

MEDICAL AND WELLNESS TOURISM: LESSONS FROM ASIA



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**MEDICAL AND WELLNESS
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LESSONS FROM ASIA**

Abstract for trade information services

ID=43070

2014

S-15.09 MED

International Trade Centre (ITC)
Medical and Wellness Tourism: Lessons from Asia
Geneva: ITC, 20143. viii, 28p.
Doc. No. SC-14-243.E

This paper reviews current trends in global medical tourism. It draws on the experience of four Asian countries – India, Malaysia, Thailand and the Philippines – to extract lessons and the best practices for another Asian country, Sri Lanka that demonstrates considerable potential in medical and wellness tourism given its traditional knowledge of ayurvedic treatments. It concludes by highlighting the role that international organizations, in particular the International Trade Centre (ITC), can play in helping developing countries grow their domestic capabilities and join the global health tourism industry.

Descriptors: Trade in Services, Eco-system brief, Medical Tourism, Wellness Tourism, Health Services, India, Malaysia, The Philippines, Sri Lanka, Thailand.

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English

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Digital image(s) on the cover: Lanka Hospitals, Ayurveda Paragon Hotel, Sri Lanka Tourism Development Board©

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Acknowledgements

The case study was prepared by Ms Gloria Pasadilla, ITC International Consultant, under the overall supervision of Robert Skidmore, Chief, Sector Competitiveness, Division of Market Development and the direct supervision of Aissatou Diallo, Senior Officer, Trade in Services.

We wish to thank and acknowledge the special assistance provided by:

- The Sri Lanka Export Development Board (EDB), its Senior Management and Staff, in particular, Mr. Saman Maldeni, Director, Export Services;
- Sri Lankan health tourism stakeholders, met during an ITC mission in Colombo in April 2013;
- Health tourism stakeholders from India, Malaysia, Thailand and the Philippines who have kindly provided ITC with information on medical tourism trends in Asia.

We would like also to thank Giulia Macola, ITC Trade in Services Consultant and Orlane Robert, ITC Administrative assistant, Marilyn Hubble and Sue Pfiffner who provided editorial support, Natalie Domeisen who oversaw production and quality control, Serge Adeagbo and Franco Iacovino who provided graphic and printing support.

Contents

Abstract for trade information services	ii
Acknowledgements	iii
Acronyms and Abbreviations	vii
Executive summary	ix
1. Overview of the medical tourism industry	1
1.1. Definition and data issues	1
1.2. General tourism trends and medical tourism	3
2. Drivers of the growth of medical tourism	4
2.1. Cost savings	4
2.2. Improved quality of health care	5
2.3. Shorter waiting periods and easier access to care	5
2.4. More affordable international travel	5
2.5. Communication improvement through the Internet and growth of medical facilitators	6
2.6. Lack of health insurance and inadequate insurance coverage	6
2.7. Unavailability of quality healthcare in some developing countries	7
3. Emerging country destinations, patient flows and accreditation	7
4. Factors affecting patient flows	8
4.1. Proximity, culture, insurance portability and other economic factors	8
4.2. Advertising, role of brokers and use of international accreditation	8
5. Country experiences	11
5.1. India	11
5.2. Thailand	12
5.3. Malaysia	13
5.4. The Philippines	15
5.5. Summary of Findings	17
6. Best practices and lessons for other developing countries	18
6.1. Government support	18
6.2. Government agencies-hierarchy and mandate	19
6.3. Public-private sector partnerships	19
6.4. Tourism planning	19
6.5. Human resources training	20
6.6. Accreditation	20
7. Prospects for Sri Lanka	20
7.1. Medical care in Sri Lanka	20

7.2. Potential niche market: ayurveda treatment	22
7.3. Other high-potential: ayurveda-linked exports	23
8. Role for ITC	25
Bibliography	27
Figure 1: Inbound tourism by purpose	4
Figure 2: Medical tourism industry ecosystem	6
Figure 3: JCI accreditation process timeline	10
Table 1: Data implications of various definitions of medical tourism	2
Table 2: Various estimates of the medical tourism industry	2
Table 3: Cost comparison of selected medical procedures in US\$	5
Table 4: Top emerging country destinations	7
Table 5: Comparison across the medical tourism industry in Asia	18
Table 6: Major private hospitals in Sri Lanka	21
Box 1: Distinction between medical tourism and wellness tourism	1
Box 2: The Joint Commission International (JCI) accreditation process	9
Box 3. International accreditation of Ayurvedic spa	24
Box 4: Delivery of ITC technical assistance	26

Acronyms and Abbreviations

The following acronyms and abbreviations are used:

ACSHI	Australian Council on Healthcare Standards International
BHU	Banaras Hindu University
CII	Confederation of Indian Industry
EAWS	The European Audit Institute Wellness and Spa e.V
FDA	Food and Drug Administration
GDP	Gross Domestic Product
ILO	International Labour Organization
ITC	International Trade Centre
ISO	International Organization for Standardization
ISQUA	International Society for Quality in Healthcare
JCI	Joint Commission International
MATRADE	Malaysia External Trade Development Corporation
MDA	Malaysian Dental Association
MHTC	Malaysia Healthcare Travel Council
MIDA	Malaysian Investment Development Authority
MSQH	Malaysian Society for Quality in Health
NABH	National Accreditation Board for Hospitals and Healthcare Providers
OECD	Organization for Economic Co-operation and Development
OIC	Organization of the Islamic Conference
PMTP	Philippine Medical Tourism Program
R&D	Research and Development
SPS	Sanitary and Phytosanitary
SRI	Stanford Research Institute
UNCTAD	United Nations Conference on Trade and Development
UNWTO	United Nations World Tourism Organization
WTO	World Trade Organization

Executive summary

This paper reviews the trends in global health tourism and analyses the experience of four Asian countries – India, Malaysia, Thailand and the Philippines – that have recently embarked on developing this industry. The paper aims to draw lessons for other emerging economies such as Sri Lanka, a South Asian island country that has considerable potential in medical tourism, given its highly trained medical specialists and its traditional knowledge of ayurvedic treatments.

Health tourism encompasses both medical tourism (based on western medicines) and wellness tourism (based on traditional therapies such as Ayurveda). The literature refers to medical tourism as the act of travelling to foreign countries to seek 'western-style' medicine treatments and procedures (elective surgeries such as cosmetic, dental and plastic surgery as well as specialized surgeries such as knee/hip replacement, cardiac surgery, cancer treatments, fertility, orthopaedic therapy etc.). Wellness tourism, on the other hand refers to authentic or location-based experiences/therapies such as Yoga, Ayurveda, use of local medicines etc.

While health services can be delivered to foreign patients in a variety of ways, medical tourism falls specifically under Mode 2 of services export (as per the General Agreement on Trade in Services concluded in the framework of the World Trade Organization) which involves the movement of people to the country where the services are provided. A country that offers medical tourism services to foreign patients, the 'destination country' is, therefore, the 'exporter' while the patient's 'home country' becomes the 'importer' of the service.

Regarding tourism (including both medical and wellness), developing countries have a clear competitive advantage. For many developing countries, including least developed countries, tourism is already a strong foreign exchange earner and often the most important services export. New efforts need to be made to help countries go up the value-added chain into repeat business and longer length of in-bound tourist stays.

The purpose of this paper is first, to provide ITC's partner countries with a better understanding of current health tourism in Asia, including major industry challenges and opportunities. Second, to compile lessons learned and highlight best practices based on concrete experiences of selected Asian countries. Third, the study was designed to provide ITC with an innovative approach to develop and promote a customized technical assistance offering on medical tourism. This approach will guide ITC intervention in countries with high export potential such as Sri Lanka.

Sri Lanka has the potential to become a leading health tourism destination in Asia. The Tourism Development Strategy 2011-2016 prepared by the Ministry of Economic Development identifies an urgent need for 'The Sri Lankan tourism industry to think beyond traditional boundaries and be actually involved in product development to make visits exciting for the tourist and to position Sri Lanka as unique'. The Strategy has set a target of attracting 2.5 million 'high spending tourists' by 2016 (against 650,000 in 2010). In order to achieve this objective, Sri Lanka has to develop and add into its current tourism package, a niche product in health tourism that comprises both medical tourism (based on western medicines) and wellness tourism including traditional medicines such as ayurvedic treatments.

