

SPECIAL



REPORT

CRITICAL CONVERSATIONS IN HEALTH CARE

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ATTRACTING THE WORLD'S MEDICAL TOURISTS TO SOUTH FLORIDA

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Medical tourism isn't a new phenomenon. Throughout mankind's history, the ailing have traveled all over the globe to seek the best treatments. But our ancestors left few answers about how to maximize profits from the ancient trend.

History tracks medical tourism back to 4000 B.C., when one of the first civilizations built health complexes around hot springs in Mesopotamia, which drew people from emerging cities nearby.

Two-thousand years later and 2,000 miles away, tribes in present-day Switzerland traveled to France and Germany to drink and bathe from iron-rich mineral pools they believed had healing powers. In the late Middle

Ages, the most advanced hospital in the world opened in Cairo, Egypt, and foreigners journeyed far and wide to be healed among 8,000 other patients.

Today, the 21st-century patient seeking medical care outside their neighborhood navigates a maze of options for themselves and their family. They're tasked with finding the best doctor, then they might be on their own to find a nearby hotel and other accommodations.

The entrepreneurs who find the link among the region's range of doctors, available procedures, hotels, accommodations, travel choices and shopping destinations can potentially capture a large percentage of the \$50 billion industry.

For now, the medical tourism industry is limited to a few players. The area's hospitals are stubborn about working as companions, rather than competitors, to bring in more patients. Tourism leaders understand the

potential profits, but they're stuck with little funding from legislators who are hesitant to invest in the valuable trend.

At the *Business Journal's* most recent Critical Conversations in Health Care panel, experts said it's up to entrepreneurs to Uber their way into the untapped potential in medical tourism. Four industry experts offered insights on how medical tourism can be defined, who the customer is and what advantages South Florida has over regions with robust medical reputations but no beaches.

Critical Conversations is the *Business Journal's* ongoing series examining key issues in business. Editor-in-Chief Al Lewis moderated the discussion, held at the *Business Journal's* Miami office. Gunster and Goldstein Schechter Koch sponsored the event, and a panel of key experts offered their views on the industry, which is a natural fit for South Florida.

CRITICAL CONVERSATIONS IN HEALTH CARE

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Medical tourists must be better understood before they can be drawn to South Florida

Defining medical tourism is about as tough as defining the boundaries of South Florida.

Ask several people where the region begins and ends, and you'll get several different answers. The answer might depend on if you live north of Palm Beach County or outside of Florida. If your home is outside of the U.S. – where much of the medical tourism market lies untapped – all of Florida might as well be Miami.

That's why experts say South Florida's tourism bureaus and hospitals have to work together to understand who medical tourism customers are and how to attract them – because many of their potential patients can't tell the difference between Riviera Beach, Sunny Isles Beach or Daytona Beach.

Panelists gave many different answers when asked to define medical tourism and its players, but all agreed that it's a very valuable industry that few are capitalizing on.

"Medical tourism, in its simplest terms, is providing patients with access to care who don't have it in their local communities," said Joseph Harkins, associate editor with the Medical Tourism Association. "It's driven by affordability, quality of care and attractiveness of the destination."

When all of those features are combined, "it's a win-win-win," and there's tremendous opportunities for all businesses involved, said Harkins, who serves as a communications person for the nonprofit trade group.

"Most people travel for specialty procedures, and most need to stay overnight. When they travel, they bring a companion with them," he said. "The person who is not getting treatment goes to restaurants, visits shops. All that money is flowing into the economy."

Medical tourists don't all have the same needs.

Andrew Shatz, medical director of the SightTrust Eye Institute in Sunrise, said medical tourists tend to fit into three categories: There are those seeking optional treatments – like plastic surgery or his company's Lasik procedures to improve eyesight. This group of patients seeking elective procedures, he said, tends to have more options than the second group – those seeking vital procedures. A third group of patients is traveling to South Florida to receive a treatment at a lower price than in their hometown.

"The ones who are price-shopping aren't coming to the states as much as you might think. And the people who look at any type of cosmetic repair, they're not looking at price, they're looking at something they perceive to



JOCK FISTICK

be the best," Shatz said. "I once had a wealthy couple come in from France, and their interest in coming here was to find the surgery they needed with an institution that performed it in high volumes."

