

# Rising popularity of medical tourism reveals deterioration of U.S. healthcare system

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Defenders of organized medicine are fond of saying that the United States has the best healthcare in the world, but I challenge that. I don't think we have the best healthcare in the world, I think we have the most expensive healthcare in the world. In fact, in terms of results for dollars spent, I think the United States ranks very near the bottom of the list of all industrialized nations. We get less actual health than anyone else for each dollar that we spend.

This realization is now hitting the general public as well, and they are increasingly leaving this country to find offshore locations and assess quality medical care and surgical procedures elsewhere. This phenomenon is called "medical tourism."

In medical tourism, patients who might normally undergo some sort of medical procedure in the United States, usually a costly surgical procedure, instead fly to the Philippines, Thailand or other countries to have the procedures done there.

As a result, they save an enormous amount of money. Offshore medical procedures can be performed for as little as one-tenth the cost of what would normally be charged here in the United States. And yet the facilities offshore are state of the art. These are modern hospitals that often are newer and have much better technology and equipment than hospitals in the United States. They are typically staffed by Western doctors and surgeons trained in Western medicine, and they provide equal or greater quality surgical care than U.S. hospitals. These surgical procedures are performed with the same technology and expertise, yet cost a fraction of the price.

For example, a knee replacement surgery in a high-tech hospital in the Philippines performed by Western trained surgeons might only cost you \$6,000. Here in the United States you're probably looking at \$50,000. Heart bypass surgery in Asia costs around \$10,000. In the US, it's \$60,000 to \$80,000. Gastric bypass surgery in the U.S. can cost \$10,000 to \$20,000. Overseas it can be done for well under \$5,000.

So where do the cost savings come from? How come these hospitals offshore can offer these services at much lower prices? The answer lies in the economics of

healthcare in the United States and the amount of fraud and waste that is present in the U.S. healthcare system. I've spoken to many MDs over the years, and some insist that as much as 80% of all healthcare dollars that go through their office cover nothing but paperwork.

Many workers in the health care industry are basically getting paid to shuffle paper around. The health insurance companies are paid to deny health claims and the government workers at Medicare and Medicaid offices are paid to find new ways to deny payments to doctors and hospitals for services rendered. Thus, doctors' offices and hospitals have to employ entire armies of people to sit around and reclassify procedures in ways that can get paid by insurance companies, Medicare and Medicaid. It's a massive waste of time, money and effort.

In the U.S. healthcare system, it's a paperwork nightmare. And there is a paperwork war taking place. All of this is a result of health insurance, both taxpayer-funded health insurance and private health insurance. In other words, things would be a lot simpler if people just price-shopped some of these procedures and paid out of their own pocket, rather than having to go through a monstrous bureaucratic system of paper shufflers.

As a medical tourist in another country, you eliminate these paperwork shufflers. And right there, **you can save as much as 80% right off the bat**. Because now, your dollars are actually going to the surgeons, anesthesiologists and other hospital workers who are attending to you during your surgical procedure. Whereas in the United States, your money is going to the insurance company and then the insurance company money is being used to pay paper shufflers.

Another reason these surgical procedures are so much more affordable in Asia or the Philippines is because of the liability issue. In the United States, doctors and hospitals must carry extremely expensive medical malpractice insurance policies. And patients seem to love to sue in the United States. In contrast, when you undergo a surgical procedure as a medical tourist in an offshore hospital, you sign paperwork that says you agree not to sue under certain conditions. Thus, you save a fortune by essentially not funding the legal fees, settlements and malpractice insurance costs normally found in a U.S.-based healthcare practice.

When you combine these two savings - the paperwork shuffling reduction and the medical malpractice lawsuits - and you get an incredible deal for your dollar.

Some people might ask, "What if something goes wrong during the surgery?" Well, here you have the reputation of the hospital and the surgeon at stake. They know that they must offer you outstanding, high-quality service. Otherwise,

word will spread via the internet and elsewhere, and tourists won't come visit their hospital.

Medical tourism hospitals in the Philippines and other countries actually have to meet a higher standard, because they know there's more on the line. They have to give you such a high-quality experience with such outstanding results that you go back home to the United States and tell 20 people. Because when you do that, they know they're going to get more customers, and this is great word of mouth marketing for that hospital.

They're going to do their absolute best to make sure that you have a wonderful experience. Whereas in the United States, that incentive is not in place. Many hospitals realize they won't be paid much for your procedure because of all the paperwork shuffling and the late payments by insurance companies and Medicare. So they have no incentive to have more patients come in with low-quality insurance. And besides, they've probably got patients coming in through the door every single day anyway, so there's really no incentive to give you an outstanding, positive experience. At least it's not the same incentive offered by these outsourced, offshore medical facilities that base their very existence on reputation and word of mouth.

All this doesn't mean something can't go wrong, because we are of course talking about Western medicine and surgical procedures. Things can go wrong, but they can go wrong anywhere. Something like one percent of all people undergoing gastric bypass surgery die on the operating table. That's going to happen in any country, anywhere you are. And whether or not there's medical insurance and malpractice insurance in effect at the time of your surgery doesn't affect your outcome. All it does is it gives people a chance to sue when they don't get the outcome they want.

Personally, I'm against radical Western surgical procedures to begin with, especially things like gastric bypass surgery. I think surgery should only be a last resort, and should never be used to treat chronic diseases like obesity, cancer, diabetes or heart disease. I think surgery is really only appropriate in very rare cases of those diseases, or when treating trauma and accident patients. In those cases, surgery is well justified and greatly needed.

