



ISSUE FOCUS: MEDICARE PORTABILITY

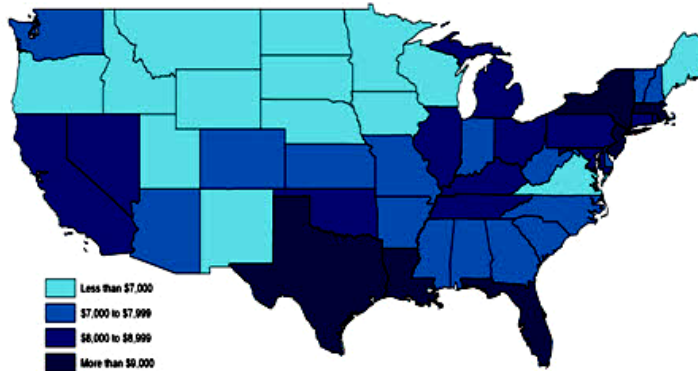
MEDICARE Stats 2008

(source: 2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds)

- ☞ 45.2 million people were covered by Medicare - 37.8 million aged 65 and older, and 7.4 million disabled.
- ☞ About 22 % of beneficiaries have chosen to enroll in private health plans that contract with Medicare to provide health services.
- ☞ Total benefits paid - \$462 billion.
- ☞ Medicare income - \$481 billion, expenditures - \$468 billion, and assets held in special issue U.S. Treasury securities grew to \$381 billion.
- ☞ Average Medicare expenditure per beneficiary - \$11,018
- ☞ US Federal Budget for Medicare - \$325 billion

MEDICARE PORTABILITY AND WHAT IT MEANS FOR THE PHILIPPINES

Figure 10: Per Capita Medicare Spending, 2006



Source: The Dartmouth Institute for Health Policy and Clinical Practice, The Dartmouth Atlas

“The Philippines is able to provide high quality healthcare to medical tourists at prices lower than developed countries.”

Harvard Professor Michael Porter
Medical Tourism in the Philippines, 2007

One of the major domestic concerns in the United States is the over-haul of the US health care system, which includes the Medicare and Medicaid programs.

The draft legislation on health care reform, at its present state, is focused on more pressing matters within the health care system, i.e., universal coverage and utilization of Medicaid benefits.

Central to the debate on the health care reform are two key issues: (1) the apparent staggering cost that would follow the passage of the bill and; (2) who would shoulder the costs for the transformation of the health care system.

With trillions of dollars needed to effect the changes suggested to “fix” the old system, prudence dictates that the US Government continue to stipulate that medical procedures and treatments for Medicare beneficiaries should still take place in US hospitals and facilities, thus sustaining these facilities.

A 2007 University of Texas at Austin study, however, suggests it could be less expensive for U.S. taxpayers if retiree health coverage was portable. Professor David Warner argues in his paper that expense is important.

According to the 2007 Annual Report by the Social Security and Medicare Boards of Trustees, 2011 will be the first year that expenditures will exceed income in the Medicare trust fund.

In the year 2011, it is expected that some 70 million “baby-boomers” will turn 65 – retirement age, many without adequate pensions or health plans, making living abroad a very attractive alternative.

The Philippines, as with other countries in the region, has put in place a number of programs that would provide, not only a suitable place for retirement for these “baby-boomers,” but also top-rate medical services and treatments.

Medicare portability, in its most general form, would require an amendment to the provision of the Social Security Act that limits the treatment of illnesses of Medicare beneficiaries to within US medical facilities, unless in cases where the debilitating illness occurs overseas and reaching the US mainland is a matter of life and death.

In the case of the residents of Guam and Saipan, however, they are allowed to seek medical treatment outside of the US territories on emergency cases, availing of their Medicare benefits in Philippine medical facilities, due to the proximity of the Philippines vis-à-vis Hawaii, the nearest US state.

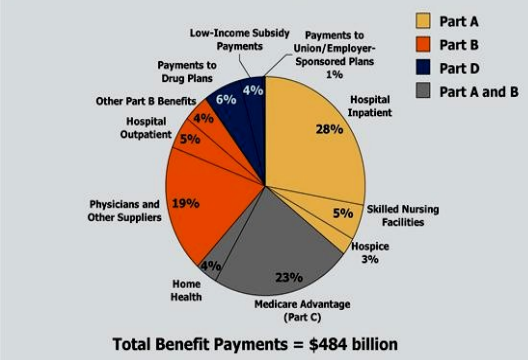
This arrangement was made possible through the unwavering creativity and determination of Congresswoman Madeleine Z. Bordallo (D-Guam). Rep. Bordallo recognized the practicality and common sense of allowing Medicare beneficiaries in Guam have their illnesses treated in the Philippines rather than Hawaii or the US mainland.

The Philippines is not the only country bound to gain from the portability of Medicare. The US' closest neighbors also stand to benefit from such arrangements. Mexico and countries in Central and South America like Costa Rica and Venezuela are already reaping the benefits of an aggressive medical tourism business with most patients emanating from the United States.

Medicare portability would allow patients the opportunity to avail of first-rate medical treatment to those wanting it, provided by world-class care from Philippine nurses and medical professionals at much reduced cost to the Medicare program. On the part of the Philippine Government, it will be responsive to its health tourism program under the Medium Term Philippine Development Plan (MTPDP).

