



The Puerto Rico Chamber of Commerce and the
University of Miami School of Business Administration
present the...

UNIVERSITY OF MIAMI
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ADMINISTRATION



PUERTO RICO Health & Insurance CONFERENCE 2012

Economic Transformation in Health

February 2, 2012

Conrad San Juan Condado Plaza



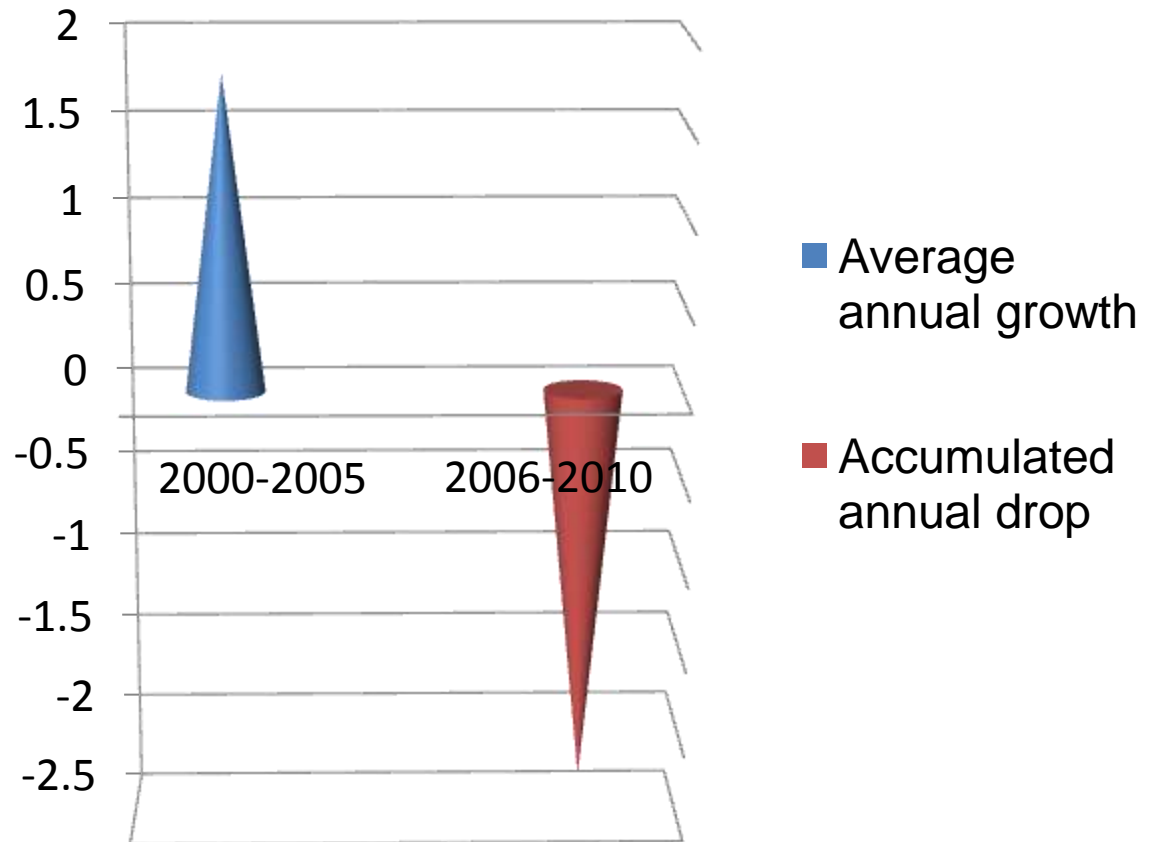
PUERTO RICO, a Wellness & Medical Travel Brand Are we there yet?

Milton Segarra Pancorbo
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Grupo HIMA●San Pablo
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Our Economy

Lost Decade

- From 2000 to 2005 the economy registered an average annual growth of 1.8%.
- 5 years later contracted an average annual rate of 2.3%, with a cumulative decline of -11.3%.



Our Economy

Cont. Lost Decade

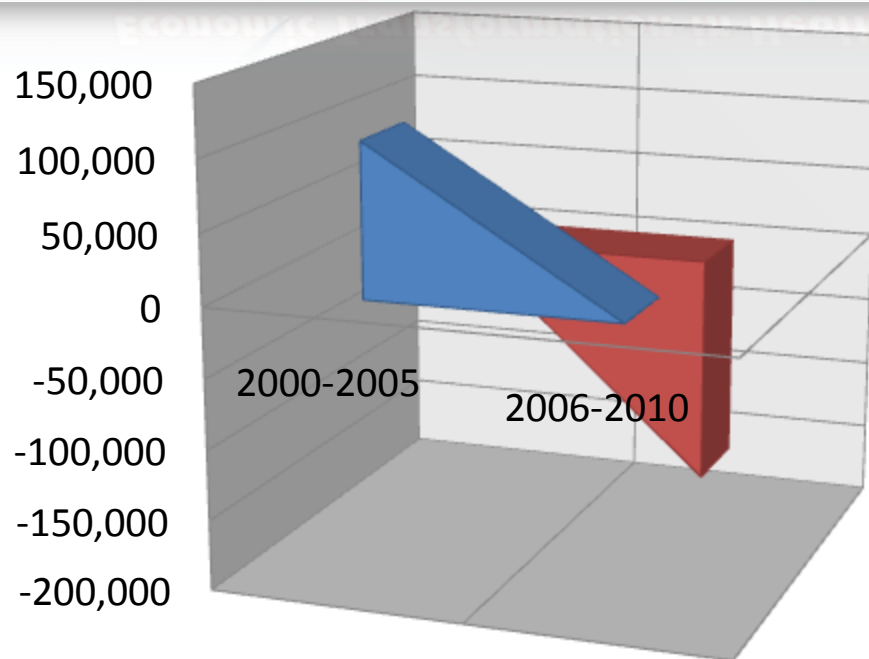
- The year 2006 was the last year the economy grew at a rate of 0.5%.
- Starting 2012, assuming a 1.75% annual growth the economy would take 8 years to return to the economic level of 2006.
- To reduce these 8 yrs to 4, real annual rate can not be less than 3.5%.