Even though Sri Lanka's comparative advantage is more evident in wellness tourism (with ayurvedic treatments), it is important not to neglect the simultaneous potential for medical tourism based on western medicines.

1. Overview of the medical tourism industry

1.1. Definition and data issues

There is no general consensus on the definition of medical tourism. Some definitions are broad. For example, Deloitte (2008) defines medical tourism as the ‘act of travelling to another country to seek specialized or economical medical care, well-being and recuperation’. Such a definition may be interpreted as including travel that seeks to enhance personal health and well-being, including through authentic and location-based therapies.¹ The latter, known as wellness tourism, is sometimes included in a broad definition of the medical tourism industry, thus some studies use the term medical and wellness tourism instead of medical tourism alone. Other definitions are much narrower, considering only travel for the purpose of receiving treatment for a disease, ailment or medical procedure.

One possible clarifying distinction between medical and wellness tourism is the following.²

Box 1: Distinction between medical tourism and wellness tourism

Medical Tourism	Wellness Tourism
<p>Medical tourism involves people who travel to a different place to receive treatment for a disease, an ailment, or a condition, or to undergo a cosmetic procedure, and who are seeking lower cost of care, higher quality of care, better access to care or different care than what they could receive at home.</p> <p>Medical tourist: Generally ill or seeking cosmetic/dental surgical procedures or enhancements.</p>	<p>Wellness tourism involves people who travel to a different place to proactively pursue activities that maintain or enhance their personal health and wellbeing, and who are seeking unique, authentic or location-based experiences/therapies not available at home.</p> <p>Wellness tourist: Generally seeking integrated wellness and prevention approaches to improve their health/quality of life.</p>

Source: Global Spa Summit, 2011

In practice, the lack of common definitions of the phenomenon has led to inconsistent and variable country data (see table 1). Some countries treat medical tourists as only those travelling for specific medical treatment, while others also include in their medical tourism data those who seek spa and wellness activities. Other countries include business travellers and holiday makers who fall ill while abroad and are admitted to a domestic hospital, as well as expatriates who access healthcare in the country where they are temporarily residing, while other countries exclude them.³ Various countries also draw the line differently, on whether to include or exclude cosmetic and dental surgery in the data, let alone tourists arriving for spa and wellness treatments.

Hospital data, an important source of countries’ medical tourism data are also differently gathered and reported. For example, Thailand’s Bumrungrad hospital counts medical tourists in terms of number of visits for various procedures while other hospitals report their count in terms of number of admitted patients (or ‘inpatients’). The lack of common industry definitions and data collection standards has led to very bloated numbers in some countries, under-reporting in others and lack of real data on medical tourists and medical tourism receipts that can be used for proper comparison and analysis.

¹ Global Spa Summit (2011).

² Ibid.

³ See for instance the International Medical Travel Journal blog: *The Medical Tourism Numbers Game...Part 2*. <http://www.imtj.com/articles/2011/blog-medical-tourism-numbers-game-part-two-40163/> for a discussion of many of the definitional and data problems.

Table 1: Data implications of various definitions of medical tourism

Definition	Coverage	Data implications
Narrow	Only medical travel for specific medical procedures, even excluding elective cosmetic surgery	Fewer number of medical travellers; Number of medical tourists may still depend on whether based on admitted patients by hospital or number of procedures performed on medical tourists
Broad	Medical travellers as above, plus those travelling for spa and wellness, as well as cosmetic procedures	Higher number of medical tourists may be reported; Number may still vary depending on whether admitted patients or number of procedures is used to count the number of 'medical tourists'; Count may include expatriates living in the country as well as tourists who fall ill while travelling in the country and are admitted in domestic hospitals

Source: Collected by author from various sources.

Given the lack of common 'official' definitions and boundaries for the medical tourism industry, various studies have arrived at different estimates of the number of medical tourists and medical tourism receipts. For example, a 2008 study by McKinsey put the number of annual inpatient medical travellers at 60,000 to 85,000,⁴ while Deloitte⁵ estimated that there were 750,000 medical travellers in 2007 from the United States of America alone. Global Spa Summit and Stanford Research Institute International (SRI) put the number of international spa trips in 2007 at 17.6 million and estimated the spa and wellness tourism market at 106 billion US\$. The 'narrow' medical tourism market is, in contrast, estimated at only about half this size at US\$ 50-60 billion (table 2).

Table 2: Various estimates of the medical tourism industry

Source	Estimates of medical tourists or medical tourism revenue	Comments
McKinsey (2008)	60 to 85,000 global travellers	Estimate of admitted patients who travelled for medical purpose
Deloitte (2008)	750,000 global travellers	2007 estimate for American medical travellers alone
GSS and SRI (2011)	17.6 million travellers with global receipts of US\$ 106 billion for spa and wellness and US\$ 50 billion for medical travel	Travellers are for both spa and wellness and medical procedures
Patients Beyond Borders ⁶	US\$ 20 to 35 billion market, based on an estimated 7 million global medical travellers spending US\$ 3,000-5,000 per surgery	Estimate based on only medical travel and excludes expatriates and tourists who fall ill; Estimate is only for medical-related costs and excludes transport and accommodation

Source: Collected by author from various sources.

The data from tables 1 and 2 show that until there is a common 'official' definition and industry sector boundary, it is best to take various sector estimates with some caveats. Often the data are not verifiable and even government official sources may exaggerate the size of the local medical tourism market.

⁴ Ehrbeck et al. (2008).

⁵ Deloitte (2008).

⁶ See <http://www.patientsbeyondborders.com/medical-tourism-statistics-facts>. Accessed March 15, 2013.

Regardless of these ballpark figures of the size of global medical tourism, a general sense is that the medical and wellness tourism market is large, ranging anywhere between 60,000 to 50 million medical travellers based on various studies with an approximate market size of US\$ 60 billion⁷. Moreover, for reasons that are discussed in subsequent sections, another commonly accepted notion is that medical tourism is a growing market.⁸ This general sense has been sufficient for many countries from Latin America to Asia to Africa to seriously consider joining the medical tourism bandwagon and seek to upgrade their health sector capacities not only as part of their economic development strategy but also to be able to attract a share of the global medical tourism market. Some countries, like Singapore or the United Arab Emirates have growing ambitions to become medical hubs.

1.2. General tourism trends and medical tourism⁹

The tourism sector as a whole has experienced uninterrupted growth since the Second World War. The United Nations World Tourism Organization (UNWTO) reports that the number of international tourists reached one billion in 2012 from 25 million in 1950, 277 million in 1980 and 528 million in 1995. The number of worldwide tourist arrivals is expected to continue increasing by 43 million annually and will reach 1.8 billion arrivals by 2030 (UNWTO 2012). Projected growth in tourist arrivals in emerging economies between 2010 and 2030 is double that of the traditional advanced economy tourist destinations in Europe and North America – 4.4% growth of tourist arrivals in emerging economies compared to 2.2% for traditional tourist destinations.

The biggest growth is expected to take place in Asia and the Pacific where the annual increase in tourist arrivals is forecasted to be 331 million, reaching 535 million by 2030. Much of this growth comes as a result of the economic development of the region which, in turn, spurs intra-regional tourism demand. Outbound tourism, after all, tends to be 'regional', that is, four out of five worldwide arrivals originate from the same region.

An increase in tourist arrivals implies an increase in tourism receipts. Visitors' spending on lodging, food and drink, local transport, entertainment and shopping, spur the economies of destination countries and stimulate employment and economic growth. In 2011, for example, Southeast Asia earned US\$ 82 billion while South Asia earned US\$ 23 billion in tourism receipts.

Classified by tourism purpose, the 2011 tourist arrival data show 51% or 505 million tourists travelled for leisure, recreation and holiday; 27% for visiting friends and relatives, religious, or health reasons; 15% for business and professional; and 7% for unspecified reasons (see figure 1). Of these, 51% came by air, while the rest either by boat, car or train, showing that the development of air travel is crucial for the growth of all aspects of inbound tourism.

