



# CARE2CARE

WHITE PAPER

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## I. THE MAIN AND CONFLICTING ISSUES WITH YOUR HEALTHCARE PLANS

As an American **employer**, you are confronted with a massive and complex problem:

- You **want to provide healthcare coverage** that keeps employees healthy and productive, preventing absenteeism, but at the same time you **need to rein in costs** of this very significant operating expense;
- In a **time of full-employment**, you **need to attract qualified, engaged workforce**, so you want employees to like their healthcare benefits, always one of the top 3 job satisfaction factors in all major employee surveys.

**Healthcare benefit is the first choice for 35% of the workforce, and comes only second to retirement savings when looking at top 3 choices combined:**

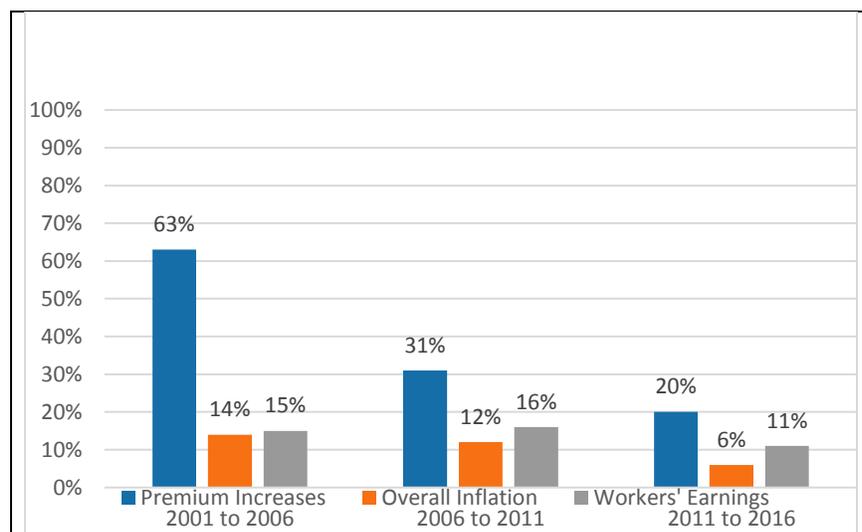
	First Choice	1 <sup>st</sup> / 2 <sup>nd</sup> / 3 <sup>rd</sup> Choice
Employer-provided health insurance coverage	35%	60%
Employer-provided pension or retirement savings like a 401(k)	31%	72%
Paid vacation	5%	24%
Paid medical or family leave	6%	21%
Financial and retirement planning program	7%	20%
Life insurance and disability coverage	4%	18%
Student loan reimbursement and tuition assistance	7%	16%
Health wellness program	4%	11%

source: American Benefits Council National Poll November 5-9, 2017

A second number in this survey shows that **60 % of the respondent employees would prefer better benefits over take-home pay:**

Another one, that working Americans trust employers most as a source for high quality health coverage.

### A decreasing rate in premiums hikes in the last decade



Source: Keiser/HRET Survey of Employer Sponsored Health Benefits 2001-2016

Efforts deployed by employers to **curb premiums**, have produced results in the last decade: its increasing pace is decelerating rapidly since 2006. But we will see below that this trend in premium hikes masks opposite evolutions in volume of care on one side and **evolution** in prices on the other. **As it appears in a 2018 study released by HCCI (Health Care Cost Institute): prices continued to soar, in every category of health services, while utilization staggered or even declined.**

