



**KPJ National
Healthcare
Conference 2005**

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Putrajaya, MY**

Future of Health Tourism: Role of the Team

**Presented by: Hank Kearney
PHM International**

Medical Globalisation

- Outline
 - Convergence and opportunity
 - Formalisation of medical tourism
 - 1st Stage
 - 2nd Stage
 - Conclusions

Convergence & Opportunity

RALEIGH, N.C., Dec. 8 /PRNewswire/ -- IndUSHealth, a Raleigh, N.C.-based company plans to coordinate overseas health care in Indian hospitals for American patients in need of highly-complex medical procedures at costs dramatically lower than now available in the United States.

Rajesh Rao, Co-founder and Chief Executive Officer at IndUSHealth, commented, "Gaining access to affordable health care is already a huge issue in the U.S. and we want to help solve it. We think part of the solution is to think globally when it comes to medical treatment options. Americans need global health care options."



Convergence & Opportunity

AMSTERDAM (Reuters) Posted on Dec. 09, 2005 10:58 AM CST

—A change in the Dutch health insurance system next year will pull the country's European-harmonised inflation figures into negative territory, impacting euro zone data, economists said on Thursday.

The Netherlands is switching from a mixed private and public health insurance system to a private but heavily regulated system next year, opening the 29 billion euro (\$34 billion) market to competition.



Convergence & Opportunity

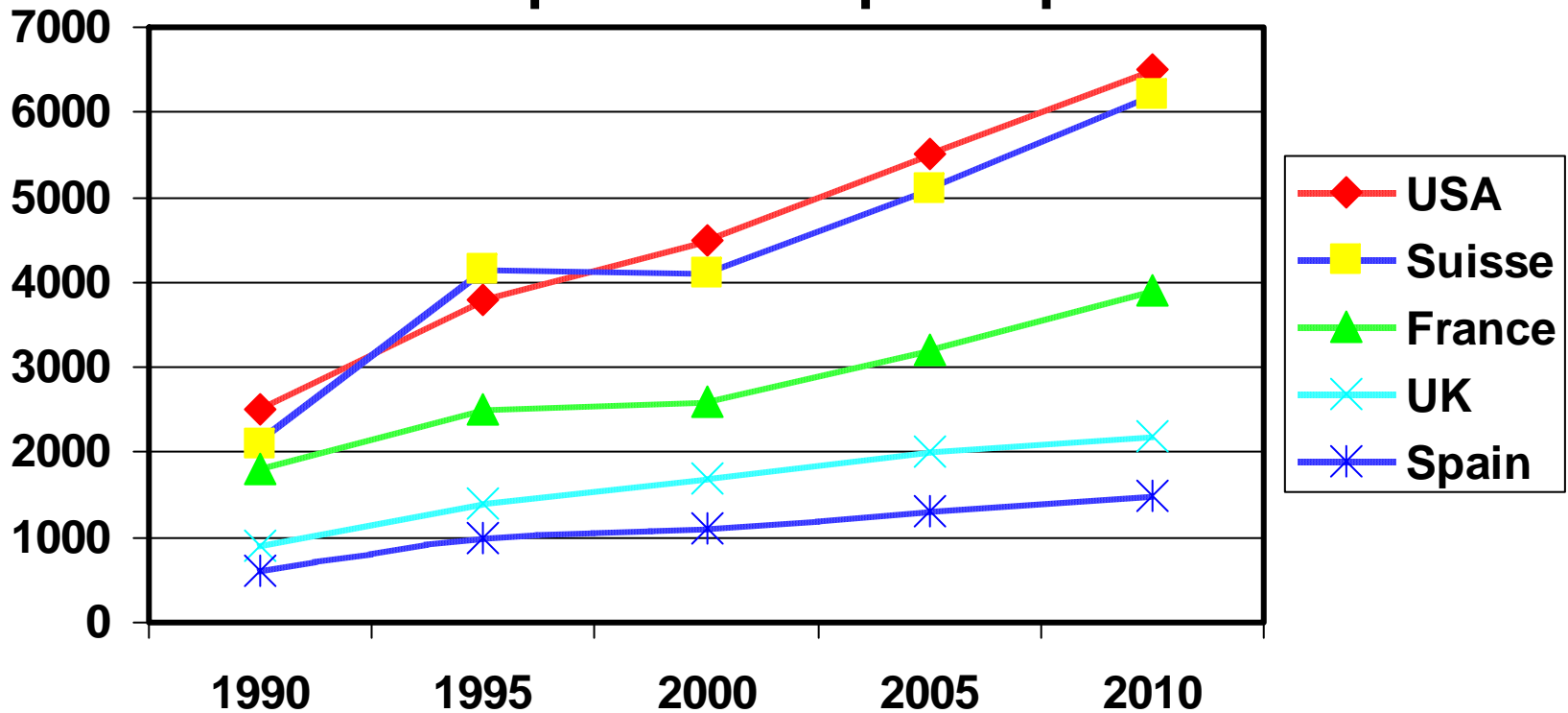
- Health care cost pressures
 - Technology, Medical advances
 - Aging society - Consumerism
 - Combined = 2.5% - 3.5% increase in health care costs⁵
- Increasing health care costs
 - Average hospital daily costs US \$2,364⁶ and over \$5,000 in some US states

