

Medical Tourism Industry - Advantage India

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Traveling abroad for health is not a new phenomenon. Medical tourism is actually thousands of years old. In ancient Greece, pilgrims and patients came from all over the Mediterranean to the sanctuary of the healing god, asklepios; the god of healing was located at Epidaurus. In roman Britain, patients took the waters at a shrine at bath, a practice that continued for 2,000 years. During 18th century wealthy Europeans used to visit health resorts in North Africa. But in the past seven years or so, the movement has accelerated sharply. It is growing rapidly and turning out to be an immense business opportunity for nations which have the strategic advantage of having resources in terms of medical technology, infrastructure and right human resources.

Cross-border travel for health reasons is a \$40 billion market and growing at over 15% a year throws up huge opportunities for anyone smart enough to tap it. Broadly defined as a collaboration of medical services with the tourism industry, healthcare tourism offers cost effective medical services for individuals who cannot afford these services in their country due to high costs or to people who are tired by long waiting times. Also patients from countries, where treatment is not available, can avail the benefits of healthcare tourism. Countries that are actively promoting healthcare tourism include Belgium, Singapore, Malaysia, India, Thailand, Cuba, Costa Rica, Hungary, and Poland. Greece and South Africa are also emerging as new destinations. India is the latest entrant in the field of health tourism.

The WTO identified four modes that will help boost trade in health care services worldwide. Medical travel is the most visible face of the increasing global trade in health care services.

The other three modes are

- ✓ Cross border delivery of trade
- ✓ The setting up of hospitals, clinics and diagnostic centers
- ✓ the movement of health personnel



FIGURE 1: COUNTRIES PROMOTING HEALTH TOURISM

Health care insurance companies within industrialized nations have begun considering medical tourism as a potential cost-saving measure, and have discussed providing round trip airfare and tourist excursions as "consumer incentives" to help encourage this kind of travel. Medical tourism holds the promise of reducing health care costs for individuals, companies, and

governments, as the latter will likely offer discounts and/or rebates to their employees and constituents to prompt them to choose the medical tourism option and, in turn, reduce the insurer's and self-insurer's growing costs of providing quality health care. There are also many companies that can help arrange patients' surgeries, travel arrangements and tours. Many of these companies partner with specific hospitals, thereby arranging a cheaper price for their patients than one could arrange on their own through the hospital directly. The emergence of a private sector that thrives by servicing a small percentage of the population that has the ability to "buy" medical care has changed the character of the medical care sector. Corporate run institutions are seized with the necessity to maximize profits and expand their coverage. In this background, corporate interests in the medical care sector are looking for opportunities that go beyond the limited domestic "market" for high cost medical care. This is the genesis of the "medical tourism" industry.

The private sector stool stands on three legs

1. Quality
2. Affordability
3. Ethical practice with tight fiscal controls resulting in reasonable profit.

Table 1: an overview of health tourism

Country	No. Of foreigners treated last yr.	From	Money earned	Strengths
Thailand	973,532	South Asia, middle east, the us	\$675mn	Cosmetic surgery, organ transplants, dental treatment, joint replacement.
Jordan	130,000	Middle east, America	\$600mn	Organ transplants, Fertility treatment, cardiac care.
India	150,000	Middle east, Bangladesh, Europe nations	\$33mn	Cardiac care, Joint replacement, Lasik.
Malaysia	129318	Indonesia, Vietnam, west Asia, and Japan	\$27.63mn	Cosmetic surgery
South Africa	50,000	Us, uk	N.a.	Cosmetic surgery, lasik, Dental treatment
Cuba	N.a.	Latin America	\$25m-50m	Specialist niche treatment, vitiligo, night blindness, cosmetic surgery

N.a. not available

The Indian chapter:

A study conducted by the confederation of Indian industry (cii) and Mckinsey consultants says that in 2005 around 150,000 foreigners visited India for medial treatment and number is rising by 15 percent every year. CII says that India has the potential to attract 1 million medical tourists per annum and this could contribute around us \$ 5 billion to the economy. In many developing countries it is being actively promoted by the government's official policy. India's national health policy 2002, for example, says: "to capitalize on the comparative cost advantage enjoyed by domestic health facilities in the secondary and tertiary sector, the policy will encourage the supply of services to patients of foreign origin on payment. The rendering of such services on payment in foreign exchange will be treated as 'deemed exports' and will be made eligible for all fiscal incentives extended to export earnings". The formulation draws from recommendations that the corporate sector has been making in India and specifically from the

"policy framework for reforms in health care", drafted by the prime minister's advisory council on trade and industry, headed by Mukesh Ambani and Kumaramangalam Birla.

Globalization has promoted a consumerist culture leading to the mushrooming of corporate healthcare setting seized with the necessity to maximize profits and expand their coverage. India is unique as it offers holistic healthcare addressing the mind, body and spirit, with yoga, meditation, ayurveda and other Indian systems of medicine. India offers a vast array of services combined with the cultural warmth that is difficult to match by other countries.

