Similar Health Challenges Exist Across the Globe

Aging populations, smoking, obesity, and sky-high costs are problems faced by nations the world over.

BY ERIK GOLDMAN
Contributing Writer

WASHINGTON — The globalization of health care is creating challenges for health care systems worldwide. Though the systems themselves may be very different in terms of financing and administration, the problems they must address—aging populations, increasing chronic disease, shrinking budgets, extreme mobility of both patients and health care professionals—are very similar.

Health care analysts, administrators, and providers compared notes on these challenges at the fourth annual World Health Care Congress, sponsored by the Wall Street Journal and CNBC.

"Despite the fact that health care may be organized and financed very differently in different countries, and there may be cultural differences, there are ... a lot of common themes, and shared objectives for high-performing health care systems, innovation, and sustainability," said Robin Osborn, director of the International Program in Health Policy and Practice at the Commonwealth Fund.

Simon Stevens, who served as a health care advisor in U.K. Prime Minister Tony Blair's cabinet, said the United States is not alone in confronting a major health care crisis. Single-payer national health systems of the sort found in the United Kingdom and all over Europe make the dynamics a bit different, but they certainly do not avert the crises.

"Despite differences in financing mechanisms, the challenges are similar across all industrialized nations. Tobacco, bad diet, lack of exercise are driving the conditions that result in the greatest consumption of health care resources, and tensions are erupting across [health care] systems due to changes in financing. The U.S. is not the only country debating these issues. The challenges are the same regardless of how you choose to finance the health care," said Mr. Stevens, now the CEO of UnitedHealth Group's Ovations, a health plan for individuals over age 50.

Aging populations are the juggernauts straining health care systems in nearly all industrialized countries. Over the next 30 years, the dependency ratio, an expression of the number of elderly nonworking dependents versus younger working people, "will grow rapidly in the U.S., Western Europe, Japan, and China. And this will radically change how health care is financed," Mr. Stevens said.

Health care is increasingly a transnational endeavor, with immigration, relocation, medical travel, and multinational businesses blurring borders.

He added that while American corporate leaders have been screaming the loudest, the issues around employer-funded health care are not uniquely American.

In a number of European countries, corporations are footing the bill for significant chunks of health care spending.

"In the U.K., 52% of spending is private sector spending, despite the fact that the delivery systems are government funded," Mr. Stevens commented.

Across the globe, health care is increasingly a transnational endeavor, with immigration, relocation, medical travel, and multinational business blurring borders. The establishment of the European Economic Community, the paragon of economic boundary breaking, has created an interesting health care quandary, said Mr. Stevens. "In the earlier days of the [European Union], many had hopes that the confederation would lead to harmonization of health care benefits. Not so. Per capita spending on health care in Eastern and Western Europe is fourfold different. Western Europe spends way more. It is implausible to have a set of uniform benefits that are acceptable in Germany but unaffordable in Slovakia," he added.

Migration also has an impact. Whether for employment opportunity or in pursuit of leisure, more people are living outside their countries of origin, and this makes for some peculiar health care dilemmas.

Mr. Stevens noted that in many parts of the world, national borders are blurred. "In California, for example, we know there are 8 million Hispanics living in border counties. Many have dependents across the border in Mexico. How do we handle that? Can we mandate that dependents of U.S. employees only be treated in clinics in Mexico?"

At the other end of the socioeconomic spectrum, there are thousands of retired U.S. citizens living in Mexico, Costa Rica, Panama, and other Central American countries. They're eligible for Medicare, but unable to get coverage for medical services or drugs they obtain where they live.

"Does this mean these people must fly back to the U.S. every time they need medical care?" asked Mr. Stevens.

Physicians, nurses, and other medical personnel also have become highly mobile, often moving far from their countries of origin to countries of perceived opportunity.

Citing only one example, Mr. Stevens said there are more Filipino nurses, born and trained in the Philippines, working in the United States than there are in the Philippines. In the European Union, there are significant migratory flows of health care professionals from east to west.

This can result in shortages of qualified professionals in many countries, hindering the growth and development of their medical systems.

Ironically, it is the influx of international patients seeking lower-cost health care that will be an important driver for the development of hospitals and the retaining of health professionals in nations such as Thailand, India, Hungary, and many Latin American countries.

Meanwhile, health plan administrators are struggling to figure out ways to do business without borders. The challenges are truly daunting, said UnitedHealth Group's Ori Karev.

Speaking specifically of coverage for Americans who are obtaining care outside the United States, he observed, "There are a lot of complicated issues involved in this: transportation issues, authorization issues, tax issues in terms of the ways in which the IRS will treat medical travel expenses."

As countries such as India, Thailand, China, Brazil, and others become more affluent, their health care spending will increase, as will the number of risk-sharing plans. UnitedHealth Group is already a major health insurance player in India, with an employer-funded plan now covering 300,000 members via a large provider network. ■

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tems (i.e., they are uninsured) or they are abandoning their home health care systems. Whenever we can, we do coordinate electronically with our patients' home doctors. If there are complications, we fly patients back, at our own expense, to take care of the problem. We do hold ourselves accountable for complications."

Medical Outsourcing

According to Mr. Schroeder, "Health care costs are capsizing American businesses. They're starting to look at international health care as a form of outsourcing. The idea, while not yet widespread, is gaining traction." He noted Bumrungrad recently signed a landmark deal with Blue Cross of South Carolina for a program called Companion Global Healthcare, which would provide an alternative for people wishing to seek overseas health care. "It is essentially a pilot project. There's no commercial insurance product attached to it yet. We're exploring processes. It's a learning situation. We're trying to feel it out and see if it can work," said Mr. Schroeder.

The program provides subscribers with access to a specialized travel agency in Virginia that makes all arrangements for medical travel to Bumrungrad, and coordinates aftercare through a network of South Carolina physicians.

But it is only a matter of time before U.S. insurers start actively driving patients overseas, predicted Jeffrey Lefko, a Chicago-based health care consultant who is working with Parkway Group Healthcare, a Singapore-based hospital system, to develop its U.S. referral base.

"It's not happening yet, but it is going to happen, and soon," Mr. Lefko said in an interview. "A number of U.S. companies have started to work with self-insured plans to make procedures in Singapore a viable option. You're going to see much more of the insurance industry get interested in this."

Further growth of medical travel, especially if pushed from the home front by U.S. insurers, could have a major impact on American health care systems, but Dr. Jason Chin Huat Yap, medical director of the Singapore Tourism Board, said that he believes a lot of the unease surrounding these trends is unwarranted.

"Singapore's share of the global health care economy is about $12.6 billion. The U.S. share is about $2,000 billion. Even if you quadrupled our capacity and you threw in India, too, we're not even able to come close to providing health care for all Americans. It's still a very small fraction. There are massive supply-side constraints. If 1% all U.S. patients came over to Singapore, it would outstrip our capacity. It's really only the first-movers who are going to benefit from this," he said at the World Health Care Congress.

Mr. Lefko said that healthy competition from abroad "could have a potentially positive structural impact on how the U.S. delivers health care services." He believes the emergence of world-class health care across the Pacific will likely give U.S. hospitals and clinics a much-needed kick in the bedpan.

"Already 500,000 Americans each year are leaving the U.S. for health care reasons, and this is going to grow. U.S. hospitals and doctors will complain, but the reality is, U.S. hospitals have had plenty of time to straighten out their acts. They've had plenty of opportunities to create better, more economical health care services.

Medical tourism's going to level the playing field. I've been in the hospital business for 35 years, and I've seen all sorts of facilities and operations. I wouldn't hesitate to go to any of the hospitals in Singapore," Mr. Lefko said. ■

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