RM 18,750



Convergence & Opportunity

Health expenditures per capita



OECD, 1998. \$US Exchange Rate



Convergence & Opportunity

- Governments increasingly looking to private health insurance companies to control and decrease costs
 - EU - the Maastricht Treaty
 - OECD - Belgium
 - Asia - India, Australia, China - Malaysia?
 - Poland, Slovakia - EU entry

Convergence & Opportunity

- Health Insurance

- Europe has 5-7% growth in PRIVATE health insurance⁷
 - Growing dissatisfaction with state plans
 - Use of private insurance to support employees
- Netherlands reducing number of sickness funds
- Turkey: 10% market penetration of PRIVATE health insurance⁸



Convergence & Opportunity

- Governments increasingly looking to private insurance companies to support societal wealth through use of *life* insurance
 - Privatization
 - Removal foreign ownership restrictions
 - Removing price controls
 - Egypt
 - India
 - China



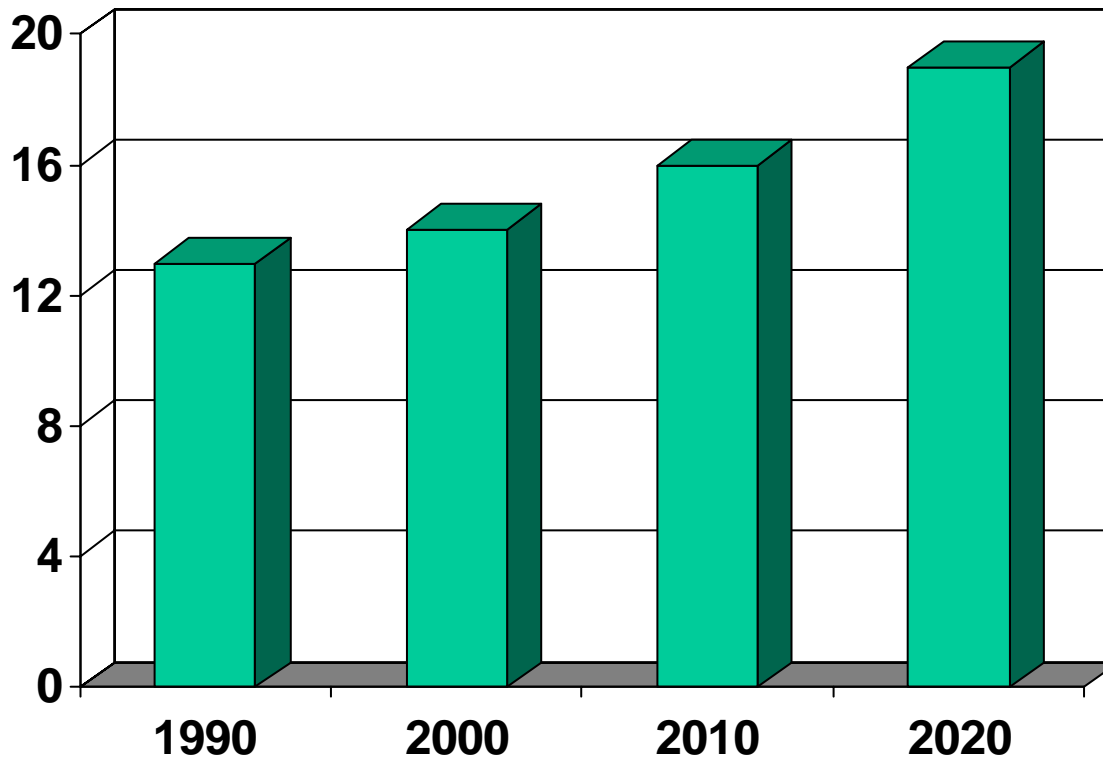
Convergence & Opportunity

- Societal
 - Consumerism
 - Increased knowledge, information access
 - Direct to consumer advertising - Not just clinical
 - Increased use of personal resources
 - Aging population
 - Worldwide growth of middle age group
 - Baby boomers, Parents of baby boomers
 - Malaysia...



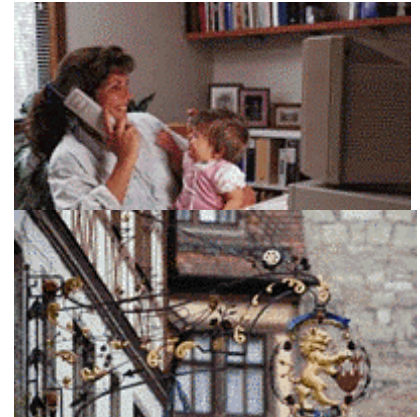
Convergence & Opportunity

Percent of population 65+ years old



Convergence & Opportunity

- Internet & Telemedicine
 - Hospitals
 - Insurance
 - Providers - Doctors, Equipment
 - Consumers
- Biotechnology - Genomics
 - Health risks
 - Prevention
 - Transplants



