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Recent Trends in Medical Tourism in India

KEYWORDS

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Introduction

The business of medical travel is promising. More than 130 countries around the world are competing for a pie of this global business. It is generally estimated that the present global medical tourism market is estimated to be approximately US$ 40 billion with an annual growth rate of 20 percent. The International Trade Commission in Geneva says that medical tourism could grow into a US$ 188 billion global business by 2013. "Medical Tourism", a term unknown until a few years ago, sounds paradoxical. Indeed, it is hard to imagine stronger polarity between two areas of social life, than that between tourism and hospitalization. Tourism, a voluntary leisure activity often perceived as a luminal reversal of everyday life (Graburn, 1977) and a time for hedonistic pleasure, free from obligations and external constraints, stands in sharp contrast to medical treatment and hospitalization. Two domains seem to be fundamentally incompatible. While tourism is associated with freedom and pleasure, hospital evokes images of constraints and sufferings. One does not visit a hospital unless one needs to. As a travel writer noted: "the dentist chair and the antiseptic smells of a hospital waiting room are synonymous with pain and a sense of helplessness. They just don't blend with travel and vacations" (Ross, 2001). However, during the last decade, the medical travel movement has accelerated sharply. The present phase of modern medical travel is characterized by an industry approach whereby uninsured and underinsured consumers from industrialized countries seek first-class quality at developing country prices, a trend commonly referred to as medical outsourcing. At the same time, the medical travel industry is increasingly grounded in tourism.

Well developed healthcare systems and advances in technology have supported medical travel among Western countries for many years. However, medical travel in Asia is relatively new, mostly emerging in the aftermath of the Asian financial crisis in 1997. With the middle-class clientele in many countries affected by the economic downturn, private hospitals were faced with a significant drop in local business. Hospitals needed to be creative in identifying alternative sources of revenue. Their first steps- into the international patient market were facilitated by their devalued currencies, providing an attractive combination of modern facilities and low prices.

Although primarily driven by the private sector, including hospitals and intermediary organizations such as specialized travel agencies utilizing competitive marketing initiatives, governments are increasingly contributing to the development of this industry in South Asia, South-East and East Asia. Asia represents the most potential medical tourism market in the world. According to a recent article on Hotelmarketing.com, Asia's medical tourism industry is expected to be worth at least $4 billion by the year 2012. Currently, an estimated 1.32 million medical tourists come to Asia from all over the world, including the U.S. and Europe (actually, quite a bit of the current travel comes from within the Asian region itself) (Vequist, Valdez and Morrison, 2009). India, with its low cost advantage and emergence of several private players, represents the fastest growing Market.

Healthcare sector in India

One estimate by Pricewaterhouse Coopers projects that the Indian healthcare sector should be worth about $40 billion by 2012. Indian Government's spend on healthcare is estimated to be 8 percent of its GDP by 2010 (Department of Tourism, 2006). Medical tourism remains the most obvious reason to be aware of Indian healthcare resources. Medical tourism is a growing sector in India. In 2008 the size of the industry was around Rs. 1,500 crores. India's medical tourism sector is expected to experience an annual growth rate of 30 percent, making it a Rs. 9,500 crore industry by 2015. Estimates of the value of medical tourism to India go as high as $2 billion a year by 2012.

Indian Brand Equity Foundation (IBEF) suggests that the Indian healthcare sector is expected to become a US$ 280 billion industry by 2020 with spending on health estimated to grow 14 percent annually. Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 percent by 2012 from 5.5 percent in 2009.

Many countries have adopted a proactive approach for medical tourists and are facilitating it as a revenue generating business. The Indian government has begun. to recognise the potential of tourism to Indian economy and has begun to invest in tourism infrastructure (Diekmann, 2011) .

Reasons for medical travel

There are several reasons for the increase in medical travel. First, the demographics of the developed nations are causing a significant increase in demand for health care. In Japan, the United States of America, the United Kingdom and many other European nations, the proportion of the population older than 60 years, in relation to the total population, is increasing rapidly. Similar trends are being seen in many countries across the world. At the same time, life expectancy in most countries has also increased steadily over the years; the combined result is significant strain on national health-care systems. The inability of many health-care systems to deal with the increase in demand does, in many cases, lead to compromised levels of service and decreased access through long waiting lists and high costs. This drives many individuals to seek alternatives to domestic health care.