Like the couple from France, wealthy medical tourists tend to have more options, and may stay longer to shop or partake in the destination. Others seeking procedures they need – not want – have fewer options.

"It's not just wealthy patients," Harkins said. "It's patients that come from lower economic statuses."

He recalled writing about children living in England who needed proton therapy to treat cancer. At the time, proton therapy was only offered in a few places worldwide. Their government was willing to send them to the U.S. to get care, and Florida and Oklahoma were among their options.

"They ended up going to Oklahoma, of all places, instead of Florida," Harkins said. "Even though the kids didn't get to go to Disney World, their parents were damn happy because the kids are living today."

Information is lacking about whether more patients are coming to Florida because they're seeking optional treatments versus necessary treatments. It's also difficult to know exactly how many actual medical tourists there are, because there's no requirement for travelers coming to the U.S. to disclose what they're arriving for.

The most recent numbers show about 8 million people traveling the world for health care services, and Florida is only receiving 38,000 of them. That represents less than 1 percent of the Sunshine State's 98 million annual visitors.

Those 38,000 medical tourists spend about \$580 million on medical services

annually. In comparison, U.S. residents already provide Florida with about \$5.2 billion of this revenue – about 3 percent of both the total patient and health care expenditures within the state.

Although 38,000 people statewide might seem like too small a market to build a business model around, it's a large percentage of the overall medical travelers coming to the U.S. International medical tourists to Florida represent about 10 percent of all medical tourists coming to the U.S.

"In the scope of things, we're doing a good job capturing a big percentage of tourists coming here for medical reasons," said Jeffrey Kramer, a partner with Goldstein Schechter Koch, who presented the data. "Assuming that the numbers are close to being realistic, it seems we could do a better job at bringing together medical tourists. We need to do more research because we need to know who our potential customers are."

Bruce Lamb, shareholder and health law practice group leader at Gunster, said solid data about who medical tourists are and how many are coming to Florida is currently impossible to obtain. What data is available is provided by licensees, and they don't tend to count procedures being done in medical offices.

"There are multiple non-facility procedures that draw medical tourists, and they're the most lucrative," Lamb said.

Harkins agreed that medical tourism is in need of better research before it can grow further.

"That's a problem with the industry – getting some credible and exact numbers," he said. "Some of them are done to fit people's agendas."

Kramer added: "We need good data, and then we'll know who our customer is."

CRITICAL CONVERSATIONS IN HEALTH CARE



Entrepreneurs will have to be the first to capitalize on medical tourism

Regulations can make it difficult to link health care and insurance providers with patients seeking treatment outside of their own backyards. Because kickback laws are limited to government agencies, panelists said it will be up to the private sector to capitalize on the medical tourism trend.

"You can run across regulatory program for packaging services," Lamb said. "Let's say you have a relationship with a medical facilitator, and tell them 'for every person you send to me, I'll send you \$100.' That's illegal."

Lobbying for rule changes or more dollars for medical tourism is going to be too slow, Lamb said. Organizing South Florida – a region with three counties that often pride themselves on their differences – might be even tougher.

"It's fine to try and lobby the state government, but they're going to do a broad advertising scheme," Lamb added. "What you need to do is come up with

your own marketing plan. Make it really specific and easy for people."

Shatz's practice has started its own medical tourism efforts.

"It's growing nicely and organically. In a practice like mine, the opportunities exist for our industry to meet with [the hospitality] industry for patients to have a satisfying experience in the states," he said. "So far, we have connected with hotels and provide a car service that gets patients as far north as Palm Beach, and as far south as Key West."

Most of the Eye Institute's international patients are coming from the Caribbean and Canada, so the practice employs bilingual and multilingual workers, and Shatz says there are many more services to explore.

"Private practices like mine are going to drive medical tourism," he said. "No one else in the industry can solve this for us. We have a great opportunity here."

Kramer recommends that medical



JOCK FISTICK

tourism startups begin by reaching out to organizations like the Medical Tourism Association and the Greater Miami Chamber of Commerce.

"If we can figure out what our plan is, there are so many opportunities to improve our economy through medical tourism," he said.