## THE REAL PROBLEM WITH EMPLOYER SPONSORED HEALTHCARE: COSTS OF CARE

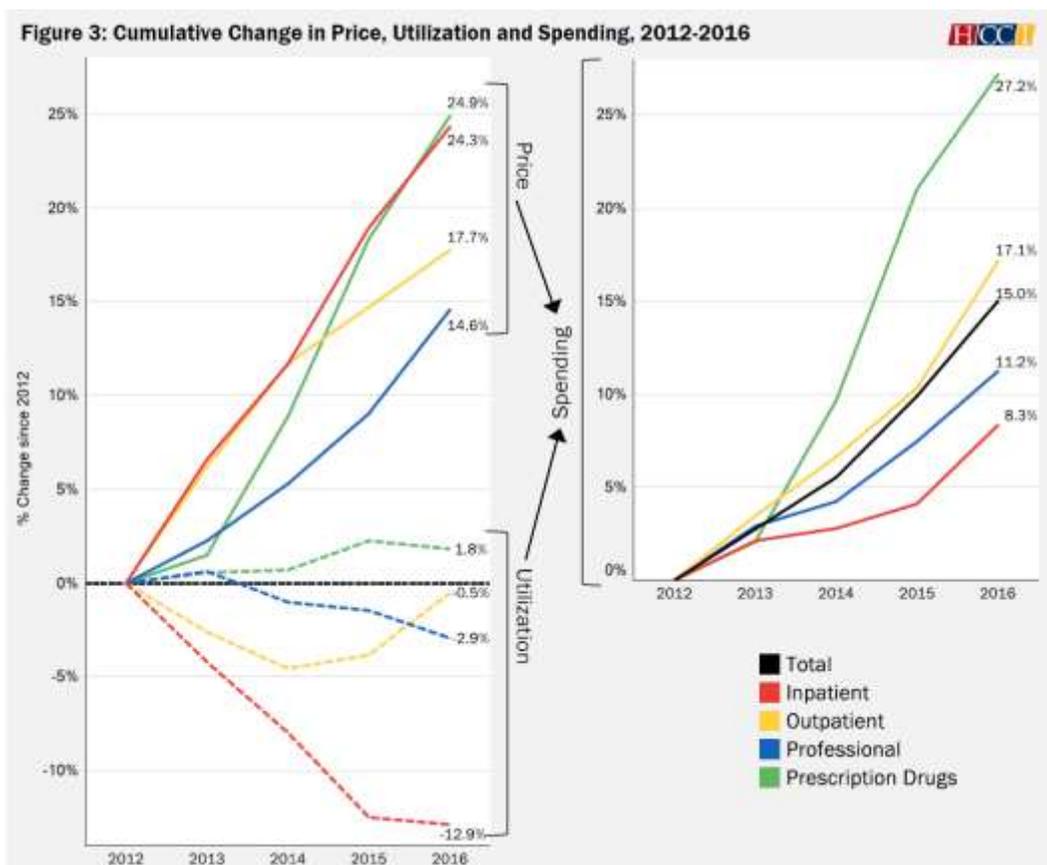
A study published recently by JAMA, after comparing healthcare use in the U.S. with 10 other high-income countries concluded that while utilization levels did not differ, the US still overspent them by 100% in 2016.

So, the study came to the only possible conclusion: **The biggest culprit for high premiums today is high prices.** Per unit, all U.S. health care cost factors, labor, pharmaceuticals, devices and administration are much higher than those of other developed countries.

And hence, there is only one logical conclusion: **“Efforts targeting utilization alone are unlikely to reduce the growth in health care spending in the U.S.”**

The above-mentioned study issued by the **HCCI (Health Care Cost Institute)** in January 2018 illustrates this reality, applied to the ESI (Employer Sponsored Insurance). Based on the claims data from 3 of the most important health insurers (totaling 40 million insured) in ESI, and covering 2012 to 2016, its results are very clear:

**In almost every type of health services, prices soared, and utilization declined:**



The chart presents the evolution of three different factors:

- on the **upper left**: evolution in **prices** of four categories of health services;
- on the **lower left**: evolution in **utilization**;
- on the **upper right**, combination of both, resulting in **spending (e.g. insurance premium)**

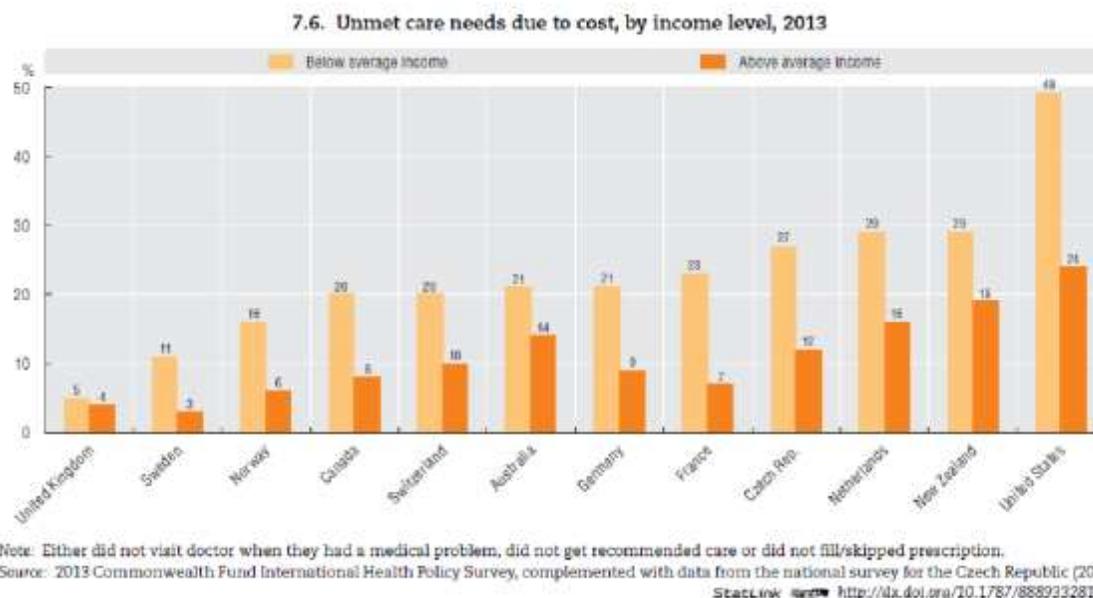
### Two examples:

