

HEALTHCARE IS KILLING US

The Power of Disruptive
Innovation to Create a
System that Cares More
and Costs Less

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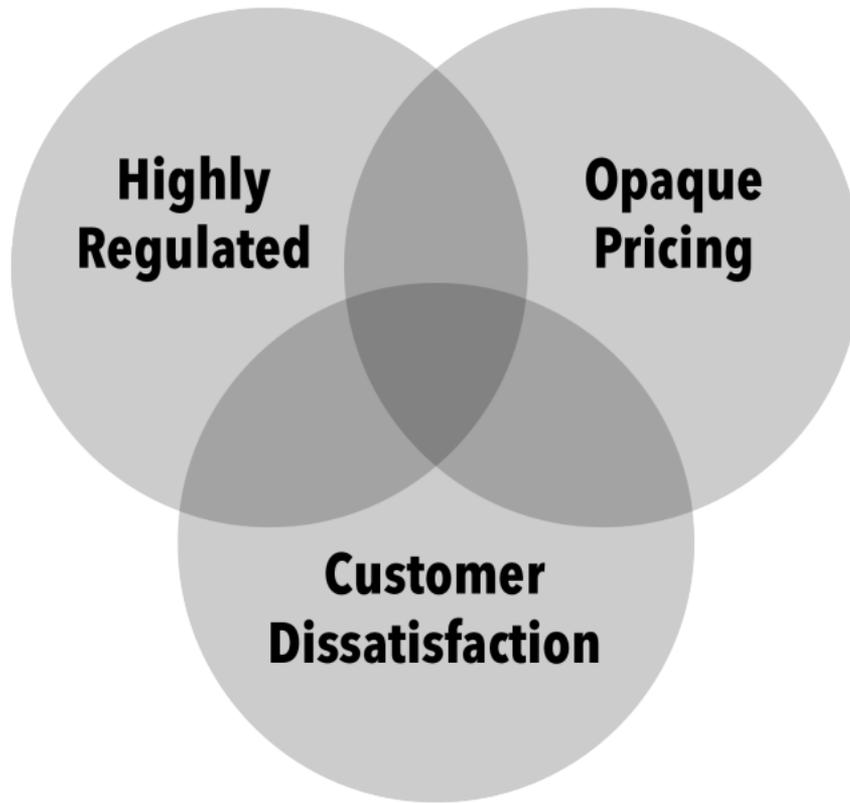
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