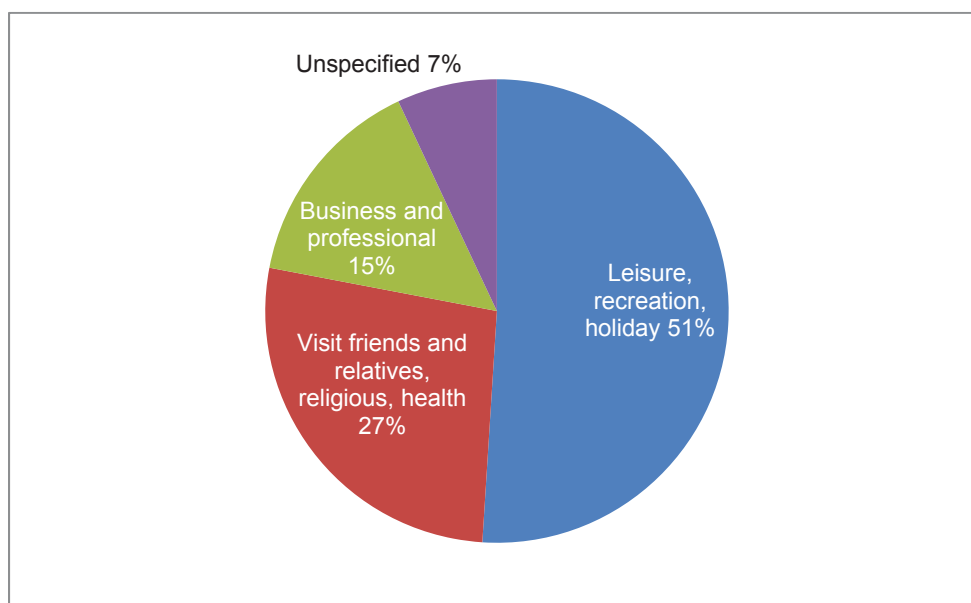
From the above general tourism figures, it is hard to glean the size of the medical and wellness tourism market because the true number could be hidden by other stated purposes. Some travellers whose purpose is categorized as leisure, recreation and holiday might actually be going for some medical and wellness tourism at the same time. Others who are visiting friends and relatives might also have a dual purpose to undergo a medical treatment such as medical check-up or even more serious treatments, taking advantage of the fact that their family and relatives are close by to surround them with care. Others on business trips may also extend their stay for a few days of wellness or spa treatment. Depending on whether one takes a narrow or broad definition of medical tourism, portions of tourists with other revealed purposes for travel may or may not be counted as medical tourists. Medical and wellness tourism statistics are also hard to extract from the usual tourism statistics that make use of visitor surveys asking them for the motivation of their trip because tourists may not honestly reveal that they have come for a medical procedure, particularly if, for example, they are to undergo body shape enhancement or cosmetic surgery.

⁷ OECD (2011).

⁸ Patientsbeyondborders.com gives an estimated annual growth of 25 to 35%.

⁹ Unless otherwise stated, tourism statistics cited in this section were drawn from UNWTO (2012).

Figure 1: Inbound tourism by purpose



Source: UNWTO (2012)

2. Drivers of the growth of medical tourism

The market drivers for medical tourism include cost savings, improved quality of health care in developing countries, easier access to care and shorter waiting periods, more affordable international travel, improved information through the Internet and the large number of the world’s population without medical insurance.

2.1. Cost savings

In a survey conducted by Deloitte in 2008, 39% of American consumers would be willing to go for medical tourism abroad if they could save at least 50% of the equivalent cost in the United States and the health care quality is the same or better. This American consumer preference portends further growth in medical travel because of ballooning healthcare costs in the United States and other developed countries. It is generally known that the cost of some surgical procedures, be it cardiac surgery or knee surgery in developing countries like India or Thailand, cost only a fraction of the price in the United States because of low labour costs, among other things. Mattoo and Rathindran (2006) indicate that more than 70% of hospital costs come from personnel expenditures; that means that the huge wage cost differential between advanced and emerging countries largely explains why healthcare costs are generally higher in the United States and other developed countries.

Table 3, based on data collected by the OECD, shows that for some surgeries, the cost of medical procedures excluding travel is less than a quarter (on average) that of the cost of procedures done in the United States. This data along with the willingness of many Americans to travel for medical purposes if the cost differential between the United States and other destination exceeds 50%, support the bullish outlook on the growth of medical travel.

This does not mean that medical cost is the only consideration for medical tourists. In fact, a current study by Youngman (2012) finds that a majority of global medical travellers do not actually go to the cheapest destinations and that in fact the top 3 European destinations for healthcare are also the most expensive ones.¹⁰ This is particularly true for highly specialized surgical procedures that require a high level of expertise and modern medicines, many of which are still found only in advanced countries. But for many types of medical procedures which are ‘fairly simple and commonly performed with insignificant rates of

¹⁰ See Youngman (2012). http://www.researchandmarkets.com/reports/2101952/medical_tourism_facts_and_figures_2012.

post-procedure complications or those that require minimal laboratory and pathology reports, minimal follow-up treatment on site and minimal post-procedure immobility,¹¹ their low cost in many developing countries is a significant attraction to a growing number of medical tourists.

Table 3: Cost comparison of selected medical procedures in US\$

Procedure	In-patient price in US\$	Foreign price excluding travel cost	Foreign price as % of US price
Knee replacement	48,000	9,875	20.6
Heart bypass	113,000	13,000	11.5
Heart valve replacement	150,000	10,625	7.1
Angioplasty	47,000	11,250	23.9
Hip resurfacing	47,000	10,688	22.7
Gastric bypass	35,000	14,750	42.1

Source: Based on data from table 1 in OECD (2011).

2.2. Improved quality of health care

Many developing countries have built up and continue to build up world-class healthcare facilities, thanks in part to the opening up of the healthcare sector for foreign investments. Some countries, like Singapore and the United Arab Emirates, have established joint ventures or partnerships with world-renowned medical schools and hospitals in advanced countries as a shortcut to high visibility and immediate credibility. International accreditation done by, for example, the Joint Commission International (JCI), an arm of the organization that accredits Medicare-participating American hospitals, increases the confidence of medical tourists in the quality of healthcare in developing countries. Over 500 hospitals around the world have earned JCI accreditation and more are in the process of acquiring it.¹²

Other hospitals opt for accreditation under the International Organization for Standardization (ISO); while some countries have their own system of accreditation.¹³ The huge number of foreign-born medical professionals who are practicing in American hospitals has also helped change the perceptions of Americans about putting their health under the care of foreign physicians.¹⁴ Many foreign physicians who have trained in hospitals and universities in the United States and Europe have returned, lured by the improving economic conditions back home, further enhancing the quality of healthcare in many developing countries. In many cases, the state-of-the-art facilities of modern hospitals in developing countries are on a par or even better than those of many hospitals in OECD countries.

2.3. Shorter waiting periods and easier access to care

Healthcare in Europe and in the United States is often plagued with backlogs and long queues, sometimes because of a shortage of donated body organs that are necessary for the operation or simply due to very high demand from the aging baby-boomer population. The result of the strain in the capacity of healthcare facilities in the advanced economies is often long waiting times, especially for major non-emergency medical operations. Faster and cheaper alternatives with the same level of quality are increasingly found in developing countries.

2.4. More affordable international travel

Ease in international travel and the increasing number of flights and connections have contributed to the growth in tourism. Budget fares abound and have allowed more people to be able to travel abroad. More foreign travels and exposures consequently help broaden attitudes towards other cultures and greater

¹¹ Mattoo and Rathindran (2006).

¹² Medical Tourism Statistics and Facts. <http://www.patientsbeyondborders.com/medical-tourism-statistics-facts>.

¹³ Herrick (2007).

