United States Small Employers: A New Marketing Channel for Medical Tourism?

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Abstract As a strategy for lowering healthcare costs some large United States employers are beginning to offer a medical tourism benefit to encourage patients to seek care abroad. Using a pilot survey of 20 small employers in August of 2018 this study estimates a baseline understanding of whether they would be a viable channel to "push" medical tourism utilization within their employee population and encourage more patients to seek care outside of their home country. Given the small sample size, this work should be seen as early findings to inform a future larger scale study.

Keywords Medical tourism · Employee benefits · Distribution channel

1 Introduction

1.1 Background

The American workforce has seen unprecedented change related to cost, quality and access in the health care sector within the last decade. With dramatic shifts in the industry such as the Affordable Care Act (ACA), and proposed future market changes by the Trump Administration, United States (U.S.) employers and employees remain confused and frustrated by affordability and regulatory changes. Despite all of the policy changes within the health insurance industry, more than half (55.7%) of Americans continue to obtain health insurance through an employer-sponsored plan [1]. Although large firms are more likely to offer health insurance, 40.2 million adults (approximately 1/3 of the total U.S. workforce) are employed in small firms with less than 100 employees [2]. Across the U.S. over the last decade, we have seen annual family health insurance premiums provided by small employers rise from $11,835 in 2007 to $17,615 in 2017 [3]. While rising costs are a challenge,

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small employers have also noted frustrations with the changing landscape, lack of competition and overall complexity in health care, with 44% of those small business owners surveyed noting healthcare as the top issue they would like the new Trump Administration to address [4].

Concerns over affordability and higher cost sharing have begun to motivate patients to travel outside the U.S. for the primary purpose of seeking healthcare, a practice known as medical tourism [5]. Large employers, particularly those that self-insure employee health care, are pursuing this option with the expectation of a significant reduction in spending while maintaining favorable health outcomes. The typical cost per surgery abroad is 60–85% lower than negotiated charges in U.S. hospitals [6]. Three trends have also served to reduce barriers in perceptions of healthcare quality abroad: more U.S. based providers such as the Cleveland Clinic setting up outposts abroad; global hospitals attracting U.S. trained surgeons to their staff; and other international facilities becoming accredited by trusted organizations such as the Joint Commission [7]. Small employers tend to follow large employer trends when it comes to the provision of health care as an employee benefit, however, not much is known about their knowledge and opinions on medical tourism. By employing a pilot study approach, this project surveyed 20 small employers to assess their knowledge and perceptions of healthcare outside of the United States as well as their willingness to travel for health-related purposes.

1.2 Theoretical Framework

Given normal circumstances, patients tend to prefer to seek care locally. High costs, or dissatisfaction with the quality of local providers may cause patients to seek care outside of the local community. The motivation to travel for healthcare has been characterized into "push" factors at the patient level (cost, type of illness) and "pull" factors at the organization level (innovation, efficiency, or quality) [8, 9]. Given that the employer's role in healthcare insurance and financing in the U.S. is well established, it is reasonable to assume that they could influence patient behavior particularly through related push factors. This study seeks to establish a baseline understanding of whether small employers specifically would be a viable channel to "push" medical tourism utilization within their employee population and encourage more patients to seek care outside of their home country.

2 Methods

2.1 Study Design

This pilot study was conducted using online survey research fielded through Qualtrics [10]. The researchers used a mixed methods approach to exploratory

analysis as a way to identify emerging data patterns and response themes. Participants were recruited via a partner organization focusing on their regional small employer client database. Empirical data from respondents were analyzed using basic descriptive statistics with STATA [11]. Qualitative responses were analyzed using DeDoose to generate underlying themes [12].

2.2 Participants and Procedures

The online survey instrument contained a total of 16 response items. This contained a variety of questions, requiring both quantitative and qualitative responses intended to measure both knowledge on key health care and health insurance policy and economic factors as well as perceptions of those constructs as well. Care was taken to develop the instrument using best practices that minimize non-response bias, recall bias and measurement error. The survey instrument contained instructions, notice of informed consent and clear statement of respondents' ability to end participation at any point in time. All participants were informed that by completing the online survey, they would be entered into a $100 raffle as an incentive. Two follow up reminders were emailed over a 2-week period.