1. **Inpatient utilization** shrunk by 12.9%, while **prices** grew by 24.3%; inpatient **spending** went up by 8.3%
2. **Prescription drugs volume** grew by 1.8%, but since prices soared by 24.9%, **spending growth hit 27.2% in only 4 years!**

The conclusion we can draw is clear:

## YEAR AFTER YEAR, AMERICAN EMPLOYERS PAID MORE FOR THEIR WORKFORCE TO GET LESS

Regarding the level of utilization, this is more concerning, since data showed a preexisting **record level of unmet care needs due to costs in the United States**, especially when compared to similar, developed countries, as shown in the chart below.



The above mentioned HCCI's study, is available on their site: <http://www.healthcostinstitute.org/>

and so are its appendix tables, and the underlying machine-readable data tables. We analysed them to produce very precise data on different items, to find practical solutions to your problems.

## HOSPITALIZATION: AN ESSENTIAL SPENDING ITEM

### a. Taking the lion's share, hospitalization costs represent 56% of your healthcare expenses

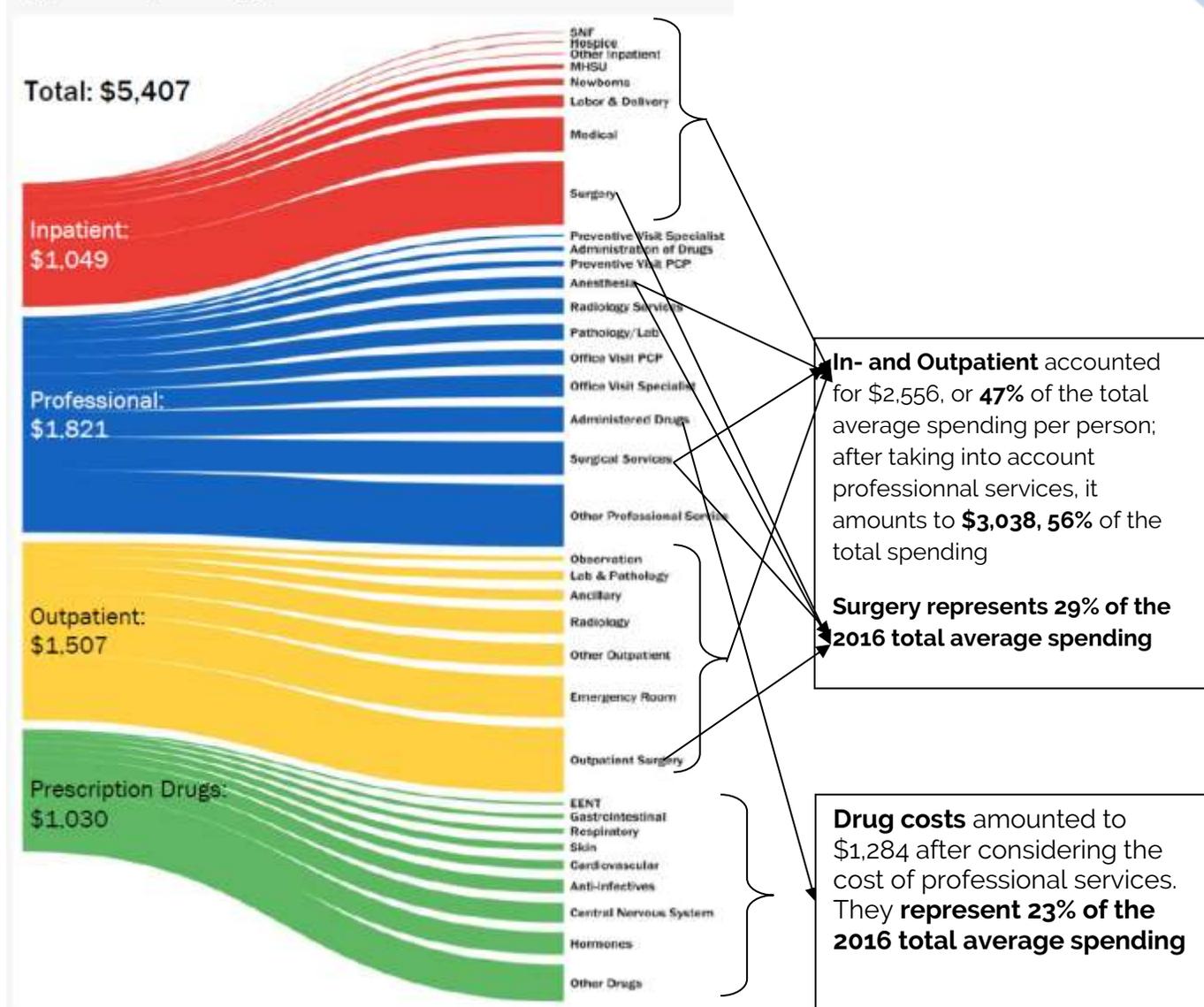
In- and outpatient costs, represent 56% of the total average spending in 2016, once the related costs of professional services provided in hospitals have been integrated (see chart below).