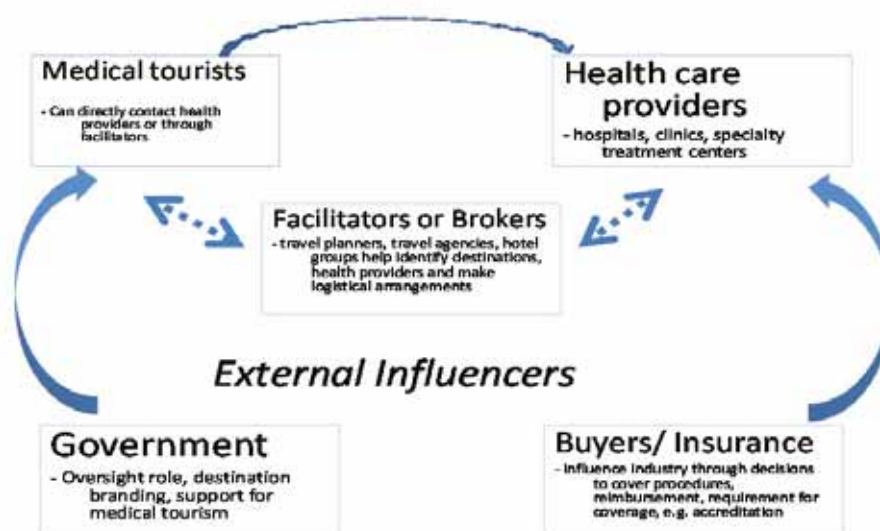
¹⁴ Mattoo and Rathindra (2006).

confidence in various countries’ particular medical techniques, including ayurvedic therapies or Chinese medicine. In fact, international tourists are in search of new destinations away from traditional ones thus providing countries in Asia or Africa or Latin America, greater opportunity to attract more tourists.

2.5. Communication improvement through the Internet and growth of medical facilitators

Preliminary information on hospital care (country and cost) can now be found on the Internet, making international coordination between hospitals, physicians and patients less intimidating for consumers. With the advance of medical tourism came the growth of medical ‘facilitators’ that help package medical care along with travel and pre- and post-procedure recuperation as well as tourist activities, thus making the medical tourism experience even more convenient. Various health test results can be communicated over email such that physicians know the risks and success prospects of a medical procedure before the foreign patient arrives. The patient can communicate directly with the physician before travel and thus, can develop confidence early on. Medical facilitators, adept at matching the needs of the patients and the capacity of hospitals and physicians, help streamline the search process. Figure 2 presents the ecosystem of the medical tourism industry and the important role that facilitators play in it.

Figure 2: Medical tourism industry ecosystem



Source: Deloitte, Centre for health solutions, 2008

2.6. Lack of health insurance and inadequate insurance coverage

Deloitte (2008) reported that there were about 47 million Americans who had no health insurance. Though this number is declining since the Affordable Care Act came into effect at the start of 2014, currently around 14.7% of Americans remain uninsured. This is a huge potential market and with improved access to cheap travel and information, many may look for medical care abroad while combining it with some sightseeing or wellness tourism. More importantly, even among the insured, certain medical procedures are not covered by their insurance, making these procedures good candidates for treatment abroad where the cost is often less than half that in the United States (see table 3 for example). Not surprisingly, many of the availed medical services abroad are cosmetic, fertility and dental treatment, which are usually not covered by insurance but are paid out-of-pocket.

2.7. Unavailability of quality healthcare in some developing countries

Some countries and regions, like the Middle East or Africa, have yet to reach a high level of healthcare standards and capacity that is already in place in other developing countries. In the past, wealthy patients from some Middle East countries, for example, have sought medical care from the United States or Europe. However, the heightened scrutiny of tourists from these regions and the difficulty of obtaining visas has encouraged them to look for other destinations, particularly Asia, for easier access and quicker medical care. High success rates for complex surgeries in developing countries, plus the unique combination of treatment and vacation, helped to grow the number of medical tourists from regions like the Middle East especially towards Asian destinations.

3. Emerging country destinations, patient flows and accreditation

Medical travel is, in some sense, an ancient activity. People were known to have crossed borders to take advantage of cures like hot baths, popular alchemists, or powerful prophets performing miraculous therapies. But while previously, the direction and flow of medical travellers has been, generally, from poorer to advanced countries where sophisticated medical procedures were more readily available, today medical travel is marked by a reverse flow of patients from advanced economies to emerging countries. Add to this the ‘tourism’ ingredient in the cross-border movement of patients, which had not been previously considered, today’s medical tourism is indeed a ‘new’ phenomenon.

Top emerging country destinations include Asia (India, Malaysia, Singapore, Thailand and more recently, the Republic of Korea); South Africa; Latin America (Brazil, Costa Rica, Mexico, Cuba); and the Middle East (especially the United Arab Emirates). European destinations include Hungary, Poland and, more recently, Turkey.¹⁵ While most countries can offer executive check-up, cosmetic surgery or dental treatment, each of them is becoming specialized in specific procedures. For example, Singapore and the Republic of Korea have become popular for advanced cancer treatment, cardiology or spinal operation; Hungary for sophisticated dental treatment; Thailand for cosmetic surgery, etc. (see table 4)

Table 4: Top emerging country destinations

Country	Main attraction	Main tourist market
Brazil	tummy tucks, breast augmentations, facelifts and rhinoplasty	South America
Costa Rica	cosmetic surgery and dental care	United States of America
Hungary	major dental care, including cosmetic oral surgeries, full-mouth restorations and implants.	European Union
India	cardiac and orthopaedic procedures	United States, European Union, Canada
Malaysia	special burn treatment, executive check-up packages	ASEAN, the Middle East
Mexico	check-ups, dental cleanings, physicals and other treatments	United States (Mexican expatriates)
Singapore	cardiology and cardiac surgery, gastroenterology, general surgery, hepatology, neurology, oncology, ophthalmology, orthopaedics and stem cell therapy	ASEAN and others
Republic of Korea	spinal surgeries, cancer screenings and treatments and cosmetic surgeries, comprehensive health screening	United States (Korean expatriates)
Thailand	cosmetic surgery	Japan, Viet Nam, China and the Republic of Korea, the Middle East
Turkey	ophthalmology	European Union

Source: Compiled by author from various Internet sources.

¹⁵ See patientbeyondborders.com.

4. Factors affecting patient flows

4.1. Proximity, culture, insurance portability and other economic factors

Destination countries generally attract patients from surrounding countries. For example, Hungary tends to attract Western European patients while Singapore and Malaysia are natural destinations for patients from Indonesia or the Philippines.

Geographical proximity is likely related to cost because the more distant countries tend to be associated with higher travel costs. Thus patient travel is likewise affected by wider economic and external factors such as exchange rate fluctuations, restrictions to travel (ease in obtaining visas), security concerns and, very importantly, the lack of insurance portability.

Most medical tourism services are paid out-of-pocket by patients who either have no insurance coverage or whose insurance does not cover the medical procedures they want, for example, cosmetic surgery. The lack of insurance portability remains a major barrier to the growth of medical tourism in developing countries because only a subset of potential medical travellers – those who have sufficient funds for out-of-pocket operations – can take advantage of medical tourism opportunities. However, some insurance companies already have limited medical tourism insurance packages for specific medical facilities abroad, or are cautiously experimenting on foreign coverage on a hospital-by-hospital basis. For example, Blue Cross and Blue Shield insurance have allowed its American ‘Latino community’ subscribers to avail of hospital services at a specific Mexican hospital after it had obtained JCI accreditation.¹⁶ Other Asian hospitals (e.g. Thailand’s Bumrungrad hospital) have similar direct arrangements with foreign-based insurance companies that facilitate the payment for health services of medical tourists.

Cultural affinity and familiarity is another factor that influences patient movement. Thus countries at times focus on attracting their own diaspora population. For example, the Republic of Korea, India and Mexico attract large number of their own expatriates who have migrated to the United States or Europe but still retain familiarity with their own culture and have immediate confidence in their own treatment systems. Other countries explore historical colonial ties like India with the United Kingdom.

4.2. Advertising, role of brokers and use of international accreditation

Patient mobility is also affected by the reputation of the destination country. Such reputations are often established by word of mouth, usually from the testimony of patients that obtained favourable medical experiences in that country; from Internet sources; from brokers and travel facilitators; or from official country sources (i.e. consular offices). Country promotion of health facilities are further stimulated by brokers, websites and trade fairs.