Convergence & Opportunity

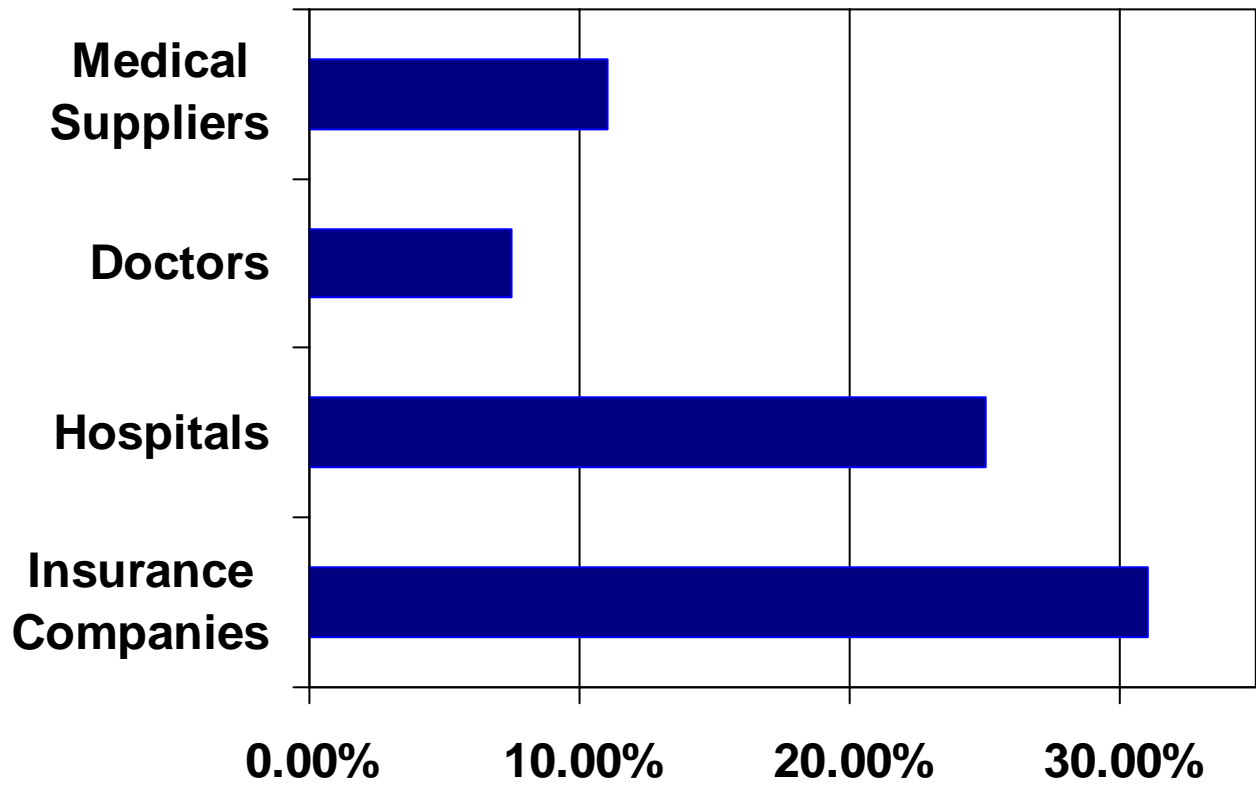
- Internet

- 98% of homes in Singapore have broadband, Singapore ONE internet access¹⁰
- Electronic prescription programs in UK & Netherlands
- Smart card technology projects:
 - 40 million in France
 - Germany, Czech, Russia
 - Spain using biometrics to scan fingerprints



Convergence & Opportunity

Segments with greatest opportunity for success in e-business



Convergence & Opportunity

- Private investment in healthcare - globally
 - Emerging markets
 - Hospital and clinic development, laboratories, specialty care
 - Developed markets
 - Smaller facilities
 - Hospital days per capita:¹²
 - » 1.1 in US
 - » 2.6 in France
 - » 4.0 in Japan



Convergence & Opportunity

- Insurance companies and support services
 - Global orientation
 - Internet focus for processing
 - Emerging markets
 - Higher risks = higher rewards
 - Mature markets
 - Market segmentation



Convergence & Opportunity

- Global migration and travel
 - France 70 million
 - US 63 million
 - Spain 46 million
- Visitors to US pay 40+% more for health care than US citizens
- 50% increase in international travel growth by 2010
 - pre 9 September 2001



Convergence & Opportunity

Death of Distance

=

**New Markets,
Global Markets**



Medical Tourism aka Medical Globalisation



Medical Tourism

- Informal stage
- First Stage
- 2nd Stage - Medical Globalisation

Medical Tourism

- Informal stage....
 - Private hospitals and clinics
 - Wealthy nationals
 - Self-pay patients

Medical Tourism

Informal stage

Medical Providers

Private hospitals & clinics
Remote diagnostics
24 Hour nursing
Health & Travel information



Patients as Consumers

52 weeks per year
Socio/Econ level
Migration
Employment benefits



Medical Tourism

- First stage - organic approach
 - Brand awareness - marketing
 - Association and accreditation
 - Out of country advertising
 - Fee schedules
 - Informal links to organisations

First Stage - Medical Tourism

International Health Insurers

Managed Access - Global Focus
Expanding Markets

Medical Providers

Private hospitals & clinics
Remote diagnostics
24 Hour nursing
Health & Travel information

