

GLOBALIZATION OF MEDICAL TOURISM –A CASE STUDY OF INDIA

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Abstract

Medical tourism has come up as the fastest growing sector of Indian tourism industry in spite of the world economic recession. High cost of treatments in the western world, particularly the USA and UK, has been pushing patients from such regions to cost effecting destination to get their treatment. The Indian medical tourism industry is presently at a growing stage, but has a immense potential for future development.

The globalization of the health care sector and the huge demand for cost-effective quality treatment has drawn the attention of many patient towards developing countries like Thailand, India that have the sufficient resources and potential to meet these demands. Indian site for Medical Tourism is also quite green and this is predicted to be the next success story for India after Information Technology sector. Associated Chambers of Commerce and Industry of India (ASSOCHAM) forecast a growth in Medical Tourism to touch Rs. 10,800 cr by 2015.

This study explains why India has emerged as medical destination. The paper also identifies the strengths of India's medical tourism service and indicates at a number of challenges that may squeeze the growth prospect of this industry. Finally, this paper analyses and concludes the main reasons why the developing country like India attracts foreign tourists for the medical treatment.

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Introduction

Cross the boundary of own nation for medical procedures is not new. For many years foreign people have travelled to the USA and other developed countries like UK, France to seek improved medical care. But time has transformed, people of western world, including the USA and Europe, have preferred to travel to less developed parts of the world like India, Singapore, Thailand for medical treatment. This has been termed medical tourism, and has high implications for both the developed world from where the patient travel and developing countries where they get treatment.

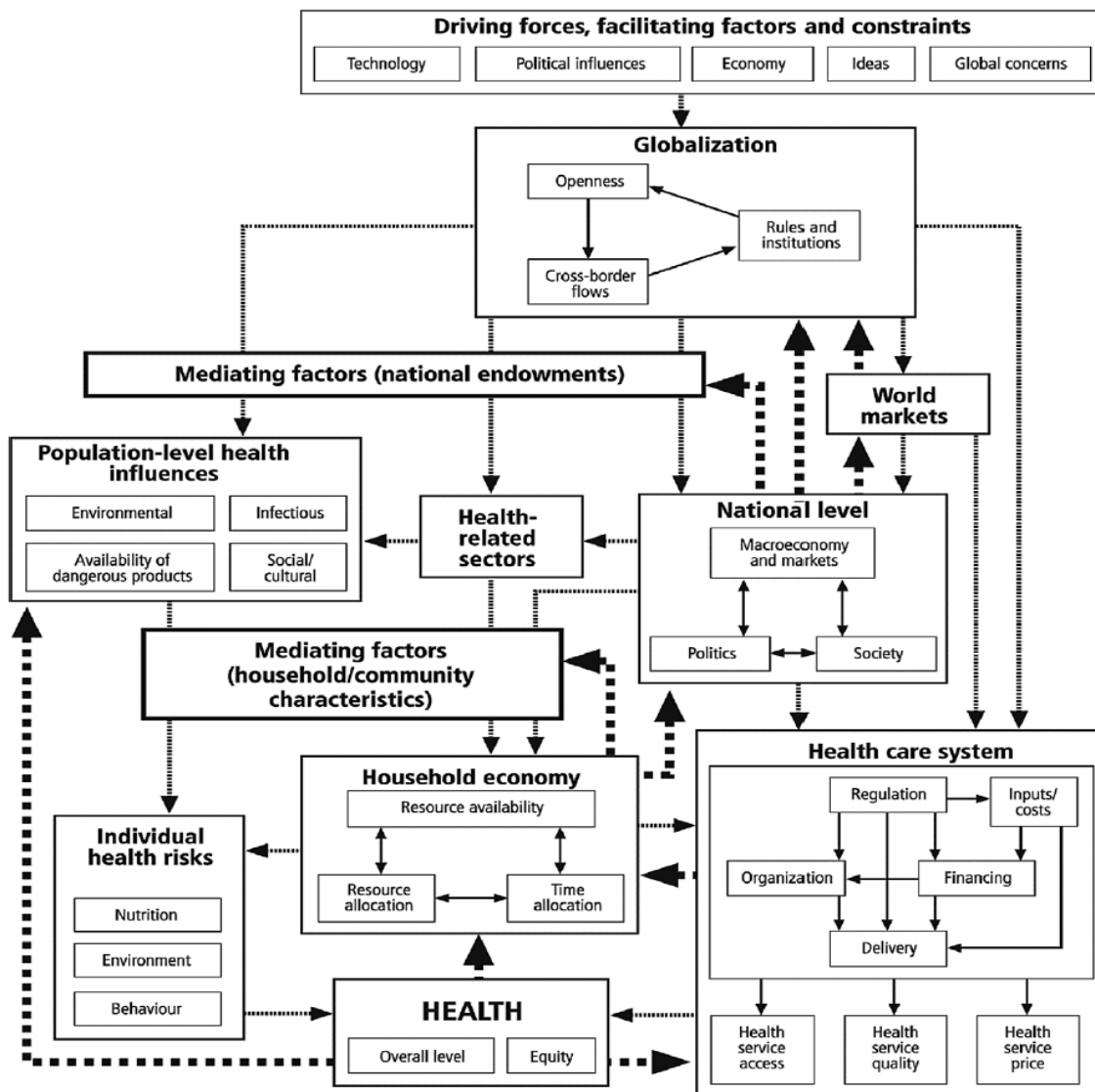
Globalization in healthcare sector has been driven by waiting lists and more particularly by costs. For example a knee replacement in the USA can cost \$40,000, compared to \$13,000 in Singapore. An industry has grown up systematic way around medical tourism, and offer or suggest patients on where they should go for medical treatment, handling all their travel arrangements like flight, accommodation, local transportation etc, teleconferencing with doctors and sending medical history or records of the patient. American medical insurance programmes have motivated their insurance policy holders to go to a foreign country for the purpose of seeking treatment. Due to economic crises, by increasing waiting list, time constraint and pressurising personal finances, might further feed this trend.

