



World Wide Health Taiwan 2008

**PHM**
International



Role of Insurance and Finance in Medical Travel

- I. Introduction and Background**
- II. Private Health Insurance Sector**
- III. Strategic Planning**
- IV. Death of Distance**
- V. Realities and Future Trends**



Introduction

- ◆ **Long Term - Strategic View: 3-5+ years out**
- ◆ **Insurance as Financing Mechanism....**
NOT Delivery of Care
- ◆ **Insurance as Aggregator**
- ◆ **Medical Tourism Wins When Positioned as Value-Add, Long Term, Integrated Part of Local Community**



I. PHM International

- ◆ **Focus on private healthcare and health insurance**
- ◆ **Consulting, publishing, facility design, future trending - investor services**
- ◆ **Predominately in Eastern Europe and Asia**
- ◆ **Started in 1997**



PHM International

- ◆ **PHM Emerging Markets Healthcare Monitor**
 - ◆ Monthly commentary on emerging markets
 - ◆ Audience inst. investors, PE firms, int'l banks
- ◆ **Global Health Access®**
 - ◆ Started 2000
 - ◆ Medical globalisation (tourism) model(s)



II. Private Health Insurance Sector

- ◆ **Highly Efficient Use of Money**
- ◆ **Industry Very Knowledgeable of Hospital Sector**
- ◆ **Poor Managers of Medical Care**
- ◆ **Slow to Innovate**

- ◆ **Not Travel Insurance**



Private Health Insurance Sector

- ◆ **Highly Efficient Use of Money**
 - ◆ Major growth world wide, not US
 - ◆ The Netherlands moved to all private cover
 - ◆ Middle East countries mandating health scheme
 - ◆ UAE: 1 May announced all gov't ee & families
 - ◆ KSA: all expats
 - ◆ Government direct deals w/hospitals run counter to trend



Private Health Insurance Sector

- ◆ **Very Knowledgeable About Hospital Sector**
 - ◆ Long experience with hospital contracting
 - ◆ Position hospitals as market advantage
 - ◆ Accreditation - by any measure
 - ◆ Companion Global Healthcare
 - ◆ Extreme downward pricing pressure



Private Health Insurance Sector

- ◆ **Poor Managers of Healthcare**
 - ◆ Economies of scale do not fit local nature of healthcare *delivery*
 - ◆ Cyclical nature of industry forces pull-back of medical management efforts
 - ◆ Negative history of national efforts in managing care



Private Health Insurance Sector

◆ **Slow to Innovate**

- ◆ Product innovation better outside USA
 - ◆ Singapore's 3Ms in 1980s - USA's HSAs 2002
- ◆ Challenges to link savings to health cover
- ◆ Expat networks do not = cross border cover
- ◆ Few innovation leaders, examples:
 - ◆ Companion Global Healthcare
 - ◆ Bupa



III. Strategic Planning for Insurance Contracting

- ◆ **Stark Assessment of Realities**
- ◆ **Fundamental Assessment of Expectations & Abilities**
- ◆ **Medical Tourism's Social & Geo Impact**
- ◆ **Long Term Planning**



Strategic Planning

- ◆ **Stark Assessment of Realities - Tactical Assessment**

- ◆ **Primary**

- ◆ Financial, managerial, and staff commitment
- ◆ Clinical
- ◆ Physical plant - facilities

- ◆ **Secondary**

- ◆ Logistics planning and management



Strategic Planning

- ◆ **Fundamental Assessment of Expectations & Abilities**

- ◆ Minimum: SWOT

- Strengths, Weaknesses, Opportunities, Threats

- ◆ PEST

- Political, Economic, Social, and Technological analysis

- ◆ Full feasibility analysis

- ◆ Clinical specialties, Physical facilities, Human resources, Financial implications



Strategic Planning

- ◆ **Medical Tourism's Social Impact**
 - ◆ Two or three tier system
 - ◆ Government planning
 - ◆ WTO & Geo-political events
 - ◆ Active strategy of public relations



Strategic Planning

◆ Medical Tourism's Social Impact

“I am not very keen on medical tourism. It's a wastage of resources that I think should be utilised to better the health condition of our own people.”