Marketing promotions by country vary. Some countries (e.g. Malaysia, Turkey) follow a destination-driven approach with emphasis on a limited set of procedures and specialties, the tourism environment and cheaper cost. Medical travel facilitators are important channels for this type of promotion effort. Other countries (e.g. Singapore) follow a ‘centre of excellence’-driven approach and their promotion efforts are driven by the health facilities themselves through networks, partnerships and direct facilitation services. Destination promotion is likewise present but emphasis is put in its capacity for delivering modern, world-class health services. Singapore, for example, has promoted itself as a centre for biomedical and biotechnological activities; the United Arab Emirates had established itself as a health care city built from scratch. The emphasis is less on the cheaper cost but rather on quality or expertise as a key selling point. Most countries follow a hybrid of both approaches for country promotions, i.e. emphasis on quality health service within an attractive destination complement.¹⁷

¹⁶ OECD (2011).

¹⁷ Drawn from a presentation by Laila Al Jassmi on the GCC (Gulf Countries Cooperation) Health Travel Market Experience and Opportunities at the International Medical Travel Exhibition and Conference, Monaco, 22-23 March 2013.

Since reputation matters significantly in medical tourism, health care facilities, especially tertiary hospitals that seek more business from medical tourists, have sought international accreditation.¹⁸ While there are various accreditation institutions,¹⁹ the most well-known and, in some sense, highly coveted, is the Joint Commission International (JCI) accreditation. JCI is an international affiliate agency of the United States-based Joint Commission (JC), which accredits American hospitals. Following the same rigorous standards for accrediting American hospitals, JCI accredits international hospitals that voluntarily apply for it. Nearly 500 facilities around the world are now JCI-accredited and the number is still expected to grow (see box 2 for the JCI accreditation process).

International accreditation is like a badge of approval that provides patients some security in the quality of healthcare offered in the foreign medical facility.²⁰ Thus, accreditation helps increase patient flow. The more accredited hospitals and healthcare facilities a country has, the greater its reputation grows and the more international patients it can attract. Most insurance companies that are looking into financing of medical procedures abroad make international hospital accreditation a mandatory condition for making direct payments. At the same time, hospitals tend to upgrade their facilities and delivery of patient care because of the international audit carried out by accrediting institutions.

Box 2: The Joint Commission International (JCI) accreditation process

JCI has various programmes of accreditation programmes for laboratories, hospitals, ambulatory care, home and long-term care, medical transport, primary care centres, or for specific area or clinical care programme certification. For hospital accreditation, the JCI standards are designed to improve the quality of care and the patient safety in hospitals. The JCI website lists the following requirements for health care organizations that are applying for accreditation as follows:²¹

- 'The organization is located outside of the United States of America and its territories.
- The organization is currently operating as a healthcare provider in the country and is licensed to provide care and treatment as a hospital (if required).
- The organization provides services addressed by JCI hospital standards.
- The organization assumes, or is willing to assume, responsibility for improving the quality of its care and services.
- The organization provides a complete range of acute care clinical services. These services are available 365 days per year and all direct patient care services are operational 24 hours per day, 7 days per week; and ancillary and support services are available as needed for emergent, urgent and emergency needs of patients 24 hours per day, 7 days per week, such as diagnostic testing, laboratory, operating theatre, as appropriate to the type of acute care hospital.
- All current clinical services identified by the organization in the survey application are in full operation at the time of the on-site accreditation survey; and the clinical services are immediately available for a comprehensive evaluation against all relevant JCI standards, such as patient tracer activities, open and closed medical record review, direct observation of patient care processes and interviews of patients'.

¹⁸ There is no precise or formal definition of tertiary hospitals. A tertiary centre provides tertiary care (health care from specialists in a large hospital after referral from primary care and secondary care) and usually is:

- a major hospital with a full complement of services including paediatrics, obstetrics, general medicine, gynaecology, various branches of surgery and psychiatry or
- a specialty hospital dedicated to specific sub-specialty care (paediatric centres, Oncology centres, psychiatric hospitals)

¹⁹ For example, India has established its own accreditation organization called the National Accreditation Board for Hospitals & Healthcare Providers (NABH). Malaysia also has its own domestic counterpart called Malaysian Society for Quality in Health (MSQH) which accredits health care facilities. Only MSQH-accredited facilities are included in the promotion effort by the Malaysian government. All accreditation institutions, including JCI, in turn seek the accreditation from the International Society for the Quality in Health Care (ISQUA) which is an accreditor of accreditors. Accrediting institutions like JCI or NABH seek ISQUA accreditation for its organization, the standards it uses for its programmes, as well as for its training programmes for surveyors or auditors.

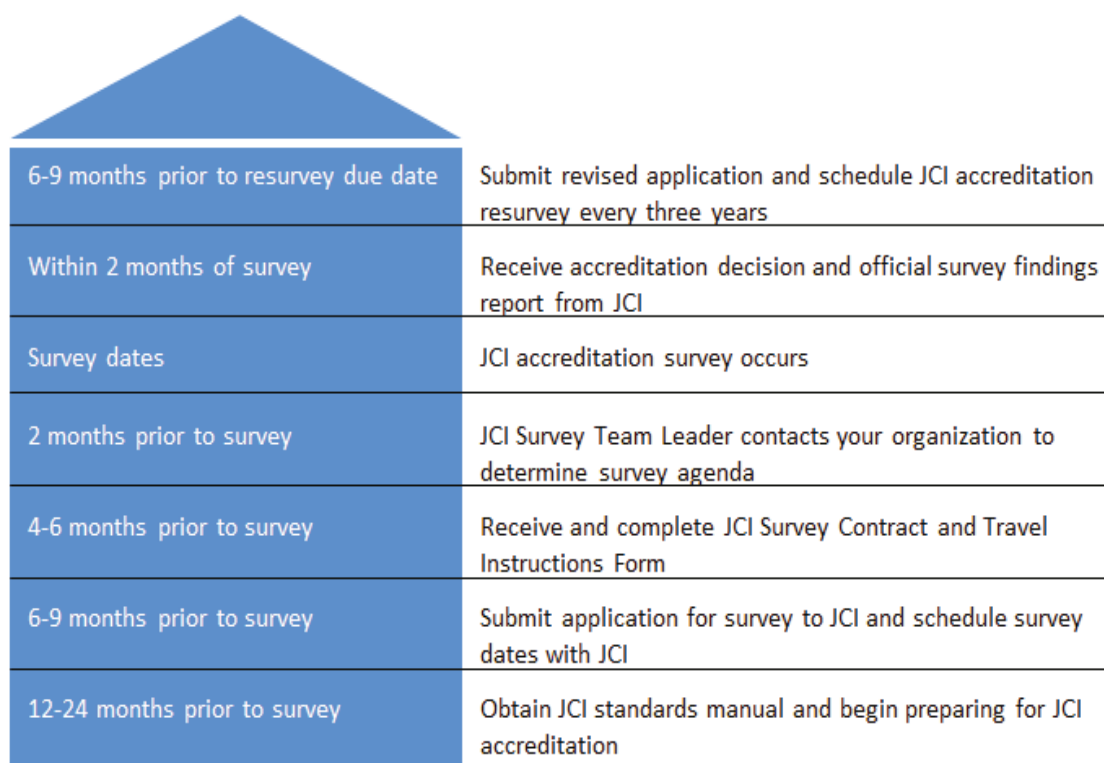
²⁰ For example, the National Heart Center of Singapore reports various improvements in their service delivery which include: improved patient comfort and satisfaction, as well as staff performance; establishment of a systematic approach for assessing 'clinical' quality of medical specialists; reduction in medication risk through improved storage and labeling, etc. The increase in patient flows is just one more offshoot of the accreditation, but fundamentally, what changed was health services delivery (Source: based on information from JCI website).

²¹ From the Joint Commission International website. <http://www.jointcommissioninternational.org/>

The most important part of the accreditation process and the one that entails the highest cost is the preparation stage. Figure 3 shows the timeline for accreditation that, in many cases, takes more than two years to complete. Hospitals should begin by getting acquainted with the JCI standards across all areas of hospital services. These standards generally apply to: management and governing body, emergency services, medical and surgical services, critical care, operating suite, day surgery, anesthetic service, radiology, pathology, medical records, nursing service, central sterilizing service, pharmacy, food service, housekeeping service, linen service, environmental service, engineering service, other general administrative concerns. All the major costs, including engineering and construction costs to upgrade facilities and acquire equipment, usually are incurred in the run up for accreditation.