Such alternatives can be found in the economically stratified global health-care marketplace (Turner, 2007), which offers everything from cutting-edge surgical procedures such as organ transplants to cosmetic procedures and wellness packages at a wide range of prices. As is the case in many economic sectors, outsourcing to more affordable health service provision abroad is increasing. Private health-care facilities in countries such as India, Malaysia, Philippines, Singapore and Thailand are utilizing the prevailing cost differentials, relative

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to countries such as Canada, the United Kingdom and the United States of America, to attract international customers who have the financial means to access medical care abroad. International accreditation and name recognition linked to quality care provision are laying to rest many of the concerns individuals may have, regarding professional competence, patient safety and quality in low-cost health care abroad. Combined with inexpensive air travel, low-cost telecommunications, digitized patient records, widespread access to information through the internet, and an increasingly sophisticated medical travel industry to manage all these processes on the patient's behalf, travelling abroad for medical treatment is an appealing alternative for uninsured or underinsured individuals.

The alternatives available through medical travel are not only within the reach of individuals in developed countries but also to the people from developing and least developed countries who have the financial means to find sophisticated and affordable medical care in neighbouring countries (UNESCAP, 2009).

Improving patient safety, medication, infection prevention and control, quality performance, and improvement and the environment of care is a primary concern for hospitals and medical facilities involved in medical tourism voluntarily seek JCI accreditation. In India Quality Council of India (QCI), an organization of Government of India has set up National Accreditation Board for Hospitals and Healthcare Providers (NABH). In a NABH accredited hospital, there is strong focus on patient rights and benefits, patient safety, control and prevention of infections in hospitals and practicing good patient care protocols like special care for vulnerable groups, critically ill patients and better and controlled clinical outcome. There are 16 JCI accredited and 63 NABH accredited healthcare providers in India. Advantages for medical tourists coming to India include reduced costs, the availability of latest medical technologies and a growing compliance on international quality standards, as well as the fact that foreigners are less likely to face language barriers in India. The Indian government is taking steps to address infrastructure issues that hinder the country's growth in medical tourism. Most estimates claim treatment costs in India start at around a tenth of the price of comparable treatment in America or Britain. The most popular treatments sought in India by medical tourists are alternative medicine, bone- marrow transplant, cardiac bypass, eye surgery and hip replacement. India is known in particular for heart surgery, hip resurfacing and other areas of advanced medicine.

Medical Tourist

The medical tourism industry is still evolving. Service providers are strategising to position their products for different targeted segments. Each such segment is being labelled as medical tourist. In the earlier days of the medical tourism, the wealthy people from developing and under-developed world travelled to developed countries to avail quality medical facilities that were not available in their own countries. Rich Indians travelled to US and UK for medical treatment. Recent years have witnessed a reversal in this trend. People from developed countries are travelling to developing countries offering comparable quality medical care. Reasons often cited are affordable costs and medical services available without wait or with a short wait. There is a growing demand for alternative therapies and therapies like Yoga and Tai chi that border wellness and might extend into the realms of spirituality. Further there are opportunities to combine medical treatment with leisure and vacationing.

Erik Cohen (2010) suggests a typology of medical tourists based on the extent to which medical treatments play an important role in tourists' motivations for and conduct on the trips, relative to vacationing. First is a Mere Tourists. This is an individual who does not make any use of medical services while vacationing in the host country. Second type is a Medicated Tourist who receives medical treatment for health problems incidentally occurring while in host country. Medical Tourist Proper, the third type, is an individual whose visit to the host country includes both tourism and medical treatment (for matters unrelated to the trip). Tourists travelling to the host country with the intention of receiving treatment while vacationing, as well as, those deciding on such treatment once in the country will fall within this category. A Vacationing Patient is an individual who visits the host country mainly to receive medical treatment, but makes incidental use of vacationing opportunities, especially during the convalescence period that follows the medical procedure. This is the fourth type. Finally, a Mere Patient visits the host country solely to receive the medical treatment, and does not make use of any vacationing opportunities.