Woodward *et al.* (2001:876,877) provide an analytical framework (figure 1) for considering the relation and links between globalization and health and for blending the existing evidence on the relationships among economic, social and health variables.‘ The figure explains the variables depicting driving and constraining factors (forces) that shape globalization, including technological developments, various influences & pressure like economic, political, transforming ideas, and enhancing social and environmental concerns.‘ They said that, economic globalization has been the driving force behind the overall process of healthcare development over the last two decades.‘ They contend there are multiple direct and indirect linkages between globalization and the proximal determinants of health.

The globalization’s direct effect which can be included population level health influences like environmental health risks, availability of dangerous products, infectious diseases and social/cultural practices effects on health related sectors; and outputs of the national health care

system. Whereas, its indirect effect operate through the national economy. These linkages are bidirectional; from globalisation to health and health to globalisation creating a virtuous circle between economy and health. Though, there is a gap in the existing knowledge of the linkages between globalization and health in different economic and geographic contexts. Thus, policy makers at the time of decision making must take account of the effects of globalisation on health at both national and international levels.

Figure No .1 Analytical framework of Globalisation and Health



Source: Woodward *et al.* (2001).

Emerging Market for Medical Tourism

UNWTO (2011) forecasts that rising economies such as Asian countries, Latin American nations, Central and Eastern European countries, the Middle East and African nations will receive more international tourist arrivals than the advanced economies by 2015 and on. Additionally, by 2030 North East Asia will be the most visited sub region in the world with 16% of total arrivals. This data also supports the potential for the growing medical tourism market as these countries attempt to target travellers through medical tourism among other types of tourism activities.

