

# Town looks overseas to curb health costs

As expenses mount, Jackson workers can now seek fiscal relief in 'medical tourism.'

By Kevin Huelsmann

It cost a town of Jackson employee about \$50,000 less to fly to Belgium for a hip resurfacing than to have the procedure done in Salt Lake City, the closest city the employee found with a facility that performs such a surgery.

The employee, a middle-aged woman who asked not to be named, successfully lobbied town administrators to allow her to have the procedure done overseas, changing the town's previous policy that did not cover medical tourism.

The town paid for her plane tickets, the surgery and rehabilitation in Belgium and still came out ahead of having the procedure done in Wyoming, or even the United States.

The employee started reading up on hip replacement last September when her osteoarthritis got to be unbearable.

She then got quotes from several surgeons: two who are considered to be out-of-network providers under the town's health care plan and one in-network.

The in-network facility was in Salt Lake City. Having her surgery done there would cost about \$77,000, staff told her.

Her two out-of-network options were located in New York City and in Ghent, a city in Belgium.

The New York City facility quoted her a price of about \$112,000 to resurface both of her hips, she said.

The doctor in Ghent, who specializes in hip resurfacing and has had extensive experience performing the procedure, said it would cost only about \$24,000 for the surgery.

And that wasn't all.

The Belgian hip surgeon, Koen De Smet, said the price, which he quoted at 19,000 euros, included the hospital and prostheses fees, the cost of the necessary surgery, therapy and all exams during a weeklong stay at the hospital.

"My motivation for researching the procedure was twofold," the patient said. "I wanted to get the doctor of my choice and I wanted to save money, both for me and for the town."

Last November, the employee took her research to town administrators, who approved a policy change that would allow the employee to travel out

2002	\$662,352
2003	\$977,435
2004	\$867,997
2005	\$1,019,555
2006	\$1,064,159
2007	\$1,320,002
2008	\$1,341,601
2009	\$1,160,477
2010	\$1,411,000 budgeted

Source: Town of Jackson

of the country for a medical procedure.

By Jan. 1, a new policy was put in place.

That policy, which requires an extensive amount of paperwork and administrative review, extends the town's health insurance coverage to procedures done outside the United States.

To even be considered, the procedure must cost at least \$20,000 if it were to be performed within the U.S. at an in-network provider.

An in-network provider is a physician or facility that is listed under one of the town's provider networks.

Once that criteria is met, the applicant must have his or her physician fill out forms stating that the physician "is comfortable with the foreign country/foreign health provider, and he agrees to treat you as a patient for any and all follow-up care you may require when you return home."

### A net savings for town

If approved, the town will provide an allowance of up to \$7,500 to help pay for "surgery-related travel expenses and lodging" and the amount of the employee's co-insurance or deductible payments.

The employee who flew to Belgium had to pay was her deductible.

The town picked up the tab for the rest of the cost.

"We agreed to do that because it ended up being a net saving for us," Jackson town administrator Bob McLaurin said.

Town administrators have been looking at ways to reduce health care costs for the past several years, only to watch them more than double since 2002.

In the past eight years, the town's health insurance costs have gone up by more than \$700,000.

In 2002, the town spent \$662,352 on health insurance costs, which pales in comparison to the \$1.4 million town officials set aside for the 2010 fiscal year.

"I'm dancing on the table with an 8 percent increase," McLaurin said during a budget meeting in June.

To combat the rising costs, the town introduced a health savings account plan several years ago that was intended to encourage employees to spend money on health care more wisely.

"People spend their own money a lot more cautiously than other people's money," McLaurin said. "It tends to make people become better consumers of health care."

Under that plan, the town will contribute \$1,250 for an individual or \$2,500 for a family into a special account.

