

Medical Tourism- An Emerging Service Industry

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Abstract

India has positioned itself as an inexpensive destination for medical treatment compared with US, Europe and middle east countries. The vast pool of medical professionals spending private health care infrastructure, growing technological expertise, cheaper medical procedures, world class health care infrastructure and government support is encouraging and boosting the medical tourist arrivals.

The cost of medical treatment and hospital queues in western countries is increasing the demand for medical tourism in India. The country recognizes the value of medical tourism as an innovative new business that can attract new foreign capital as high value product. The government is providing full assistance to this service industry.

This paper discusses the pros and cons of medical tourism and argues that while medical tourism has potential to provide economic and employment opportunities in India, there are also questions of equity and justice that need to be addressed by the Indian government to promote affordable health care to its citizens.

Keywords: Medical Tourism, Service Industry, High Value Product, Equity and Justice, Attractions

Introduction

The tourism phenomenon has attracted almost the entire world. Those responsible for managing the affairs of nations have universally recognized the economic advantages of tourism. Tourism is a painless procedure for transfer of resources from industrially capital surplus developing countries to low income developing countries. It is a very important source of maximizing scarce foreign exchange earning not only for developing countries but also the third world countries (A. K Bhatia)

Global phenomenon of Health Tourism

The global growth in the flow of patients, health professionals along with medical technology, capital funding and regulatory regimes across national borders have given rise to new patterns of consumption and production of health care services over recent decades. A significant new element of a growing trade in health care has involved the movement of patients across borders in pursuit of medical treatment and health; a phenomenon commonly termed as 'Medical tourism'.

The medical treatment may span the full range of medical services but most commonly may include dental care, cosmetic surgery, elective surgery and fertility treatment. There has been a shift towards patients from richer and developed countries to less developed nations to access health services largely driven by the low cost treatment available in the latter. This is further supported by cheap flights and internet as a source of information.

The Present Scenario

With the advent of 21st century the concept of medical tourism has become a journey that patients undertake from one country to another to get cost effective and efficient medical treatment followed by a great vacation at some of the most beautiful locations. Thus it is an amalgamation of two distinct services-health care and tourism.

India is one the major players in medical tourism. It hosts about 1.27 million medical tourists from industrialized countries like UK, USA and Canada and from its neighboring countries such as Bangladesh, Srilanka and China. Its foreign exchange earnings from medical tourism is estimated to be around US \$ 1.8 billion but it faces intense regional competition from Malaysia, Singapore and Thailand. (Medical Tourism in India: Progress, opportunities and challenges; K R Shannugam).

India offers world class health care that costs substantially lesser than that in developed countries attaining similar success rates. Indian hospitals do not face problems with technical skills because they acquire these by leveraging the soft skills of their employees. The role of various stake holders in promoting health care and building the Indian economy is valued. An effective environment and network is thereby created by health care managers for building professional competency.

India's effort to promote medical tourism took off in late 2002 when MCKINSEY-CII (2002) study outlined immense potential of this sector. In the same year, the ministry of tourism started "Incredible India"- the government's big budget market campaign to attract tourists. In the following year the finance minister Jaswant Singh called for the country to become a "Global health destination" and urged for improving airport infrastructure for smooth transportation of medical tourists.

India's medical tourism sector is expected to experience an annual growth rate of 30% making it a \$2 billion industry by 2015. As medical treatment costs in the developed world are ballooning, with the United States leading the way-more and more westerners are finding the prospect of coming to India for medical care more appealing. An estimated 1,50,000 tourists travel to India for low priced health care procedures every year.

Aim of the Study

The aim of the paper is to highlight the problems faced by the medical tourist in India and to suggest the ways and means to be adopted by the Government to overcome the above problems.

Medical Tourism in India Wikipedia Attractions

Medical Tourism provides the advantages of medical treatment at reduced costs making available latest medical technologies with international quality standards. An added advantage is 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. The government has removed VISA restrictions which was hindering the movement of medical tourists. Earlier a two months gap was required between two consecutive visits for people from gulf countries. A visa-on-arrival scheme was started for tourists which allows foreign nationals to stay in India for 30 days for medical reasons. In Noida, which is fast emerging as a hotspot for medical tourism, a number of hospitals have hired language translators to make patients from the Balkan and African countries feel more comfortable, while at the same time helping in the facilitation of their treatment.

The government of India is now setting up a new body which will have several stakeholders, represented by ministry officials, hospitals, medical experts and tour operators. This body will streamline medical tourism process across the country.

Most estimates suggest that costs in India start at around one tenth of the price as compared to treatment in America or Britain. The most popular treatment sought in India by medical

tourists are alternative medicine, bone-marrow transplant, cardiac bypass, eye surgery, and hip replacement. Lower treatment cost, does not necessarily mean lower health care standards. There are already 21 JCI accredited hospitals in India and the number is growing. However, for patients travelling to India, it is important to find the optimal Doctor-Hospital combination. Once the patient is being treated, he has the option of either recuperating in the hospitals or at a paid accommodation nearby. Hospitals also give the option of continuing the treatment through telemedicine.