### b. SURGERY saw soaring prices and sharp declining utilization

- Inpatient surgery prices soared by 30%, while utilization declined by 16%;
- Outpatient surgery prices got up by 19% while utilization declined by 6%.
- Surgery accounted for 29%, in 2016 of the average healthcare spending, (more than prescription drugs: 23%)

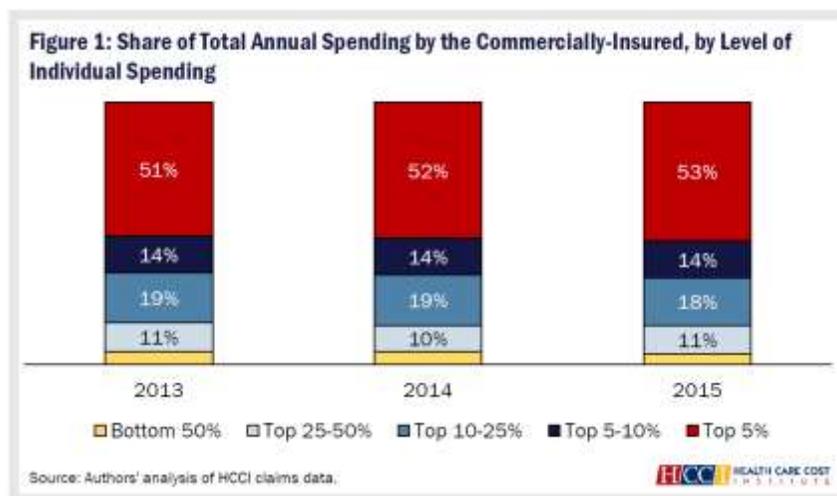
### c. An average episode of inpatient surgery amounted to **\$41,702**

Figure 1: Spending per Person in 2016



Together, Hospitalization and drugs represent 79% of the total spending, or 8 in 10 dollars spent

## THIS SPENDING IS CONCENTRATED ON "HIGH-SPENDERS"



- 5% of the people account for more than 50% of the spending;

- the "Top Spenders had \$39,409 in healthcare expenses in 2015;

- They exposed high Out of Pocket expenses (\$3,850);

- hospitalization amounted to more than 60% of these expenses

*issue brief by HCCI: "Top Spenders among the commercially insured: increased concentration and consistent turn-over 2013-2015"*

A closer look at this study of « Top spenders » tells us that there are approximately 60% "New top-spenders" (entering the top 5% on any given year), and 40% "Persistent top-spenders". Consumption patterns between these two groups are very different as shown in the chart below.

