Determination and Strategies of Medical Tourism

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Abstract

Tourism has been identified as the major export industry in the world (Gosh Viswanath, 1998). The multifaceted nature of this industry makes it a catalyst to economic development and helps balanced regional development. It is a low capital, labour intensive industry with economic multiplier and offers an opportunity to earn foreign exchange at low social cost.

The high cost of medical care and frequently long waiting periods in the Western countries is unaffordable for many. These patients have an alternative to travel to medical tourism hubs in Asian countries which have superb hospitals accredited by the Joint Commission International (JCI) and offer world class care at a fraction of the cost of the Western countries.

There are several tangible and intangible determinants of medical tourism. The international patients expect high and comparable if not superior quality care at 50% of the
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cost in the West for both medical and tourism components. Demographic factors play a significant role in people who travel abroad for medical care. There are several factors that temper medical tourism and there are proven strategies for improving medical tourism in India and other medical tourism hubs as well.

**Keywords:** Medical Tourism, Medical Care, Cost, Quality, Accreditation, Marketing.

**Introduction**

Medical tourism in a broader perspective can be defined as patients traveling abroad with the objective of overall wellness, with or without any urgent or elective medical procedures. The term medical tourism has emerged from the practice of citizens of developed countries traveling to developing countries to receive a variety of tertiary care medical services.

Medical tourism is basically categorized under three categories based on the travel destination namely, Inbound, Outbound and Intra-bound. There are several determinants of medical tourism depending upon cost of care, quality of treatment, use of medical technology, and a variety of demographic factors of prospective patients.

The fact that India’s corporate hospitals offer world class treatment at 10% to 25% of the cost in the U.S., an ever increasing number of international patients are making India their medical destination of choice. In spite of offering excellent medical care, a number of international patients are concerned about their safety and litigation rules in relation to failed medical intervention.

The major thrust that bring people for medical care, especially from other countries to India include but are not limited to:

1. Lack of procedural insurance in their countries.
2. Seek care for non-covered procedures.
3. Lack of insurance among increasing magnitude of population as in the U.S. because of ever increasing insurance premium.
4. Cosmetic procedures are rarely covered by insurance companies.
5. Vacation of convenience elements during travel.
6. Treatments which are not approved by the Food & Drug Administration (FDA) of U.S. or similar regulatory bodies of other countries.
7. Diaspora – Seek treatment back in their country.
8. More economical in the Asian countries.
9. Safety concerns of patients addressed.
10. Improper infrastructure, transport and other basic facilities in the host nation.

**Economic Growth and Tourism**

Tourism has been a major social phenomenon of the societies. It is motivated by the natural urge of every human being for new experience, adventure, education and entertainment. The motivations for tourism also include social, religious and business interests. Progress in air transport and development of tourist facilities have encouraged people to venture out to the foreign lands.

Tourism’s is important, as an instrument for economic development and employment generation, particularly in remote and backward areas. It is the largest service industry globally in terms of gross revenue as well as foreign exchange earnings. The consumption demand, emanating from tourist expenditure, also induces more employment and generates a multiplier effect on the economy. Thus, the growth of the tourism sector can lead to large scale employment generation and poverty alleviation. The “Pull Factors” are the major market drivers for medical tourism. A sample of the pull factors are:

1. Unwillingness of patients to accept long queues in Europe and Canada or high costs in the U.S.
2. Comparable or better quality of care in the Asian countries.
3. Shorter or no waiting period, thus quicker access to care.
4. Several Asian governments including India, Philippines, South Korea, Taiwan, Malaysia, Singapore and Thailand, have taken bold initiatives to promote medical tourism.

**Determinants of Medical Tourism**

A noteworthy determinant of medical tourism is the safety and quality of care available in many offshore settings is no longer an issue. Because of increasingly escalating deductibles,
price sensitivity is soaring. A survey by Deloitte Center for Health Solutions (2007) on medical tourism indicates that two in five survey respondents said they would be interested in pursuing treatment abroad if quality was comparable and the savings were 50% or more. Medical care in countries such as India, Thailand and Singapore can cost a fraction of the cost of comparable care in the U.S. The price is remarkably lower for a variety of services and often includes airfare and stay in a resort hotel. The result is increased medical tourism.