Naresh Dayal, Health Secretary India



Strategic Planning

- ◆ **Medical Tourism's Social Impact**
 - ◆ Geo-political impact
 - ◆ AON Risk-Map
 - ◆ Carbon offsets, fuel consumption
 - ◆ 9/11 - Mayo, Cleveland Clinics
 - ◆ Regional Realities
 - ◆ Intellectual Property Rights - WTO



Strategic Planning

Link to AON's political - economic risk map

<http://www.phmintl.com/2007aonriskmap.pdf>

◆ use scale to enlarge



Strategic Planning

**Ability to maximize outcomes through all
known and unknown variables**

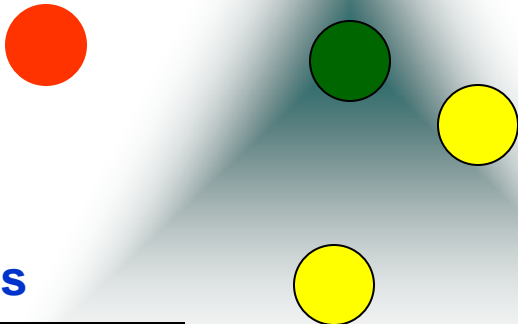


Global Health Access® Development Model

First Stage - Medical Tourism

International Health Insurers

Managed Access - Global Focus
Expanding Markets



Medical Providers

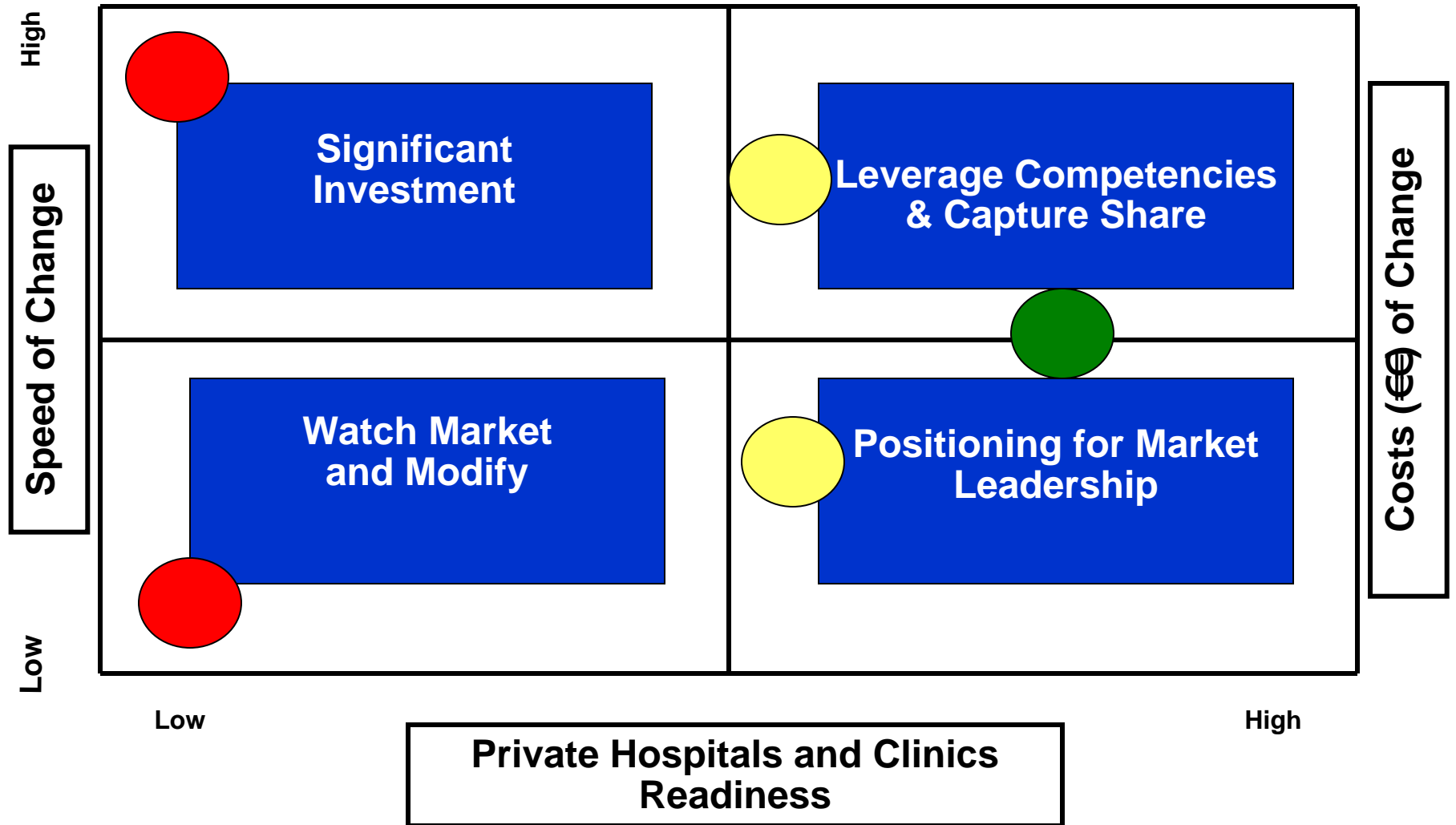
Private hospitals & clinics
Remote diagnostics
24 Hour nursing
Health & Travel information

