

Inc.

Domestic Medical Tourism

How one company is saving businesses big bucks on employee medical treatments

By Issie Lapowsky | From the June 2011 issue of *Inc.* magazine



One Company's Health Care Odyssey BridgeHealth negotiated \$70,000 in savings for Stephens Media, which has employees nationwide. Click on the map above to see the full infographic.

What can be done about soaring health care costs? There's no single answer, of course. But BridgeHealth Medical seems to be providing at least one piece of the complex puzzle: domestic medical tourism.

Launched in 2007, the 20-employee company, based in Greenwood Village, Colorado, negotiates discounted rates with hospitals and extends those rates to businesses, which in turn encourage their employees to travel around the U.S. for treatment. BridgeHealth started as an international medical tourism company but turned to the domestic market in 2010. "The feedback we were getting from employers was, 'I'm not sure I want to send my employees on an airplane for 10 hours. But two hours, that's OK,'" says CEO Vic Lazzaro, a former UnitedHealthcare executive.

BridgeHealth won't discuss its revenue, but the company says sales are up 25 percent since it shifted its attention to the domestic market, and domestic sales now account for more than 80 percent of the company's business. BridgeHealth partners with about 20 insurance companies that administer health benefits for self-insured employers. Thanks to those partnerships, BridgeHealth has struck deals with 30 hospitals and medical centers around the country and sells its services to more than 200 businesses. "It's just a good benefit," says Cindy Meyers, benefits manager for Stephens Media, a Las Vegas-based company that saved \$70,000 in its first year with BridgeHealth. "It was a benefit that could be a cost savings to our employees and our medical plan."

Domestic medical tourism is still a tiny market. BridgeHealth's largest competitor is an 11-employee company called Surgical Trip, based in Boca Raton, Florida. It works with 10 employers and three insurance carriers. Still, Paul Keckley, executive director of the Deloitte Center for Health Solutions, predicts that "this is where the health care industry is going to migrate." He says domestic medical tourism could easily surpass the \$2.1 billion that Americans spend outside the U.S. on health care.

Propelling BridgeHealth's growth is a three-way agreement in which all sides seem to come out ahead. Companies with self-funded insurance plans benefit with, typically, 20 percent to 40 percent savings on such surgeries as knee replacements and heart bypasses. Patients willing to get on a plane benefit, too. Because employers save so much, they encourage their employees to use the BridgeHealth plan by waiving copayments and deductibles. And hospitals get access to patients they would otherwise not have, allowing them to fill empty beds.

Katharine Anderson, a network analyst at United Utilities, a telecommunications company in Anchorage, Alaska, chose a clinic in La Jolla, California, for surgery to fix a bone spur in her shoulder. BridgeHealth negotiated the terms and United paid for Anderson's surgery, hotel room, meals, and other costs and flew her back to Anchorage, first class, a week later.

Even with those expenses and BridgeHealth's 15 percent fee on United's savings, the company spent just \$16,000, less than half the \$39,000 it would have cost to do the procedure in a local hospital. Anderson saved as well. Had she had the surgery in Alaska, her plan would have required her to shell out \$1,500 to cover her deductible and copayment. "I looked into the BridgeHealth plan, and I thought, That's the only way I'll be able to afford this," Anderson says.

Traveling to distant states for major surgery, though, can have downsides for patients, says Judy Dugan, a health care researcher at Consumer Watchdog. She worries about sending sick people on a plane, because flying increases the risk of blood clots, even in healthy

people. She also notes that a procedure may require postoperative care in the patient's hometown, but many doctors are reluctant to see someone else's patient.

Those drawbacks aside, proponents argue that the practice of medical travel will ultimately make for a better health care system. "Competition is good, especially if you're competing on the basis of quality and price, not either-or," Keckley says. **BridgeHealth works only with top-quartile providers, as rated by CareChex, a hospital-rating division of the Delta Group, and Keckley believes that will be the norm as the industry grows.** "There's liability involved if you refer someone to a place with inferior quality," he says. "So these companies will have to say, 'We can offer a better outcome, and, oh, by the way, you can also save a lot of money.' That's a pretty great position to be in."