The ministry of health and family welfare has set up National Accreditation Board for hospitals. The government declared medical tourism as services export so that this sector avails tax concessions. This industry has also taken many initiatives like health centers tying up with travel/tour operators to provide health care tourism as a single service package. Some hospitals are focusing on cost-effective-customer oriented technology. Health care centers are increasingly participating in international trade fairs/exhibitions to promote medical tourism.

Soaring medical costs, high insurance premiums, long waiting lists and large number of uninsured people in advanced countries force them to be medical tourists. The insurance companies and employees also prefer to send patients to India in order to reduce health care expenses.

The main opportunity presented by medical tourism is its contribution to the growth of health economies. It is a major source of foreign exchange earnings and stimulates economic growth in other sectors including tourism transport, pharmaceuticals, hotels and restaurants. The labor intensive nature of the tourism industry make it an excellent generator of employment. Competition in the global health market is leading to technological progress and improved medical structure.

Private hospital chains such as Apollo, Fortis, Max healthcare and Workhard first promoted medical tourism in India. What started as a corporate initiative of few hospital chains and business entrepreneurs soon became a national economic strategy. India now classifies care of International patients as an "export" product. Hospitals in India benefit from reduced tariffs on imported medical devices such as diagnostics imaging systems, low corporate taxes, government investments in local transportation infrastructure and airport hubs. Medical visas "enables visitors from other countries to stay in India for extended periods for treatment and recovery.

Provinces such as Goa and Kerala advertise regional medical tourism initiatives. Hospital management teams, airline executives, private equity funds, venture capitalists information technology firms and tourism agencies-all support India's national medical tourism initiative. Extremely low wages enable private health care facilities to

be provided to tourist at prices for below the rates found in other nations.

All these factors have favored the recent spurt of growth of medical tourism. Official figures indicate that the medical tourists from 55 different countries come to India for treatment. Most of the patients are from developed countries. Among others foreign health travelers to India comprise

of a large number of non-residents of India. If the present trend continues, trade in health services will become one of the biggest sectors in India. The health administrators of India such as the Department of Health, Department of Family Welfare and the Department of AYUSH (Ayurveda, Unani, Siddha and Homeopathy) provide high quality treatment with minimum cost.

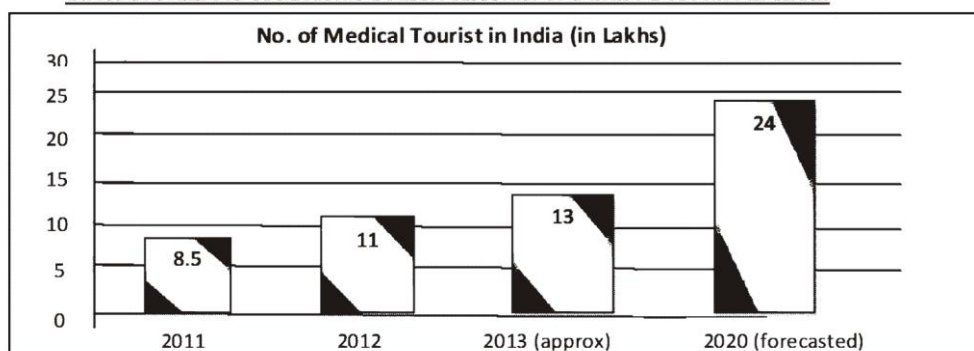
Table 1
Medical Tourists and Revenues Up to 2015 in India : Projected

Details	2010	2011	2012	2013	2014	2015
Scenario 1 (10 Percent Growth)						
Medical Tourists (million)	0.75	0.83	0.91	1.00	1.10	1.21
Revenues (US \$ million)	1067.5	1174.3	1291.7	1420.8	1562.9	1719.2
Scenario 2 (20 Percent Growth)						
Medical Tourists (million)	0.75	0.90	1.08	1.30	1.56	1.87
Revenues (US \$ million)	1067.5	1281.0	1537.2	1844.6	2213.6	2656.3
Scenario 3 (30 Percent Growth)						
Medical Tourists (million)	0.75	0.98	1.27	1.65	2.14	2.78
Revenues (US \$ million)	1067.5	1387.8	1804.1	2345.3	3048.9	3963.6

Table2
Medical Cost Comparis on between India and other Countries (in US\$)

Medical Treatment	USA	Thailand	Singapore	India
Heart Bypass	144000	24000	13500	8500
Angioplasty	57000	13000	11200	5000
Heart Valve Replacement	170000	11000	12500	9000
Hip Replacement	50000	12000	9200	5800
Hip Resurfacing	50000	16000	12100	8000
Knee Replacement	100000	10000	110000	6200
Spinal Fusion	2000-10000	7000	9000	5500
Dental Implant	30000	3000	2900	700
Lap Band	10000	12000	12000	7500
Breast Implants	80000	4500	5400	4500
Rhinoplasty	15000	3400	2700	3500
Face Lift	15000	6600	5000	5000
Hysterectomy	15000	4500	6000	6000

