

The Financial and Cost Accounting Implications of Medical Tourism

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Abstract

It is estimated that the current annual U.S. investment in health care is \$2 trillion, roughly 16 percent of the gross domestic product (GDP). Of great concern is the fact that health care costs are rising at two-and-one-half times the rate of inflation in the economy. As a result, the model of health care outsourcing to less developed countries has become increasingly more attractive to individuals who pay out of pocket expenses for health care or who do not want to wait long periods for health care. Medical tourism, introduced in several countries outside the U.S. over a decade ago, is a term coined to represent those uninsured individuals who are willing to pay to travel overseas to save significant amounts of money on the same procedures offered at much greater expense through the U.S. health care system. Because quality of health care around the world varies, concern over substandard care with regard to surgery and other medical procedures is a factor to take into consideration when evaluating medical tourism. This article analyzes the cost implications of medical outsourcing abroad and discusses the financial implications of medical tourism as it relates to the cost of direct care, follow up care, and complications.

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