

International Health Tourism

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Abstract

This article gives an overview of the current developments in the medical tourism industry. It describes the globalization of medical tourism and argues that the overall increase in the flow of patients and health professionals, and medical technology, capital funding and regulatory regimes across national borders has triggered new patterns of consumption and production of healthcare services. This is illustrated with brief summaries presenting the state of medical tourism in various countries across the globe.

Keywords: *medical tourism, globalization, international trends in tourism*

The tourism industry has grown into the largest service industry in the world and it is increasingly harder for governments to manage. Most developed or developing countries, took into consideration the tourism industry as one of their main economic priorities. The importance of tourism is not limited only at creating career opportunities and generating revenue. The tourism and travel industry have undergone remarkable changes since the 1950s, experts characterizing the period as a revelation. These changes improved the tourism services and in the near future we will benefit from high quality tourism services. Currently, tourism is seen as a strong and professional activity in the world, and it is considered one of the most important economic sources (Hallmann et. al. 2012:13-21).

Tourism is a complex economic and social activity, which has to be investigated at different levels to achieve the desired development in an organized manner (Risteskia, M. Et . al 2010:375-386). Currently, countries which are seeking an increase of the Gross National Income consider tourism industry as an essential industry with a large financial service, generating jobs and high profits. There are different types of tourism such as religious tourism, sports tourism, tourism war, medical tourism, etc. The role of medical tourism has been growing over the past decades. Thus, improving health services plus a vital role in economic development, because tourists who go into a foreign city to undergo treatment will be interested in the sights and vice versa (Connell 2013: 1-13.)

There are several definitions of medical tourism. One of these definitions considers medical tourism or medical travel as a trip to a foreign country for a detox diet, dental treatment or performing a surgery. This trip must involve at least one overnight stay in the location in which the treatment takes place (Sadrmomtaz & Agharahimi, 2010:516-524). According to Jonathan Edelheit, the president of the Florida Association of Medical Tourism, medical tourism refers to travel of people in other countries than your home to receive medical treatment. Medical tourism is one of the most important indicators of the tourism industry with significant economic and social benefits being known as international travel in which a person makes use to treat cheaper compared to similar treatment in country home (Edelheit 2008:9-10).

1.1 Globalization of medical tourism

The overall increase in the flow of patients and health professionals, and medical technology, capital funding and regulatory regimes across national borders help at rise new patterns of consumption and production of healthcare services over the past decades.

Free movement of goods and services under the auspices of the World Trade Organization and its General Agreement on Trade in Services (Smith et. al. 2009:593 -601) accelerated liberalization of trade within health services, and to this development also contributed bilateral and regional trade agreements. Health care is predominant in the services industry, transforming it into a commercial act, as a global good.

Consumption of health services in a foreign country is not a new phenomenon, and its development should be located in a historical context. Individuals have traveled abroad for health care, since Antiquity, and in the nineteenth century in Europe, for example, was in vogue for middle class to travel to thermal cities for treatment considered necessary to improve the life quality. During the twentieth century, rich people from less developed areas of the world traveled to the developed countries to have access to certain medical facilities and doctors more prepared. However, medical tourism has undergone qualitative and quantitative changes compared to earlier forms of travel related to health. The key differences stay in reversing the flow from developed nations to less develop, more

regional movements, and the appearance of “international markets for patients.” The main features of this century in terms of medical tourism are:

- The large number of people traveling for treatment;
- Patients are traveling for treatment not in developed countries, but in less developed countries, due to high quality treatments at low prices, cheap flights and numerous sources of information on the Internet;
- The new “infrastructure” created on the web - in which the patient can calculate in advance the approximate price of health services he will benefit from, or the price of the travel.
- Industrial development: both the private and public health sector from developed countries, but also ongoing developing are investing in promoting medical tourism, being a potential source of growing external revenue.