The medical travelers

In the late 1980s and early 1990s, most medical travelers coming to India were from the Arab countries, Africa and south-east Asia. But today, medical travelers to India can be divided into three distinct geographical groups who travel for distinctly different reasons.

The first group:

The first is made up of the Americans and Europeans. Lifestyle surgeries and costs were the factors driving the Americans to travel abroad. As baby boomers- those 76 million Americans born between 1946 and 1964 – age, they are increasingly going in for facelifts, dental treatment, botox treatments, tummy tucks, et al. And since, cosmetic surgery is not covered by medical insurance. Many Americans prefer to travel abroad.

The British- were being forced to seek medical treatment in other countries by the sheer waiting lists caused by the national health service (nhs). Unlike in the us, the British health care system ensures free treatment to all its citizens. The only problem is that the nhs, which was set up in 1948, is struggling to cope because of a shortage of both doctors and hospital beds. Private medical facilities are available in the UK, but they are prohibitively expensive and also relatively fewer in number. At least 40% of the people requiring inpatient care needed to wait over three months for their turn to come. Hip replacement and eye care had longest waiting periods. Many thousands of British patients take the initiative to seek their own treatment abroad with out waiting for the NHS to sort out its problems.

The second group:

The second big group of medical travelers comes from the Middle East. These are citizens of oil rich nations flying India to seek medical facilities that are either unavailable or in short supply in their own countries. An agency in Saudi Arabia estimated that every year more than 500,000 people from the Middle East travel seeking medical treatment for everything from open-heart surgery to infertility treatments. By some estimates, India itself attracted 70000-plus medical travelers from the Middle East last year.

The third group:

Finally, the last group of medical travelers forms a motley lot. They are from the least developed countries and countries with generally poor infrastructure, who seek treatment facilities at some neighboring country with better infrastructure. Last year, it was estimated that at least 50000 people from Bangladesh and Nepal came for medical treatment to India.

The key 'selling point':

The key 'selling point' is its "cost effectiveness." Also, clinical outcomes in India are on par with the world's best centers, besides having internationally qualified and experienced specialists.

Price advantage is a major selling point. The slogan, thus is, "first world treatment at third world prices". The cost differential across the board is huge: only a tenth and sometimes even a sixteenth of the cost in the west.

Table 2: cost and waiting time comparison

Nature of treatment	Approximate cost in India (\$)*	Cost in other major healthcare destination(\$)*	Approx. Waiting time in USA / UK (in months)
1.open heart surgery	4500	> 18000	9-11
2.cranio-facial & skull base surgery	4300	> 13000	6-8
3.neuro surgery	6500	> 21000	12-14
4.complex spine surgery	4300	> 13000	9-11
5.simple spine surgery	2100	> 6500	9-11
6.brain tumor surgery	4300	> 10000	6-8
7.parkinsons(dbs)	17000	> 26000	9-11
8.hip replacement	4300	> 13000	9-11

*these costs are an average and may not be the actual cost to be incurred.

Business model:

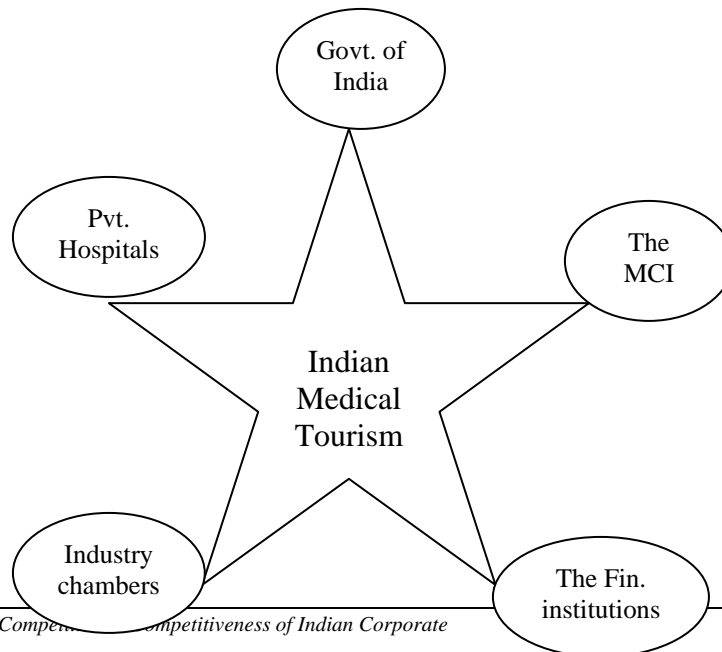
It is advisable to collaborate with all relevant stakeholders to offer more value to the consumers. Mutual co-existence and collaborative opportunities will attract consumers to Indian healthcare tourism. The essence behind co-existence and collaboration is not just about making a value offering but also to create the right environment for driving consumer traffic in Indian healthcare tourism industry.