Since India has the highest number of quality medical hospitals outside the U.S. and they are at par with the developed world, this factor alone boosts medical tourism. As per the Confederation of Indian Industry (CII), India is in a unique position in the area of health care as it also offers holistic medicinal services. With yoga, meditation, ayurveda, allopathy, and other systems of medicine, India offers a unique basket of services which are difficult to match by other countries. Clinical outcomes in India’s corporate hospitals are at par with the world’s best medical centers with the cost of medicines at a fraction of cost in the U.S.

**Salient Facts of Medical Tourism**

Health care costs are increasing well above the Consumer Price Index (CPI). Consequently, consumers are willing to travel to medical tourism hubs to obtain medical care that is both safe as evidenced by accreditation by internationally recognized accrediting agencies and less costly.

Rapid expansion of facilities for overseas patients has helped to spur the growth of medical tourism. Over 35 countries are serving millions of medical tourists annually and the numbers are growing. The Gulf Countries of UAE, Kuwait, Qatar, Oman, and Saudi Arabia have developed state-of-the-art tertiary and quaternary care medical centers and advertising their services using international electronic media. Following are major well established hubs of medical tourism listed below in random order with a sample of their expertise.

1. Hungary – Mainly used by Europeans for rehabilitation, dental and cosmetic surgery at 40%-50% of U.S. costs.
2. Gulf States – Increasing number of JCI accredited centers offering advanced health care services with liberal financial support by their respective governments.
3. India - On way to becoming medical destination of choice with JCI accreditations at outstanding corporate hospitals providing world class treatment for virtually all clinical conditions at 10% - 25% of U.S. costs.

4. Thailand – It has world class JCI accredited private hospitals serving more international patients than almost any other country in the world at 30% of the U.S. cost.

5. Singapore – A popular destination with outstanding tertiary care facilities, clinical expertise, JCI accreditations, and at 35% of the U.S. cost.

6. Malaysia – A desired destination for alternative medicine and cosmetic surgeries, few JCI accredited hospitals, at 25% of the U.S. cost.

7. Brazil – Internationally renowned for a long time for cosmetic surgery.

8. Costa Rica – Has the advantage of proximity to the U.S., popular for dental and cosmetic procedures at 30% - 40% of the U.S. costs.

**Demographic Factors Affecting Medical Tourism**

The Deloitte study found that males, younger patients of Asian origin who are in good health and with commercial and other health insurance are more inclined to travel abroad for medical tourism.

An analysis of the demographic factors shows that people in higher socio-economic status have higher education, are younger with higher income, are males with professional occupation, maintain their health, and have health insurance coverage because of the employment or business. They are prime candidates for outbound medical tourism. In the U.S., Asians enjoy the highest per capita income followed by the Caucasians.

The reason for lack of interest in medical tourism among African Americans, other racial groups like Latinos, Native Americans (American Indians) etc. along with those on Medicare (older than 65) and Medicaid (below poverty line) is due to the fact that these groups are educationally and economically disadvantaged.

**Factors Tempering Medical Tourism**

There are several factors that affect medical tourism. The most important being the supply capacity and infrastructure constraints especially in developing countries which face problems of water shortage, poor means of transportation, disruption in electric power supply
and the like. On the other hand, many countries have policies which do not cover services rendered by off shore providers. For example, U.S. insurance companies offer Long-Term Care Insurance which will pay only when the insured is living in the U.S., either at home receiving paid care or in a nursing or assisted living home.

Private Indian hospitals face a peculiar disadvantage because of the government’s policy to increase the cost of hospital bed which has air conditioning. Thus, hospitals are being categorized like hotels for taxing purposes. There are logistics related issues and lack of clinical support systems for continuity of care once back in the country of origin. In addition, possibility of safety concerns and litigation rules in relation to failed medical intervention can have a tempering effect on medical tourism. A significant issue related to medical tourism is liability. Many large health insurance companies have not embraced medical tourism because they are worried about potential lawsuits linked to bad outcomes.

**Strategies for Improving Medical Tourism in India**

The major competitive advantages that India enjoys in medical tourism include low cost advantage, strong reputation in the advanced health care segment, and the diversity of tourist destinations available in the country. The following marketing strategies are worthy of consideration by India’s health care service providers. The strategies are based on Philip Kotler’s 7 Ps of marketing mix.

1. **Product** – Several of India’s corporate hospitals offer world class treatments in almost all medical sectors. The medical staff has international board. The latest technology and equipment available is also used as one of the major products in the industry.