Health policies and the delivery of health were traditionally bounded by the nation state or federal levels of government. In Great Britain, for example, the establishment of the National Health Service in 1948 introduced the services of primary and secondary healthcare, financed through public tax and delivered for free to population. In recent decades, economic, social and political changes have encouraged significant at trans-national and international level, health policy development. These national interconnections (political, economic, social and technical) include the movement of people, goods, capital and ideas and this has provided new challenges and opportunities for health care service delivery.

The tourism industry care is dynamic and volatile and a number of factors, including economic climate, changes of domestic policy, political instability, travel restrictions, advertising practices, geo-political changes, and also innovative and pioneering forms of treatment can help at all changes in patterns of consumption and production of health services, both domestically and abroad. There are, for example, important bilateral exchanges of patients between OECD members (Organization for Economic Co-operation and Development): the United States to

Mexico, North and Central Europe to Eastern Europe. In 2015, due to Syrian civil war, the Syrian government decided to send war victims for treatment in Turkey, and this was negotiated even with private hospitals in Romania, due to the large influx of casualties.

Some OECD countries (Germany, Austria, Switzerland, and Italy) through adopted policies, are trying to propel on the world market for becoming leading providers on medical tourism market.

1.2 Medical tourism market

Individuals who choose to go to treatment abroad face with various problems, but the most common are:

- Cosmetic surgery (breast, face, liposuction, rhinoplasty);
- Dentistry (Cosmetic and reconstruction);
- Cardiology / heart surgery (bypass, heart valve replacement);
- Orthopedic (hip replacement, knee joints interventions);
- Obesity surgery (gastric sleeve, gastric bypass, laparoscopic gastric band fitting);
- Fertility (In Vitro Fertilization, sex change operations);
- Transplantation of organs, tissues or cells;

- Interventions of the eye;
- Diagnosis and check-up.

Most of the times, the plan to travel between home country and the destination country is well established. For example, those who access medical treatment in Hungary tend to be from Western Europe, being cases where the historical links between countries are extremely well run, such as Malta and the United Kingdom or the United Kingdom and Cyprus (Muscat et. al. 2006:121). Other Western Europeans take advantage of the opening of borders of countries from Eastern Europe and the former URRS (for example, trade between the UK and Poland).

A global map of medical tourism destinations would include Asia (India, Malaysia, Singapore and Thailand); South Africa; South and Central America (including Brazil, Costa Rica, Cuba and Mexico); Middle East (particularly Dubai) and a number of European destinations (Scandinavia, Central Europe and Southern Mediterranean). However, estimates are based on industry sources, which can be biased and inaccurate.

It seems that geographical proximity is an important factor, but not decisive in shaping individual decisions to travel to a specific destination for treatment. If this is a reflection of the tourism element, it means that people are traveling not only for medical reasons, but for increased opportunities. However, the distance of movement is also related to cost (Exworthy & Peckham 2006:267-287).

Demand for services may be volatile due to global economic factors and other external factors such as consumer preferences and changing exchange rates. Providers and national governments seek new challenges for existing suppliers, as it is the case of fertility clinics in Latin America (MacReady 2007:1849-1850).

A number of governments are promoting their health facilities and emerging consumer markets using cooperation with brokers, sites and commerce fairs. Exchange rate fluctuations may come into the support of countries making them more attractive financially to the detriment of others. Also, travel and security restrictions can determinate consumers to explore alternative markets (Smith et. al. 2010:59-69).

There is also the question whether medical tourism can be considered a luxury good, a question that still has no clear response. The fact is that it is a niche service. Another unanswered question for now is direct proportionality between the cost of medical services and growing consumer income, such as the use of services varies depending on the price (price elasticity), and whether they have a harmful impact on the demand for medical tourism. The decline in the economic climate may have a reverse effect because it reduces medical supply public services, causing the patient to seek to treat privately, avoiding waiting lists and stricter eligibility to receive a particular treatment.