**Figure 3: Top 5% of Spenders, 2015:  
Per Capita Total Spending by Service Category**



- The New top-spenders recorded \$53,200 in spending, thereof almost 2/3<sup>rd</sup> in hospital cost (\$33,848).

- At \$74,045, the Persistent top-spenders show an average spending 40% higher than the New comers. Their pharmacy spending is 4 times higher, and their hospitalization costs are high, mostly in Outpatient services.

From the previous data, we could clearly define 3 distinct groups of patients:

- "New top-spenders", mostly patients who received surgery care or significant hospital treatment which improved their overall health situation following a severe episode or accident.

- "Persistent top-spenders", exposed to recurring outpatient treatments; cancer treatments for example.

- "Persistent top-spenders", experiencing a chronic disease, involving high spending on drugs; NCD (Non Communicable Diseases) for the most part, principally relating to current lifestyles and for which the WHO noted an endemic increase since the turn of the 21<sup>st</sup> century: diabetes, dyslipidemia, cardiovascular disorders

## **COST COMPARISON OF DRUGS BETWEEN THE UNITED STATES AND FRANCE; THE CASE OF INSULIN**

In France, medication prices are centrally regulated and easily accessible.

In the US, the same lack of transparency that has been noted for the mainstream healthcare market seems to be the rule. Analysis can only be made through access to a list of anonymized claims.

However, a study published by JAMA in July 2017<sup>1</sup>, looking at prices of insulin treatments, allows us to conclude that such treatments are 4 times more expensive in the USA compared to France: over \$16,000 a year in the US, vs. \$3,820 in France, moreover on the basis of an insulin analogue that was not the most expensive and using the cheapest packaging!

This 4 to 1 ratio is consistent with the fact that pharmacy represents 15% of healthcare spending in France, vs. 19% in the USA, whereas the spending per American is 3 times what it is per French. This would suggest that concentration on high-cost drugs such as insulin is more the rule than the exception in the US.

For a Persistent top-spender, who spends on average \$23,000 per year, 4 simple 1 or 2-day trips to France could generate cost savings of up to \$14,000 per year, mostly to the benefit of the self-insured employer. Additionally, the employee will save out-of-pocket expenses, which have considerably increased over the past few years.

Who can afford to pass on such cost cutting measures, easy to implement and with immediate effect?

The price increase announcements made in Q2 2018 by some of the biggest pharmaceutical companies show that this upwards trend is not slowing down.

<sup>1</sup> [Kasia J. Lipska, MD, MHS<sup>1</sup>; Irl B. Hirsch, MD<sup>2</sup>; Matthew C. Riddle, MD<sup>3</sup> Author Affiliations Article Information; JAMA. 2017;318\(1\):23-24. doi:10.1001/jama.2017.6939](#)

## II. CARE2CARE'S SOLUTIONS TO THESE PROBLEMS

### A. PHARMACY

The service we offer is simple and transparent: **To assist employees/individuals in purchasing their prescription drugs in France**

- once per quarter the patient orders their prescription drugs through our secure patient portal, uploading the prescription from their doctor and filling in information on method of payment.
- Care2care transfers the order to one of their partner pharmacies
- a comprehensive quote including Care2care transparent remuneration will be forwarded to the patient (and / or employer or TPA) for approval.
- Care2care can also provide advice on travel and hotel accommodation
- upon arrival in France, a Care2care representative will welcome the person at the airport, drive them to the pharmacy, then to the hotel in case of an overnight stay, and back to the airport the next day. While many will be autonomous after the first trip, some may prefer the comfort and security of Care2care's assistance repeatedly.
- simultaneously with the delivery of medication, the payment is processed via the method of payment on file, and the bill is sent to the employer or TPA



French pharmacists are highly qualified health professionals (6 to 8 years university studies are required); they have the monopoly of prescription drugs delivery, which is considered a part of the French mandatory, public health care system.

### B. SURGERY

Our proposal summarized in a few words:

**Care2care Medical Travel offers:**

- a selection of French Health Care Facilities (HCF),
- for high value surgery and treatment
- at very competitive prices.

**France is a country known for the quality of its Healthcare system, and is the world's #1 destination for tourism, visited by as many as 87 million persons in 2017 (including 4 million Americans).**

## WHY OUR SOLUTION WORKS

### A. FRENCH HEALTH SYSTEM PROVIDES BEST-IN-CLASS OUTCOMES FOR PATIENTS

The French health care system delivers quality medicine, thanks to the **quality of its health staff**, subject to a **high level initial training** and continuing professional education.