Since it was introduced, a majority of the 100 employees covered under the town's health insurance have mi-

See HEALTH COSTS on 10A

## Average Medicare and Medicaid Reimbursements

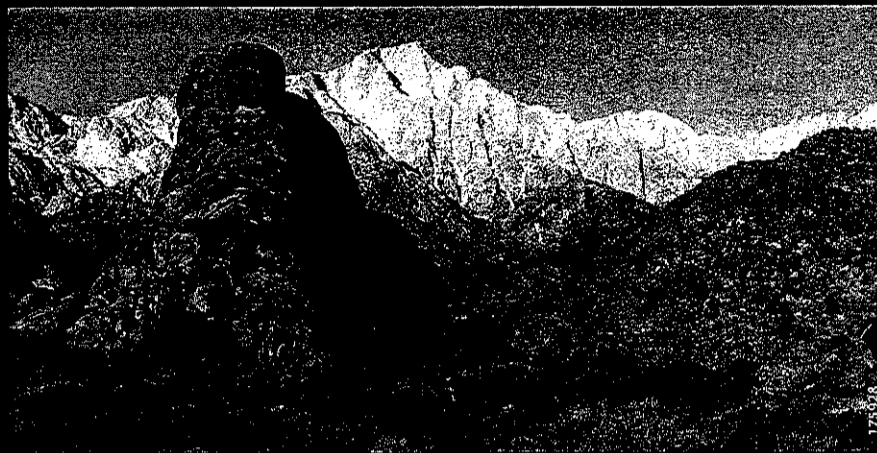
### Inpatient payment / day

University of Utah Hospital-Salt Lake City	\$1,695
Riverton Memorial Hospital	\$1,489
West Park Hospital-Cody	\$1,472
St. John's Medical Center	\$1,378
Eastern Idaho Regional Medical Center-Idaho Falls	\$1,235
Wyoming Medical Center-Casper	\$1,192
National average	\$1,096
Sheridan Memorial Hospital	\$755

Source: Dartmouth Atlas of Health Care

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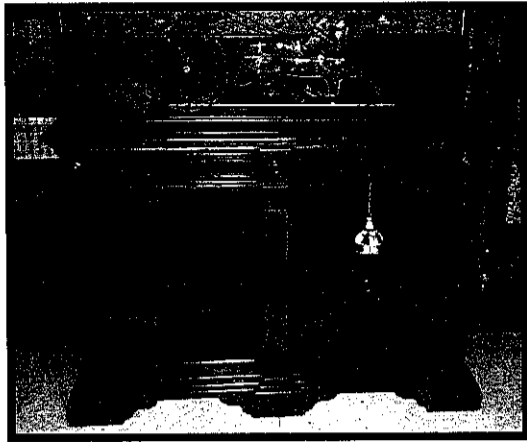
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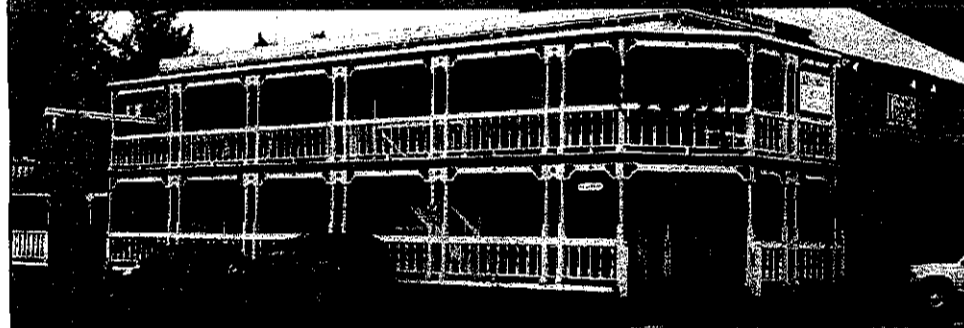
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## HEALTH COSTS

Continued from 9C

grated to the health savings account.

There are 57 families and 20 individuals currently covered under the health savings account plan, compared to the 17 families and six individual employees currently covered under the town's traditional health care plan.

Employees are allowed to go anywhere they wish for health care services. Because the cost of health care is generally more expensive in Jackson than in surrounding areas, employees often choose to drive to facilities outside of Jackson, said several employees.

The town acknowledges this and even provides a travel stipend for employees having to leave town for medical care.

The town will pay \$200 for the first day and \$100 for every additional day for employees who travel more than 150 miles for care. For employees traveling between 60 miles and 150 miles, the town will provide a stipend of \$50 per day.

Travel stipends are capped at \$2,500 per year.

Brad Johnson, a consultant hired by the town to oversee its health insurance plan, said health care costs in Jackson are an average of about 14 percent higher than the rest of the state.

"There's a cost of living and doing business that's not there in the rest of the state," he said.