Patients as Consumers

52 weeks per year
Socio/Econ level
Migration
Employment benefits

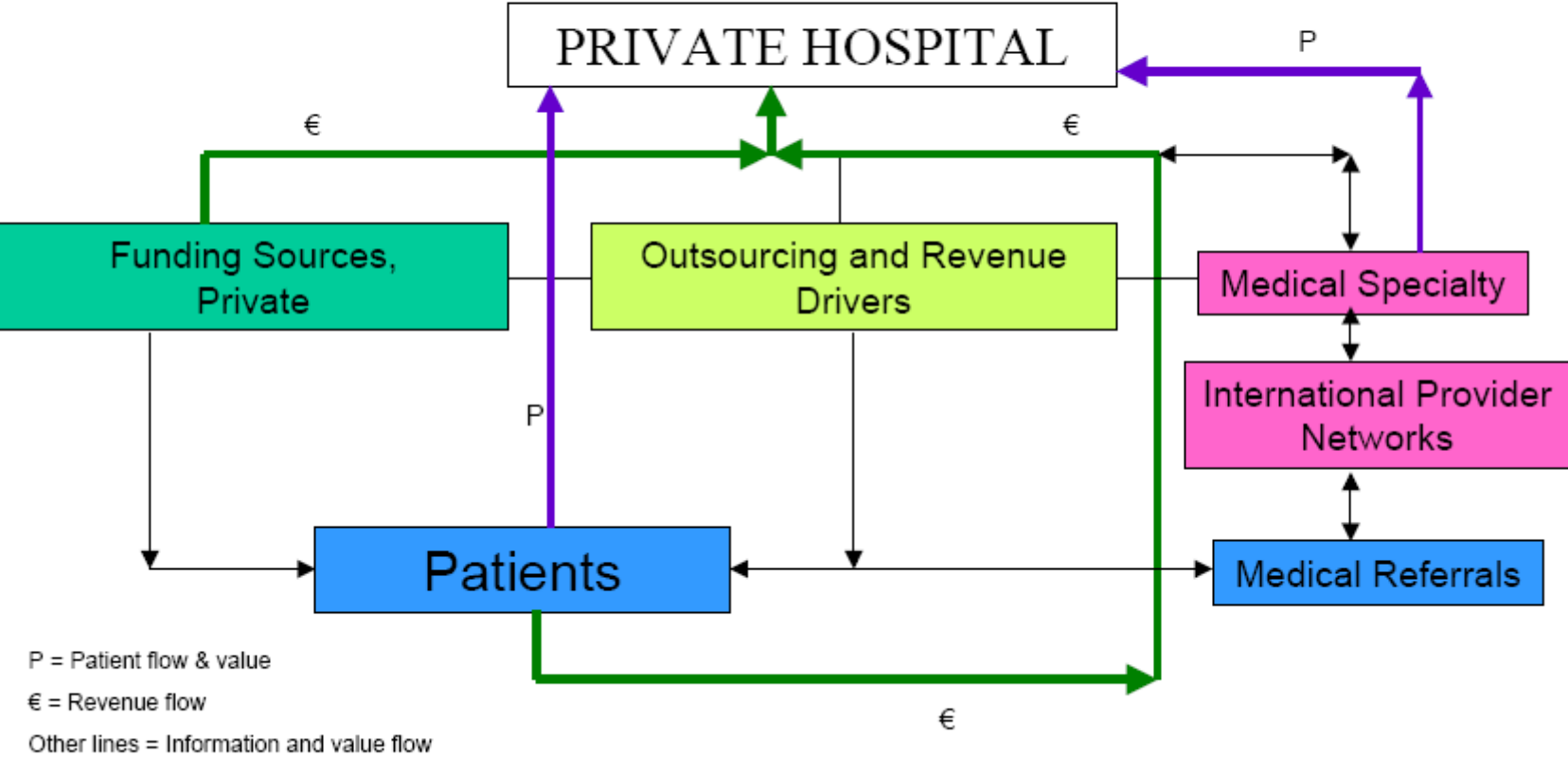


Global Health Access® Development Model Second Stage - Medical Globalisation





Global Health Access® Project Model





Strategic Planning

◆ Long Term Planning

- ◆ Medical tourism as:
 - ◆ Loss leader
 - ◆ Profit center
 - ◆ Value add
 - ◆ Prestige
 - ◆ Capacity development

3 of 5 above are default



IV. Death of Distance

- ◆ **2,000 km = 2,000 km**
- ◆ **Perception = Reality**
- ◆ **Centers of Excellence Win**
- ◆ **All Things Being Equal**



Death of Distance

- ◆ **2,000 km = 2,000 km**
 - ◆ Death of distance true with the Internet
 - ◆ Not true with a scalpel
 - ◆ Physical aspect a reality
 - ◆ Shorter the distance, greater the win