French **medical research** is at the forefront of world markets. Its efficient care system, both **highly regulated** and **very competitively managed**, ensures **best-in-class outcomes for patients**:

#### 1. Hospital readmission rates are, by far, lower in France than in the USA

A study published in September 2015 by a mixed US and French research team on hospital **readmission rates** within a population of **older people** in France and the US provides a direct comparison: the rate for **surgical conditions was 9.1 % in France compared with 15.6 % in the US**.

These results, the authors said, are consistent with a previous study they conducted.

It can be consulted here:

## A Comparative Analysis of Hospital Readmissions in France and the US

Michael Gusmano, Victor G Rodwin, Daniel Weisz, Jonathan Cottenet & Catherine Quantin

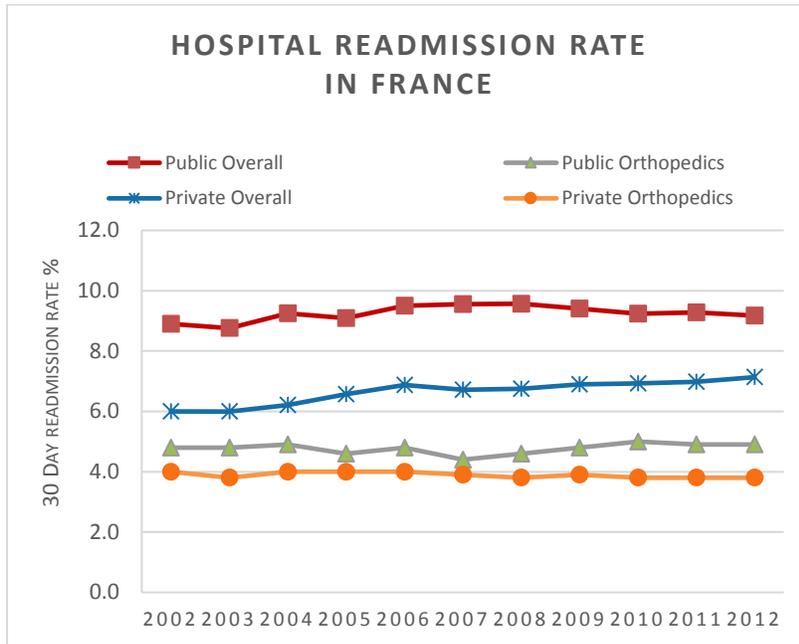
**To cite this article:** Michael Gusmano, Victor G Rodwin, Daniel Weisz, Jonathan Cottenet & Catherine Quantin (2015): A Comparative Analysis of Hospital Readmissions in France and the US, *Journal of Comparative Policy Analysis: Research and Practice*, DOI: [10.1080/13876988.2015.1058547](https://doi.org/10.1080/13876988.2015.1058547)

**To link to this article:** <http://dx.doi.org/10.1080/13876988.2015.1058547>



Published online: 30 Sep 2015.

## 2. Readmission rates in the overall French population are low



Results of a time series study, presenting all hospitalizations, 2002 through 2012 in France, (*more than 44 million hospitalizations*) confirm the rate found in the above cited French-American (Gusmano-Rodwin-Cottenet) **study**.

The study reports rates among ALL French Healthcare facilities, including patients of ALL age categories; as Care2care has selected the best French HCF, we consider the objective of **nearly zero readmission as realistic and attainable**.

## 3. A High rate of patient satisfaction measured on transparent standard: HAS's E-SATIS

**HAS's E-SATIS** is a French systematic and standardized recording process of patient satisfaction, conducted by the HAS (French equivalent body of JCAHO). It is conducted via an electronic questionnaire that each patient is invited to complete at home, 15 days after their discharge from the care facility. The system was put in place in 2016 and the first results have been published in December 2017, with 122.000 patients having completed the survey in 2017:

- 92 % are satisfied with the service delivered by physicians and surgeons;
- 89 % with the respect of their intimacy, and 94 % with the respect of confidentiality and professional secrecy