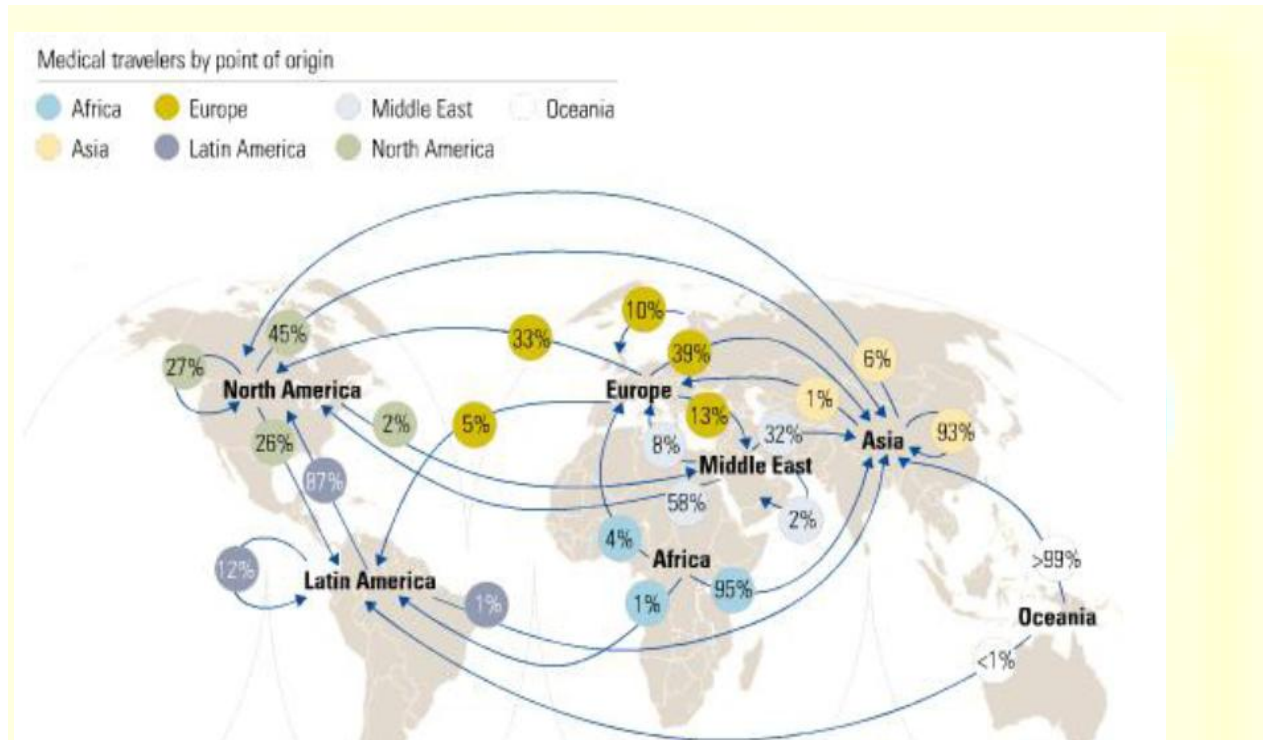
Forecasts of Medical Tourism suggest significant future potential growth. One widely cited estimate is that the industry will grow in value from \$40 to \$100 billion between 2004 and 2012 (Deloitte, 2008; Herrick, 2007) and that medical tourists could comprise 4 percent of the total travel population (Taiwan Institute of Economic Research, 2009). The Deloitte report suggested that Medical Tourism originating from the USA could increase ten-fold over the next decade. Market research suggests that while only 10 percent of people from the UK and the USA have travelled overseas for medical treatment, a much larger proportion, perhaps 60-70 percent, would consider seeking treatment abroad (Research and Markets, 2009). While medical travellers seek out services in many parts of the emerging world, Asia is an increasingly popular destination. MT in Asia is estimated to be worth more than \$3 billion, accounting for more than 12 percent of the global market and is growing at more than 20 percent a year (Velasco, 2008).

The medical industry within the United States continues to face exceptional increases in medical treatment costs, along with the mission of providing care to an approximate 46 million uninsured or underinsured patients. These patients (along with both insurers and employers) are looking for to reduce the costs of treatment through international outsourcing of medical and surgical care. Known as medical tourism, this trend is on the rise. The demand for low-cost health care services is motivating patients to get the quality treatment on a globally competitive basis.

Around eight million cross-border patients worldwide expenditure an average of USD 3,000-5,000 per visit, including all medical treatment costs, air tickets and local transport and accommodations. It is also estimated around 900,000 Americans people will travel outside their

home country for medical treatment this year (2013). The projected increase in the number of outbound medical tourists from 750,000 in 2007 to 15.75 million in 2017 represents a potential \$30.3 to \$79.5 billion spent overseas for medical care.

FIGURE NO 2
TRAVELLING PATERN OF MEDICAL TRAVELLER



Source: Woodward *et al.* (2001).