So I am not at all a proponent of Western-style surgical procedures, but if you are going to get them done, I think you're going to have much better results by checking out medical tourism and going to hospitals overseas, where you get the same or better care at a fraction of the price you'd be paying here in the United States. Plus you get a vacation out of it, too. So if you get your knee replaced at a hospital in Thailand, you can take a tour before or after the surgery and soak up

a little bit of Southeast Asia culture. Learn something about what it's like in Thailand before you undergo your surgical procedure. That can be a healing experience all by itself.

But getting back to the popularity of medical tourism, we're seeing this come on with strong momentum right now. More and more people are taking this option. They're booking tickets, going online to learn more about these hospitals, and opting to have these surgical procedures done overseas.

This is very bad news for the U.S. healthcare industry, because for a long time, healthcare was an industry that people thought could be protected here in the United States. As jobs were lost overseas in the Information Technology, accounting and technical support industries, people thought, "Well, that's manageable, but no one will go overseas to have medical care." It turns out they were wrong. **People will go overseas to get better medical care** or a better value on surgical procedures, and the popularity of medical tourism is proving that.

What it could mean long term is a further deterioration of the U.S. healthcare system. If healthcare becomes so expensive in this country that it's by far cheaper to buy an international plane ticket and get some medical procedure done overseas, then more and more people are going to take that option and go overseas.

So in addition to exporting so many jobs from the IT industry, we will actually be exporting healthcare revenues to countries around the world. And these are substantial revenues; we're talking about billions of dollars at stake. In fact, **many of these Asian countries are counting on this revenue as an increasingly important part of their Gross Domestic Product.** Some of these countries are saying tourism is big and medical tourism is going to be big. And they're putting a lot of money into building state-of-the-art infrastructure and engaging in marketing to attract more medical tourists.

It's a very big deal to these countries. They see the opportunity and they see the U.S. healthcare system stumbling. Meanwhile, Americans are getting more diseased than ever before, so there's an instant customer base for hospitals around the world who can offer quality care at a better price.

The U.S., for its part, tends to be rather protectionist about all of this. We've seen, for example, the FDA seizing the importation of perfectly legal prescription drugs because it doesn't want drugs to come into this country. It wants to protect the U.S. pharmaceutical industry and make sure that customers have to buy prescription drugs here in the United States at monopoly prices. That's a

protectionist philosophy that goes against every free market economic principle we've known to be true in this world.

Similarly, the FDA wants to regulate and even outlaw most nutritional supplements and medicinal herbs. That's once again a protectionist strategy to protect the profits of the pharmaceutical industry. I wouldn't be surprised if sooner or later someone in organized medicine argues that outsourcing our offshore surgical procedures is hurting the U.S. economy, and they might try to pass a law that makes it illegal to go overseas to get surgery. There have already been many attempts to arrest people traveling to anti-cancer clinics in Mexico, or to seize their medicinal herbs as they come back across the border.

There is a Gestapo-like effort out there to try to shut down anything that tries to compete with the overpriced, ineffective U.S. healthcare system. And as medical tourism becomes more popular, I think we're going to see the American Medical Association, hospital associations and maybe even the FDA up in arms, complaining about the loss of revenue to U.S. companies. Because, let's face it: big medicine is big business. And organized medicine absolutely hates competition.

I say you can't stop the free market. When people find out about medical tourism, they're going to get information on the internet, make informed decisions, go overseas and get high-quality care at a fraction of the price they'd be paying in the United States. And they're going to come back and tell lots of people.

As a nation, you can outlaw that, but all you're going to do is criminalize citizens of our society who should never be criminalized. They're just seeking honest, affordable health care. They just want a procedure that they can afford. I mean, some families have had their insurance dropped when they're facing, for example, a heart bypass surgery. They can't shell out six figures here in the United States. Is it justified to outlaw the practice of medical tourism, and force that family to skip that surgical procedure because they don't have the money to pay for it here in the United States? Maybe that family only has \$10,000. Well, that means they could probably afford that procedure somewhere else. Shouldn't they have the right to make that choice and go where they want?

These are some interesting arguments that will come up. And I think it's very dangerous for any government to start telling its citizens where they can travel and for what reasons they can travel. When you have restrictions on travel, restrictions on nutritional supplements and restrictions on people buying drugs from Canada, you begin to see a **sharp deterioration of freedom** in this country.

You lose freedom and you become more of a police state. That's what we're seeing in this country today.

All of that stands at odds with the fact that we live in a global economy. We must be able to compete globally from this point on, and if we cannot compete globally and have a more efficient healthcare system that eliminates the fraud waste and the paperwork waste, and if we do not have a more efficient tax system such as the flat tax, we're going to pay the price in this country. In terms of healthcare, people are going to go somewhere else to get it. People are going to go somewhere else to buy their prescription drugs.

(And in terms of the flat tax, investors with billions of dollars are going to put their money in other countries because the money flows where the tax code is simplified. If you want to attract billions of dollars of investments to the United States, simplify the tax code and convert to a flat tax. We will have prosperity like we've never witnessed before, because billions of dollars around the world will come flowing into this country to create new jobs and invest in new businesses.)

And if you want to have a healthcare system that works in this country, you need to make it efficient. You need to get rid of the paperwork, the fraud and the waste, and have a system that offers medical procedures at a fair, affordable price. People around the world should be coming to the United States to get their surgeries done -- if we had the best healthcare system in the world. But that is no longer the case. It was true 20 years ago, but today Americans are leaving the U.S. to have their surgeries done in Asia.

That's the story on medical tourism, and it's yet another demonstration of the deterioration of the U.S. healthcare system and the failure of organized medicine.

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