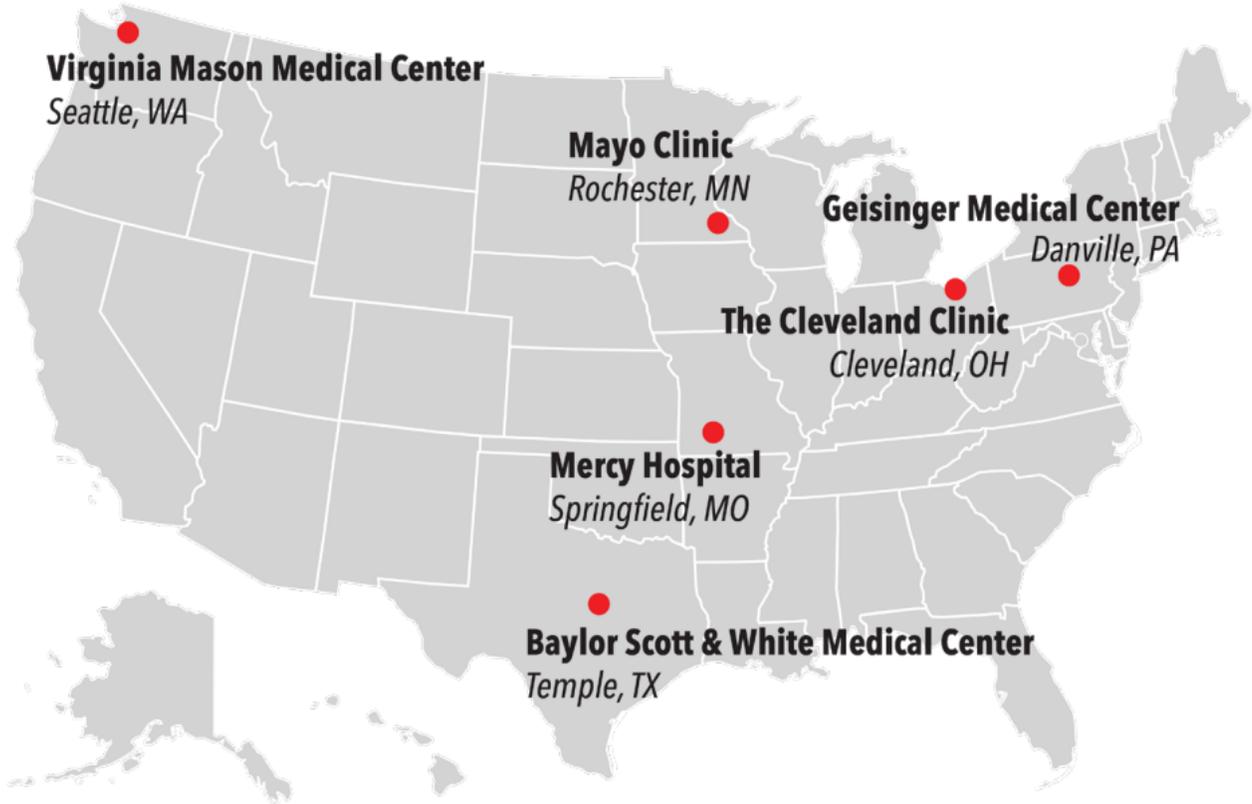
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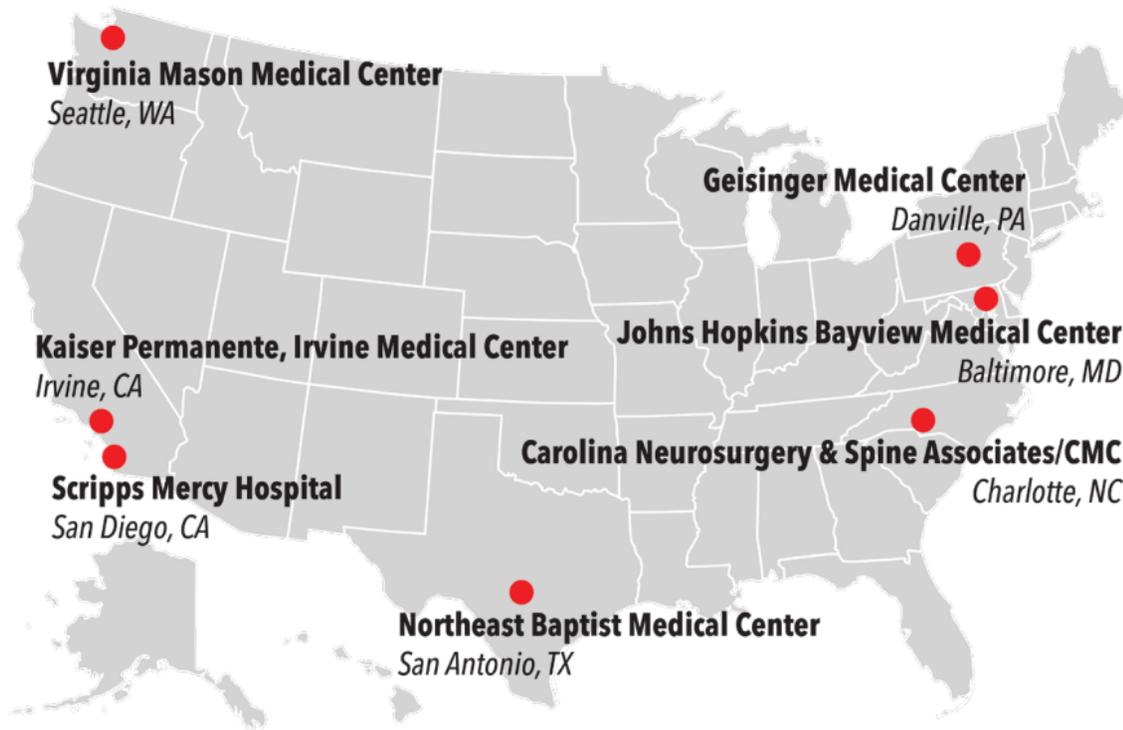
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*Three major signals that an industry is
ripe for significant change.*