Patients as Consumers

52 weeks per year
Socio/Econ level
Migration
Employment benefits

Medical Tourism

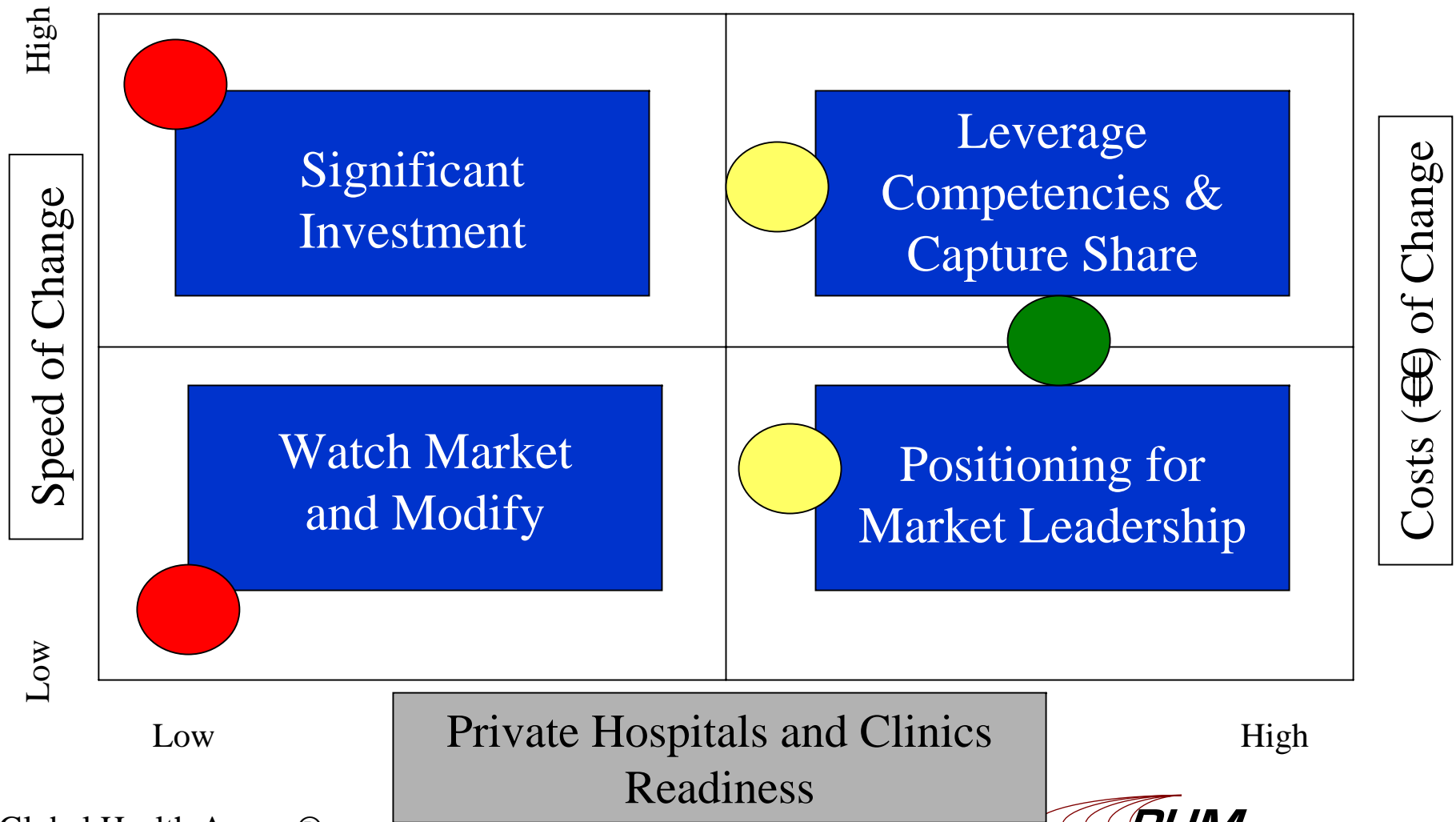
- Second stage - Formal, strategic
 - Attitudinal assessment
 - Market positioning
 - Center(s) of excellence
 - Clinical uniformity and education
 - Formal structure and agreements
 - Organisational leadership

Medical Tourism

- Second stage - Formal team
 - Administrative training
 - Clinically advanced
 - Bones, brains, hearts
 - Marketing driven
 - Look to pharma
 - Financial commitment
 - Clinical and administrative excellence