For some medical tourism destinations, attempts are being made to promote cultural, hereditary and recreational attractions. For some patients, the possibility of a holiday in the same place where the treatment takes place is irrelevant, but for others it may be an essential component in the decision-making process. For the customer, advertising plays a major role in the reputation of the place, but especially the providers' service (Turner 2007:303). It is important to pay attention to marketing services, the latest technology and high quality, but especially to doctors with extensive experience (internships, employment status). Familiarity and cultural similarity are more important as the services are geared towards the diaspora population, such as, for example, health care service for Korean families establish in United States, Australia and New Zealand. Similarly, colonial ties between the UK and India appear to have encouraged the medical market between those two countries (Bergmark et. al. 2008:610-614).

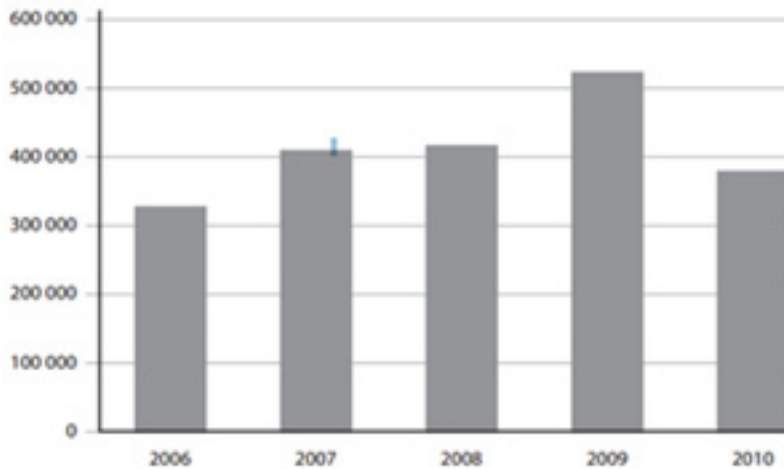
Health tourism figures reach levels increasingly higher year by year, and in 2014, reaching 439 billion dollars. From hotels for health, spas and health centers, people give importance to health and welfare.

In the following we will analyze the most important health destinations, recognized globally.

Africa

South Africa - Those traveling for medical purposes in East and West Africa spend in South Africa more than other traveleres (including those in the north) and in general they are part of the African middle class, traveling for medical diagnosis and treatment. The average length of stay for medical tourists from Europe is of 8 nights. The average length of stay for medical tourists from neighboring Upper Africa is less than 4 days.

African medical tourists annually spend about 128 million dollars. The number of medical tourists in South Africa grew from 327,000 in 2006 to over 500,000 in 2009.



The number of medical travelers in South Africa, 2006 - 2010 (South Africa Annual Tourism Reports, 2008 – 2011)

Tunisia - 155,000 foreign patients went in Tunisia for treatment in 2013, as stated by the Minister Mohamed Salah Ben Ammar. European patients who have chosen Tunisia for health tourism and vacations have chosen hotels that provide access to SPA and medical centers, among other facilities (Crush et. al. 2012:22).

Asia - The number of medical tourists traveling in Asia is expected to grow to 10 million by the end of 2015, given that it is expected that Thailand, India and Singapore will end up controlling 80% of the market (Renub Research 2014:5). Asian medical tourism market is expected to register a growth of 22% CAGR (compound annual growth rate) in the period from 2014 to 2018 according to a statistical study conducted by the consulting firm RNCOS (Asian Medical Tourism Market).

India - As the Indian High Commission says, Indian hospitals have received 18,000 Nigerians in 2012, 47% of these going exclusively to medical treatment in India, spending about 260 million dollars (Nigeria: Report - Nigerians Spent N41 Billion On Medical Tourism to India).

According to the Director General of Appolo Hospital, the number of international patients who visited the hospital increased by 20% year by year. The hospital provides medical services to patients from European countries, Malaysia, Singapore and Sri Lanka. Between years 2009 - 2011 the number of medical tourists in India increased by 30% compared to previous periods. It is estimated that at the end of 2015, India will receive half a million health tourists annually.

