

Travelling for health:

The potential for medical tourism

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Introduction

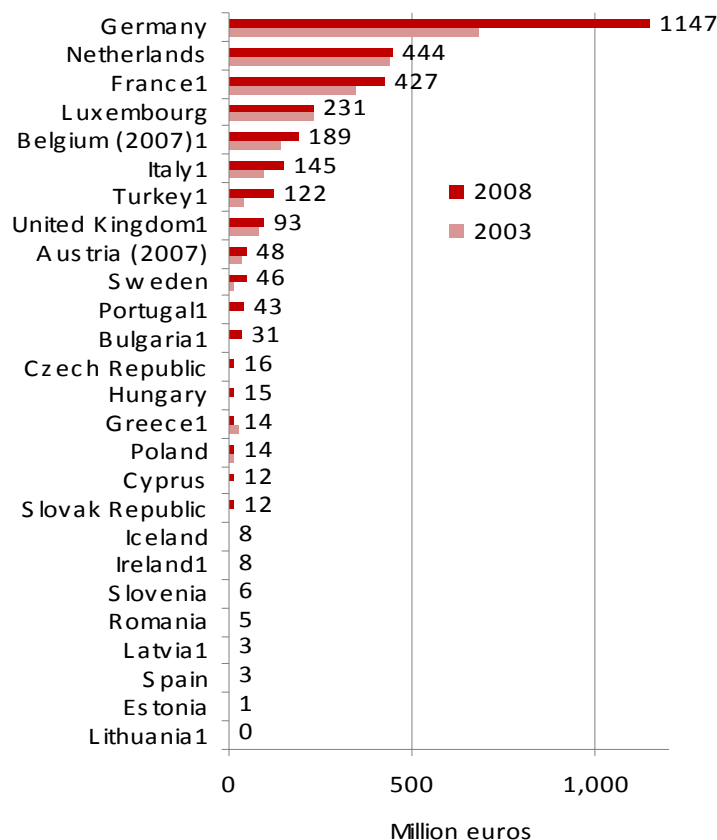


- **Market size:** Medical tourism is not new, but it is growing.
- **Global shift:** The flow of travel from developed to developing world.
- **Marketing:** How developing countries are targeting the industry.
- **EIU ranking:** Why some countries are better placed to benefit than others.
- **US, Europe and Asia trends:** The effect of healthcare reforms, budget cuts, and growing wealth.
- **The barriers:** The need to harmonise standards and regulations.

Market size



Imports of health services and goods, €million, 2003 and 2008



Source: OECD

- Numbers are hard to come by, because of definition and collection problems.
- McKinsey report (2008) put total global patients at just 85,000, but widely rejected by the industry.
- Deloitte report estimated 878,000 US travellers in 2010 and predicted this would rise to 1.6m in 2012.
- OECD is setting up a system to harmonise data.
- Two types of medical tourism – for elective and essential care.

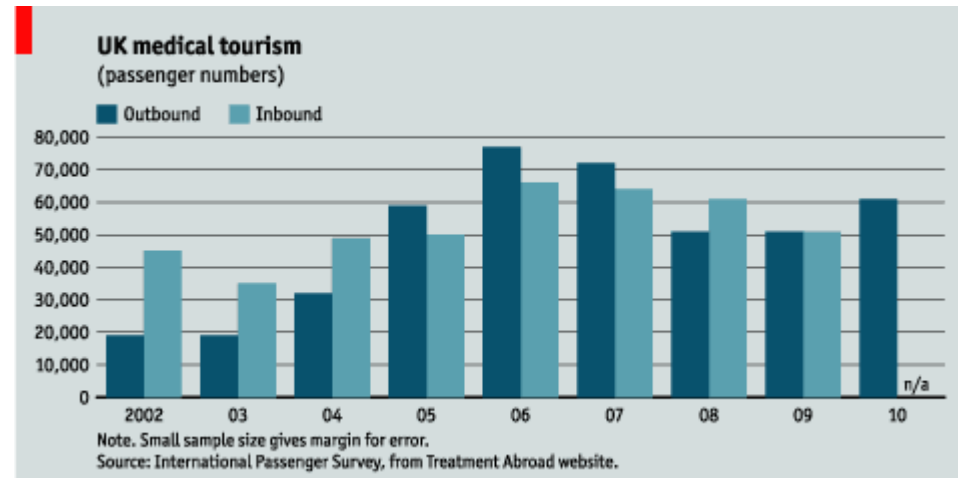
The flow of travel



- Used to be from developing countries to developed.
- Now increasing outbound travel from developed countries.
- Vulnerable to economic trends