#### 4. Highest rate of patient satisfaction in Europe



**A survey conducted in 2016 showed good results for French healthcare facilities:**

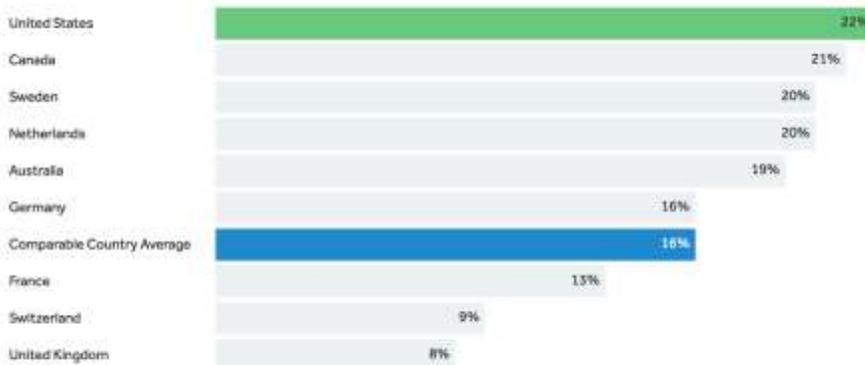
**85% of French patients** say they have a good or very good image of the quality of healthcare;

**Only 70% of European patients** in general, share the same appreciation.

#### 5. One of the lowest rates for misdiagnosis or medical error in the OECD

A table extracted from the **Commonwealth Fund** international policy survey, confirms the overall conclusion that the French health care system is more reliable than the US one.

Percent of sicker adults who have experienced medical, medication, or lab errors or delays in past two years, 2011



Experienced medical mistake, given wrong medication or dose, lab test error, or delay receiving abnormal test results.

Source: 2011 Commonwealth Fund International Health Policy Survey in Eleven Countries

Petermann-Kaiser  
**Health System Tracker**

## B. HEALTHCARE PRICES ARE FAR MORE COMPETITIVE IN FRANCE THAN IN THE US

Thanks to a single payer system, with the capacity to negotiate or to even set prices, public monitoring of care facilities, a high level of competition between public and private care providers, uniform and transparent quality reporting system, prices are lower in France: for example a visit to a Primary Care Physician ("PCP") will generally cost 23 €; their average yearly income is about 85,000 €. This also proves true for most elective surgery procedures which are 2 to 5 times cheaper in France than in the US (among other factors, this includes the fact that an US orthopedic surgeon will make \$497,000 on average, while his French counterpart will earn \$145,000)

Just a few examples: a **hip replacement** will cost 10.700 \$; a **coronary bypass**: 23.700 \$; a **heart valve replacement** less than 30.000 \$. We can examine this in detail with you, comparing your claim costs to the prices we can obtain in France; for now just keep in mind that the price difference is 50 to 80% less in France than in the US.

## C. PRESCRIPTION DRUGS, SURGERY AND HOSPITAL TREATMENTS AS LEVERS TO COST CONTAINMENT OF YOUR HEALTHCARE BUDGET

As we have seen above, inpatient and outpatient hospitalization is by far, the most costly line in your healthcare budget; it is also highly concentrated on a small group of "Top-Spenders".

**We suggest that you focus on this small group of "Top Spenders": since these patients are exposed to high Out-Of-Pocket expenses, and for some of them with brutal variations of these OOP, as shown in the chart below, you will be able to offer them incentive programs to enhance the attractiveness of a medical travel solution:**

- Waive copays and deductibles, through HSA account or other;
- Cover cost of travel for employee + companion;
- Bonus of x% of the resulting savings up to a cap in \$

**With our solution:**

- **patients can get the surgical care they need at affordable OOP expense;**
- **employers can get better control of their healthcare budget, swiftly and easily**

**Table 1: Median Spending by Year, Top 5% of Spenders, 2015**

	Share of Top 5%, 2015	Median Total Spending		Median OOP Spending	
		2014	2015	2014	2015
Persistent Top 5%, 2015	39%	\$ 42,099	\$ 46,873	\$ 3,441	\$ 3,460
New Top 5%, 2015	61%	\$ 4,221	\$ 35,657	\$ 987	\$ 4,105
No Spending, 2014	2%	\$ 0	\$ 39,675	\$ 0	\$ 5,255
Bottom 50%, 2014	13%	\$ 573	\$ 35,967	\$ 178	\$ 4,731
Top 26-50%, 2014	14%	\$ 2,383	\$ 35,444	\$ 738	\$ 4,281
Top 11-25%, 2014	19%	\$ 6,706	\$ 35,854	\$ 1,574	\$ 4,000
Top 6-10%, 2014	13%	\$ 15,093	\$ 34,751	\$ 2,566	\$ 3,680

As the HCCI underscored in its study, it's striking to compare this data with the reality of a 2016 Federal Reserve Board survey uncovered: **44% of respondents declared they could not afford a surprise 400\$ medical bill...**

#### **D. WITH OUR SOLUTION, YOU BENEFIT FROM EVOLUTIONS IN MEDICAL TECHNIQUES**

During the last two decades we have seen huge changes in surgical techniques; the list would be too long to be made here.