Kazakhstan - In December 2014, the Minister of Health and Social Development announced that 832 foreigners were treated in public-private health system. Most patients were from the UK, 260, followed by the United States, 111, Kyrgyzstan 51, Turkey 50, Russia 44 but also from countries like Bulgaria, Sri Lanka, Philippines and other 23 countries. The number includes also the foreigners who are working in Kazakhstan, so it is unclear if the number of passengers who traveled in Kazakhstan reflects only medical reasons and how many have received treatment, due to different circumstances. The medical services provided to foreigners in 2013 were: herniated disc surgery, in vitro fertilization, valve-heart surgery, uterine fibroids and adenomyosis treatments.

Korea – According to the Ministry of Health and Welfare, 210,000 international patients received medical treatment in Korea in 2013. Compared to 2012, it was recorded an increase of 32.5% when only 159,464 patients went to Korea. From these patients, 32,750 were American citizens, followed by 24,026 Russian citizens, 16,849 Japanese and 12,034 Mongolian. The number of Russian patients increased in 2013 by about 46% over the previous year. (International Medical Travel Journal, South Korea: Korea increases number of international patients).

Middle East, with an annual increase of 5.8 percent, the fastest growing from the medical tourism market in the world. The most common type of treatment required by international patients is internal medicine procedures, including digestion problems and circulatory system.

The South Korean government is investing annual 4 million \$ to promote medical tourism industry, which is dominated by plastic surgery. By 2020 Korea estimates about 1 million medical tourists annually, the widest segment being represented by Chinese tourists.

A recent study made by the International Society of Plastic Surgery shows that in South Korea were realized the biggest number of plastic surgery interventions than in any other country in the world.



Medical tourism revenues from South Korea in million \$

Malaysia - Malaysian healthcare industry generated revenues of approximately 20 million \$ in 2013. There was an increase in the number of medical tourists from 583.000 in 2011, 671.000 in 2012 to 768.000 in 2013.

Thailand - Health tourism revenue is expected to increase to 3.11 million \$ by 2017. In 2013, 26.7 million tourists traveled to Thailand, of which 2.5 million have traveled for medical reasons.

Central America and Caribbean

Costa Rica - received in 2014, 100,000 medical tourists. According to data from the International Council for Promotion of Costa Rica Medicine (PROMED) most medical tourists came from the United States and Canada and spent an average of 7,000\$ for treatment. Among the treatments performed, predominated the dental treatment, followed by orthopedic, bariatric surgery, gynecology and plastic surgery.

Guatemala - In 2012, Guatemala received 5,000 medical tourists who generated an income of \$ 35 million. Medical tourism sector has proposed that by the end of 2015 to reach a total of 20,000 medical tourists.

Europe

France - medical tourism industry in France is so well developed that, the World Health Organization ranked it as the number one healthcare system in the world.

Germany –Health tourism revenue is expected to bring 4.6 billion \$ to Germany till in 2017. The largest non-European groups of patients who come for treatment in Germany are Russians, about 6,000 per year. According to figures from the Federal Statistical Office of Germany and the University Hospital Heidelberg, in 2013 Germany received 1 million international patients to treatment from 178 countries.

Spain - In 2012, 21,868 international patients traveled to Spain for various health treatments, generating revenue of 12.1 million euro.

Middle East

Dubai- according to figures from Dubai Healthcare City (DHCC), medical tourism sector generated in 2013 revenue of 1.69 billion \$. Dubai is one of the biggest health tourist destinations in the region. Dubai Health Ministry aims to attract annually 1 million international patients and build 22 hospitals by 2022. Achieving this ambitious target would make Dubai a center of medical tourism, especially since the UAE is hosting the World Expo in 2020. It is worth mentioning that from the total hospitals in Dubai, 70% have international accreditation.

Jordan - Jordan has 64 private hospitals were have been treated 250,000 patients in 2013. According to the International Medical Travel Journal, patients, along with their companions, generated revenues of 1 billion \$.

Turkey – According to data from the Ministry of Health, Turkey has treated 270,000 patients in 2012, wanting at the end of this year to reach a total of 500,000 international patients. From the total of patients who come to Turkey for treatment, 94% used the services of private hospitals and only 6% the public health system.