All professionals queried were working in small firms with less than 100 employees. The link to the online survey was emailed to 80 business owners or managers in Chicago, IL from an existing external vendor partner. Twenty employers ultimately responded, yielding a 25% response rate. 17 (or 21%) of the employers completed all key constructs required for this study, and those comprise our analytical sample. All available efforts were taken to ensure the security and confidentiality of data collected throughout the project. The pilot study design and instrument were submitted to and approved by the Human Subjects Protection Committee at the primary researcher's home university.

2.3 Data Analysis

Empirical data analysis included descriptive summary statistics, including simple frequencies, mean and distribution counts. The basic demographics of the respondents can be found in Table 1. Of the 17 respondents, over half (58.82%) were executives or owners of the businesses they represent. The largest majority of respondents (70.59%) had fewer than 26 total employees working for their firms. The distribution of firm years in business was less than 26 (35.29%), 26–50 years (52.94%) and 51 or more years (11.76%). All respondents offered a minimum of one health insurance plan, but nearly half offered employees more than one plan to choose from.

Table 1 Demographics of survey respondents

	(n)	Percent (%)
Total sample	17	100.00
Role of respondent		
Executive	10	58.82
Management	5	29.41
Finance	2	11.76
Number of employees		
1–25	12	70.59
26–50	4	23.53
51+	1	5.88
Years in business		
1–25	6	35.29
26–50	9	52.94
51+	2	11.76
Number of health plans offered		
1	9	52.94
2	2	11.76
3	4	23.53
4 or more	2	11.76

3 Results

3.1 Perceptions of Cost and Quality

There were seven response items in the employer survey related to their perceptions of cost, quality and willingness to travel for medical care. Although participants were given a five-point Likert-scale to respond to each item (strongly agree, agree, neutral, disagree, strongly disagree), for reporting simplicity and easier observation of patterns within the small sample we collapse the response items into three categories (agree, neutral, disagree). Table 2 shares the frequencies and distributions among the entire sample for each of these seven items.

3.2 Sub-Group Analysis

The responses were also analyzed for patterns among key sub-groups within the sample (role of respondent, size of employer and years employer is in business). Table 3 focuses on two key areas related to seeking healthcare abroad: perceptions of affordability and perceptions of quality as compared to the United States.

Table 2 Small employer perceptions of cost, quality and willingness to travel

	Agree		Neutral		Disagree	
	(n)	Percent (%)	(n)	Percent (%)	(n)	Percent (%)
Construct: perceptions of cost and quality						
Healthcare is more affordable since Obamacare was passed in 2010.	0	0.00	8	47.06	9	52.94
Healthcare is of higher quality since Obamacare was passed in 2010.	4	23.53	7	41.18	6	35.29
The Trump administration will make health insurance more affordable.	4	23.53	3	17.65	10	58.82
The Trump administration will increase healthcare quality.	4	23.53	4	23.53	9	52.94
Healthcare outside my home state is more affordable.	3	17.65	12	70.59	1	5.88
Healthcare outside of the U.S. is more affordable.	5	29.41	8	47.06	4	23.53
Healthcare outside of the U.S. is higher quality.	1	5.88	8	47.06	7	41.18
Construct: medical travel						
I would travel outside my home state for health care.	1	5.88	2	11.76	14	82.35
I have traveled outside of the country for healthcare services.	0	0.00	5	29.41	12	70.59
I would travel outside of the country for healthcare.	2	11.76	1	5.88	14	82.35
I would offer an employee benefit that paid for healthcare outside of the U.S.	1	5.88	0	0.00	16	94.12

3.3 Information Seeking

The channels that the respondents report using as resources to gain access to information on healthcare and health insurance can be found in Table 4. Overwhelmingly, participants in this pilot relied on their agent or broker (94.12%). The next largest majority was represented by those going to the internet (29.41%) and other colleagues (17.65).