We want to only underscore their consequences on surgery and medical treatments: reduced length of stay and less traumatic procedures, thanks to minimally invasive techniques, rapid growth of ambulatory care, coupled with methods like enhanced recovery after surgery, all this makes it easier to travel abroad and return safely at home.

So it is no surprise that **medical travel has been gaining traction among self-insured employers and we would be happy to count you as one of them.**

We know that some of the destinations are somehow exotic and hope you and your team will choose to add France to the list of your priority destinations.



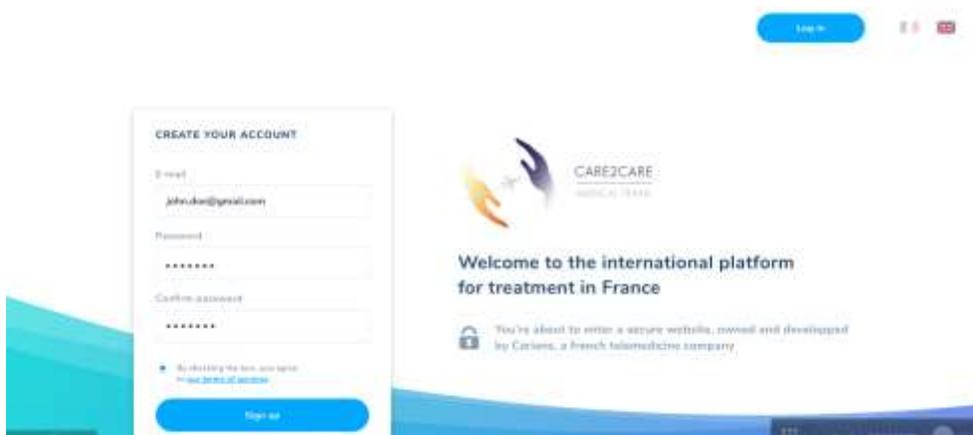
We think indeed, like Victor RODWIN, Professor at NYU and specialist in comparative health care system economy, co-author of the above mentioned study comparing readmission rates in France and in the US, **that France should become a priority destination in this upcoming field of innovations.**

## HOW OUR SOLUTION WORKS FOR YOU AND YOUR TEAM

1. Care2care has **selected the best French hospitals and clinics** in different specialties (orthopedics, cardiology, cancerology, bariatric, etc.)

*This is possible in France because all operators are set to provide very precise and standardized reporting on their activity and outcomes; this data, once anonymized, is made available for ranking studies. Of course, a certain level of expertise is required to master these data. Enters the Care2care team...*

2. Via a **secure workflow**, patients who are considering surgery will obtain a free medical quotation guaranteeing a **set price** for a specific procedure



The file will be submitted to 2 or 3 Health Care Facilities ("HCF"), which in return will provide a proposal for treatment, within a week; we will help patients to make their choice.

3. Once they have accepted the medical proposal, Care2care provides full chaperoning and an all-in-one concierge service to organize:

- travel to and stay in France;
- admission to the HCF;
- presence all along the care pathway, including potential care follow-up;
- return to home.

4. Your carrier or TPA will obtain the data in the predetermined format;

5. We will help you ensure that your employees have a good understanding of the solution

## **FINDING TOGETHER THE BEST SUITED SOLUTION**

In relation with your broker or consultant, we are offering a preliminary assessment of the implementation of our solution that can be flexibly adapted to the needs of your team members:

- Analysis of available statistics on claims in order to show the benefits of the interested parties: management, employees, service providers
- Summary of opportunities and recommendations
- Design of incentive program to enhance attractiveness of the medical travel solution
- Design of services for integration into your Healthcare Plans
- Deployment (upgrading of information and follow-up tools, etc.)

**We will be happy to discuss our offering with your HR / Benefits partner or your benefits consultant.**

**Contact us: [contact@care2caremedicaltravel.com](mailto:contact@care2caremedicaltravel.com)**

**Visit our website: <https://www.care2caremedicaltravel.com>**