Medical Tourism:
Some Lessons for Countries that Seek Entrance to the Global Industry

Gloria O. Pasadilla, PhD
Outline

- Size of the global market and definition issues
- Industry drivers
- Factors affecting patient flows
- Country experiences and lessons
- Sri Lanka’s prospects
Global medical tourism market is **HUGE and GROWING**

Emerging market economies with good supply of medical **expertise** and medical facilities at **low cost**, along with attractive **tourism sites**, are poised to take advantage of the medical tourism market trend.

**Good public policies** are needed to help make it happen.
How large is the medical tourism market?

- Estimates vary depending on how one defines medical tourism
  - Narrow: “act of travelling for the purpose of receiving treatment for a disease, ailment or medical procedure”
  - Broad: “…, well-being and recuperation.”
- Definition has implications on coverage and data
| Narrow | - Only specific medical procedures are included;  
- can even exclude dental treatments and cosmetic surgeries | - Results in fewer reported medical tourists |
|---|---|---|
| Broad | - all medical procedures may be included  
- plus spa and wellness treatment (in so far as it forms part of search for ‘well-being’) | - Results in larger reported medical tourists and medical tourism receipts |

Data may also be affected by how hospitals report numbers:  
• “inpatients” vs. procedures done  
• Expatriates?  Tourists who fall ill while travelling?
How large is the medical tourism market?

60 to 85 thousand global travellers (McKinsey 2008)

750 Thousand US medical travellers alone (Deloitte 2008)

7 million global medical travellers (Patientsbeyondborders.com)

17.6 million travellers (including spa and wellness) (Global Spa Summit 2011)

**US$106 billion** (spa and wellness); **US$50 billion** (medical travel) (Global Spa Summit 2011)

**US$20 - 35 billion** (medical travel) (Patientsbeyondborders.com)

Whether 60 thousand or 50 million travellers with about US $60 billion receipts, consensus is that medical tourism market is LARGE, and is expected to still grow (OECD 2011)
Why is medical tourism expected to grow?

- **From demand side:** Increasing cost of medical care in the developed countries

<table>
<thead>
<tr>
<th>Procedure</th>
<th>In-patient price in US ($)</th>
<th>Foreign price excluding travel cost ($)</th>
<th>Foreign price as % of US price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee replacement</td>
<td>48,000</td>
<td>9,875</td>
<td>20.6</td>
</tr>
<tr>
<td>Heart bypass</td>
<td>113,000</td>
<td>13,000</td>
<td>11.5</td>
</tr>
<tr>
<td>Heart valve replacement</td>
<td>150,000</td>
<td>10,625</td>
<td>7.1</td>
</tr>
<tr>
<td>Angioplasty</td>
<td>47,000</td>
<td>11,250</td>
<td>23.9</td>
</tr>
<tr>
<td>Hip resurfacing</td>
<td>47,000</td>
<td>10,688</td>
<td>22.7</td>
</tr>
<tr>
<td>Gastric bypass</td>
<td>35,000</td>
<td>14,750</td>
<td>42.1</td>
</tr>
</tbody>
</table>
Why is medical tourism expected to grow?

- Long waiting periods
- Cheaper travel cost
- Lack of health insurance or inadequate insurance coverage
- Unavailability of specialized healthcare in some countries
Why is medical tourism expected to grow?

- From supply side:
  - Improved quality of healthcare in developing countries
  - Improvement in communications through internet
  - Growth of medical facilitators
Medical tourists
- Can directly contact health providers or through facilitators

Facilitators or Brokers
- Travel planners, travel agencies, hotel groups help identify destinations, health providers and make logistical arrangements

Health care providers
- Hospitals, clinics, specialty treatment centers

Government
- Oversight role, destination branding, support for medical tourism

Buyers/Insurance
- Influence industry through decisions to cover procedures, reimbursement, requirement for coverage, e.g. accreditation

Source: “Medical Tourism: Consumers in Search of Value”, Deloitte Center for Health Solutions, 2008
Most active emerging country players in medical tourism