Reason for travel

- Private sector contribution and investment in healthcare infrastructure
- International accreditation, quality assurance, and transparency of outcomes
- International patient flow
- Cost savings on medical procedures
- Political stability and transparency
- Destination reputation for clinical excellence
- Healthcare innovation and achievements
- Successful best practices and state-of-the-art medical technology

- Large pool of internationally-trained, experienced medical staff

Saving Potential

Using US costs across a variety of specialties and procedures as a benchmark, average range of savings for the most-travelled destinations:

- Brazil: 25-40%
- Costa Rica: 40-65%
- India: 65-90%
- Korea: 30-45%
- Malaysia: 65-80%
- Mexico: 40-65%
- Singapore: 30-45%
- Taiwan: 40-55%
- Thailand: 50-70%
- Turkey: 50-65%

Source: Patient beyond the border

Medical Tourism in India

India's medical tourism sector is a rising source of foreign exchange as well as prestige and goodwill outside the country. According to a study by the McKinsey and Confederation of Indian Industry (CII) health tourism in India will turn into a US\$2.3 billion business by 2012. Medical tourism is considered the next driver for Indian healthcare expansion. McKinsey has projected that the prospect for India in medical tourism field is very bright and the big corporate hospitals here can take a large slice of the cake. Indian healthcare offer the treatment in cardiology, cardiothoracic surgery, joint replacement, orthopaedic surgery, gastroenterology, urology and transplant. Indian corporate hospitals are at par, with the best hospital in Thailand and Singapore, and India is fast emerging as favourite medical destinations as depicted in table no 1.

Table No 1. Highlights of India as Medical Destination

Factors	Reasons
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Hospitals	State-of-the-art hospitals. with world class amenities
Medical care	Top class quality medical treatment.
Cost factor	Affordable Cost-effective medical care
Equipment	Technologically advanced diagnostic equipment
Type of treatment	Cardiology and cardiothoracic surgery, joint replacement, Orthopaedic Surgery, gastroenterology, ophthalmology, transplant etc

Source: Management Insight, December, 2008.

Above table justifies that India is a preferred destination because of state of the art hospitals with top class medical care and technologically advanced diagnostic equipment that too at reasonable cost which are some of the reasons for choosing India as a Medical Tourism destination over the other countries. Medical Tourism can be categorised in to 3 groups as depicted Table no 2.

Table No 2 Categories of Medical Tourist

Group	Description	Countries	Demand Factors
A	Non-resident Indians (NRIs)	More than 30 million across the world.	Trip back home and affordable treatment in Indian currency.
B	Medical tourists from Underdeveloped countries.	Pakistan, Tanzania, Sri Lanka and the Middle East.	Specialized treatment at an affordable price.
C	Medical tourists from Developed countries.	The US, the UK, and Canada.	No wait lists, significant cost savings and accredited medical facilities.

Source: Management Insight, December, 2008.

In first, more than 30 million Non-Resident Indians would like to have treatment in India because of affordable specialty treatment. In second, medical tourists from underdeveloped countries like Bangladesh, Srilanka, Pakistan, Nepal and the Middle East. In third, Medical tourists from developed countries like UK, US and the Canada prefer because patient need not to wait for treatment and accredited medical facilities at significant cost saving.

Present scenario of Indian Medical tourism Industry

Disembarkation card has the provision for recording the purpose of the visit for each foreign tourist. This data was compiled for the first time in the year 2009. An analysis of this data from disembarkation cards reveals that almost all the foreign tourists have recorded their purpose of visit. Country-wise data on purpose of visit, for those reporting the same, are presented in below Table. About 27.2% of FTAs in India during 2012 were for the purpose of ‘visiting friends & relatives’ followed by the purpose of ‘leisure, holidays and recreation’(27.1%) and ‘business and professional’ (22.5%).

