



The Cross-border Health Insurance and Future of Medical Tourism

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Global health insurance transformed and it will continue to transform in the future!

Most health insurance products provide coverage for treatment received solely in the customers' main country of residence. Some offer cross-border coverage, from the comprehensive programs offered to the expatriate employee population of multinational corporations to the products bought by mass

affluent populations in developing markets which give them access to the nearest centers of medical excellence in their region. Given how fast these emerging middle classes are growing, be it in China, India, South-East Asia, South America or Africa, we see the relative importance of these regional products grow too. Whilst EU/US corporations still need to send their best people to hunt for new opportunities in new markets, these traditional expat

assignments tend to get shorter. We also see more employees sent abroad by corporations headquartered in Asia.

Opportunities in medical tourism and cross border healthcare

Medical tourism, where people travel abroad with the intent to receive medical treatment, is a fast-growing industry. This is not surprising: the emerging middle classes are increasingly



looking abroad for medical care, as they realize that the quality of treatment (physicians, drugs, devices etc) they are looking for is often not available locally (or the waiting list is too long). In a globalizing world with cheap air travel, countries compete with each other to attract relatively wealthy medical tourists to their hospitals & clinics. We also see a “reverse flow” of people travelling from mature markets to access treatment that might not be covered on their insurance plans (e.g. cosmetic or infertility procedures) or only partially funded (e.g. dental treatment). Estimates are hard to come by, but some studies have put the number of medical travelers at

11-14 million annually – and this number grows by 15-25% a year depending on the region. Companies that build peer review platforms, which are now commonly used with when looking for holiday destinations or consumer products, to help would-be medical travelers find the best doctor and facility for their need should be able to scale-up quickly in this environment. This also presents opportunities for hospitals, accreditation bodies and funders (e.g. insurance companies).

Forecasts in the future for policies with cross border coverage

Broadly speaking, the health market is split between a high-end segment (those global policies for corporate expats), a mid-market (products for the aspiring middle classes) and low-end (entry-level products often sold as riders to Life insurance). It is in the middle market that we are seeing the strongest growth. Although this segment probably doesn't represent today more than 15% of total health insurance premiums, it probably grows by twice the rate of the other two, and is more profitable as there is less market competition.



The main challenges and opportunities for health insurance companies to adopt and offer medical tourism and health insurance policies that cover members globally:

Insurance is a data-driven business. Traditional health insurance product design and pricing rely on being able to gather and analyze the “utilization data” (e.g. past claims) of a population within a certain territory: how many times a year on average will my customers go to see a family doctor, a specialist or need to go to hospital? How much

will each episode of care cost me, the insurer? The snag is the only a few companies in the world have reliable data about cross-border healthcare utilization: what is the propensity of my customer to go abroad for this particular type of treatment, where will they go, how much will it cost me when they get there? That’s not all. Once you have designed and priced the product, you also need to be able to negotiate with providers all over the world to ensure they don’t overcharge you and accept your customers on a cashless basis. Then you need your customer care teams to understand the local context of the country where the medical treatment is taking place. All of this takes time and a lot of dedication – for what is still a relatively niche product. It is a long and arduous route, although for companies that manage to develop or source the correct mix of capabilities, cross-border health insurance is typically a more rewarding product than a purely domestic product line.

What did we learn about the medical tourism industry in insurers perspective?

In overall, some experts or some companies underestimated the complexity behind a successful medical tourism growth strategy. In particular, the need to involve many stakeholders and how to carefully coordinate them. At a minimum, you need to identify and work with a few selected hospitals with the capability and willingness to attract international patients; endorse (and possibly make mandatory) an accreditation scheme for providers and for facilitators; minimize visa requirements for medical travelers; set-up a council to market and manage your destination’ USPs. To be successful, you need to foster collaboration between government departments that do not typically work together (Interior, Finance, Health, Tourism) and private hospital operators – not an easy thing to do.

