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# Medical Tourism – The New Face of Tourism

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**ABSTRACT**

*Tourism means when people move from one place to other for their recreation and pleasure. Medical tourism includes a component of medical and healthcare services along with its counterpart tourism services. It is a developing concept whereby people from all over the world visit India for their medical and relaxation needs. Most common treatments are cosmetic surgeries and dental cares. The reason India is a favorable destination is because of its infrastructure and technology in which is in par with those in USA, UK and Europe. India has some of the best hospitals and treatment centers in the world with the best facilities. Since it is also one of the most favorable tourist destinations in the world, Medication combines with tourism has come into effect, from which the concept of Medical Tourism is derived. India is promoting the "high - tech healing" of its private healthcare sector as a tourist attraction. India is rated amongst the world's top ten "must see destination" by Conde Naste Traveller, an international magazine with lot of reputation. Hopefully, today we are in a better position to sell our tourism services to the rest of the world.*

**KEYWORDS: Medical Tourism, Health care professionals, Foreign Direct Investment.**

## HEALTHCARE INDUSTRY

The health care industry is considered an industry or profession which includes peoples exercise of skill or judgment or the providing of a service related to the preservation or improvement of the health of individuals or the treatment or care of individuals who are injured, sick, disabled, or infirm. The delivery of modern health care depends on an expanding group of trained professionals coming together as an interdisciplinary team.

## MEDICAL TOURISM

Medical Tourism refers to movement of consumers to the country providing the service for diagnosis and treatment. During the past few years, the number of people going out of their home country to consume health services has significantly increased. The size of this market is estimated to be $40 billion based on a Saudi Report in 2000. During the past four years, the market grew at a whopping rate of 20-30% and is expected to grow further. Considering this growth the current market size is estimated to be $100 billion. Medical Tourism industry offers tremendous potential for the developing countries because of their low-cost advantage. The advantages of medical tourism include improvement in export earnings and healthcare infrastructure.

## WHY INDIA?

The countries where medical tourism is being actively promoted include Greece, South Africa, Jordan, India, Malaysia, Philippines and Singapore. India is a recent entrant into medical tourism. According to a study by McKinsey and the Confederation of Indian Industry, medical tourism in India could become a $1 billion business by 2012. The report predicts that: "By 2012, if medical tourism were to reach 25 per cent of revenues of private up-market players, up to 2,297,794,117 USD will be added to the revenues of these players". The Indian government predicts that India's $17-billion-a-year health-care industry could grow 13 per cent in each of the next six years, boosted by medical tourism, which industry watchers say is growing at 30 per cent annually.

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 No.1**
**The Comparative rates of surgeries**

| Surgeries | India ($) | USA ($) | UK (GBP) |
|---|---|---|---|
| Open Heart Surgery (CABG) | 7,500 | 100,000 | 21,400 |
| Total Knee Replacement | 6,300 | 48,000 | 25,700 |
| Hip Resurfacing | 7,000 | 55,000 | 24,100 |
| LA Hysterectomy | 4,000 | 22,000 | 11,800 |
| Lap Cholcystectomy | 3,000 | 18,000 | 9,600 |
| Spinal Decompression Fusion | 5,500 | 60,000 | 32,100 |
| Obesity Surgery (Gastric Bypass) | 9,500 | 65,000 | 34,800 |

Dental, eye and cosmetic surgeries in Western countries cost three to four times as much as in India. India has a lot of hospitals offering world class treatments in nearly every medical sector.

## MEDICAL TOURISM AS AN INDUSTRY

Medical tourism can be broadly defined as provision of 'cost effective' private medical care in collaboration with the tourism industry for patients needing surgical and other forms of specialized treatment. This process is being facilitated by the corporate sector involved in medical care as well as the tourism industry - both private and public.

## BENEFITS OF MEDICAL TOURISM

### Tangible

Foreign exchange earrings which enable economic wealth of nation

- Cost Advantage in Tariff over the Developed countries
- Improve information sharing
- Increase in efficiency of patient care process, cutting edge treatment.
- Improvement in hospital supply chain efficiency
- Strategic alliances with business partners within and outside the country
- Technology and Knowledge Transfer
- Better logistics performance both in internal and external
- Creation of employment opportunities in the industry
- Better utilization of Infrastructure and skilled manpower
- Opportunity for development in Infrastructure in Health, Tourism and Travel.
- Economies of scale.
- Connectivity with air, road, rail and information and communica tion industries
- Clustering of medical Travelers
- Health opportunities for foreign patients may lead to better standards at home.
- Scope for Research and Development to offer comprehensive medical solutions.