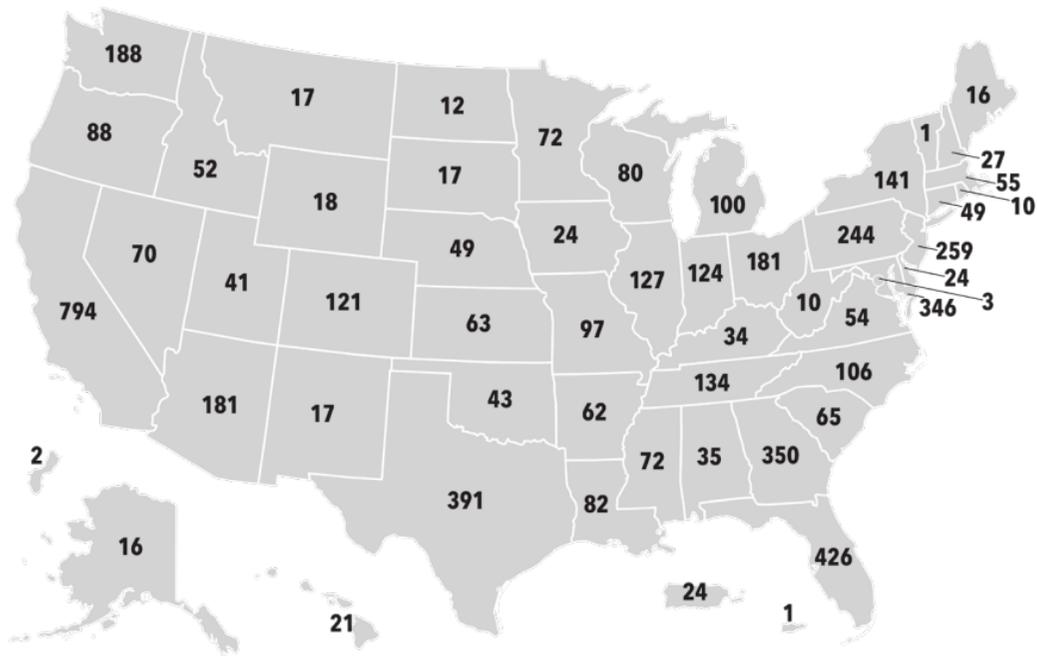


*The six medical providers under Walmart's
Centers of Excellence program.*



*The seven medical providers that are part of
ECEN's Centers of Excellence program.*

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Number of Medicare-certified ambulatory surgical centers, by state.

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Over fifty foreign countries host 1,060 healthcare organizations that have achieved accreditation from the Joint Commission International (JCI) and provide destinations for medical treatment.

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The cost savings by receiving care in foreign countries is significant. The following are approximate costs (prices will vary somewhat due to exchange rate differences) and do not include travel or lodging. These are the average cost per medical procedure in the US compared to the average cost for the same procedure in thirteen countries around the world.

