If your company is feeling pinched by health care costs, there is good reason. U.S. employers spend three times more on health care for their employees than many wealthy countries spend for their residents. It’s a growing expense that reduces your company’s ability to repurchase shares (if you’re publicly held), fund capital expenditures, invest in R&D, and pursue mergers, acquisitions, and strategic partnerships.

Perhaps nowhere is frustration greater than in Alaska. The state’s costs are rising faster than those of any other, and Alaska spends more on health care per person than any state except for Massachusetts. Making matters worse, Alaska ranks nearly last in the nation in the number of physicians and facilities that serve its citizens.

Alaska Teamster

Alaska’s motto is “North to the Future,” but the Alaska Teamster–Employer Welfare Trust looks south to rein in the cost of care to the organization and its 2,230 union members. Its members travel to the lower 48 states for knee replacements and other orthopedic, spine, women’s health, bariatric, cardiac, and neurological procedures under a domestic medical travel benefit program from my company, BridgeHealth. From 2013 to 2016, the program saved the trust more than $1.2 million on surgeries.

BridgeHealth identified top-quartile hospitals and surgical centers based on nationally recognized quality ratings. The firm then negotiated with these high-performing surgical teams for episode-of-care case rates, bundling the various charges for each surgery into a single discounted price. We brought these discounted case rates to Alaska Teamster, and the union encouraged eligible members to use the medical travel program by waiving deductibles and coinsurance. The union also picked up the tab for airfare, hotel accommodations, meals, and incidentals. As the plan sponsor, the union spearheaded communications that educated members about the program. BridgeHealth handled eligibility confirmation, precertification, and benefits coordination with Alaska Teamster’s PPO plan administrator. Alaska Teamster paid a nominal per-employee, per-month fee for administration of the program, plus a service and access fee for each surgery performed. Every year, this innovative solution has delivered an ROI ranging from 1.9 to 5.88.

Companies outside of Alaska are also benefiting from medical travel. At one organization, hip replacement surgery performed at a facility in another part of the country cost the company $18,000 less than if the surgery had been performed in a local hospital. Patients paid no out-of-pocket costs through BridgeHealth vs. paying $2,500 if they obtained the surgery locally. For a variety of bundled surgeries, another employer saved $1.1 million over three years. ROI has ranged from 2:1 to 16:1, depending on the level of engagement plan sponsors choose.

Ask questions

Not all medical travel programs are created equal, so employers should shop with a discerning eye. Most programs use a “proprietary” method to evaluate and select high-quality providers for their networks. It is important to ask questions. What exactly is their selection process? Are their provider selections based on clinical, independent evaluations or are they based on the self-interest of the medical travel firm? On what basis does a medical travel firm determine that its providers are top performers? What are the rates of readmission and postoperative complications in a medical travel firm’s network? What provisions are there for patients who must delay their return home due to surgical complications? Must families foot the bill to travel with patients to provide support and encouragement?

The best medical travel programs address these and other questions and concerns to the satisfaction of customers.

Medical travel programs can work to the benefit of everyone involved. Employees and dependents win because they become more informed, engaged consumers of medical care, and pay little or nothing for high-quality surgeries. Financial hardship no longer is a reason to delay necessary care.

The employer wins because it enjoys deep savings on the best surgical treatment for its employees, which helps to attract top talent and free up dollars to invest in growing the business.

Mark Stadler is CEO of BridgeHealth, a surgical-cost containment company in Denver.