CRITICAL CONVERSATIONS IN HEALTH CARE

South Florida is an easy sell for medical tourists, but they need guidance

There's an entire industry of travel agents piecing together seemingly limitless combinations of transportation/accommodation/attraction packages for vacationers, but the same industry isn't in place to support medical tourists.

In many cases, it's up to the traveler to find the right doctor for the treatment they are seeking. Then, they must find the best way to get to the doctor, and the best place to stay. The stakes are higher than choosing the best place to lay out on the beach: Lives may be on the line.

There is a growing industry of medical travel facilitators to help, but it's still up to the patient to get the best experience they can.

"Medical facilitators are conduits between the people and the doctors," Harkins said. "Some work out of the backseat of their car, others work in big offices. Some are certified and vetted by credible organizations. You have to do your due diligence."

Factor in potential language barriers, and it gets even harder for an international medical tourist to get treatment in the U.S.

"People from outside of the country cannot ask about a doctor here," Shatz said. "So for the medically necessary procedures, they're going to facilities that are internationally known."

But those optional procedures that don't happen at world-renowned hospitals like University of Miami Hospital or Miami Children's Hospital are fair game for smaller practices.

"You're not going to see major advertisements for medical tourism down here, but our practice is targeting different countries [in] Europe and Latin America," Shatz said. "The biggest group of people searching for what we do are across the country."

Beyond the broken link between doctors and new patients from out of town, South Florida has everything else it needs to cradle its own medical tourism industry.

A 2014 study of medical tourism from the University of Central Florida cited by Florida TaxWatch said the state is uniquely positioned to draw more businesses from medical travelers because it is known for most of the factors that draw them in: an existing large tourism industry; attractive



JOCK FISTICK

weather; a "developed, focused and discounted strategy by health care facilities, states or corporations;" and a willingness of local facilities to contract with out-of-state employers and insurers for discounted services.

However, a major inhibitor is the lack of leadership and strategic plan to attract medical tourists here, the study said.

"We have the tourism and medical

infrastructure in place. Of course we have attractive weather," Kramer said. "But we need to have a developed, focus and discounted strategy. That's something we may be lacking. We just need to implement a strategy to make it happen."

Dollars allotted for medical tourism strategies in South Florida are few and far between. It's allowing smaller, but more organized, cities to capture that market.

"Last year, the state of Florida allocated \$5 million for medical tourism ... Orlando got a piece. Jacksonville got a piece. I don't think Miami got anything," Harkins said. "There's an attempt to get \$5 million more in funding now."

You may not have ever heard of the place, but Rochester, Minnesota, is doing a better job at medical tourism than Miami is. Kramer said the city is working to become a "modern medical tourism destination," with the Mayo Clinic driving the creation of thousands of jobs.

"There are countries and states that are already on this bandwagon, and Florida is just starting to recognize the globalization of health care," Harkins said. "Now it's a matter of coordinating the strategy."

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Health care practice attorney Bruce D. Lamb

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“As far as a plan goes, you need to have an interest group, make a strategic plan and implement it. This is a very evolving industry. Individuals getting involved need to understand that there are financial relationship issues that have to be explored, especially when you put together packages. But packages are what drives decision-making for patients. So, just be cognizant of the regulatory aspects.”

BRUCE LAMB, shareholder and health law practice group leader, Gunster

“Medical tourism is going to be a disruptive industry. It’s going to be the Uber of the health care industry, and give us more options than we had in the past. It’s not in the early stages, but we’re seeing more growth in the industry, and it’s picking up steam.”

JEFFREY KRAMER, partner, Goldstein Schechter Koch

“Medical tourism is driven by affordability, quality of care and attractiveness of the destination. The health care providers are not doing well if they have empty beds, so they’re pairing with the hospitality professionals to build packages. That’s what it is: finding access to quality care at an affordable price at an attractive destination.”

JOSEPH HARKINS, associate editor, Medical Tourism Association

“We can do a much better job of attracting more medical tourists. We have to put in a certain percentage of our dollars to see how we can change this. We have to have the forethought to find more patients. These small doctor groups doing small non-insurance-based procedures will thrive in this space.”

DR. ANDREW SHATZ, medical director, SightTrust Eye Institute

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