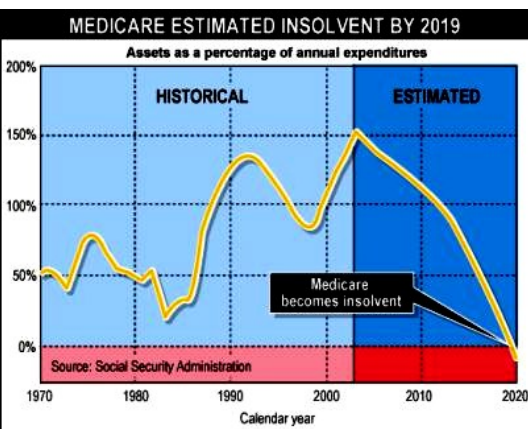
The Philippine Medical Tourism program (PMTP) in 2007 earned \$350 million from 250,000 non-resident patients (or 14% of the Asian market). The program intends to attract about 700,000 medical tourists annually to the Philippines. ☪

Medicare Benefit Payments, by Type of Service, 2009

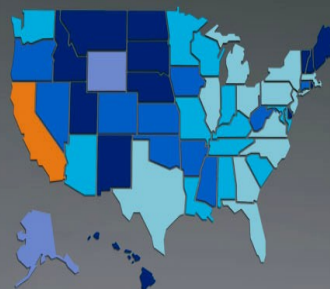


NOTE: Does not include administrative expenses such as spending for implementation of the Medicare drug benefit and the Medicare Advantage program. Total is net of \$9.4 billion in recoveries for 2009. SOURCE: Congressional Budget Office, Medicare Baseline, March 2009.

Snapshot of MEDICARE in the United States



Got Medicare? Total number of Medicare beneficiaries in each state and D.C. as of January 2008



- 57,827-74,669
- 102,652-287,395
- 321,668-571,135
- 644,114-980,209
- 1,003,321-3,151,715
- 4,607,441

Alabama 794,170	Montana 157,265
Alaska 57,827	Nebraska 268,451
Arizona 848,034	Nevada 321,668
Arkansas 499,571	New Hampshire 200,348
California 4,407,441	New Jersey 1,266,002
Colorado 564,253	New Mexico 287,395
Connecticut 540,170	New York 2,860,851
D.C. 74,239	North Carolina 1,368,169
Delaware 137,191	North Dakota 105,405
Florida 3,151,715	Ohio 1,812,939
Georgia 1,123,763	Oklahoma 568,388
Hawaii 190,515	Oregon 871,135
Idaho 208,283	Pennsylvania 2,195,478
Illinois 1,752,798	Rhode Island 175,877
Indiana 947,458	South Carolina 702,584
Iowa 501,508	South Dakota 129,969
Kansas 412,783	Tennessee 980,209
Kentucky 715,037	Texas 2,735,037
Louisiana 644,114	Utah 256,511
Maine 248,248	Vermont 102,652
Maryland 730,525	Virginia 1,055,919
Massachusetts 1,003,321	Washington 881,153
Michigan 1,551,570	West Virginia 368,891
Minnesota 735,812	Wisconsin 860,935
Mississippi 471,110	Wyoming 74,689
Missouri 952,110	

Source: Centers for Medicare and Medicaid Services



Ambassador Willy C. Gaa
FROM THE CORNER OF BATAAN AND MASSACHUSETTS

Over the past few years, the Philippine Government has embarked on an advocacy program promoting the country as a business and investment destination on a scale similar to the construction boom of the early 70s. Early on into her term, President Gloria Macapagal Arroyo, set-out the blueprint for catapulting the Philippines onto the path of "first-world" status. The President identified six key sectors as the platforms for Philippine progress – Tourism, Infrastructure, Energy, Mining, Business Processing Outsourcing (BPO), and Information Communications Technology (ICT).

Tourism, Infrastructure and BPOs have been the "bread and butter" of a revitalized Philippine economy. Needless to say, the continued contributions of the Overseas Filipino Workers, through their remittances, have greatly helped the country get through a number of challenges.

Our countrymen abroad have also kept the Philippines close to their hearts – making regular visits to the homeland that has boosted the tourism sector and related industries, over the past few years. A good number of these visits have been medical in nature, taking advantage of the hospitality and warmth of their countrymen, and has pumped-up the local medical profession.

Medical tourism turned the Philippines into a major player in the global field. And with the reputation of Filipino medical professionals that have spread far and wide, promoting the Philippines' medical tourism industry has gained a lot of traction.

The Philippine Government believes that the industry can absorb a bigger number of clientele for their medical and dental procedures.

Various stakeholders through their various outreach efforts, have

met with great success in promoting the competency, capabilities, and dedication of the Philippine medical professionals. We have now set our sights in finding a way to get those, especially our compatriots, who depend on their Medicare benefits to Philippine medical facilities for treatment and consultation. Medicare beneficiaries in Guam and Saipan are already enjoying the warmth and care of Filipino medical professionals in internationally-accredited hospitals in Manila.

Portability is a tedious issue, especially considering the active and animated debate on health care reform now ensuing in the United States Congress. Portability, for the residents of Guam and Saipan, is no longer an issue. The next step, at least what we, at the Embassy aim for, is to seriously consider the merit of making available the same kind of accommodation to the rest of Medicare beneficiaries, starting with the Filipino-American retirees.

This would be a tall order but a worthy cause for better health care and service in economic and practical terms, during these times of financial crisis. ☪

"Medicare is a sacred trust that must be passed on to future generations."
US President Barack Obama
September 2009

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