North America

Canada – Frasier Institute claims that 41,838 international patients were treated in Canada during 2013. Canada noted in the medical tourism sector after Health Network University has signed a 30 million \$ partnership with Kuwait, for a period of 3 years for treating patients in this country.

Oceania

Australia - The government of Australia announced that in 2013 10,000 patients have traveled to receive treatment, generating revenues of 26 million \$ into the national economy. Health destinations grew by 15% in 2013 over the previous year.

South America

Argentina – In 2013, Argentina medical tourism generated revenues of 90 million \$. According to Argentinean Tourism Bureau, tourists coming to treatment spend 5 times more than those who come to visit. Health tourism represent a significant source of revenue growth in the context in which 1,000 patients are monthly traveling to this country to benefit of a treatment.

1.3 Medical tourism industry

Medical tourism is a developing industry worldwide, with a number of key elements that support the development of commercial interests, such as brokers, healthcare providers, web sites, conferences and media.

Medical tourism and websites: a key factor in medical tourism phenomenon is the technological platform for ISPs where potential patients can access medical information from anywhere in the world. For health care providers, internet is the most important marketing tool to reach to the non-national markets. Marketing is

an essential element which helped at boost medical tourism, thanks to web resources that have provided consumers, advertising, and alternative of health markets which helped to connect patients with a broker or a health provider (Lunt et al. 2010:1-11).

Advertising and marketing: Given the role of advertising in influencing the consumer's decision, there is a question regarding the asymmetry of information between consumers and suppliers, in case there are differences of access availability and quality of information, and also the safety issues and informed choice concerned that link medical tourism and Internet usage. It would seem that there are few sources of non-commercial nature and provides independent information, unlike the information provided in commercial and marketing purposes. There are studies according to which advertising sources reduces its presence credibility (Walther et. al. 2004:24).

In the medical tourism sector, advertising and marketing tend to exaggerate the quality of their services, often failing to provide complete and balanced information needed for decision-making for potential patient.

Brokers - there are a growing number of companies and consultants offering services and providing information on the Internet for potential patients and health care options available, the transaction costs of the medical service. Typically, brokers, through their own websites are providing health promotional packages, which can be adapted to individual patient needs: flights, treatment, and recovery hotel (Whittaker 2010:413). Brokers can be specialized in certain target markets or procedures (such as dentistry or cosmetic surgery treatments) or destination countries (e.g. Turkey, Germany, France, and Israel).

Travel insurance – a travel insurance market for medical tourists is developing. Purchase of a suitable health insurance on patient's problem can be problematic, especially for those who are facing a serious problem earlier of their journey. Traditional insurance policies for travel and accommodation, exclude individual trips planned for medical purposes. However, insurance policies have evolved, covering the costs of operations for tourists which are in holidays, but face a health problem in the country they are visiting.

Health providers – looking at the picture of health tourism we see a diversity of market participants who come mainly from the private sector and have developed departments for international patients. Both medical clinics and hospitals addressing to international patients have a wide range of services that can be provided to the

patient. In general, private hospitals are part of large corporations (e.g. Apollo Group - have 50 hospitals both in India and in other countries, Acibadem Group from Turkey).

Countries who are wishing to develop medical tourism industry can contribute to the growth of their health system or develop partnerships with multinational players. Private hospitals can develop partnerships with travel agencies and large brokerage companies. International accreditation can also contribute to the development of medical services. Extremely important are international partnerships between hospitals and universities (e.g. Harvard Medical International, John Hopkins Hospitals).

National Strategies - a series of national government agencies and political initiative seek to stimulate and promote medical tourism in their countries. Many countries see a significant economic potential in medical tourism. Governments in India, Singapore, Malaysia, Hungary, Poland, Malta and Turkey are seeking to promote the benefits of medical tourism destinations at international trade fairs, advertisement in the press in other countries and official support for various medical activities as part of economic policy tourism development.

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