A McKinsey (Ehrbeck, Guevara, & Mango, 2008) article suggests that though the market for medical travel has captured world's attention and imagination, it isn't as large as reported. It further mentions that most medical travellers seek high quality and faster service instead of lower cost. On the basis of quality of medical treatment, authors segment buyers into 5 discrete types. The largest segment is 40 percent of all medical travellers. They seek world's most advanced technologies. They are in search for high quality medical care available anywhere in the world, giving little attention to the proximity of potential destination or the cost of care. Example includes people travelling to developed countries for treatment. Second segment comprises of 32 percent market, include patients who seek better care then they could find in their home countries. They travel from under-developed and developing countries to developed countries. In selecting the destination, these patients generally trade-off perceived quality against burdens such as costs, distance and unfamiliar culture. The third segment, about 15 percent of the market, comprises of the medical patients who want quicker access to medically necessary procedure delayed by long wait times at home for orthopaedic and cardiac complications. 9 percent of the travellers represent the fourth segments that seek lower costs for medically necessary procedures. They seek to save significant part of the cost of treatment. The choice of destination for treatment is in accordance with the costs of treatment offered by the services providers. The last category representing a meagre 4 percent of market comprises of the patients seeking lower costs for discretionary procedures such as breast augmentation and reduction, liposuction etc. This segment seeks smaller but specialised service providers rather than larger multi-speciality hospital (see Figure 1.1).

Another report (UNESCAP, 2009) categorises medical travellers on similar lines into four categories. The first group includes patients from developed countries who do not have, or have inadequate, health insurance coverage. Many of these individuals come from Australia, Europe and Japan, a large number coming from the United States of America. The second group includes individuals, also primarily from developed countries such as Canada and the United Kingdom , who face long waiting lists for non-elective surgery and other critical procedures. In the United Kingdom, many individuals choose to pay for medical treatment abroad to avoid long waiting lists even though the national health-care system, in spite of being overstretched, ensures free treatment to all its citizens. The third group includes individuals looking for affordable cosmetic procedures. Many of these individuals come from Australia, Europe and Japan, with a significant number again coming from the United States of America. For example, most health insurance in the United States of America covers critical care, not cosmetic care and beauty treatments. The increased demand for surgical procedures such as facelifts, hair transplants, dental treatment and liposuction, as well as non-surgical procedures such as Botox and hair removal, and the relatively high cost of these procedures is driving many individuals to find more affordable alternatives abroad. The last segment of medical travellers includes individuals seeking quality assured- often specialized- care

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that is unavailable or in short supply in their own countries. A significant number comes from the Middle East. This last group also includes an increasing number of medical travellers from developing and least developed countries seeking better health-care infrastructure at affordable prices in their own neighbourhood.

A Deloitte (Yap, Chen, & Nones, 2008) report segments medical tourists on the basis of complexity of medical procedure/ treatment and the extent of follow-up care needed after leaving the country where the treatment was received (See Figure 1.2).

Tourism Research and Marketing (TRAM, 2006), typology of medical tourism broadly classifies health and medical tourism into 4 categories- treatment of illness generally referred to as medical tourism; enhancements which include cosmetic surgeries; wellness tourism which focuses on spa and alternate therapies; and, reproduction which is increasingly called fertility or birth tourism. Another research (Chen, Kuo, Chung, Chang, Su, & Yang, 2010) classifies medical tourists segments on similar lines. First segment seeks low-risk procedures with high price differential and long stay after retirement; second is the segment that requires high-risk procedures with less attention to price difference. Third and last is the group of medical tourists who seek banned procedures that are not allowed legally in home countries of foreign patients, such as stem cell therapy.

It is therefore often difficult to define the market and determine the size. One, there is a large number of expatriates who have been living in India for a long time. They might hold insurance policies from the host country or might be covered by some other type of security. Many of them are earning in India and therefore pay in Rupees like any other domestic medical tourists. Many service providers tend to use a differential pricing policy for international medical tourists. Many expatriates have friends and visitors who register themselves as domestic patients. Similarly, there are many non-resident Indians (NRIs) and persons of Indian origin (PIOs) who seek medical treatment as domestic patients while on holiday back home. Further, nationals of neighbouring countries with or without relatives in India also present themselves as resident patients. Similarly there is a segment of tourists who give ayurveda, yoga and similar therapies a try for sake of excitement rather than expressively requiring a medical treatment. Can they be treated as medical tourists? Similarly a very small percent of tourists may require medical attention incidentally (Cohen's type 2). Can they be considered as medical tourists?

CONCLUSION

Further there are huge medical establishments who cater only to affluent segments of Indians from other states. Examples are select hospitals in Mumbai who cater to Gujratis, Marwaris and Parsis. They are reluctant to cater to international tourists where they would have to undergo the hassle of accreditations, documentation, etc. This is large domestic medical tourists segment that is not accounted for in the definition of the market.

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