### Intangible

- International acceptance of country as a global healthcare provider
- Social and cross cultural experience
- International customer relations
- Global Marketing and Medical Trade relations
- Brand image of nation as world-class healthcare destination.
- Competitive advantage
- Better coordination among the partners i.e. hospital and hospitality industry.
- Public and Private Partnerships
- Patient satisfaction

## MEDICAL TOURISM IN INDIA – THE CURRENT SCENARIO

Medical Tourism is poised to be the next Indian success story after In-

formation Technology. According to a Mckinsey-CII study the industry's earning potential estimated at Rs.5000-10000 Crores by 2012. Worldwide, healthcare is said to be a $3-trillion industry, and India is in a position to tap the top-end segment by highlighting its facilities and services, and exploiting the brand equity of leading Indian healthcare professionals across the globe.

"Medical Tourism", the term refers to the increasing tendency among people from the UK, the USA and many other third world countries, where medical services are either very expensive or not available, to leave their countries in search for more affordable health options, often packaged with tourist attractions.

More importantly, Medical Tourism is growing rapidly and turning out to be an immense business opportunity for nations that are positioning themselves correctly. Last year, just five countries in Asia – Thailand, Malaysia, Jordan, Singapore and India- pulled in over 1.3 million medical travelers and earned over $1billion (in treatment costs alone). In each of these nations, medical travel spends are growing at 20% plus year-on-year. Elsewhere around the world, Hong Kong, Lithuania and South Africa are emerging as big medical/healthcare destinations.

## HEALTH TOURISM IN INDIA – ADVANTAGES AND OPPORTUNITIES

The inflow of health tourists from the West, especially the UK, US and some of the European countries has been on the rise for the last couple of years. Price difference or affordability of the treatment, coupled with quality of doctors are the main reasons for the growing western traffic.

The quality of Indian hospitals has improved significantly and now matches with the best in any part of the world. India has more than 100 healthcare institutions, which are of international standard.

Many hospitals in India today have the infrastructure and equipment that match with the best centers in the world, be it transplantations(liver/kidney/heart or bone marrow), cancer treatment, including radiotherapy, neurosurgery, including sterotactic surgery., angioplasty and cardiac surgery (bypass and paediatric)

Public-Private Partnership combines internal hospital expertise with supply chain and logistics expertise.

The SWOT analysis of Indian medical tourism business is:

**Table No.2**

| Strength | Weaknesses |
|---|---|
| 1) Quality of service<br>2) Exquisite Locations<br>3) Alternative medical cures like Yoga, Homeopathy and Ayurveda. | 1) Lack of infrastructure<br>2) Lack of uniform pricing policy<br>3) Poor infrastructure in Govt. Aided hospitals<br>4) Lack of proper Institute on medical Instrumentation. |
| Opportunities | Threats |
| 1) Impact on Forex reserve<br>2) Contributions in GDP<br>3) Sharp rise in medical as well as tourism Industry. | 1) Foreign players may enter into the market<br>2) Lack of foreign accreditation |

## ROLE OF GOVERNMENT

The role of Indian Government for success in medical tourism is two-fold:

Acting as a Regulator to institute a uniform grading and accreditation system for hospitals to build consumers' trust.

Acting as a Facilitator for encouraging private investment in medical infrastructure and policy-making for improving medical tourism.

**For facilitating investment the policy recommendations include:**

- Recognize healthcare as an infrastructure sector, and extend the benefits under sec 80-IA of the IT Act. Benefits include tax holidays for five years and concessional taxation for subsequent five years.
- The government should actively promote FDI in healthcare sector.
- Conducive fiscal policies - providing low interest rate loans, reducing import/excise duty for medical equipment
- Facilitating clearances and certification like medical registration number, anti-pollution certificate etc.

The above measures will kick-start hospital financing, which is struggling now due to capital intensive and low efficiency nature of healthcare business.

