

By Steve Forbes, EDITOR-IN-CHIEF

"With all thy getting get understanding."



Open-Heart Surgery—90% Off!

A FAST-GROWING PHENOMENON—"MEDICAL TOURISM," WHICH will be a \$40 billion industry by 2010—is showing how we can "solve" the health care financing crisis.

More and more Americans are choosing to go abroad for elective and/or major surgeries. What entrepreneurs began more than a decade ago by constructing world-class facilities to lure patients from the U.S. and around the world into traveling for cosmetic surgery has now blossomed into freshly built foreign hospitals offering a wide array of other types of medical procedures. India, Thailand and Singapore are among the countries heavily involved. Panama and others are just entering this arena.

The hospitals and physicians are usually first-rate and, amazingly, can provide operations at 10% to 30% of the cost in the U.S. For instance, knee replacement surgery that might cost \$16,000 here can be done for \$4,500 in a top-tier (by U.S. standards) Indian hospital. Dr. John Helfrick, president of the International Society for Quality in Health Care, and Dr. Robert Crone, CEO and president of Harvard Medical International, tell of one dramatic example: A patient was in need of complicated heart surgery. His hospital said the cost would be \$200,000 and wanted \$100,000 up front. The patient's son, a medical student, knew of the medical tourism industry and arranged for his father to have the operation overseas. The complicated surgery was a success. The cost: \$6,700.

How is this possible? Excellent hospitals can be built overseas without the bureaucratic red tape found in the U.S., thereby saving construction time. Construction costs are lower, as are nursing, physician and administrative expenses. Expat doctors who have trained here and in Europe are returning home, where money goes considerably

further than in, say, New York or California. More and more these foreign hospitals—currently numbering about 120, and growing—are not just mirroring the best U.S. practices but are emerging as innovators. They are certified by Joint Commission International, a not-for-profit subsidiary of the Joint Commission, which accredits U.S. hospitals. The international accreditation process is as rigorous as it is in the U.S.—but without the unnecessary bureaucratic paperwork.

The delivery of health care in the U.S. could become an innovative, infinitely less costly business than it is today. How? By fundamentally changing our third-party-based payment system, which fosters bureaucracy and crushes innovation and productivity. Health Savings Accounts are the answer—but they won't be able to truly revolutionize health care unless obstacles are removed.

Among the barriers are the lack of a federal income tax deduction for people buying health insurance in the individual market; the prohibition against people paying health insurance premiums from their HSAs unless they are unemployed or on Cobra insurance; many employers making no contributions to their employees' accounts; and the too-high maintenance fees for HSAs. Another formidable roadblock is that you cannot buy health insurance policies not approved by the state in which you live. Thus, a resident of California is barred from purchasing a policy that is available in New York. Politics being what it is, it's no surprise that many states mandate costly provisions that make policies prohibitively expensive for individuals. (Corporate health plans fall under federal law.)

Medical tourism is an exciting glimpse at the huge savings, productivity gains and medical advances that could be had if we got genuine consumer-controlled health care here—as well as overseas.

Comparative Price List

SURGERY	U.S.	INDIA
Bone marrow transplant	\$400,000	\$30,000
Liver transplant	500,000	40,000
Open-heart surgery (CABG)	50,000	4,400
Neurosurgery	29,000	8,000
Knee surgery	16,000	4,500

Source: IBEF Research.

Unnecessary Deaths

ABOUT 7,000 AMERICANS DIE EACH YEAR BECAUSE THEY ARE unable to get lifesaving organ transplants, primarily kidneys. This is not just a U.S. problem: The World Health Organization estimates that barely one in ten people worldwide who need kidney transplants actually get them. Here at home the waiting list for kidneys, livers, hearts and lungs comes to nearly 100,000, and that number will mushroom as the huge baby boomer contingent enters its golden years. The waiting time for an organ can range up to five years, which is expected to double by 2010. This crisis is truly a deadly one.

What to do? The current system must be changed dramatically. It can be—and quickly.

Back in 1984 Congress passed the National Organ Transplant Act. It outlawed the commercial trade of organs and set up the monopolistic United Network for Organ Sharing (it has an exclusive contract with the Department of Health & Human Services), which maintains the national waiting list. The network has its own criteria as to a patient's placement in the long queue. A patient who can find a willing—and fit—donor among family or friends can get a transplant immediately. But the organization vigorously fights would-be recipients who try to link with a donor via pleas in the media or online (or even in some cases on billboards). It encourages passivity: Wait your turn; if you die while waiting, so be it.

Not surprisingly a growing number of sick Americans are des-

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perately trying to make their own arrangements for organ transplants overseas, particularly in China, Pakistan, India and the Philippines—and despite the obvious risks, including hospital quality and the condition of the transplant organ. *FORBES* and other publications have written stories about the often murky world of brokers who arrange surgeries in foreign hospitals, which is very different from those involved in medical tourism (see *previous*). The UN and others routinely denounce “transplant tourism.” But who can blame people for trying to save their loved ones?