A successful business model for healthcare tourism needs to identify all relevant stakeholders and make them a part of the value chain. It is relevant to set all the stakeholders together in-order to increase the size of the market rather than each stakeholder carving out a market share for itself.

The stakeholders:

1. The Indian government including ministry of health, ministry of external affairs, and ministry of tourism and state governments of different states.
2. The corporate run health institutions.
3. The financial institutions like tourism finance corporation of India, IDCI, and IDBI etc.
4. The medical council of India (MCI).
5. The Indian healthcare federation and different industry chambers.

Figure 2: The Business Model



The competitive advantages:

The source of competitive advantage arises from the skillful use of its core competencies. These competencies are used to gain competitive advantage against rivals in the global market. A combination of many factors contributed to competitive advantage and has led to the recent increase in popularity of healthcare tourism in India.

1. World-class treatment at competitive price:

India offers world-class healthcare that costs substantially less than those in developed countries, using the same technology delivered by competent specialists and attaining comparable success rates.

2. Availability of skills, knowledge and resources:

Indian medical education turns around 30000 doctors and nurses every year adding to the existing pool of over 14 lakh doctors and nurses. About a dozen corporate hospitals provide world class treatments across all specialties. Availability of over 15,000 hospitals and 870,000 hospital beds provides adequate infrastructure support to the healthcare tourists.

3. Strong reputation in the advanced healthcare segment:

India have a lot of hospitals offering world class treatments in nearly every medical sector such as cardiology and cardiothoracic surgery, joint replacement, orthopedic surgery, gastroenterology, ophthalmology, transplants and urology to name a few. The various specialties covered are neurology, neurosurgery, oncology, ophthalmology, rheumatology, endocrinology, ENT, pediatric surgery, pediatric neurology, urology, nephrology, dermatology, dentistry, plastic surgery, gynecology, pulmonology, psychiatry, general medicine & general surgery.

4. Indianism:

With ayurveda becoming increasingly popular across the globe, this ancient indian therapy can be used as a non-surgical treatment for various ailments along with medication and yoga. This will give help of indianism to the Indian healthcare tourism offerings.

5. The diversity of tourist destinations availability:

Leisure tourism is already very much in demand in India as the country offers diverse cultural and scenic beauty. India has almost all sort of destinations like high mountains, vast deserts, scenic beaches, historical monuments, and religious temples etc, known for its hospitality for tourists.

The downsides of medical tourism:

Experts have identified a number of problems with medical tourism

- There is little follow-up care. The patient usually is in hospital for only a few days, and then goes on the vacation portion of the trip or returns home. Complications, side-effects and post-operative care are then the responsibility of the medical care system in the patients' home country.
- Government and basic medical insurance, and sometimes extended medical insurance, often does not pay for the medical procedure, meaning the patient has to pay cash.
- Most of the countries that offer medical tourism have weak malpractice laws, so the patient has little recourse to local courts or medical boards if something goes wrong.
- There are growing accusations that profitable; private-sector medical tourism is drawing medical resources and personnel away from the local population, although some medical organizations that market to outside tourists are taking steps to improve local service.

Challenges before Indian medial tourism:

1. No strong government support or initiative to promote medical tourism.
2. Poor coordination between the various players in the industry- hospitals, air line operators, and hotels.
3. Customer perception as an unhygienic country.
4. Lack of proper regulatory system for hospitals.
5. Lack of uniform pricing policies across hospitals.
6. Strong competition from countries like Thailand, Malaysia, and Singapore.
7. Lack of international accreditation.
8. Overseas medical care not covered by many insurance players.
9. Under-investment in health infrastructure.

Conclusion

There is an opportunity in medical tourism because Indian healthcare institutions in a position to offer quality medical services at one-tenth the cost compared to that in many countries in the west. With regard to quality of the service, we stand shoulder-to-shoulder with the best hospitals in the us. For medical tourists coming from abroad there is value proposition in terms of costs and quality. Moreover, India as unique as it offers holistic medicinal services with yoga, meditation, ayurveda, allopathy and other medical facilities; we offer a unique basket of services to an individual that will be difficult to match in other countries. For Indian healthcare institutions, the quality of service is over biggest Usp, followed by the cost advantage.

The biggest challenge is to position India as a favorable healthcare destination by setting high health standards for ourselves, and work in association with the government and the medical council to see to it that all hospitals keep up to those standards. Now, the Indian healthcare federation is working along with different industry chambers to promote medical tourism in the country.

The \$40 billion opportunity is there for all. However, Indian healthcare institutions and Indian will lose out if we do not catch up over the next 2 years. Competition is building up fast from countries like Thailand, Singapore and Australia.

The road map ahead is simple, we have to act smart here, and first, we have to create more information outlets in various markets. Second, Indian healthcare industry should work more closely with the industry chambers and various government departments to spread the awareness and remove hurdles. Finally, we have to work towards getting accreditation for various hospitals to build up perception of quality among foreign tourists.

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