Our Economy

Increase and reduction of jobs

- From an average annual growth of 1.5% during the period 2000-2005, we see an annual reduction of 2.7%



	2000-2005	2006-2010
■ Net Increase in Total Employment	108,417	
■ Net Decrease Total Employment		-161,667

Healthcare Trends

Obama Care: 2010 Patient Protection and Affordable Care Act

- Objectives:
 - Made health insurance more accessible
 - Control overall healthcare cost
 - Expand coverage to 32 million new consumers
- Reforms:
 - 2014: employers (<50 emp) to offer health insurance to full time employees
 - Individuals must obtain insurance
 - Internet platform for consumers to compare/purchase private insurance plan
 - Insurance plans will not reject applicants (pre-existing conditions)
 - States required to offer Medicaid funding (133% Federal Poverty Level)

Healthcare Trends

- Consumers perceived a complex and wasteful system = lack of value
- Most consumers (76%) don't understand the health care system
- Major drivers of overall health care cost:
 - Hospital Costs: 68%
 - Fraud: 62%
 - Prescription Drugs: 54%
 - Lifestyle: 62%
 - Administrative Costs: 57%
 - Defensive Medicine 51%

FROM PATIENTS TO HEALTHCARE CONSUMERS

Procedure Types

- Cosmetic
- Dental
- Weight Loss
- Fertility Treatments
- Orthopedic and Spine Surgery
- Eye Surgery
- Heart Surgery
- Cancer Treatments
- Other/Wellness and Spa
- Stem Cell Therapies

US Healthcare Consumer Trends

Estimated Volume of Elective Surgery

Service Line Procedures	2009 (Baseline Data)	2014	2019
Cardiac	205,222	206,247	215,777
Diabetes	251,373	289,180	330,777
Bariatric	179,827	200,674	237,334
Hernia	62,844	63,247	64,460
Joint Replacement	876,001	972,818	1,080,716
Spinal Fusion	713,225	713,382	731,160
Vascular Diseases	182,488	178,392	178,799
TOTALS	2,470,980	2,623,940	2,839,023

Top Choices For Off-Shore Medical Care

- India
- Singapore
- Costa Rica
- Brazil
- Thailand
- Dubai
- Mexico
- Colombia



Our Product

Puerto Rico Is Uniquely Positioned To Cultivate Medical Tourism From The Mainland

- State of the art facilities
- U.S. trained and board certified physicians
- Patients are protected by local and federal US laws



Our Product

Puerto Rico Is Uniquely Position To Cultivate Medical Tourism From The Mainland

- Air Access
- No Passport or Visa
- No immigration or customs
- No language barrier
- U.S. dollar currency
- Part of U.S. hospital network



Our Product

Puerto Rico Is Uniquely Positioned To Cultivate Medical Tourism From The Mainland



- Variety of hotel accommodations and Spas
- Variety of restaurants, retail, nightlife and entertainment

The Market

There is potential...

Outbound:

1.6 million Americans for 2012

35% anticipated yearly growth

Inbound:

Slower growth

just 517,000 patients by 2017

Numbers are numbers...

- Size of the U.S. market: 1,600,000 patients by 2012
- Projected yearly growth: 35%
- Average medical procedure revenue: \$15,000 p/case
- Average length of stay: 10 – 14 days
- Average daily expenditure (non-medical): \$350/day

Projections

Show me the money...

Captured Market	1%	2%	5%	10%
Potential Market	16,000	32,000	80,000	160,000
New Visitors	32,000	64,000	160,000	320,000
Room Nights	160,000	320,000	800,000	1,600,000
Potential Medical Revenue	\$240,000,000	\$480,000,000	\$1.2b	\$2.4b
Potential Non-Medical Revenue	\$56,000,000	\$112,000,000	\$280,000,000	\$560,000,000
Potential Economic Impact	\$296,000,000	\$592,000,000	\$1.48b	\$2.96b

Key Success Criteria

We Must...

- Understand the market, its potential and specific needs
- Government have to step up to the bat
- Private sector must lead, not rhetorically, but by definite actions
- Develop our unique business and service models
- Believe, promote and go for it



THANK YOU
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