The JCI conducts training for those seeking accreditation. The standards are handed over at the training session as part of the package. Before actually applying for JCI accreditation, and usually following the training and understanding of standards, hospitals can do a Gap Analysis to compare their existing practice with what should be based on the JCI standards. Adjustments are made and once hospitals are confident that they have bridged the gap and are substantially compliant with the standards, the hospital then makes a formal request for an evaluation. The evaluation agenda is then planned and the actual audit takes place approximately 6-9 months after the formal request was made. The typical JCI evaluation team usually consists of a physician, a nurse and an administrator. The team evaluates various units within the hospital, conducts interviews, and observes and requests documents for review.²² The team carries out a complete system analysis focusing on integration and coordination of care processes. Within two months of the evaluation, JCI gives the accreditation decision and findings of the evaluation. If accreditation is successful, it is valid for three years. Renewal of accreditation starts another re-application process, possibly under a revised set of standards, which are continually upgraded by JCI.

Figure 3: JCI accreditation process timeline



Source: Joint Commission International website.

²² For example, they can ask simple questions on how the hospital verifies the degree of doctors and other health personnel. More complicated assessment deals with systems of patient care, etc.

5. Country experiences

This section discusses the experiences of four Asian countries in developing their medical tourism sectors. The focus is on Asia because it is the region that has had double digit growth for the past few years with US\$ 3.4 billion of earnings in 2007, accounting for nearly 12.7% of the global market.²³ The case studies include three 'early movers' in the sector – India, Malaysia and Thailand – and one that has had a stop-go effort at developing its medical tourism industry – the Philippines. Compared to other Asian medical tourism players like Singapore, the Republic of Korea and Chinese Taipei, these four are closer to Sri Lanka, in terms of economic development, cost advantage and also from the standpoint of the capacity of its healthcare sector and the services it could potentially offer medical tourists.²⁴ These countries nevertheless have vast differences in terms of healthcare cost, infrastructure, human resources, patient perceptions, competencies and level of government support.²⁵

5.1. India

Outlook and advantage

India was one of the first countries in Asia to recognize the export potential from medical tourism. Since 2002, after the Confederation of Indian Industry (CII) produced a study on medical tourism in collaboration with McKinsey management consultants, the Indian Government has strongly supported the development of the sector. This support included the improvement of airport infrastructure and the marketing of Indian medical treatment abroad.

Between 2009 and 2011, the number of medical tourists seeking treatment in India increased 30%.²⁶ Based on past growth, the number of medical tourists going to India is estimated to grow to nearly half a million annually by 2015. India's major attraction is 'value for money', the low cost of medical procedures, the availability of mostly United States-trained physicians and state-of-the-art technology due to the emergence of several private players in the hospital industry. Mattoo and Rathindran (2006) cite India as the biggest nationality block of foreign medical students in the United States. As with other foreign students in the United States, some Indians have opted to stay in the United States, while others have returned to do their medical practice in India. Many Indians who have practised for years in the United States have returned home, attracted partly by the improved income prospects from the growth in Indian medical tourism.

Expertise

Medical tourists in India tend to go for surgical treatments, especially cardiac procedures, orthopaedic procedures, neurological and spinal surgery, as well as cosmetic surgery.²⁷ Dental treatment is another popular service availed of by medical tourists in India. For wellness tourism, key attraction is the alternative medication such as ayurvedic spa.²⁸ India is also focusing on the development of cord blood bank facilities as cord blood promises to become a critical input for many surgical treatments. Cord blood is the blood that remains in the umbilical cord after a baby is born and is a rich source of stem cells.²⁹ The development of cord blood banks is expected to be a major boost for India's medical tourism.

²³ See Asian Medical Tourism Analysis (2008-2012) summary in <http://www.mcos.com/Report/IM105.htm>.

²⁴ For example, medical tourists may go for gum surgery or cosmetic surgery or other procedures that are perceived to have less risk but would not, likely, go for lung transplant in developing countries. India, however, is known to offer "serious" surgeries like heart transplants, but generally, for major medical procedures, the destination of choice remains the developed countries, including Singapore, the Republic of Korea and Chinese Taipei.

²⁵ Asian Medical Tourism Analysis (2008-2012).

²⁶ Summary of Asia Medical Tourism Analysis and Forecast to 2015. <http://www.reuters.com/article/2012/10/23/idUS80088+23-Oct-2012+BW20121023>.

²⁷ Summary of Booming Medical Tourism in India. <http://www.marketresearchreports.com/blog/2012/04/03/booming-medical-tourism-market-india>.

²⁸ Ayurveda is described as a Hindu system of traditional medicine (incorporated in Atharva Veda, the last of the four Vedas), which is based on the idea of balance in bodily systems and uses diet, herbal treatment, and yogic breathing.

²⁹ Booming Medical Tourism in India.

Major market

India's main tourism markets are the developed countries, especially the United Kingdom and the United States. Patients from neighbouring South Asian countries such as Bangladesh, Pakistan and China also go to India for treatment.

Government support

Government support for medical tourism in India includes marketing, visa facilitation, promotion of some hospitals as centres of excellence, hospital accreditation and public-private sector partnership. The National Accreditation Board for Hospitals and Healthcare Providers (NABH) does its own accreditation of hospitals to guarantee service quality and has so far accredited 30 out of 120 hospital members.

The overseas offices of India's Ministry of Tourism market medical tourism by stocking up and disseminating information about Indian hospitals for potential foreign patients. They advertise the sector's expertise in cardiac surgery, oncology treatment, orthopaedic and joint replacement, holistic health care in hospitals that they promote as centres of excellence. The government also provides special M-visas for patients and their companions that have longer durations of stay (usually one year) than ordinary tourist visas.³⁰

The government improved airport infrastructure to smooth the arrival and departure of medical tourists. It has championed a public-private sector partnership (PPP) model at both central and state level to improve healthcare infrastructure to provide efficient services and innovative delivery models.³¹

One major obstacle for medical tourism's growth is the perception in the developed countries of poor hygiene or questionable sanitary practices in India. Another issue is the equity impact of large number of foreign tourists using India's healthcare system, on the poor and rural population of India. India's state-of-the-art technology is not affordable by the vast majority of India's population despite the dual pricing system offering lower prices to domestic patients. Initial observations indicate that medical tourism reverses the brain drain by providing better opportunities to medical professionals who would otherwise take the opportunity to work abroad. But despite dampening external migration, internal migration, i.e. movement of health-workers from rural to urban centres, appears to be worse with medical tourism.³²

5.2. Thailand

Outlook and advantage

Stunning tourist attractions, travel convenience, state-of-the-art medical technology, cheap cost of procedures including reasonably-priced accommodation, international accreditation, security – these are some of Thailand's advantages that explain why millions of tourists visit the country every year. Of its millions of tourists, close to half a million is estimated to have come for medical tourism purpose in 2011. The Thai Government estimates earnings of more than US\$ 11 billion over a five-year period from 2010 to 2014 from the medical tourism sector, with medical treatment alone estimated to earn US\$ 8 billion, with the rest of the sector (spa and wellness services, sales of products and supplies) earning the remaining balance of US\$ 3 billion.

As with some other countries, Thailand does not have the threat of malpractice lawsuits as in the United States and hence can offer some new treatments that are not offered in the OECD countries. One of its major advantages is the availability of extensive tourism infrastructure, such as very affordable hotels and other accommodation.

³⁰ However, M-visas are reportedly more cumbersome for foreigners to use as it requires physically presenting oneself to the government authorities. Hence, most medical tourists in India still prefer ordinary tourist visa.

³¹ Public-private sector partnership (PPP) accounts for a wide range of cooperative and collaborative efforts between public sector enterprise or government (central, regional, local) and private sector. It can include joint planning and implementing public and private sector medical tourism related infrastructure initiatives such as health, education, transport and communication.

³² Booming Medical Tourism in India.

Bangkok's Bumrungrad hospital is the most marketed hospital worldwide for medical tourism having been featured in *CBS 60 Minutes*, *NBC's Today Show*, *Time Magazine* and *Newsweek*.³³ It was the first Asian hospital that was accredited by the JCI, before medical tourism had become the 'buzzword' it is today. With medical tourism as its major focus, Bumrungrad hospital, alone, reportedly treats 400,000 foreign patients every year.³⁴ Besides Bumrungrad, Thailand boasts of 22 JCI-accredited hospitals throughout the country.³⁵ Some of these are located in major tourist spots like Phuket, where medical tourists can have less serious medical procedures like cosmetic surgery, dental and eye treatment or annual medical check-ups.