It's also not surprising that there is a growing “subterranean” body-parts market here—from funeral homes and medical schools.

The problem is that an insufficient number of people are willing to make donor arrangements for the use of their organs when they die. So why not nudge folks with financial incentives? After all, many medical schools these days are the recipients of a surfeit of cadavers for their students because the schools are allowed to pay for the funerals and cremations or burials of people who donate their bodies for medical purposes. Yet providing such payments for body parts is a federal crime. Many medical ethicists, moreover, mutter that allowing commerce to enter the transplant arena is immoral. These folks are profoundly wrong. Doctors and hospitals charge substantial sums of money to per-

form transplant surgery. Is that immoral?

So let's allow people to sell their organs at the time of death, whereby the proceeds could go to their heirs or favorite charities. Let the market determine what a particular organ will bring—it could be \$1,000 or \$35,000. Remember that transplant surgery already costs well over \$100,000 and that kidney patients waiting for transplants receive expensive dialysis treatments.

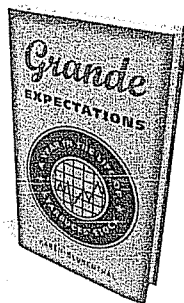
With proper safeguards, why not go a step further and allow the living to receive financial considerations for donating their organs? A kidney from a cadaver might extend the recipient's life by 14 years, one from a living person by a median of 22. Codifying how this should be set up could involve the private sector, nonprofit organizations and state governments, not to mention Washington.

Would such an approach favor the rich and leave everyone else looking through the hospital window? No. That's what insurance—Medicare, Medicaid, private plans—should cover.

The distaste people may initially feel for the idea of “commercializing” organ transplants should be readily overcome by the unassailable fact that thousands of people—many in the prime of life—are needlessly dying. The subject may make most people uncomfortable, but we owe it to our fellow citizens to deal with it forthrightly. And promptly.

A Venti Read

Grande Expectations: A Year in the Life of Starbucks' Stock—by Karen Blumenthal (Crown Business, \$24.95). Veteran journalist Blumenthal, whose most recent stint was with the *Wall Street Journal*, gives us a twofer with her informative, well-researched and very readable book. She takes a look at the factors that move a blue-chip stock these days—in this case, Starbucks—while weaving in the fascinating history of a company that 20 years ago experts would have said couldn't exist. After all, coffee consumption per capita in the U.S. peaked in the early 1960s, and coffee itself is the ultimate commodity: Everyone can make it, and everyone sells it. Yet Starbucks has been a soaring success, with margins that “profiteering” oil companies and others would absolutely drool over.



Blumenthal dissects the factors that affected this stock by chronicling what happened to Starbucks over a 12-month period in 2005. She does everything from describing the rock concert-like annual meeting to the motivations of actual individual shareholders to the deliberations of particular institutional investors to what individual analysts focused on.

Starbucks works hard to make sure the “investment community” is well tended to. Thus we get the ins and outs of what particular promotions might do to that critical number, the year-over-year of same-store sales, or whether a new menu item such as hot breakfasts might induce patrons to spend even more. And, of course, Starbucks' supercaffeinated growth is primarily fueled by its frenetic expansion into new outlets the world over.

RESTAURANTS: GO, CONSIDER, STOP

Edible enlightenment from our eatery expert Tom Jones and colleagues Patrick Cooke and Monie Begley, as well as brothers Bob, Kip and Tim.

● **Porcão Churrascaria**—360 Park Ave. South, at 26th St. (Tel.: 212-252-7080). A no-menu Brazilian meat joint that's wonderfully filling and a lot of fun. At lunch you can choose either beef, chicken or fish at \$22.90 or the “Rodízio” at \$35.90 (dinner, \$50.90), which is a stream of assorted meats and sausages carved tableside that keeps coming until you turn your green card over to the red side. Included in both prices is a buffet bar with everything from sushi to salads to veggies, cooked and uncooked. Desserts are all tasty.

● **Morandi**—211 Waverly Place, between 7th Ave. and Charles St. (Tel. 212-627-7575). This spot, with its rustic decor, serves up

some very scrumptious dishes: the special frittata or Bibb lettuce salad are great ways to start a meal, followed by a sublime lemon risotto or an excellent salt cod, poached in milk, with raisins.

● **Wild Salmon**—622 Third Ave., at 40th St. (Tel.: 212-404-1700). Handsome, contemporary space with a menu featuring fish, meats, poultry, produce and wine from the Pacific Northwest. Particularly delicious are the scallop wrapped in lamb prosciutto and the Pacific shrimp cocktail appetizers. Worthy of raves are the king salmon—grilled or “cedar planked”—and the free-range-chicken breast. The strawberry rhubarb crisp is divine. **F**