Driven by:

- Search for expertise
- Development of the internet
- Lower air fares
- International migration and travel
- International medical workers
- Governments targeting the sector
- Rise of facilitator firms



And above all, costs...



Cost of procedures in various locations (US\$)

Procedure	South-eastern US, average charge	Anadolu Medical Centre, Turkey	Apollo Hospitals, Bangalore and New Delhi, India	Bumrungrad International, Thailand	CIMA Hospitals, Mexico
Heart bypass	144,317	12,000-17,000	8,500-10,500	23,000-25,000	30,000-33,000
Heart valve Replacement	177,665	14,000-16,000	9,500-13,000	22,000-24,000	32,000-33,000
Hip Replacement	100,047	11,500-13,000	7,000-9,500	11,000-14,000	11,500-12,500
Knee replacement	65,918	10,000-11,000	8,000-10,000	10,500-14,000	10,000-11,000
Spinal fusion	103,761	6,200-7,200	7,500-10,000	9,300-10,000	14,750-16,000

Source: USAID, 2009, Companion Global Healthcare. (www.CompanionGlobalHealthcare.com)

Developing attractions



Around 50 countries have identified medical tourism as a strategic industry.

Brings in tax revenues, creates jobs.

Develops local healthcare system.

Some countries are developing niches:

- China, South Korea: stem cell treatments
- Thailand: sex changes
- India, Turkey: fertility treatment
- Hungary, Poland: dental care
- Cuba: eye treatment

Driven (particularly in Asia) by private sector providers.

Which are best-placed?



Medical tourism ranking: Potential by country				
Overall	Country	Healthcare system	Environment	Low costs
1	France	8	1	35
2	Mexico	19	32	4
3	US	2=	4	48=
4	Taiwan	23	26	13
5	Poland	28	19	21
6	Germany	2=	2	53
7	Bulgaria	41=	34	2
8	Sweden	39	6	24
9	Belgium	12	14	38
10	South Korea	9=	27	30
11	Greece	11	28	31=
12	Netherlands	29=	5	37
13	Canada	22	11	40
14	China	15	31	28
15	India	20=	43	8

Source: Economist Intelligence Unit.

- Mixed of developed and developing countries.
- European countries well-placed, but not geared up.
- Mexico benefits from proximity to US.
- India ranks below China, but that may be misleading.

Healthcare system = doctors, hospital beds and private healthcare spending.

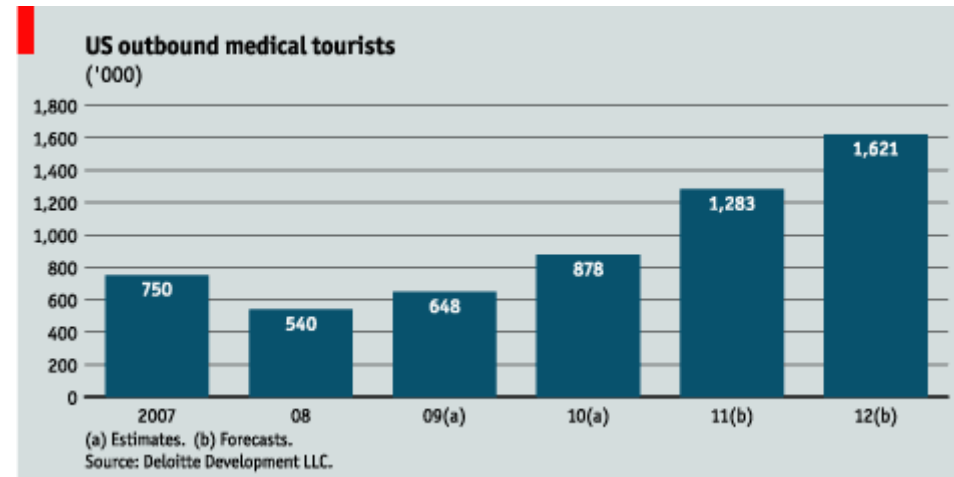
Environment = risk ratings, tourism indicators, wealth levels, business environment.

Low costs = price of x-rays, dentists, doctor consultations, unit labour costs.

US unique



- **US healthcare reforms** will increase the number of insured, but will also lead to greater cost pressures.
- **Private insurers** such as Blue Shield of South California and Aetna offer travel as an option. The states of Colorado and West Virginia tried to.
- American Medical Association **guidelines** may be blueprint for further legislation.



The European Directive



Medical tourism potential: Ranking out of 60 countries

	Country	Medical system	Environment	Low costs
5	Poland	28	19	21
7	Bulgaria	41=	34	2
17	Hungary	29=	25	29
20	Ukraine	16	46	12
27	Slovakia	47	29	16
30	Romania	46	33	14
41	Czech Republic	40	22	45
43	Russia	1	39	54

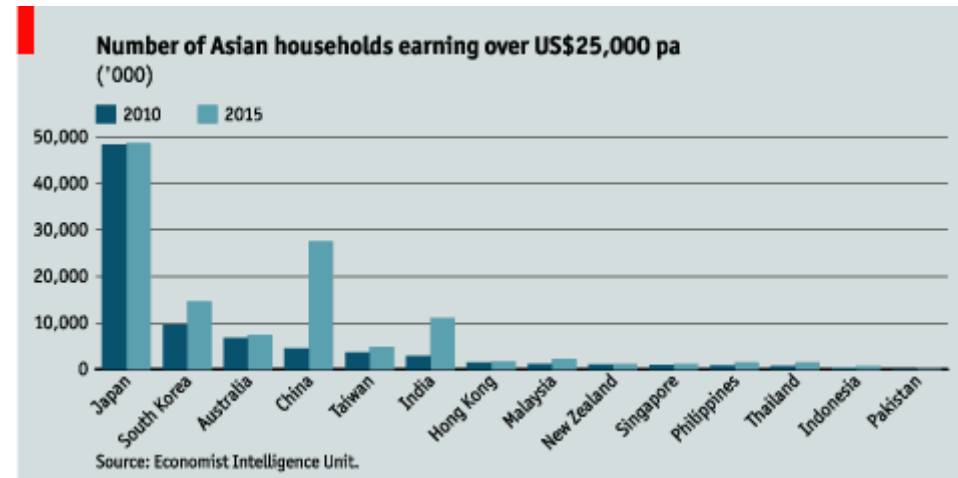
Source: Economist Intelligence Unit

- Most of Europe offers universal healthcare, publicly funded or subsidised. But medical tourism growing nonetheless.
- Spending cuts give patients and payers an incentive to consider medical tourism.
- European Directive on Cross-Border Medical Care paves the way. Passed January 2011, comes into effect 2013.
- Eastern Europe well-placed to benefit from flow from Western.
- If healthcare market develops, West European providers may target industry too.

Asian dreams



- **Growing wealth levels** mean middle class can now afford better medical care.
- **Public healthcare system** are underdeveloped, though improving.
- **Governments are targeting medical tourism** as a growth sector.
- **Private sector hospitals** are consolidating rapidly.



The barriers



Risks for patients:

- Quality of care;
- Continuity of care;
- Difficulty of legal redress.

Risks for governments:

- Two-tier medical system;
- Skewed priorities.

Solutions for patients:

- Accreditation and inspections;
- Investment in IT systems, agreements on responsibilities;
- Insurance policies, harmonisation of legislation.

Solutions for governments:

- Better business-government cooperation;
- Incentives and conditions to encourage trickle-down.



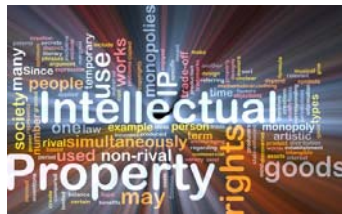
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Traveling for health



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Thank you.

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