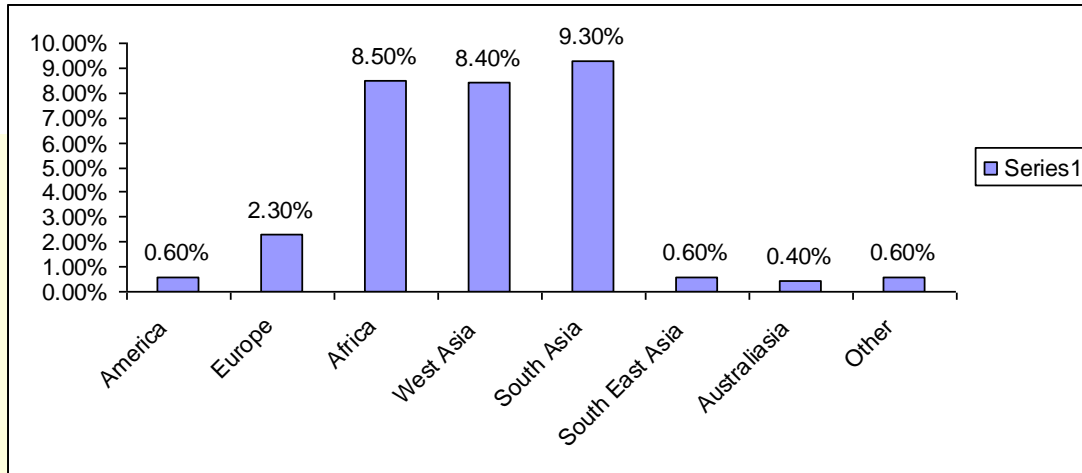
Table no 3 Foreign Tourist Arrival In India According To Purpose Of Visit 2009 - 2012

Year	FTAs (Numbers)	Business & Professional	Leisure, Holiday & Recreation	Visiting Friends & Relatives	Medical Treatment	Others
2009	5167699	15.1	57.5	17.6	2.2	7.6
2010	5775692	18.6	24.0	27.5	2.7	27.2
2011	6309222	22.5	26.0	24.9	2.2	24.3
2012	6577745	22.5	27.1	27.2	2.6	20.6

The highest proportion of visitors in the business and professional category were from China (64.4%) followed by Japan (60%). Regarding the regional distribution, for business & professionals, maximum (57.5%) visitors were from East Asia followed by 33 % from Central & South America. For visiting friends & relatives purposes, the highest proportion of FTAs came from North America (46.3%) followed by Australasia (42%). For medical purposes, the highest

number of FTAs came from South Asia (9.3 %) followed by Africa (8.5%) and West Asia (8.4%). (Ministry of tourism, Govt of India).

Figure No.3 Medical Tourist Arrival In India For Medical Purpose, 2012



Source : Ministry of tourism GOT

Strength of Indian Medical Industry

“First World Treatment at Third World Costs”

Indian medical industry is known for high technological treatment with economical cost. It is blend of three key factors – quality, availability and cost has been key factors in stimulating the exceptional growth eyewitness in the Indian medical tourism industry. India is progressively more emerging as the destination for medical tourism for a wide range of medical facilities for foreign patients.

Professional and skilled Man power

India corporate hospitals has large no of specialised doctors, nurses & paramedical staff to cater the patient. Most of the doctors after having long experience in western world returned back to own country and set up impressive state of the art facilities hospital with the latest equipment & technology particularly in metro cities. The professional & highly skilled doctors with international experience expert in Cardiology and Cardiothoracic surgery, orthopaedic surgery, Ophthalmology, Dental, Obesity surgery, Gastroenterology, Urology and Cosmetic/Plastic surgery departments.

Quality

18 Indian hospitals are accredited by the Joint Commission International (JCI) and more than 198 hospitals are accredited by National Board for Accreditation of Hospitals (NABH). Accreditations are very important since they provide tourists confidence that the services are meeting international standards. Most of the Indian private corporate Hospitals servicing Medical Tourists are accredited either by International Standard for Organisation (ISO) or Joint Commission International (JCI) or National Board for Accreditation of Hospitals and Health Care and follow high quality International safety standards. All these accreditation makes India a safe and preferred medical tourism destination.

Personalized Services

In India, "Atithi Devo Bhava" refers Guest is equal to God. Foreign patients are treated as guest for the country and they are given a place equal to that of god in our Indian culture. We believe that medical problem should be cured with care and these feeling or sense make the Indian people more sensitive towards their jobs and provide the personalized services to patient.