- ◆ Virtual care ignores distance



Death of Distance

- ◆ **Perception = Reality**
 - ◆ Insurance buyer is network contractor
 - ◆ Accreditation, by any means
 - ◆ Government behavior can and will impact



Death of Distance

- ◆ **Centers of Excellence Win**
 - ◆ Outcomes based decision making by buyer
 - ◆ Proof is in the outcomes
 - ◆ Regional focus



Death of Distance

- ◆ **All Things Being Equal**
 - ◆ Low cost no longer the driver
 - ◆ Distance wins
 - ◆ The shorter the distance the greater the *leverage*



V. Realities and Future Trends

- ◆ **Commodity Based Sector**
- ◆ **Insurance Sector Slow to Adapt**
- ◆ **Strategic Alliances Provide Marketing Advantage**
- ◆ **Government Deals Are The Past**
- ◆ **Regional Strategies Are The Future**



Realities and Future Trends

◆ Commodity Based Sector

“What we see in the Middle East are top-end developments being targeted to the Middle East’s wealthy population....There is not enough of a comparative advantage in this region to attract people from other parts of the world because the main constraint is cost.”

Guy Ellena, IFC’s director for health and education



Realities and Future Trends

- ◆ **Commodity Based Sector**
 - ◆ Price as focus
 - ◆ Product cycle short lived - relatively
 - ◆ Challenge is to move towards *value-based* service



Realities and Future Trends

◆ Commodity Based Sector

“Providing international-standard hospitals only gets you more business if your prices are attractive...”

Anonymous. IMTJ 1 May, 2008



Realities and Future Trends

- ◆ **Insurance Sector Slow To Adapt**
 - ◆ Majority of medical travel is dental
 - ◆ No. 2 is cosmetic
 - ◆ Dental is a low cost product for insurance
 - ◆ Cosmetic is simply not covered - it's voluntary



Realities and Future Trends

- ◆ **Insurance Sector Slow To Adapt**
 - ◆ If dental, then local
 - ◆ If cosmetic, then wealthy
 - ◆ Two extremes of the continuum
 - ◆ Both out of statistical norm



Realities and Future Trends

- ◆ **Insurance Sector Slow To Adapt**
 - ◆ Capitalize on “Strategic Alliance”
 - ◆ Don’t expect covered patients from regular insurance
 - ◆ Full IT integration should be promoted
 - ◆ Look to contract “pre-delivery” with travel insurance and assistance companies
 - ◆ Pricing based on volume from insurance company!



Realities and Future Trends

- ◆ **Government Deals Are The Past, The Present.....But Not The Future**
 - ◆ Vietnam spends \$1 billion USD on sending patients overseas
 - ◆ Private health schemes will block *much* exporting of patients for near future
 - ◆ Legal and IT challenges
 - ◆ Always exceptions
 - ◆ Contracted services



Realities and Future Trends

- ◆ **Future Projections**
 - ◆ Regional networks
 - ◆ Specialisation wins
 - ◆ Value add, long-term strategy



Realities and Future Trends

◆ Future Projections

- ◆ Regional networks and key opportunities
 - ◆ East Asia - North Asia
 - ◆ Russia, PROC
 - ◆ North America - Central America
 - ◆ Unsustainable US system
 - ◆ Europe - Eastern Europe
 - ◆ Queue, dental



Realities and Future Trends

◆ Future Projections

◆ Regional networks and key opportunities

◆ Taiwan's *global* competition is NOT

◆ SG, MY, TH, etc.

◆ But it IS

◆ Mexico, Costa Rica for the Americas

◆ Poland, Bulgaria for Europe



Realities and Future Trends

◆ Future Projections

◆ Specialisation wins

◆ Reimbursed

- ◆ Bones, Brains, Hearts

◆ Private pay

- ◆ Cosmetic

- ◆ Dental

- ◆ Ortho



Realities and Future Trends

◆ Future Projections

◆ Value Add, Long Term Strategy

- ◆ Facility as *Regional* center of excellence
- ◆ Key specialties
- ◆ Integrate with community
- ◆ Plan for future developments
 - ◆ Interventional radiation & planning
 - ◆ Image segmentation, registration, visualization
 - ◆ Remote surgery mapping



Realities and Future Trends

◆ In Conclusion

- ◆ Long Term - Strategic View: 3-5+ years out
- ◆ Insurance as Aggregator and Financing Mechanism
- ◆ Medical Tourism Wins When Positioned as Value-Add, Long Term, Integrated Part of Local Community



Realities and Future Trends

◆ In Conclusion

◆ Winning Regional Strategy

- ◆ Tie-ups with national and international insurance companies
- ◆ Patient - Census growth from REGIONAL insurance companies



Role of Insurance and Finance in Medical Travel

Thank You

Hank Kearney

<http://www.phmintl.com>

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