**For facilitating tourism the government should:**

- Reduce hassles in visa process and institute visa-on-arrival for patients
- Follow an Open-Sky policy to increase inflow of flights into India
- Create Medical Attachés to Indian embassies that promote health services to prospective Indian visitors

## GOVERNMENT PLANS FOR ATTRACTING MEDICAL TOURISM TO INDIA

To promote growth in the Indian medical travel industry, the Indian government has plans to improve health infrastructure. The government is currently in the process of increasing the number of hospitals, clinics, and clinical laboratories in urban as well as rural parts of the country. Incentives and tax holidays are being offered to hospitals and dispensaries providing health travel facilities.

The Indian medical travel and health care sector offers plenty of opportunities for businessmen, medical equipment manufacturers, healthcare service providers, and tourist agencies, and the government is encouraging them to invest in therapeutic and preventive health services so as to increase medical travel to India. The government has published analytical reports on the available opportunities in the Indian health care industry so corporate houses can make informed decisions regarding the Indian medical tourism sector.

## PRICE

The price range offered by the Indian medical industry is unbelievable because India offers the most reasonable prices. India is not only cheaper but the waiting time is almost nil. This is due to the outburst of the private sector which comprises of hospitals and clinics with the latest technology and best practitioners.

**Table No.3**

| PROCEDURE CHARGES IN INDIA & USA | US (USD) Approx | India (USD) Approx |
|---|---|---|
| Bone Marrow Transplant | USD 2,50,000 | USD 69,200 |
| Liver Transplant | USD 3,00,000 | USD 69,350 |
| Heart Surgery | USD 30,000 | USD 8,700 |
| Orthopedic Surgery | USD 20,000 | USD 6,300 |
| Cataract Surgery | USD 2,000 | USD 1,350 |
| Smile Designing | USD 8,000 | USD 1,100 |
| Metal Free Bridge | USD 5,500 | USD 600 |
| Dental Implants | USD 3,500 | USD 900 |
| Porcelain Metal Bridge | USD 3,000 | USD 600 |
| Porcelain Metal Crown | USD 1,000 | USD 100 |
| Tooth Impactions | USD 2,000 | USD 125 |
| Root Canal Treatment | USD 1,000 | USD 110 |
| Tooth Whitening | USD 800 | USD 125 |
| Tooth Colored Composite | USD 500 | USD 30 |
| Fillings / Tooth Cleaning | USD 300 | USD 90 |

## PROCEDURE CHARGES IN INDIA & UK

Significant cost differences exist between UK and India when it comes to medical treatment. Accompanied with the cost are waiting times which exist in UK for patients which range from 3 months to over months.

**Table No.4**

| Procedure | UK (USD) Approx | India (USD) pprox |
|---|---|---|
| Open Heart Surgery | USD 18,000 | USD 4,800 |
| Cranio-Facial surgery and skull base | USD 13,000 | USD 4,500 |
| Neuro- surgery with Hypothermia | USD 21,000 | USD 6,800 |
| Complex spine surgery with implants | USD 13,000 | USD 4,600 |
| Simple Spine Surgery | USD 6,500 | USD 2,300 |
| Simple Brain Tumor -<br>Biopsy - Surgery | USD 4,300<br>USD 10,000 | USD1,200<br>USD 4,600 |
| Parkinsons -<br>Lesion - DBS | USD 6,500<br>USD 26,000 | USD 2,300<br>USD 17,800 |
| Hip Replacement | USD 13,000 | USD 4,500 |

**PROMOTIONAL ACTIVITIES TO PROMOTE MEDICAL TOURISM**

- CME ( Continuous medical education for doctors)
- Patient Education Progress
- Free health Checkup camps.
- Tie ups with various hospitals and insurance companies abroad.
- Participation in Health Expo's abroad.
- Tie ups with Embassies.
- Advertisement campaigns.
- Nodal centers in other countries.
- Reduction of Excise duty from 17% to 8% on all goods produced in the pharmaceutical sector as per the Budget 2008-2009.

**FACTORS ENHANCING MEDICAL TOURISM IN INDIA**

**a) Cost Competitiveness – The Key driver**

The main reason for India's emergence as a preferred destination is the inherent advantage of its healthcare industry. Today Indian healthcare is perceived to be on par with global standards. Some of the top Indian hospitals and doctors have strong international reputation. But the most important factor that drives medical tourism to India is its low cost advantage. Majority of foreign patients visit India primarily to avail of "First World Service at Third World Cost".