Advance Technology

India is known for cost effective high quality treatment particularly in heart surgery, hip resurfacing and other areas of advanced medicine. All medical test and treatment are conducted with the latest advance technology and most up to date diagnostic equipment. Rigorous quality assurance exercises consistently ensure reliable and high quality treatment.

No language barrier

English is widely spoken language in India. All hospitals have excellent large pool of good English speaking doctors, nurses and other paramedical hospital staff and even guides. This is big advantage for India that foreigners can communicate well to Indian doctors. In these days hospitals are also arranging translators in most major international languages to be with patients during their Indian tour, if there native language is not English.

No waiting time Period

Patients in some developed countries like Canada, UK, USA have to wait for four - six month to get major surgery. In this regard India have almost zero waiting time for surgeries. This has resulted in attracting large number of patients from UK, USA, and Canada to India for their medical purposes.

Affordable Cost

Major surgeries and treatment are available in India at almost 1/10th of the cost of developed countries. India is now being put up on international map as a heaven for medical patient who seek quality and affordable healthcare. This lower cost is helpful especially for those patients who does not have health insurance and for whom a procedure may be financially crippling in the home country.

Extra advantage of Medical Tourism India

India has been the most eye-catching destination for the visitors around the world. India is a perfect destination for medical tourism that combines medical treatment with to some of the most fascinating and amazing places of the globe. It is an absolute package of health care, wellness, flight, accommodation, discovering a new destination, and lots of savings.

Challenges for Medical Tourism in India

The medical tourism sector has lot of prospect to grow but is also faced many challenges that need to be attempted. The major challenges are as follows:

Competition: Medical tourists travel from the countries of the globe especially, Middle East, Africa, Europe, Japan, U.S. and Canada where the cost of medical treatment is very expensive. There are some countries where the waiting time for the treatment is very long. Medical tourism is booming not only in India but also in other countries like Malaysia, Singapore and Thailand, South Korea, Brazil, and Jordan. India has tuff competition in this sector.

Follow-Up Problems: In case of patient is taking medical treatment in India, the follow up care is very difficult. If the patient gets any complications or problem after surgery/treatment and is back to his own place, the follow up care is not only difficult but costly also.

Language and Culture: Some times it is very difficult for the patient to understand the language of the doctors, nurses and paramedical staff. The country can provide specialist doctors and highly sophisticated and advance medical systems but if they (doctors, nurses and other medical staff) do not understand the language of the patient, the whole procedure becomes very difficult for the patient as well as the other staff. Sometimes there is a confused state of mind for foreign patients to take a decision about travelling to foreign country for treatment.

Brain Drain: India is known for experienced doctors and other staff. It is a major challenge to retain the talented doctors and other professionals. There is shortage of such skilled &

specialised professionals across the globe and they are offered the best remunerations & amenities abroad.

Coordination: Poor synchronization and coordination among the various stakeholders in the industry- tour operator, hospitals, air line, and hotels. All of them are attracting the patient on their own way.

Quality: Safe and high quality medical treatment is the most important issue for patients considering medical tourism. When patients select other destination instead of their own place for medical care, they don't just consider the price. Patients also consider the quality of medical care. There are so many hospitals in India still don't have accreditation by quality supervise bodies like National Accreditation Board for Hospitals & Healthcare (NABH) Providers (Indian Accreditation Body) and international board like Joint Commission on Accreditation of Healthcare Organizations (JCAHO)/ Joint Commission International (JCI)

Infrastructure: Infrastructure is a major worry affecting India as a medical destination. Some negative aspect includes lack of proper flight connectivity to all destinations, poor roads, hygienic food and safe drinking water availability etc.

Conclusion

In the past the growth prospect of the Indian medical travel industry has been slowed down by capacity and infrastructure (communication, transportation etc) constraints but that situation is now shifting with strong economic progress in India. Hospitals are receiving JCI accreditations (at present 17 hospitals are JCI accredited) and foreign patients focus on safety and quality of care. The combined cost of travel and treatment in India is still a portion of the amount spent on just medical treatment alone in western world. Indian medical tourism is being promoted as First World Treatment at Third World Costs. Despite for its cultural and scenic beauty, India is now being put up on international map as a paradise for those seeking quality and affordable healthcare.

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