Medical Procedure	United States (average)	Foreign (average)
Heart Bypass	\$123,000	\$18,108
Angioplasty	\$28,200	\$8,575
Heart Valve Replacement	\$170,000	\$20,395
Hip Replacement	\$40,364	\$13,480
Knee Replacement	\$35,000	\$11,961
Spinal Fusion	\$110,000	\$13,365
Gastric Bypass	\$25,000	\$12,495
Hysterectomy	\$15,400	\$6,370

Reduce Pricing Variability

Many have seen studies and data illustrating extreme variation in the cost of care across the country. Astronomical price ranges for many common procedures have become widely publicized in healthcare. For example:

Treatment of breathing problems
(less than four days in hospital)
from \$78,000–\$273,000

Heart failure
from \$7,304–\$173,250

Total hip replacement
from \$11,100–\$105,000

Pneumonia (simple case)
from \$5,093–\$124,051

Appendectomy
from \$1,529–\$186,955

Knee replacement
from \$24,000–\$47,000

Endoscopy
from \$600–\$7,700

The problem is equally pervasive within the same metropolitan areas, where hospitals' prices differ by staggering degrees for the same procedures just a few miles away:

Lower joint replacement | Dallas
from \$42,632–\$160,832

Lower joint replacement | Washington, DC
from \$30,000–\$69,000

COPD | New York City
from \$7,044–\$99,690

Knee replacement | Miami
from \$27,115–\$44,237

Lower back MRI | San Francisco
from \$475–\$6,221

Pregnancy ultrasound | Cleveland
from \$183–\$522

Even within hospitals, charges for the same procedure can vary wildly based on whatever deal the hospital has made with different insurance companies.

If that's not maddening enough, looking across countries routinely shows significant disparities between what American consumers pay compared to the average cost consumers bear in other countries. Here are just a few examples for procedures of varying complexity as well as common diagnostic tests:

Heart bypass surgery

US = \$78,318 vs. Spain = \$14,579

C-section

US = \$15,240 vs. Netherlands = \$5,492

Appendectomy

US = \$13,910 vs. Australia = \$5,177

Normal vaginal delivery

US = \$10,808 vs. South Africa = \$1,271

Colonoscopy

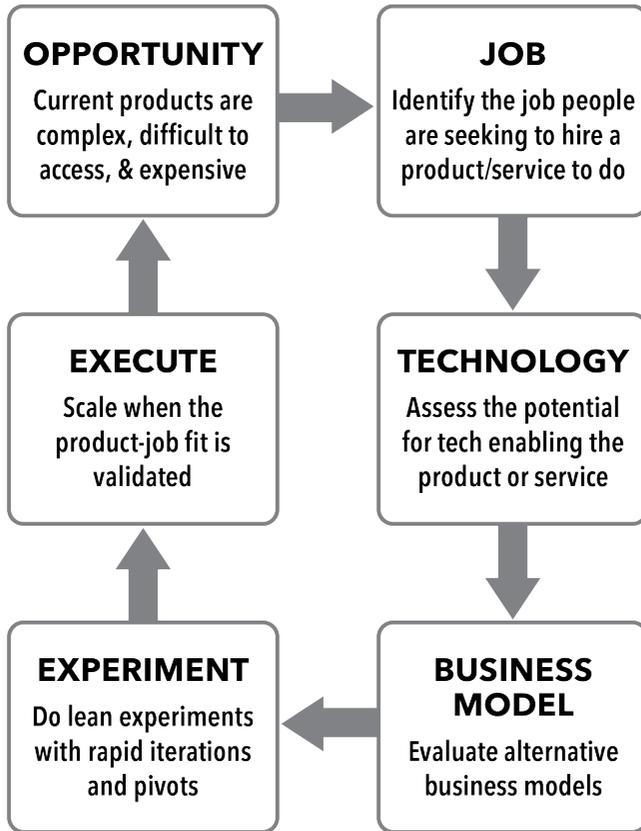
US = \$3,059 vs. Australia = \$372

MRI

US = \$1,119 vs. Spain = \$130

CT scan of the abdomen

US = \$1,301 vs. Spain = \$85



The disruptive innovation process.

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