Along with a higher cost of living, Jackson is considered to be a small market in terms of health care.

### Too small for big discounts

Johnson said larger facilities in areas such as Salt Lake City are able to provide employers with discounts because the facilities are able to make up the loss through an increase in the number of patients it is seeing.

Discounts in northern Utah generally range from about 30 percent to 38 percent, whereas the average discount in Wyoming is about 4.5 percent to 6.5 percent, Johnson said.

Town administrators are currently in negotiations with St. John's administrators to try to broker a deal wherein the hospital would provide a larger discount to the town.

St. John's is currently listed as a "preferred provider" on one of the town's three preferred provider networks.

That network, called First Choice Midwest, is a localized plan under which the town will pay for up to 60 percent of medical charges. In comparison, if an employee chooses to go to a physician or facility that falls under one of the town's two other provider networks, BeechStreet and WISE, the town will pay up to 75 percent of the cost of care.

Johnson would not reveal the exact discount St. John's provides to the town as part of its First Choice Midwest network but said the average discount under that network for medical providers in Jackson is about 4.5 percent to 6 percent.

However, the recent exodus of several top-level employees, including former hospital chief executive officer Jim Schuessler, could delay negotiations.

Before his firing from the hospital, Schuessler said that of St. John's total number of patients each year, about 48 percent live in Teton County, about 35 percent reside in the surrounding counties in Wyoming and Idaho and between 15 percent and 20 percent are from all across the country.

That last category of patients is the sticking point that is currently preventing the hospital from agreeing to provide discounts for town employees, he said.

Schuessler said that he hopes the town and hospital can develop an agreement wherein the hospital would be able to provide a discount to town employees but not to national and international travelers who might be a part of the same plan.

"What happens is that St. John's works out a relationship that would

## Average Medicare and Medicaid Reimbursements

### Inpatient payment / visit

University of Utah Hospital-Salt Lake City	\$30,797
National average	\$25,860
St. John's Medical Center	\$24,249
Eastern Idaho Regional Medical Center-Idaho Falls	\$20,809
Riverton Memorial Hospital	\$20,736
Wyoming Medical Center-Casper	\$19,184
West Park Hospital-Cody	\$19,065
Sheridan Memorial Hospital	\$17,632

Source: Dartmouth Atlas of Health Care

provide discounts to town employees and then that relationship and pricing would go to many others," Schuessler said, explaining the hospital's dilemma.

Johnson said he does not expect the discount provided to the town to match those seen in larger markets.

"It's not realistic because of the cost of business in Jackson," Johnson said of potential discounts. "But we'd love to see something in the high teens and twenties."

One easily accessible database that reviews Medicaid and Medicare reimbursements sheds at least some light on St. John's prices compared to other facilities in the region.

Although it does not provide statistics for private health insurance costs, the database does offer a rough guide to how the hospital stacks up in terms of costs.

Data from the Dartmouth Atlas of Health Care, a research project based at Dartmouth Institute for Health Policy and Clinical Practice that analyzes and assembles data from the Centers for Medicare and Medicaid Services, shows that the average Medicare and Medicaid inpatient payment per day at St. John's is about 20 percent higher than the national average.

### Balance of care, cost

Per day, the average inpatient payment from Medicaid and Medicare to St. John's is about \$1,378, compared to \$1,096, which is the national average.

In comparison, Eastern Idaho Regional Medical Center in Idaho Falls has an average inpatient payment per day from Medicaid and Medicare of about \$1,235.

The hospital is actually below the national average when looking at the total inpatient payments.

Inpatient payments from Medicaid and Medicare to St. John's average is approximately \$24,249, compared to the national average of \$25,860, a difference of about 6 percent.

In comparison, Eastern Idaho Regional Medical Center in Idaho Falls has an average total inpatient payment from Medicaid and Medicare of about \$20,809, which is about 14 percent below St. John's average.

Schuessler said the prices St. John's charge for medical care are a product of operating a hospital in a town with a small population and a high cost of living.

"The price we have to charge for a particular service includes rolling up all of those other costs we have to consider," Schuessler said.

In addition, Schuessler said the hospital strives to find the balance between quality care and an affordable price.

"Could St. John's provide services at a lower cost?" Schuessler said. "Yes, it probably could, but I don't think a lower-cost St. John's would be able to provide what the community wants or needs."