



Medical Travel Opportunities for US Hospitals

PHM International
October 2003
Fort Lauderdale, FL

Outline

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I. Background

Foreign patients

- 2% of admissions
- 20% revenue

Mass. General Hospital
5/01/00 Boston Globe

Background

- 50,000,000 visitors to US 2003 projected.
- Generate \$2.8 billion annually in medical expenses
\$860,000,000+ annual medical overpayments by international visitors in US
- International visitors incur upwards 40+% more in medical expenses than US patients
- 50% increase in international travel growth by 2010



Background

48,500,000

Visitors to the US 1999

41,900,000

Visitors to the US in 2002*



International

Background

- International Arrivals to the U.S. by Region & Country of Residency 1-12 2002r vs. 2001r, Revised Estimates

	Final 2002	2001	2002/2001
Region/ Country	TOTAL	TOTAL	% Change
Total All Countries	41,891,810	44,897,868	-7%
North America	22,775,103	23,065,000	-1%
CANADA	12,968,103	13,507,000	-4%
MEXICO	9,807,000	9,558,000	3%
OVERSEAS	19,116,707	21,832,868	-12%
W EUROPE	8,247,779	9,111,460	-9%



Background

- Travel
 - “The region (Americas) is showing an overall scenario of recovery against a background of two depressed years.”
 - For the Americas, growth is estimated at 2.1% in 2003 with an improvement to 3.7% in 2004 driven by the United States and Canada...”



Background

Travel Trends are not Health Care
Expenditure Trends

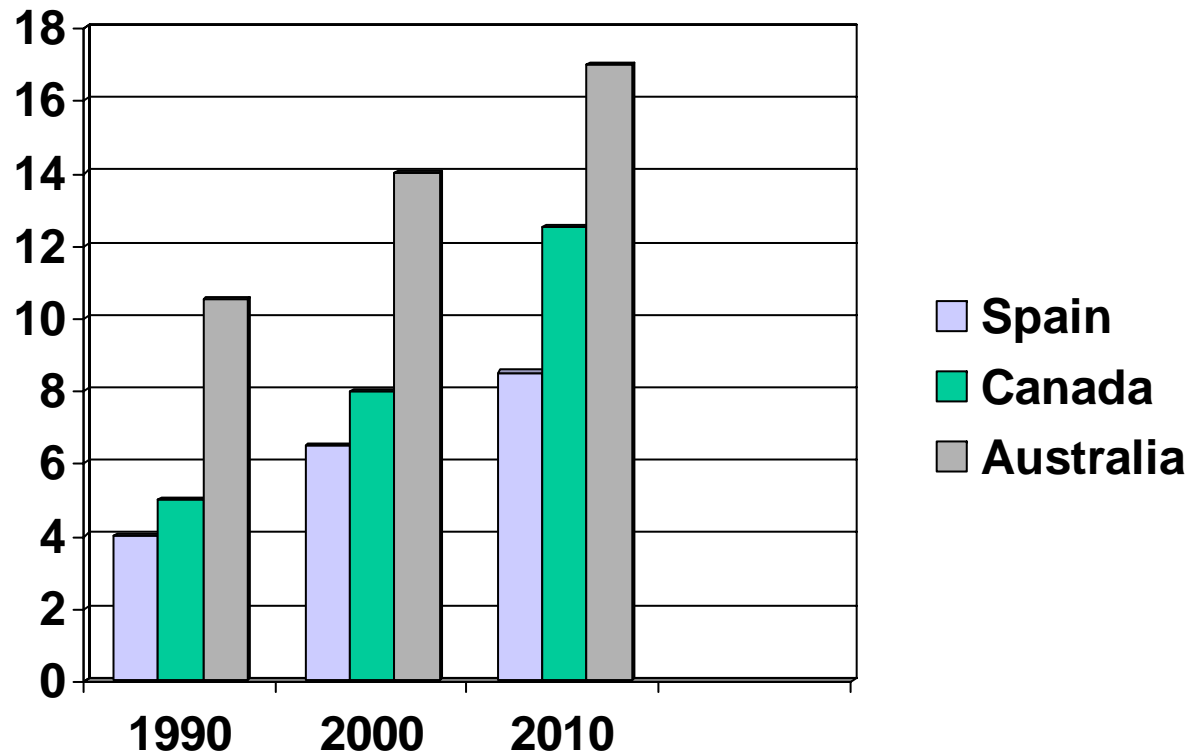
Background

- World Health Care Market Realities
 - Government budget restrictions promoting growth of private insurance - EU guidelines e.g. Poland
 - Each 1% increase in wealth = 1/2% increase in health care costs¹
 - EU has 5-7% growth in PRIVATE insurance²
 - Turkey: Pvt insurance 10% market penetration³
 - Privatization movement driven by World Bank, IMF, Maastricht Treaty etc.