**Fig.1**

| | Treatment Costs ($) | | |
|---|---|---|---|
| Type of Procedure | United States | India | Thailand |
| Bone Marrow Transplant | 400000 | 30000 | 62500 |
| Open Heart Procedure | 50000 | 4100 | 14250 |
| Knee Surgery | 16000 | 4500 | 7000 |
| Eye Surgery | 3100 | 7000 | 730 |
| Facelift | 8000-20000 | 10000-20000 | 2682 |

*Table 1: Source: Business World India and Indian Brand Equity Foundation*

**Source: Business World India and Indian Brand Equity Foundation**

As the table above shows, India has significant cost advantages in several health procedures making it a preferred destination

b)The Service Spectrum

India offers a variety of services for overseas patients. The table below presents a classification of the service spectrum.

**Fig.2**

| | Wellness Tourism | Alternative Systems Of Medicine | Cosmetic Surgery | Advanced And Life Saving Healthcare |
|---|---|---|---|---|
| Services Offered | Spas, Stress-Relief, Rejuvenation Centers | Ayurvedics, Siddha, treatment for diseases e.g. Arthritis, Rheumatism | Dental Care, Plastic Surgery, Breast Enhancement, Tummy Reduction, Skin Treatment | Organ Transplants, Cardio-Vascular Surgery, Eye Treatment, Hip Replacement, In-Vitro Fertilization |
| Profit Margins | Low | Low | Modium | High |
| Key Competitors | Thailand, South Africa | — | South Africa, Cuba, Thailand | Singapore, Jordan, Thailand, Malaysia |
| India's Strength | Low – Thailand has captured a significant share of the market | High – Kerala is popular for this service | Low – South Africa and Thailand lead in plastic surgeries. Cuba specializes in skin treatments | High – India has strong brand equity. Jordan has a strong presence in middle-eastern market |

**c) Consumer Profile**

The demand for Indian healthcare services primarily comes from three types of consumers. The table below presents the profile of these three consumer groups:

**Fig.3**

| GROUP | Description | Countries | Demand Driver |
|---|---|---|---|
| I | Non-Residential Indians | Numbering 20 million across the world | Low Cost Healthcare combined with trip back home |
| II | Patients from Countries with Underdeveloped Facilities | Nepal, Burma, Bangladesh, African Countries, Middle East Countries, Latin America | Quality Healthcare at Affordable Prices. |
| III | Patients from Developed Countries | U.S, U.K, Canada | Low Cost of Healthcare, Capacity Constraints for Services in Home Country. |

Though tourism is not the primary need of these consumers, it offers additional attraction particularly for people traveling for cosmetic surgery and less complicated procedures.

KEY CHALLENGES BEFORE INDIAN MEDICAL TOURISM:

1) Lack of Government support to promote medical tourism
2) Lack Of medical Infrastructure
3) Lack of international accreditation
4) Perception among the foreign tourist as an unhygienic country
5) Strong competition from Malaysia, Thailand and Singapore

**CONCLUSION**

However, Medical tourism is the next best thing for India. According to the CII Mackinsey report, Medical Tourism in India is expected to bring revenue of over $2 billion by 2012.The object is to capitalise the low cost advantage and to attract medical tourist by providing attractive packages.

Medical Tourism in India is booming and can be witnessed by the huge number of International tourist visiting this region. India is one of the worlds most preferred region of the world in the case of medical tourism due to the low cost of treatment, no waiting time, approachability, tourists spots in India and other value added services. As the Indian economy of growing so worlds best hospitals are coming to India to encash the opportunity.

The healthcare industry has successfully managed to maintain the interest and attention of not only the Indian government, but also the common man. The top Indian hospitals such as Apollo, Escorts, Max, etc, are investing immense time, effort, manpower and money in their R&D. As a matter of fact, several new innovative products have been launched in the Indian market and have been patented.

The Indian consumer has ready access to new innovations in the field of health and medicine. The companies are constantly acquiring latest technology either through partnerships or developing them indigenously. The government is fully supporting the cause of state of the art infrastructure by providing support in setting up new hospitals and financing them.

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