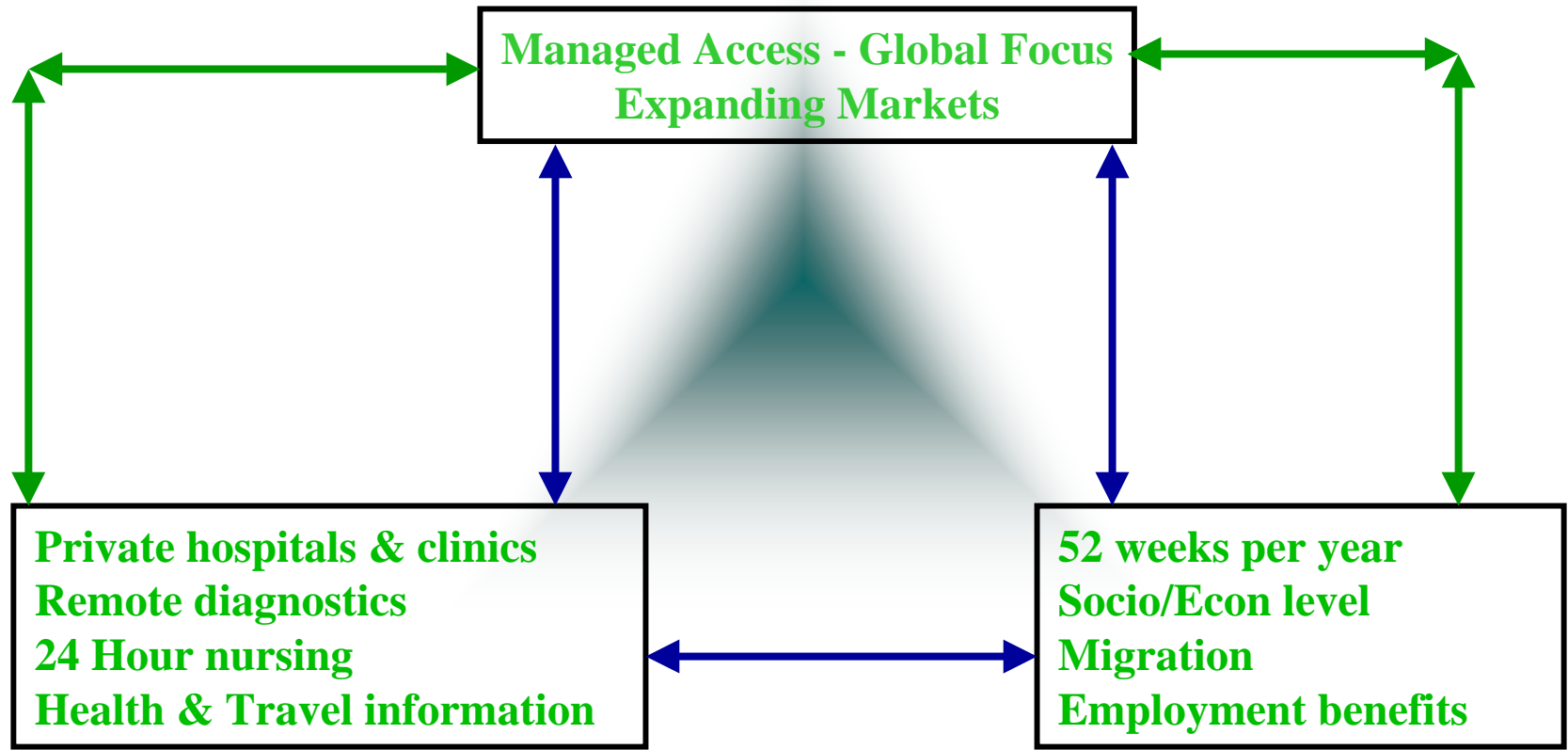


Preliminary Second Stage - Medical Globalisation



Preliminary Second Stage - Medical Globalisation

International Health Insurers



Medical Providers

Patients-Consumers

Medical Tourism

- 2nd Stage Medical Globalisation
 - Enterprise wide process development
 - change & integration
 - Borderless care, virtual care
 - New markets and new segments
 - Measurable results
 - patient census
 - quality indicators
 - positive impact on turnover



Conclusions

- 2nd Stage Medical Globalisation driven by a convergence of:
 - Government transitions & budget constraints
 - Consumer & societal oriented health care
 - Technology: Internet, IT, Genomics
 - Maturing infrastructure
 - Financing expansion - private insurance
- Market leaders will be market winners



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Presentation Footnotes

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- 2 “Healthcast 2010 Survey,” PriceWaterhouseCoopers, 2001.
- 3 OECD Health Data, 2005.
- 4 “Health and Wealth: An International Study on Health Spending,” J. Maxwell. 1981 and “Escalation of Healthcare Costs: How do we get there,” B. Abel-Smith. OECD-Healthcare, Paris, 1996.
- 5 Ibid.
- 6 Wall Street Journal, January 13, 2000.
- 7 “Healthcast 2010 Survey,” PriceWaterhouseCoopers, 2001.
- 8 “Emerging Europe Healthcare Fund,” Global Environment Fund, Wash, DC, 2001.
- 9 “4 of 10 People Use Alternative Medicine in the US,” JAMA, November 11, 1998.
- 10 “Building a Nation of E-citizens,” Stephen Vined, The Independent-London, July 21, 1999.
- 11 “Healthcare International,” The Economist Intelligence Unit, 1Q, 1999.
- 12 Highlights of the 1998 Multinational Comparisons of Health Care, The Commonwealth Fund, October 1998.
- 13 “Healthcast 2010 Survey,” PriceWaterhouseCoopers, 2001.
- 14 Global Health Access, LLC Plan, 2001.