- **Asia:** India, Malaysia, *Singapore*, Thailand… South Korea (Taiwan, Philippines, Japan)

- **Latin America:** Brazil, Costa Rica, Mexico, Cuba

- **Middle East:** Dubai

- **Europe:** Hungary, Poland… Turkey
**Business environment and patient flows**

- Economic factors: proximity, culture, insurance portability

**Recent thrusts:**

- Cautious participation of insurance companies;
- Mostly through direct negotiations with hospitals (accreditation is key here);
- Group insurance;
- Concern over lawsuits and follow up care;
- New type of medical tourism insurance.
Business environment and patient flows

- Promotion, role of brokers, and use of international accreditation

Various promotion efforts

- ‘center of excellence’ – driven approach;
- destination – driven approach
- In both: reputation of country’s healthcare is key;
- Importance of representative offices of hospitals abroad
International accreditation = badge of approval

Joint Commission International (JCI) hospital accreditation process

- Most important part of accreditation process is the preparation (upgrading of facilities and services)
  - roughly a two-year process
  - knowledge of JCI standards (training)
  - gap analysis
- Formally request -> actual on-site audit (interviews, document review, observe)
  - 3-year validity
Malaysia

- **Strengths**
  - Cheap; upgraded facilities; 7 JCI- accredited hospitals; English is widely spoken
  - Multicultural; affinity with Moslem culture (important for Middle East, Bangladesh and Indonesian patients)
  - Proximity to Singapore

- **Major markets and expertise**
  - ASEAN
  - Western medicine, alternative medicine e.g. ayurveda, Chinese medicine
  - Cardiology, cancer, fertility treatment, check up, ortho and rehabilitative medicine

- **Tourism sites**
Malaysia

• Government Support
  ◦ MHTC – Malaysia Health and Travel Council established by the government as the primary agency to develop and promote the healthcare travel industry and to position Malaysia as the preferred healthcare destination in the region.
  
  ◦ - leads to a focused promotion effort and coordination among government agencies and private sector (e.g. Malaysia External Trade Devt Corp, Investment Devt Authority, Tourism, Association of Private Hospitals, Dental Assn)
  
  ◦ With offices in Dhaka, Jakarta, Hong Kong
  
  ◦ - (link to promotional video) and official website by MHTC http://www.medicaltourism.com.my/en/index.aspx
Examples of Malaysian effort

MHTC Travel Lounge at KL airport for medical travellers to Malaysia

Participation in international medical tourism trade fairs

Dedicated call center for medical tourism
Hosting of international expo/conferences in medical tourism

Examples of Malaysian promotion effort

“Meditours” abroad e.g. to Bangladesh, US
Malaysia

- **Government Support**
  - MSQH – Malaysian Society for Quality in Health Care
    - Accredited 72 out of 253 hospitals to have capacity to handle international patients
    - Requirement for inclusion in government promo effort
  - Visa restrictions relaxed, fiscal incentives (equipment, international accreditation cost)
  - Removed restrictions on licensing of foreign specialists
Thailand

- **Strengths**
  - Cheap; state-of-the-art facilities; 22 JCI- accredited hospitals; large network of healthcare and spa/wellness facilities with some located in major tourist spots e.g. Phuket
  - Low cost of living, cheap accommodation; large number of hotel rooms
  - Good infrastructure network to tourism sites; including patient care apartments for recovery
  - English not widely spoken but provides translator services
  - Some hospitals are already internationally recognized and have direct agreements with insurance groups; good patient feedback
  - Many physicians accredited with American Medical Board
  - Thai hospitality (service with a smile)

- **Major markets and expertise**
  - ASEAN especially Greater Mekong Subregion (GMS)
  - Japan, Middle East countries
  - Most frequent: heart bypass, spinal fusions, balloon angioplasty, ortho, cosmetic, gastric bypass, prostate surgeries;
  - Spa and wellness: dental cosmetics, aesthetic skin treatment, body shape treatment, weight management, lifestyle modification programs