Concepts in medical tourism insurance packages

As an example, apart from developing cross-border healthcare offering through partnerships in as many markets as possible, AXA is also looking at the less-noticed segment of Medical Complications Insurance. This is a product that is typically bought at the same time as the actual medical

trip is arranged. It covers the risks associated with the trip: before the trip, the insurance would reimburse your surgery deposit if you had to cancel. It would pay for additional days on location if additional recovery time or post-operative consultations were needed. And it would pay if you had to incur extra costs due to post-operative complications. This is separate from medical malpractice insurance, which is purchased by doctors - it only covers the consequences of “no fault” complications, not negligence. Aside from its potential as a retail and affinity product, distributed by facilitators or medical travel portals, this type of product has great potential in a B2B context (hospitals could buy coverage for all their international patients, as part of their packages) and B2G (governments could cover all their outbound citizens as part of their national health insurance, or all their inbound patients as a way to promote their destination).

How will new technologies (e.g. telehealth solutions, wearables, patient management systems) impact the future of medical travel?

Today, medical travel is still largely done on a bespoke basis for each trip. We are starting to see the emergence of integrated platforms that include teleconsultations (pre- and post-trip), billing, medical records management. In the future, we will also see patient reviews of doctors and hospitals, published outcomes measures (readmission rates, HAI rates, etc.). This will help the industry standardize and scale-up, and help travelers choose, book and pay for their treatment in ever greater numbers. Technology also presents some opportunities in the area of translation (of test results, doctors notes etc.) into the patient’s language. We may also see soon the deployment of AI at the front-end, to guide patients who present themselves with a specific set of symptoms towards the most appropriate care setting, which may be local or overseas.



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The value of accreditation is and the role of an organizations

Ever since the first international accreditation (this was Accreditation Canada vetting the Bermuda Hospital Board in 1968), these independent bodies have been a key part of the growth of medical travel. They (JCI, QHA

Trent, GHA, Temos, etc.) are not just about improving how care is delivered to patients and the quality of the care they receive. They help would-be medial travelers navigate an extremely complex system by providing quality hallmarks that help answer the key question: how do I know if hospital so-and-so is as good as they say? They also

prompt hospitals to do some soul-searching. It is not just about demonstrating that you follow processes and a set of standards, it is about self-examination and continuous improvement.

How important is it for insurers that its members receive the best care and have an amazing patient experience?

When companies sell insurance, they basically sell an intangible promise such as “in the future, when you claim for something that is covered under your policy, we will pay”. With health insurance, this moment of truth is not just about us paying the claim, it is also about the patient receiving the care they need. Unlike a broken windscreen, a lost suitcase or a flooded kitchen, insurers are talking about an immensely personal and potentially life-or-death situation. This is where the “from payer to partner” vision comes into its own: whilst insurance companies generally are not involved in making clinical decisions, they think that they have a big role to play to reduce the likelihood of substandard care (which could also be an unnecessary procedure or too many irrelevant diagnostic tests). Insurers often bundle into their products a second medical opinion service that would get activated if they suspect that the patient could benefit from it. For complex cases, cancer in particular, insurance companies will in some geographies assign a personal case manager to help the patient and their family through this difficult time. More fundamentally, they (such as AXA) always carefully screen the healthcare providers to make sure that they follow medical best practice.

There will be significant investment in medical tourism by investors, banks, etc in the near future

Ever since the 18th century when rich Europeans started visiting spa towns far away from where they lived, medical tourism has gone from strength to strength. The globalization of medicine, availability of air travel, global shortage of medical staff, ever increasing cost of medical technology, limited funding for national health systems all contribute towards the formation of specialized medical centers of excellence who attract patients from all over the world. On the demand side, the never-ending growth of the middle class, from Mexico to Indonesia, who are getting older and suffer increasingly from lifestyle diseases of a chronic nature, and have higher expectations of medicine than their parents, will continue to support the development of medical tourism for the foreseeable future. As the amount of money flowing into the sector (from medical travel platforms to hospitals and international accreditations) over recent years shows, we can be sure that investors have noticed.

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