Table 3: Number of Medical Tourist Arrivals & Future Forecast in India



The Question of Equity and Justice

The paper discusses the pros and cons of medical tourism and argues that while medical tourism has potential to provide economic and employment opportunities in India, there are also questions of equity and justice that need to be addressed by the Indian government to promote affordable health care to its citizens. India is emerging as an important destination of medical tourism and it is, therefore, important to understand and justify the implications of medical tourism for domestic population. Earnings from medical tourism are increasing rapidly by diverting the scarce domestic resources to the corporate health industry which is resulting in an increase in their profit margin. The growth of the medical tourism in private sector is at the cost of public sector. This is reflected in the rise of GDP share of the private sector. This is leading to the worsening of conditions of the majority of people of India.

Implications of Medical Tourism the slogan "First world treatment at third world prices" has been highlighted for medical tourism in India (Gupta 2004). It is pertinent to understand the critical issues of medical tourism and its bearing on health care of its domestic population. The argument that the Indian corporate hospital prices are lower is true. But for a domestic patient, the cost of treatment in a five star hospital is beyond reach. A comparative analysis of prices among different layers of hospitals for doing the same procedure in the cities of Chennai, Hyderabad and Mumbai reveals that charges in costly hospitals are three to four times higher than those in ordinary private hospitals. Apart from the cost advantages the inequities in the exchange rate value makes a phenomenal amount of difference in costs for foreign tourists. A similar kind of anomaly is apparent in India between urban and rural areas where incomes are skewed in favor of the former. The urban centric corporate hospitals are drawing away the best qualified personnel from the public sector. This absorption by private corporate is at a huge costs to public health services as it is degenerating the quality of public health services. Another casualty of corporatized health system is ability to change the preference of individuals through what is called "Demonstration Effect". In a market oriented economy, quality is equated with costs (Anita 1989).

The resource starved public sector cannot afford fancy buildings, hi-tech equipments to provide quality to the consumers. A rethinking needs to be done regarding 'What constitutes quality care? The establishment of a corporate hospital leads to a higher cost in the entire market because other hospitals may try to emulate the higher cost in the hope that in doing so they will be considered at par with the corporate hospitals even in quality.

The concept of heavily medicalised and high-tech curative medical interventions with huge inequality in access to care for the majority is against the fundamental principles of historic declaration likes Alma Atta, to which India is a signatory set out a holistic socio-economic

and epidemiological view of population (public) health catering to the needs of developing countries. The document favored "Health for All" with least cost but currently the emphasis under corporatized health care is fully on heavy capital intensive medical technologies. It is seen that in majority of medical technology assessment safety and efficacy are included and equity aspect of technology is avoided. If the required emphasis is not given to the diffusion and use of medical technologies in India the national health care system may get into perpetual zone of inefficiency and inequity. Costly technologies act as a great barrier, excess of it leads to fundamental inequities in income and wealth among the people.

India's failure to reduce the disease burden is primarily due to its emphasis on urban oriented curative medical model (Anita 1988). The unregulated growth of curative medical care without adequate financial protection against the cost of illness has been accentuating the gaps in equity health care seeking. This is exactly contrary to the very notion of equity in which poverty is the greatest disability and possessing adequate purchasing power a major privilege. With the growing number of Joint Commissions, International accreditations being awarded to Indian hospitals, foreign patients now will doubly be assured that they will get quality health care in India. Unfortunately for the majority of public and private hospitals in India which cater to the domestic population there is no accreditation and hence, quality is compromised.

Concluding Remarks

To promote tourism in India the unique selling points of the medical industry are its cost effectiveness and its combination with the attractions of tourism. The latter also uses the art of selling the exotica of the countries involved, the packaging of health care with traditional and modern therapies and treatment methods. Price advantage is of course a major selling point. It is expected that medical tourist in India is likely to reach 2.8 million and the market will be around US \$4 billion by 2015.

The paper will be incomplete if special mention is not made that the government needs to take residual steps in promoting domestic medical tourism. The private medical corporate sector cannot be allowed to expand at the expense of the country's population. Ethically, medical tourism industry should equally serve both the foreign as well as domestic population. The gap between the public sector and private sector should be bridged by government intervention. Government should support the public and private partnership system to tap the medical tourism potential of India.

Indian government should launch various schemes and programs to promote public sector and invite foreign and private investors to invest in hospitals and the accommodation sectors. It should grant various incentives and tax rebates to various pharmaceutical industries to provide surgical instruments, medicines and other medical facilities

to further encourage and promote the public sector. The price or cost for the domestic tourists should be reduced by the private hospitals. They earn huge profits from foreign tourists. Quality care, safety, security of the domestic tourists should be taken care of.

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