Medicare and Medicaid, she said.

Exporting the best-paying patients, she said, "will only add to the woes of the entire healthcare system."

But like other industries, healthcare is globalizing as costs rise. High drug prices have led some Americans to import prescription drugs from Canada and elsewhere. Some U.S. hospitals outsource radiology analyses to cheaper facilities in Australia and Europe.

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