- **Attractive tourism sites**
Thailand

- **Government Support**
  - Extensive promotional effort by Department of Tourism
    - [http://www.thailandmedtourism.com/Home/28](http://www.thailandmedtourism.com/Home/28) by the Tourism Authority of Thailand
    - One-stop-shop, directory of medical services providers and destination
    - Bilateral agreement e.g. Dubai police can use government insurance in Thai hospitals
  - Visa restrictions relaxed, fiscal incentives
  - Infrastructure support
  - Reexamining restrictions on licensing of foreign specialists especially nurses (no need to learn Thai)
Thailand

• **Active private sector involvement**
  ◦ Some **hospitals** have representative offices abroad

• **Innovative instruments and partnerships**
  ◦ Sale of medical insurance for medical tourists – to cover complications after procedures (covers JCI accredited hospitals)
  ◦ Miracle Thailand Card – debit card for tourists offered in partnership with state-owned Krungthai Bank which offers medical and life insurance coverage in case of accident
  ◦ Tie-ups of hospitals with global medical travel company based abroad, promoting Thailand as medical tourism destination
India

- **Strengths**
  - Value for money; state-of-the-art facilities; 19 JCI-accredited hospitals;
  - English is widely spoken
  - Corporate hospitals (e.g., Apollo, Fortis) have extensive international network (including with foreign university hospitals); some have direct agreements with insurance groups;
  - Many physicians have US, European degrees
  - Familiarity in the US of excellent Indian doctors => confidence in medical care

- **Major markets and expertise**
  - US, Britain, large Indian expatriates
  - Gulf, Africa
  - South Asia Association for Regional Cooperation (SAARC) nations
  - Cardiac treatment, cancer treatment, knee replacement and other serious ailments;
  - Also cosmetic surgery
  - Cord blood bank for stem cells

- **Rich cultural and tourism sites**
India

- **Government Support**
  - Promotional effort by overseas offices of Ministry of Tourism
    - Collected info on hospital and other healthcare facilities for medical tourists
    - Promotion of some as centers of excellence
  - Visa restrictions (M visa; longer validity (one year))
  - Fiscal incentives (medical tourism receipts as deemed exports)
India

- **Government Support**
  - Improved airport infrastructure
  - Championed public-private sector partnership
  - Domestic accreditation by NABH (National Accreditation Board for Hospitals and Healthcare Providers)
    - Accredited 30 out of 120 members
    - Similar to MSQH of Malaysia
India

- **Active private sector**
  - Facilitation centers in selected countries
  - Industry tie ups (global medical travel brokers, hotels, hospitals) delivering packaged services

- **Innovative ideas**
  - Apollo tie up with American International Medical University (AIMU) for developing medical tourism projects in the Bahamas and St Lucia.
  - (Apollo to manage and develop; AIMU to offer MD-PhD degrees to Indian students (1.5 million USD every year for scholarships for Indian students))
**Philippines**

- **Strengths**
  - Value for money; upgraded, some state-of-the-art facilities; 5 JCI-accredited hospitals;
  - English is widely spoken
  - Warm and hospitable service
  - Many physicians have US, European degrees
  - Familiarity in the US of excellent Filipino medical professionals, especially nurses; largest ethnic bloc in US medical schools next to India

- **Major markets and expertise**
  - US, Guam, Pacific Islands
  - Filipino expatriates (‘balikbayan’)
  - majority executive check up, dental treatment, cosmetic surgery

- **Fantastic beaches and resorts**
Philippines

- **Government support**
  - Public-private sector partnership (Philippine Medical Tourism Program)
    - Dept of Health, Tourism, Trade, Foreign Affairs along with private sector (hospital, real estate developer, spa services, etc)
    - Coordination problem
  - Fiscal incentives (tax holiday, tariff on medical equipment)

- **Innovative ideas**
  - Development of retirement villages/resorts for foreign retirees who want to settle in the Philippines to take advantage of lower cost of living.
    - Visa facilitation, etc.
  - Number of tie-ups with foreign medical travel facilitators is growing
    - “beauty” holidays
Sri Lanka