2. **Price** – India’s high standard of medical treatments offered to patients at a very competitive price is a successful strategy.

3. **Place** – Strengthening the use of Internet for disseminating information about medical and non-medical care services offered by the health care providers is a useful strategy.

4. **Promotion** – The big private hospitals groups are well represented at international medical fairs and exhibitions with support from the government. Creating awareness of
the available alternative medical treatments and high quality and international standard of medical care.

5. People – It is acknowledged that having specialized and qualified doctors and staffs give a competitive advantage to the hospital. Serious effort to understand and respect the patient’s culture will serve as a successful strategy.

6. Process – Since international patients are concerned with the quality of treatments, accreditation by agencies like JCI will go a long way in promoting medical tourism.

7. Physical Evidence – Good ambiance in the infrastructure with spacious and luxury rooms and excellent amenities combined with cutting-edge technologies will give India a competitive advantage and build trust among international patients as well as their respective governments resulting in enhancement of medical tourism.

Conclusion

Tourism industry can act as a powerful agent of both economic and social change. It stimulates employment and investment, modifies economic structure and makes positive contributions towards balance of payments. It has emerged as a major industry of the Indian economy, contributing substantially to foreign exchange earnings and serving as a potential generator of employment opportunities. India as a tourist destination exercises immense attraction from various angles because of its vast cultural and religious heritage and varied natural attractions.

Healthcare tourism thus could become a common form of vacationing, and covers a broad spectrum of healthcare services, mixing with leisure/relaxation, with the overall objective of wellness and healthcare. India has great potential for health tourism. Medical tourism is the major branch of the health tourism. For the purpose of medical travel, such as cost effectiveness, major interventional procedures not available in own country and virtually no waiting time. Medical tourism is the service industry so value chain plays a very important role in medical tourism.

References


Biography
Prof. Lakshmi B is Dean of Management Programs, Director of Centre for Human Development, and Chairperson of Health Studies Area at the Administrative Staff College of India (ASCI). She also served as In-Charge Registrar and Secretary of ASCI.

Prof. Lakshmi earned her B.A., M.A., M. Phil. and Ph.D. in Economics, Public Administration, and Human Resources Development from the University of Madras. She also has a Diploma in Journalism from SIET Women’s College followed by a Post Graduate Diploma in Public Relations from Annamalai University. Prof. Lakshmi received her Postdoctoral Master’s in Hospital Administration (MHA) from the University of New South Wales in Sydney. In addition, she earned the Graduate Diploma in Education specializing in Human Society and its Environment from the University of New England in Armidale, New South Wales, Australia. Prof. Lakshmi also holds Certificate IV in Training and Assessment from HBO-Sydney. She is a Fellow of Australian Institute of Management (FAIM).

Prof. Lakshmi is certified by the Department of Personnel Training in Delhi as a Lead Trainer for the programs on “Ethics and Values in Public Administration.” In the international arena, Prof. Lakshmi conducted MDPs for the Commonwealth and multinational sponsored programs for the South Pacific Islanders in Papau New Guinea.

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Dr Balbir Singh received his Bachelor in Medicine from Bhopal, M.P. He completed his PG Diploma in Hospital Administration from Apollo Medvarsity and PG Diploma in Preventive & Promotive Health Care from Apollo Wellness Rx. His MBA in Health Care Management is from Apollo Hospitals. In addition, he is a certified Project Management Professional from IIT, Delhi and UGC-NET qualified for lectureship in “Social Medicine and Community Health.”

He is a management professional and researcher with a mix of academia and industry experience. A firm believer of continuing education, he holds more than two dozen certificates and diplomas. Sample of his trainings and CME’s include programmes from Harvard Medical School, Johns Hopkins Center for Public Health, The University of Edinburgh, Stanford University, Asian School of Cyber Laws, NIOS and IGNOU.

His academic qualification and trainings are in the area of Health Management, Hospital Administration, Preventive Health, HIV & Family Education, Public Health, Nutrition, Quality management and Information Technology. He has worked as a consultant to Health Department of Government of Madhya Pradesh. Dr Singh holds the experience of Programme Development and Evaluation, I.T. Implementation, Training and Administration. He has designed and successfully delivered training programmes in the areas of Education, Distance Learning, Public Health, Hospital, Information Systems and Management. He has published and presented extensively in the area of Health and Information Technology at National and International forums.

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