

## **STATEMENT OF CHAIRMAN GORDON H. SMITH**

### **U.S. Senate Special Committee on Aging “The Globalization of Health Care: Can Medical Tourism Reduce Health Care Costs?”**

**June 27, 2006**

Good morning, and thank you for being here. I want to welcome everyone to today's Aging Committee hearing that will explore the growing trend of medical tourism.

Many of my colleagues may be unfamiliar with this term. Medical tourism refers to the practice of patients seeking lower cost health care procedures abroad – often packaged with travel and sightseeing excursions. Today we will hear about medical tourism from witnesses whose perspectives range from a patient who had heart surgery in India, to a self-insured company that is considering adding overseas hospitals as an option in its employee health plan.

Time magazine reports that 55,000 Americans traveled last year to Bumrungrad (Bum'-Run-Grad) Hospital in Thailand for a variety of elective procedures—and many patients report they would return again for care in the future. Patients are not alone in exploring foreign health care options. The West Virginia legislature presently is considering options for encouraging state employees to travel abroad for less expensive medical care. And three Fortune 500 companies are investigating the best places to outsource elective surgeries.

With the globalization of health care evolving at a rapid pace, it is important that we pause to consider why it is happening.

The ease of international travel and the growth in quality health care facilities in developing countries certainly plays a part. But, I believe frustration with rising health care costs in the U.S. is a key contributing factor.

Americans should not have to travel overseas to obtain affordable health care. Yet, health care costs in the U.S. continue to grow at a rate higher than overall inflation. For the nation's 46 million uninsured, traveling overseas for low-cost medical procedures, even with the added cost of travel and lodging, is an understandably attractive option. As you can see on the chart behind me, the cost of many surgical procedures in foreign hospitals is significantly less than in the U.S.

While medical tourism may be attractive to patients who are unable to obtain health care at home, there remain many unanswered questions. Does lower cost equal lower quality? Could lower priced medical care provided in developing countries drive down health care costs in the U.S.? And what will be the long-term impact of medical tourism on the U.S. health care system?

To explore these and other issues related to medical tourism, I am asking several federal agencies, including the Departments of Health and Human Services, Commerce and State to convene an interagency task force. As globalized health care becomes an increasing reality, we must carefully consider the implications for U.S. health care, trade, tourism and economic policies. The interagency task force will enable U.S. policy makers to reach informed decisions in response to this new trend.