Expertise

The most frequently requested medical procedures in Thailand include heart bypass procedures, spinal fusions, balloon angioplasty, orthopaedics, cosmetic, gastric bypass and prostate surgeries. For spa and wellness services, the most popular are: dental cosmetics, aesthetic skin treatments, body shape treatment, weight management and lifestyle modification programmes.³⁶ In addition, Thailand is known to be the spa capital of Asia with 1,200 registered spas, of which 400 are high-end luxury facilities.³⁷

Major markets

Thailand's major market focus is Asia, aimed especially at Japanese and Middle East patients.³⁸ Some hospitals designate a special wing just for Japanese patients and provide interpreters and translators. Relative to other Thai hospitals Bumrungrad attracts more American medical tourists and has managed to have some American insurers pay for the foreign patients' procedures, thanks to the insurance companies' trust in Bumrungrad's standards and JCI international accreditation. It has a special office comprised of doctors, nurses and interpreters to cater to the needs of international patients. It also has representative offices in different countries that help bring foreign patients to the hospital in Bangkok.

Government support

The Thai Government conceived the Thailand Medical Tourism Cluster which involves the collaboration of five government agencies and five leading business associations. The Tourism Authority of Thailand, tasked with medical tourism promotion, has a website that details the various medical services that are available in Thailand as well as wellness tourism that facilitate tourists' search for healthcare information. Besides hospitals, the website also has a database of doctors and specialty clinics, hotels and accommodation.

5.3. Malaysia

Outlook and advantage

Malaysia's medical tourism industry is expected to grow at a cumulative average growth rate of 21% in 2011-2014.³⁹ Like other Asian countries, its advantage is in cost-effective treatment, upgraded hospital facilities that match (or exceed) developed country standards, skilled medical professionals, along with strong government support. Malaysia has 7 hospitals that are accredited by the JCI. English is also widely spoken and is another advantage.

³³ See Bumrungrad hospital website. <http://www.bumrungrad.com/>.

³⁴ There is, however, some criticism on how Bumrungrad reports the number of foreign patients. It counts the number on a per visit (or per bill) basis, rather than per patient. Thus their reported number is highly bloated.

³⁵ Based on data from JCI website, accessed March 23, 2013.

³⁶ Government aims to develop Thailand into world-class health provider status.

http://thailand.prd.go.th/view_news.php?id=6174&a=4.

³⁷ Ibid.

³⁸ To attract foreign patients, Bangkok Hospital Medical Center allows hiring of a physician and nurses from their major patient nationalities e.g. Japanese or a Saudi doctor and nurse for Japanese/Saudi patients. In addition, it has a significant number of staff devoted to Japanese and Middle Eastern patients who are usually very appreciative of services in their language. See Which Thai Hospital is best for me: Bumrungrad vs. Bangkok Hospital http://www.business-in-asia.com/asia/thailand_medical_tour.html.

³⁹ Malaysia Medical Tourism Outlook (2012), <http://www.rncos.com/Report/IM211.htm>.

Deloitte (2008) reports that 300,000 medical tourists came to Malaysia in 2006, while in 2011 the reported number is 583,000,⁴⁰ 49% of which is accounted for by hospitals located in Penang and 35% by the Klang Valley (which includes Kuala Lumpur and its adjoining cities, suburbs and town in the state of Selangor). As with other data, the figure includes treatment obtained by expatriates, particularly those living in the Klang Valley area, hence are not, strictly, medical tourists (under a narrow definition). If adjusted for this group of patients, the figure in 2011 is reported to be probably nearer 350,000.

Expertise

Malaysia offers western medicine along with alternative medicine including ayurveda, siddha, unani and traditional Chinese medicine.⁴¹ The country specializes in cancer treatment, cardiology, cardiothoracic surgery, fertility treatment, general screening and wellness, orthopaedics and rehabilitative medicine.

Major markets

As a moderate Muslim country and a member of Organization of Islamic Conference (OIC), Malaysia benefits from an affinity with outbound markets in the Middle East, as well as Indonesia and Bangladesh. In 2008, the number of patients coming from the Middle East had reached nearly 11,000.⁴² Patients from neighbouring countries, especially wealthy Indonesians, travel to Malaysia for medical services which are either unavailable in Indonesia or are judged to be of inferior quality compared to what they could obtain in Malaysia. Indonesians are also attracted by the short travel time, reasonable cost and cultural match in terms of religion, language and food. Singaporean patients, attracted by lower cost, also flock to Malaysia using their health insurance funds at registered Malaysian hospitals.⁴³

Government support

As early as 1998, the Malaysian government had identified health tourism as a growth driver under the Eighth Malaysia Plan and established the National Committee for the Promotion of Health Tourism comprised of airlines, hospitals, travel and tourism agencies and the Malaysian Industrial Development Authority to address issues related to marketing and promotion, tax incentives, fee packaging and accreditation. In 2009, the Malaysia Ministry of Health set up the Malaysia Healthcare Travel Council (MHTC) to drive the medical tourism initiative. It works closely with the Association of Private Hospitals of Malaysia, Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Tourism Malaysia and the Malaysian Dental Association (MDA) to develop programmes to bring Malaysian medical tourism to the forefront.⁴⁴ It operates a dedicated call centre, the MHTC Careline, just for international patients. MHTC has set up offices in Dhaka, Hong Kong (China) and Jakarta (for prospective patients from China, Japan and the Republic of Korea) and established a medical tourism welcome lounge at Kuala Lumpur international airport⁴⁵.

Malaysia has its own system of accreditation for hospitals. The Malaysian Society for Quality in Health (MSQH)⁴⁶ has accredited 72 out of 253 hospitals to have the capacity to handle international patients. Besides domestic accreditation, the government supports international accreditation initiatives by hospitals and provides tax incentives to fund such moves. Visa restrictions for medical tourists have been relaxed and the process has been sped up. Very significantly, to increase local expertise, Malaysia removed restrictions on the licensing of foreign specialists.⁴⁷

⁴⁰ See Malaysia...the best kept secret in medical tourism, <http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/>.

⁴¹ Malaysia Medical Tourism Outlook (2012),

⁴² Ibid.

⁴³ Malaysia's government policy is for healthcare prices to be the same for both international and domestic patients. This is different from the dual-pricing system in India.

⁴⁴ See more at: <http://www.mhtc.org.my/en/mission-vision-background.aspx#sthash.gpsxMon1.dpuf>

⁴⁵ See : <http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/>

⁴⁶ MSQH is recognized by International Society for Quality in Health Care (ISQUA).

⁴⁷ See : <http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/>

5.4. The Philippines

Outlook and advantage

Unlike Thailand, Malaysia and India, the Philippines entered the medical tourism services industry relatively recently. In 2004, the Arroyo administration supported the Philippine Medical Tourism Program (PMTP), a public-private sector initiative to promote medical tourism along with health and wellness services.

While there is no available official data on whether the push for medical tourism has, in fact, brought in more medical tourists, the private sector has clearly caught the enthusiasm.⁴⁸ The push for medical tourism has helped some big hospitals to upgrade their facilities, taking advantage of government incentives which include tax holidays and import duty exemption for medical equipment.⁴⁹ The stepped up promotion has also raised the need to conform to international standards and to seek international accreditation. In 2004 only St. Luke's Hospital had a JCI accreditation but by 2012, five hospitals have obtained a JCI accreditation. The Department of Tourism started a system of accreditation of hospitals, clinics and health and spa services to also improve national standards.⁵⁰ However, unlike Malaysia's MSQH, the Philippines' accreditation focuses more on the tourism aspect of the facilities rather than on patient safety and care.

The Philippines' push for medical tourism is not only for the purpose of increasing export receipts but to help it stem the brain drain in the medical sector. The Philippines has been a major supplier of medical professionals, especially nurses to the United States, Canada, the United Kingdom, and Singapore. This is primarily due to the higher wages available in those countries.