- **Strengths**
  - Cheap cost of medical services (around 50% of US’s including travel and accommodation);
  - English is widely spoken
  - Cheap long-haul travel
  - Presence of modern private hospitals with state-of-the-art technology
  - Extensive network of hospitals across the country
  - Good standard of medical care
  - (No JCI-accredited hospital – yet)
  - (Medical tourism industry is still nascent)

- **Major markets and expertise**
  - Maldives
  - Can offer: cosmetic surgery, orthopedic surgery, general surgery, cardiac and neurosurgery (gaining ground)

- **Exotic destinations**
Sri Lanka

- **Pioneer**
  - [www.Healingjourney.com](http://www.Healingjourney.com)
  - In partnership with Durdans Hospital and Ceylon Tours
  - To attract more than 200 in the first year
  - Packaged medical tourism services (including pre- and post- procedures)

- **Government support**
  - Funding for ayurvedic research
Lessons and policy issues

- Government is important
  - One government body with clear mandate to promote and develop medical tourism helps in a focused and accelerated growth of the sector; helps in better promotion of the sector (e.g. Malaysia, Thailand)
  - Menu of options for government support are available, from promotion to infrastructure, from visa facilitation to fiscal incentives to improve and increase supply capacity in the health sector, from welcoming airport infrastructure to trade fairs, etc.
  - Public and private sector partnership can work (e.g. India) but government should provide clear signals of its support and priority it places on developing the sector; it should put its acts together (Philippines x)
Lessons and policy issues

- **Domestic accreditation** of healthcare services helps, especially if accrediting institution is accredited by ISQUA (e.g. NABH, MSQH)

- But **international accreditation** remains the best route to attract foreign patients and to surmount the problem of insurance portability

- Accreditation ups the **standard** of patient safety and care

- International **standards for spas** are not available but domestic standards may be developed to protect and distinguish genuine spa and wellness resorts from low-quality massage parlors
Lessons and policy issues

- International **common definition** should be adopted and clear guidelines on data collection and reporting will help in analysing the medical tourism sector across countries and over time.

- **Welfare, equity, ethical issues** arising out of medical tourism have to be faced
  - ‘crowding out’ of domestic patients, especially poor and rural, by foreign patients
Lessons and policy issues

- Welfare, equity, ethical issues arising out of medical tourism have to be faced
  - ‘crowding out’ of domestic patients, especially poor and rural, by foreign patients

Medical services personnel

- potential burden on the system from the foreign patients flow;

- but, also tourism helps fund advanced treatment that also benefits domestic

- ways to solve: dual pricing; tax revenues to channel to improving rural health services
Lessons and policy issues

• **Welfare, equity, ethical issues** arising out of medical tourism have to be faced

  ◦ Clear government guidelines must take account of human values and dignity of persons, and prevent abuses especially of the poor

  ◦ E.g. Organs trade, surrogacy, acceptable research on human beings, etc.
    
    • Good example: cord blood bank for stem cell research (no need for embryonic research that is reprehensible to many people who believe in human dignity, including those of the embryo)

• **Money is not everything and development has to be for man, to serve his well-being; not instrumentalize man.**
Lessons on private sector strategy

- Promotion via establishment of *hospital foreign representative offices* in key markets have proved successful in bringing in foreign patients

- Gearing up for *international accreditation* is key to unlock the problem of insurance portability and increase patients’ confidence and security
  - Huge resources needed; foreign investments should be welcomed
  - Referral network of hospitals; affiliations with recognized hospitals abroad are other options

- Tie ups with global medical travel facilitators to bring in foreign patients
  - Tie up with domestic travel group for domestic tourism packages (both pre- and post- medical procedure)
Lessons on private sector strategy

- Other potential businesses spawned by medical tourism
  - Building of patient care apartments, located conveniently close to hospitals for the follow up consultations during recovery
  - Modern retirement villages with in-house medical care for foreign retirees
  - Medical tourism insurance to cover possible complications that arise from the medical procedures
  - And many more innovative ideas....