

A Caribbean Hospital Delivers High Quality and Affordability

Health City Cayman Islands in the Caribbean has a relentless willingness to rethink and execute better-both keys to success that U.S. hospitals should emulate.

By **Brian Klepper PhD** - May 3, 2017

Health City Cayman Islands (HCCI) is a 3-year-old 104-bed Caribbean hospital outpost of the Bangalore, India-based Narayana Health System. Just an hour's flight from Miami, Americans find its island location comfortably familiar, English-speaking, and modern.



Specializing in complicated or severe conditions, HCCI has developed care and business models that are so focused on quality and efficiency that it could radically change the standards by which U.S. hospitals are judged. Most importantly for patients and employers, it provides very high quality—it has been awarded the coveted Joint Commission International (JCI) quality credential—at one-half to one-sixth of U.S. pricing.

HCCI's performance is the culmination of a deep commitment to access, efficiency, and excellence. Narayana Health's (NH) Founder, Dr. Devi Shetty—who earlier in his career was Mother Teresa's personal physician—began with a mission-driven awareness that healthcare is an essential need and must be affordable to be accessible. He spearheaded an enterprise-wide focus on process optimization to deliver the best care possible at the lowest possible price.

The results have been remarkable. Fifteen years ago, NH's bundled costs for open heart surgery in India averaged about \$2,000. Now, they are about \$1,400, or about 1% of average U.S. costs.

The costs at the Caribbean hospital are higher, but still low compared to U.S. standards. A coronary artery bypass graft that typically costs about \$151,000 here, is \$32,000. Heart valve replacements, about \$174,000 here, are \$31,000. Hepatitis C treatments, which run about \$75,000 here, are \$19,000. Knee replacements which cost \$60,000 here, are \$16,000.

A relentless willingness to rethink

HCCI's capacity to consistently deliver low costs and high-quality outcomes is rooted in a relentless willingness to rethink and execute better, more pragmatic approaches. Hospital common spaces—atriums and open areas—are smaller than we've come to expect in U.S. hospitals, significantly reducing overhead. Each patient room has its own heating and air conditioning unit and ducting, isolating the room's air flow, which dramatically reduces infection. Operating rooms are connected to the laboratory by pneumatic tubes, so surgeons can get immediate information about patient specimens. Equipment, supplies, and drugs are purchased in Europe or India at a fraction of U.S. prices. Rather than receive a bewildering array of bills, HCCI uses bundled, all-inclusive pricing, so simplified that its billing department needs only three people. Every aspect of hospital function and care process is open to re-

examination, which facilitates lots of minor and sometimes major improvements. Just after HCCI's gala opening in April 2014, Robert Pearl MD, the CEO of the 19,000 physician Permanente Medical Group, [wrote in Forbes](#), *"Based on everything I saw in the Cayman Islands, the operational approaches in Dr. Shetty's hospital are about 10 years ahead of those used in the typical U.S. hospital."*

HCCI's health outcomes and pricing represent an opportunity for self-insured employers and unions, as well as for self-pay patients, to get genuinely superior care at far more affordable rates. While getting employers to consider sending patients outside U.S. borders for care has been a challenge, the trickle of those who have become convinced that the quality is strong enough to merit their consideration is growing rapidly.

Imagine how local and state governments, financially strapped by excessive healthcare costs, could benefit from a higher value resource like this. Florida's Medicaid program, for example, has some 20,000 patients with Hepatitis C. Even with a discounted U.S. rate of, say, \$54,000 each, HCCI's bundled rate of \$19,000—a difference of \$35,000 per patient—could save the State about \$700 million, funds that surely could be used more productively.

It is important to acknowledge that there are U.S. hospitals that have achieved superb quality or very notable cost streamlining. But rarely do we see a single-minded organizational emphasis on both affordable cost and quality excellence, consistently delivered. That is HCCI's innovation.

The bottom line

Against a backdrop of systemic healthcare excess, American employers will increasingly opt for equal or better care at lower cost from facilities like HCCI. That could force domestic hospitals to follow suit, and help to bring American healthcare back into balance.