Background

- % Private health insurance of total expenditures



Background

- Prospective Clients
 - Private insurance companies
 - Travel insurance companies
 - Sickness funds, governments
 - Assistance companies
 - Second tier
 - Individuals

Background

- Client Needs
 - Reduced medical loss ratios
 - Improved profitability
 - Enhanced customer retention
 - Market differentiation
 - Managed access
 - Technologic advantages
 - Speed to market, turn-key
 - Acquisition of insureds, consumers

Background

- Client Needs
 - International access to US managed healthcare networks
 - 25% in need of care while traveling
 - Internet services with 24/7 phone support
 - Global access to global *managed care*
 - Brazil, India, South Africa, etc.
 - 50% World wide growth by 2010⁴
 - 249% Expenditure growth by 2010⁴



Background

- The Global Oriented Health Insurer
 - Outsourcing of services
 - Consumer oriented health care
 - Branding will be key
 - Customer satisfaction
 - Service and speed

II. Hospital

- Strengths
- Capitalize on Strengths
- Graphic Illustration & Proposed Strategies



Hospital

- Strengths
 - Non-profit status
 - Directs access to US managed care doctor and hospital networks
 - 24 Hour care
 - Global Center of Excellence
 - Neuroscience Institute
 - Research, X-Knife, etc.



Hospital

- Capitalize on Strengths
 - Global center of excellence
 - Avoid initial “Me-Too” strategy
 - Wealthy individuals
 - Direct to consumer marketing overseas
 - e.g. Cleveland Clinic, Presbyterian NY, Johns Hopkins, etc.

Hospital

- Capitalize on Strengths
 - Strategic contracting with market leaders
 - Clients are non-US health insurance cos, assistance cos., sickness funds, travel insurers
 - Users are client's insureds
 - Business to business model drives business to consumer function
 - Secondary consumer strategy, post implementation

Hospital

Hospital

International Health Insurers

Risk Bearer
Managed Access
Global Focus
Expanding Markets

Consumers

52 weeks per year
Business & Leisure
Socio/Econ level



International

Hospital

- Action Plan for Strategic Contracting
 - Analysis of targeted buyers
 - Insurance cos, sickness funds, etc.
 - Meetings with select buyers
 - Execution of agreements
 - Targeted marketing efforts supporting
 - Physician exchange, lecturing, etc.
 - Broad based promotional mechanisms



Hospital

“When it comes to international markets, the respondents ranked personal contacts and the cultivation of established relationships as the most important specific criteria.”

Center for Health Policy Studies,
Healthcare Globalization Survey. 2000.

Hospital

- Secondary By-Products
 - Data mining
 - Utilization data
 - Psycho demographic data
 - Site utilization
 - Branding
 - PR, advertising, marketing

III. About PHM International

- Background
- Recent Illustrative Projects
- About



PHM International

- Started 1997, Boston
- Global consultancy specific to insurance and managed health care
 - Business development
 - Training
 - Expert consulting to US legal profession
 - Product development
 - www.phmintl.com

PHM International

- Illustrative Projects
 - Relationship mapping of US managed care & insurance sectors for post stroke system development. Israel, 2003.
 - Market availability research & program development for non-US insurance benefit program. Scotland, 2003.
 - Training development. Tanzania, Rwanda, 2003.
 - International medical access development. Worldwide, 2000-2002.



PHM International

- About Hank Kearney
 - President of PHM International
 - 20+ years in insurance & managed care
 - International speaker - London, Dubai, US
 - Product manager - BCBSNC
 - Think tank participant
 - Sigma Theta Tau & Kellogg Foundation
 - Author, product developer
 - Best's Review, Business Insurance, The Well-Pack® Advantage Wellness®

IV. Next Steps

- Execute Agreement
- Executive Briefing
 - Present preliminary findings, strategy, etc.
- Develop Success Criteria
- Finalize Strategic Plan
- Target Buyers
- Execute 1st Client Agreement
- Develop Marketing Program

Contact

PHM International

+1.772.388.6496

hankk@phmintl.com

References

- 1 "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.
- 2 "Healthcast 2010 Survey," PriceWaterhouseCoopers, 2001.
- 3 "Emerging Europe Healthcare Fund," Global Environment Fund, Wash, DC, 2001.
- 4 Global Health Access, LLC Plan, 2001.