4 Discussion

Over half of respondents do not feel that healthcare is more affordable since Obamacare (the ACA) was passed in 2010, and a similar percentage (58.82%) are not optimistic that the current administration will have an impact on lowering costs either. There are not any clear patterns in the distribution about perceptions of increased quality—either in the time period since the ACA—nor looking forward.

Table 3 Perception of international healthcare, by selected characteristics

	(n)	Agree (%)	Neutral (%)	Disagree (%)
Healthcare is more affordable in other countries	17	29.41	47.06	23.53
Role of respondent				
Executive	10	50.00	50.00	0.00
Management	5	0.00	20.00	80.00
Finance	2	0.00	100.00	0.00
Number of employees				
1–25	12	33.33	41.67	25.00
26–50	4	25.00	50.00	25.00
51+	1	0.00	100.00	0.00
Years in business				
1–25	6	33.33	50.00	16.67
26–50	9	22.22	55.56	22.22
51+	2	50.00	50.00	0.00
Healthcare is higher quality in other countries	17	5.88	47.06	41.18
Role of respondent				
Executive	10	10.00	60.00	30.00
Management	5	0.00	40.00	60.00
Finance	2	0.00	50.00	50.00
Number of employees				
1–25	12	8.33	50.00	41.67
26–50	4	0.00	50.00	50.00
51+	1	0.00	100.00	0.00
Years in business				
1–25	6	16.67	50.00	33.33
26–50	9	0.00	55.56	44.44
51+	2	0.00	50.00	50.00

Table 4 Sources of information

Which of the following sources do you go to for information about health insurance and health care finance?	Respondents (n) %
Agent or broker	(16) 94.12
Internet	(5) 29.41
Colleagues	(3) 17.65
Professional association	(1) 5.88
Health care providers	(1) 5.88

In the qualitative responses, several participants reported being open to a new tool or resource to have "different options . . .so that small employers can save money."

Five of the 17 employers responding perceive healthcare outside of the United States as more affordable, but only one felt that it would be higher quality. When asked about their experiences with traveling outside the country for healthcare services, none of the participants reported receiving care abroad, and only two said

they would even consider it. There was variation in perception of affordability and quality of care in other countries by the sub groups we identified. Executives, who made up the majority of our sample, perceived healthcare outside of the U.S. as more affordable—but zero respondents in the other two roles (management and finance) agreed with this notion. Conversely, the executive group was less convinced about quality of care outside of the United States, with a 60.00% majority responding neutral on this item. Given the existing evidence about costs abroad, there appears to be a knowledge gap among participants related to the ability to lower healthcare spending by seeking care outside of their local service areas.

If lack of awareness or information on international health care costs and quality is driving small employer disinterest in medical tourism, it is useful to understand where they report receiving information related to health insurance and the finance of care. Given that small employers seem less informed about comparisons with care abroad in the areas of cost and quality, marketing firms, insurers and destinations should employ an educational strategy to build awareness, dispel myths and encourage utilization. Noting the high reliance on agents and brokers for information, perhaps they would be the channel with the most efficient reach.

There are several limitations in this investigation—primarily focused on the small sample size. Although the sample size is small, further work should continue to build on these findings, gain a larger response sample and broaden them to other geographic areas in an attempt to make the study more generalizable and nationally representative. Another limitation revolves around survey data itself, often subject to recall bias-and using an unvalidated survey instrument requires replication in future work.

5 Conclusions

Overall, the small employers in this study continue to struggle with affordability in health care. More than half of all respondents felt that healthcare quality and affordability in the United States was not improved with Obamacare and that the Trump Administration will not be able to make improvements. Given their reported demand for new health care solutions that save money and provide a positive benefit to employees, small employers could be a potential market for education and incentives to boost medical tourism. Their current disinterest in medical travel is potentially rooted in lack of awareness about available options and quality of care abroad—and therefore finding educational opportunities will be key. Healthcare costs in the United States will continue to be a challenge for small employers into the future. Building awareness of viable strategies to reduce spending in this area, such as global medical tourism, is a potential opportunity for market growth in this tourism segment.

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