

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1223 Medical Tourism

**SPONSOR(S):** Rooney, Jr.

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/CS/SB 1150

<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR or BUDGET/POLICY CHIEF</b>
1) Finance & Tax Subcommittee	15 Y, 0 N	Pewitt	Langston
2) Appropriations Committee			
3) Economic Affairs Committee			

**SUMMARY ANALYSIS**

SB 1150 directs Enterprise Florida, Inc., and the Florida Tourism Industry Marketing Corporation (Visit Florida) to promote medical tourism and market the state as a healthcare destination.

Visit Florida is required to include medical tourism in the 4-year marketing plan and showcase Florida providers. The bill allocates \$3.5 million annually from the appropriation for Visit Florida in the General Appropriations Act (GAA) for this purpose.

The bill also requires Visit Florida to create a matching grant program for local and regional economic development organizations to create targeted medical tourism marketing initiatives. The bill allocates \$1.5 million annually from the appropriation for Visit Florida in the GAA to be used for this purpose.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Present Situation**

##### ***Medical Tourism***

Medical tourism is a term used to describe when consumers travel to receive medical treatment. Traditionally, the term meant to travel across international boundaries but consumer travel across state lines has increased and is referred to as domestic medical tourism. Medical tourism can include sophisticated treatments such as cardiac surgery and orthopedics, as well as elective or routine procedures for dental care or cosmetic surgeries. Medical tourism seems to be occurring for a variety of reasons including the globalization of healthcare services and increases in geriatric populations in the United States and Europe. The industry has “medical tourism facilitators” that market medical tourism “models” to consumers. The function of facilitators is comparable to travel agents and presents legal uncertainties in the interaction between facilitators and providers.

Medical tourism occurs for a variety of reasons. Consumer preference in medical care will depend on factors that a consumer normally applies when purchasing a good. These factors can include cost, income, substitutions, or complimentary goods. Due to the size and scope of the healthcare industry, there is no one “trend” in medical tourism.

Medical tourism is often presented as a way to lower costs for medical treatment. Cost savings is an incentive for some employers to adopt domestic medical tourism practices within the United States. Changes to healthcare law in the United States have brought medical treatment cost disparity into the spotlight. In May 2013, NPR reported on data released by the Federal Department of Health and Human Services on hospital charges for treatment of Medicare patients.<sup>1</sup> NPR reported that there were large differences in the costs of the 100 most common treatments that require hospitalization. Differences occurred across states and hospitals miles from each other. The differences in cost ranged in multiples of 5 to 40. Similar reports found supporting examples including a joint replacement procedure that cost \$297,000 at Centinela Hospital and \$84,000 at St. John’s Health Center, two California hospitals about 12 miles apart.<sup>2</sup> The reports suggest similar levels of disparity in costs to private insurers and uninsured patients.

##### ***Visit Florida***

Visit Florida is the state’s public/private partnership for tourism marketing. Enterprise Florida, Inc. (EFI), contracts with Visit Florida to promote the state for tourism. EFI’s Division of Tourism Marketing supports Visit Florida in its activities. Visit Florida is also required to adopt a 4-year tourism marketing plan.<sup>3</sup> According to Visit Florida, tourism in Florida was responsible for 91.5 million tourists in 2012 who spent more than \$71.8 billion, generated 23 percent of the state’s sales tax revenue and employed more than one million Floridians.<sup>4</sup> The Fiscal Year 2013-14 General Appropriations Act appropriated over \$63 million to Visit Florida.<sup>5</sup> Visit Florida raises matching funds from the private sector, and in 2012 achieved an almost 2:1 ratio, dollar per dollar.<sup>6</sup>

#### **Proposed Changes**

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<sup>1</sup> NPR, *Government Data Reveals Wild Disparity in Health Care Costs* (May 8, 2013), available at: <http://www.npr.org/templates/story/story.php?storyId=182337915> (Last visited March 28, 2014).

<sup>2</sup> Christian Science Monitor, *New report reveals stunning disparities in health-care costs* (May 8, 2013), available at: <http://www.csmonitor.com/Business/2013/0508/New-report-reveals-stunning-disparities-in-health-care-costs> (Last visited March 28, 2014).

<sup>3</sup> Section 288.923(4), F.S.

<sup>4</sup> Visit Florida, available at: <http://www.visitflorida.com/en-us/about-visit-florida.html> (Last visited March 28, 2014).

<sup>5</sup> Fiscal Year 2013-14 General Appropriations Act, Line Item 2228, ch. 2013-40, L.O.F.

<sup>6</sup> Visit Florida, available at: <http://www.visitflorida.com/en-us/about-visit-florida.html> (Last visited March 28, 2014).

The bill directs EFI to market the state as a health care destination and to promote quality health care services in Florida. It also requires the inclusion of promotion of medical tourism as a part of Visit Florida's 4-year tourism marketing plan.

The bill requires Visit Florida to include specific initiatives to advance Florida as a healthcare destination within the 4-year marketing plan. The marketing plan must:

- Promote national and international awareness of the qualifications, scope of services, and specialized healthcare expertise of providers in Florida; and
- Include an initiative that showcases select qualified providers offering bundled healthcare packages and support services.

The showcased providers must be selected through a solicitation of proposals from licensed providers for plans. The plans should include available services, provider qualifications, logistic arrangements, and other services and amenities to be provided to patients and their families. Single proposals may include offers made through a network of providers.

Visit Florida shall assess the qualifications and credentials of providers submitting proposals. To the extent funding is available, all qualified providers must be selected to be in the showcase.

To be qualified for the showcase, a provider must:

- Ensure that all providers in a proposal must have full, active, and unencumbered Florida licenses;
- Unconditional accreditation from a nationally recognized accrediting body;
- Be recognized as a Cancer Center of Excellence or have a current national or international recognition in a specialty area; and
- Meet other criteria established by Visit Florida in collaboration with the Florida Agency for Health Care Administration (AHCA) and the Department of Health.

Visit Florida is also required to create a matching grant program to provide funding to local or regional economic development organizations for targeted medical tourism marketing initiatives. The initiatives must promote Florida as a destination for healthcare service. Providers involved in the local initiative must meet the criteria specified for qualified providers in the showcase. The local or regional economic development organization must show an ability to involve a variety of businesses to collaboratively welcome and support patients and their families who travel to Florida for medical services. The cash or in-kind services available from the local or regional economic development board must be at least equal to the amount of state financial support. Proposals must be submitted by November 1 of each year. Funds must be equally divided among all selected applicants.

The bill requires \$3.5 million of the funds appropriated in the GAA to Visit Florida to be allocated annually for the development and implementation of the medical tourism marketing plan. An additional \$1.5 million must be allocated annually for the matching grant program.

#### B. SECTION DIRECTORY:

Section 1 amends s. 288.901, F.S., to direct EFI to market the state as a health care destination and to promote quality health care services in Florida.

Section 2 amends s. 288.923, F.S., to include the promotion of medical tourism as a part of Visit Florida's 4-year tourism marketing plan.

Section 3 creates s. 288.924, F.S., to set forth requirements for a medical tourism marketing plan and creates a matching grant program to support local medical tourism marketing.

Section 4 provides an effective date of July 1, 2014.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill does not appropriate any additional funds. The bill allocates \$5 million annually from the appropriations in the GAA to Visit Florida to implement s. 288.924, F.S.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill could result in an increase in medical tourism in the state, increasing tourism dollars spent along with spending on health care.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES