

The Future of Medical Tourism: Is Healthcare Shopping in Reverse?

Companies have to evaluate potential markets at global level to find opportunities and enlarge customer base

12 million patients across the world travel for treatment to other countries, perhaps 1 million of them are Americans, according to Patient beyond Borders, a consumer resource centre for medical tourism. Medical tourism is the travel of patients to another country for the purpose of better medical treatment to save money and enjoy the occasion as a tourist spot. The government and insurers save billions if patients make a choice of medical tourism for cost saving measures.

<http://lotusmedicalinternational.com/Blog/2012/05/medical-tourism-market-grows-for-cost-conscious-patients/>

Major Procedures: Comparative Costs

As of 14 August 2011

Procedure	US Cost	Costa Rica	India	Malaysia	Mexico	Singapore	South Korea	Taiwan	Thailand	Turkey
Average Savings		40 to 65%	65 to 90%	65 to 80%	40 to 65%	30 to 45%	30 to 45%	40 to 55%	50 to 70%	50 to 65%
Coronary artery bypass graft - CABG	\$ 88,000	\$ 31,500	\$ 9,500	\$ 20,800	\$ 27,500	\$ 32,000	\$ 35,000	\$ 21,000	\$ 23,000	\$ 20,500
Valve replacement with bypass	\$ 85,000	\$ 29,000	\$ 8,500	\$ 18,500	\$ 23,500	\$ 29,500	\$ 33,000	\$ 18,000	\$ 22,000	\$ 20,000
Hip replacement	\$ 33,000	\$ 14,000	\$ 8,000	\$ 12,500	\$ 12,500	\$ 17,000	\$ 15,500	\$ 10,500	\$ 13,000	\$ 11,800
Knee replacement	\$ 34,000	\$ 9,500	\$ 7,500	\$ 12,500	\$ 10,500	\$ 16,500	\$ 18,500	\$ 12,000	\$ 11,500	\$ 12,000
Spinal fusion	\$ 41,000	\$ 17,000	\$ 9,500	\$ 17,900	\$ 16,200	\$ 20,500	\$ 22,000	\$ 18,000	\$ 16,000	\$ 16,500
IVF cycle	\$ 15,000	\$ 4,400	\$ 3,300	\$ 7,200	\$ 4,600	\$ 9,500	\$ 7,500	\$ 4,800	\$ 6,500	\$ 9,500
Gastric bypass	\$ 25,000	\$ 11,200	\$ 6,800	\$ 8,200	\$ 10,800	\$ 14,000	\$ 12,500	\$ 13,000	\$ 12,000	\$ 13,000
Facelift	\$ 14,500	\$ 4,800	\$ 3,500	\$ 4,900	\$ 5,400	\$ 6,200	\$ 5,900	\$ 5,600	\$ 4,700	\$ 4,800
Rhinoplasty	\$ 8,500	\$ 3,400	\$ 2,800	\$ 3,600	\$ 3,500	\$ 4,800	\$ 4,700	\$ 3,500	\$ 3,700	\$ 3,300

Notes

*US costs vary based on location, materials and equipment used, and individual requirements. Average rates reflect some discounts available to uninsured patients. Figures are averages and reflect more common incidence of cost. All figures are in US dollars.

**International estimates include all treatment related costs but exclude travel and accommodation. Figures are averages and reflect more common incidence of cost. All figures are in US dollars.

Industry insiders revealed that the expected growth has not matched the expectations. The reasons for slow growth of medical tourism are as follows.

- Patients haven't shown much interest because they receive the treatment at manageable price in their own country and prefer to stay home.

Evaluation of potential markets is necessary to find a feasible market. The market potential of all the individual markets in the world cannot be easily evaluated by prospective entrants. Therefore, the potential new entrants begin the evaluation process by screening out less lucrative markets and identify those countries that provide potential marketing opportunities.

- The expected savings through medical tourism has a potential risk of quality. For example, employees of Hannaford supermarket in the US did not avail the offer in spite of full reimbursement offered for hip and knee replacement at Singapore.
- Insurers are also reluctant to invest in medical tourism due to lack of reliable data and the size of opportunity is not attractive. For example, only less than 2% of patients have gone for medical tourism
- Insurers find choice of foreign hospitals, negotiating contracts and malpractice insurance and arranging follow-up care with local providers are very risky. American insurer could develop network with only one hospital 'Companion Global Health Care', a subsidiary of Blue Cross Blue Shield.
- Government promotion of medical tourism is seen as a policy failure to provide better healthcare to all citizens. For example, Liam Fox, the shadow health secretary, commented Britain government for not focusing on healthcare development in the country.
- The concept of medical tourism has provided an opportunity to hospitals rather than to patients, insurers and government in the name of reverse medical tourism.

Reverse Medical Tourism:

Foreign hospitals wanted to reverse the trend of medical tourism by going abroad to find patients in the name of reverse medical tourism. Many hospitals are opening their centers in foreign countries as follows.

- Cleveland Clinic in the US is opening a branch in Abu Dhabi. It has already been managing Sheik Khalifa Medical City in Abu Dhabi
- Parkway Health in Singapore has established hospitals across Asia
- Apollo Hospitals in India opened a branch in Maritius
- Narayana Hrudayala in India has entered into a joint venture with Ascension Health in the USA to build the Cayman Health City in Grand Cayman.

- Insurers have started negotiating with local reputed hospital for bulk rates to save medical expenditure. For example, PepsiCo, negotiated with Johns Hopkins in Maryland for better offers for its employees.

The future of medical tourism may take a turn towards reverse medical tourism to benefit patients, insurers and government.

The Most Popular Medical Tourism Destinations

- Antigua for addiction and recovery
- Barbados and Israel for fertility/IVF
- Brazil for cosmetic surgery
- Thailand for nearly all specialties
- Costa Rica and Hungary for dentistry
- India for orthopedics and cardiology
- Malaysia for health screenings
- Mexico for dentistry and bariatrics
- Singapore for cancer
- South Africa for cosmetics and cardiology
- Turkey for vision

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Topic	Course
Evaluation of potential markets: Global marketing strategies: Unit 23.4	Marketing Management

Source: *Why Healthcare Has Failed to Globalize*, *The Economist*, February 15, 2014