The cost of medical services in the Philippines, as in other Asian countries, is significantly lower than in advanced economies in North America and Europe. For example, for some medical procedures like liposuction or cataract surgery, the cost in the Philippines is between 41% to 57% (for cataract surgery) and 25% to 50% (for liposuction) of the cost in the United States.

For the tourism aspect, the Philippines has a sufficient tourism cluster. It has world class hotels in major tourism destinations, as well as a number of hostels, 'condotel' (similar to suite accommodations) and pension houses for budget tourists.⁵¹ There are 454 Department of Tourism - accredited travel agencies, as well as major resorts and spa destinations.⁵² Some of its major tourist attractions are world renowned.⁵³ Many of its beaches are world-class and a few of its well-known spas like the San Benito Farm in Lipa, Batangas or the Mandala Spa in Boracay are highly recognized by the International Spa Association.⁵⁴

On top of this, the Filipinos are known for their warmth and hospitality as a people. English is widely spoken which is beneficial for medical tourists.

⁴⁸ With the usual caveat on data on medical tourism as discussed earlier, a Department of Health Undersecretary was quoted to put the number of foreign patients at 100,000 in various hospitals in the country and medical tourism receipts at US\$ 400 million in 2007. The target revenue for 2012 was US\$ 2 billion. See GTZ/DTI (2009) report.

⁴⁹ Lavado (2011) finds that private hospitals have poured PhP 3 billion worth of capital expenditures in 2006, mostly used for building and land improvement, as well as purchase of machineries and equipment.

⁵⁰ See footnote number 48 for comments on the quality of domestic accreditation.

⁵¹ Available hotel rooms in Metro Manila in 2010 were 14,971 and 7,039 outside Metro Manila.

⁵² The list of DOT accredited establishments can be found here:

<http://accreditationonline.tourism.gov.ph/Pages/Portal/PortalListEstablishments.aspx>. However, it is worth noting that not all major stakeholders in medical tourism industry are in the accredited list. Some five-star hotels or renowned resorts and spas are not in the list, nor are all the major tertiary hospitals involved in medical tourism. Of the four accredited hospitals, only two of the top hospitals, St. Luke's Global City and Medical City Hospital, are accredited. This may indicate the lack of incentive mechanism for getting DOT accreditation.

⁵³ For example, British Vogue magazine in August 2012 named Palawan's Ariara Island as a top destination for a rich-and-famous getaway. It also listed Boracay Island as the world's best island destination earlier in the year. Likewise, CNN GO lists Tubbataha Reef, located southeast of Palawan among the top ten travel dive sites in the world (See '2 PHL Divesites Listed among World's Best'

⁵⁴ Porter et al, (2008).

Expertise

Many Filipino doctors have obtained medical specializations abroad, usually from the United States on which its university education has been patterned. In fact, the Philippines is second only to India in the American foreign medical student population.⁵⁵

The Philippines has well-reputed publicly-owned specialty hospitals like the National Kidney Institute, Philippine Heart Center and the Lung Center of the Philippines, as well as private sector-owned specialty clinics like the Asian Eye Institute, American Eye Center, Belo Medical Clinic (for cosmetic surgery) and others that have also gained expertise and reputation in their respective fields.

The top private hospitals like the Makati Medical Center, St. Luke's Medical Center, Medical City and Asian Hospital (in Manila) and Chung Hua Hospital (in Cebu) have all sought and passed the accreditation audits conducted by the JCI. They have significantly upgraded their capacities to be able to welcome more medical tourists. In 2006, private hospitals spent more than 66 million US\$ in capital expenditures, mostly on machinery and equipment as well as land and building improvement, all geared up to attract discriminating medical tourists.⁵⁶

Makati Medical Center markets its capacity at treating serious medical cases, not only cosmetic ones, by advertising the American training of its physicians and medical professionals. It also offers assistance for travel, living arrangements, airport pick up, but it adds no package for pre- or post-procedure tourism. It has more than 600 hospital beds and is known for various medical specialties. St. Luke's Hospitals boasts state-of-the-art technology and equipment that is on par with the best hospitals in the world. It also has a one-stop service helping international patients with logistical arrangements, including concierge service.

Major markets

The majority of St Luke's Global City's medical tourists are from Guam and Japan. This could be due to the fact that the hospital has a representative office or marketing arm based in Guam that effectively sends patients from Guam and the Federated States of Micronesia. The majority of Japanese medical tourists are actually Japanese residents in the Philippines. Other major clients of Philippine hospitals are the foreign expatriates. For this group, the services desired are mostly executive check-up, lifestyle checks, laser eye surgery and dental procedures. Middle Eastern patients also come to the Philippines to take advantage of its cheap dental procedures.

The Philippines' medical tourism demand also relies on the large number of Filipinos working overseas or permanently staying in the United States or elsewhere who always want to reconnect with their family back home for vacation. In 2011, more than 200,000 Filipino overseas workers visited the country, or 6% of total tourist arrivals. The extensive Filipino diaspora presents a natural market for Philippines' medical tourism. Filipino expatriates already have confidence in the medical services in the Philippines and do not need to be convinced about the domestic capacities of local doctors and hospitals.

Because of barriers in the portability of health insurance, most of the procedures done in the Philippines are either those that health insurance does not cover e.g. most cosmetic surgery, or executive check-up, or those whose deductible amount remains too large even with insurance coverage. The JCI accreditation of Philippines hospitals can help in negotiating with foreign insurance groups since most insurance companies tend to consider medical reimbursements in accredited foreign hospitals only. At the same time, some health insurance companies appear to be more open about experimenting on cutting their own costs by allowing medical procedures to take place in cheaper destinations, particularly in the case of expatriate ethnic communities in the United States, for example, Latino-Americans, or Taiwanese-Americans and others. The Filipino expatriate communities in the United States might be able to take advantage of the greater openness of insurance companies to avail of medical tourism in their home country.

⁵⁵ Mattoo and Rathindra (2006).

⁵⁶ Lavado (2011) analyses the financial strength of top Philippines' hospitals.

Government support

Like other Asian countries, the Philippines supported the development of medical tourism through a host of fiscal incentives such as tax holidays, subsidized loans, free import tariffs for medical equipment, etc. As already mentioned, the government also tried to spearhead the public and private sector partnership with the Philippine Medical Tourism Program (PMTTP). The PMTTP brought together government departments, especially the Department of Health, Department of Tourism, Department of Trade and Industry and Department of Foreign Affairs along with private sector representatives, which include the hospital services sector, real estate developers, the spa services sector and others. The PMTTP was tasked to develop four areas: medical and surgical care (hospitals and clinics), traditional and alternative healthcare, health and wellness (including spas) and international retirement/long-term care for foreigners who are retired and elderly.

However, unlike in Malaysia and India, the Philippines does not have a serious domestic accrediting body like the MSQH or NABH. Neither does it have a separate agency like Malaysia's MHTC that has a clear mandate to drive the growth of medical tourism.

5.5. Summary of Findings

All four countries recognized the potential of growing medical travel as a lucrative export. All have had strong public-private sector partnership with the government providing financial incentives for the health services sector to upgrade its facilities, acquire equipment and actively promote its services (see table 5).

Types of government support vary: in Thailand, a major government help is the extensive tourism infrastructure development that aids hospitals in marketing health services with tourism components; in Malaysia, strong fiscal incentives to build capacity in the health sector and highly coordinated regulation and promotion efforts, including removal of cross-border movement restrictions for medical professionals into Malaysia, carried out with focus through clear mandate of a primary agency; in India, financial incentives, visa facilitation and active promotion efforts; in the Philippines, fiscal incentives and subsidies. While Malaysia and Thailand have agencies with clear and focused mandates which help promote medical tourism effectively, India and the Philippines have none. India, at least, has a very dynamic private hospital sector that helps drive the growth in medical tourism. The Philippines' private sector, because of a belated entry into the industry, is still trying to coordinate its action more effectively.

India and Malaysia have embarked on a domestic hospital accreditation system even as both continue to provide encouragement for hospitals dealing with medical tourists to acquire JCI accreditation. Thailand and the Philippines have no similar domestic accreditation body but encourage hospitals to go directly for international accreditation.

All countries have a significant number of tourist attractions but specific medical specialties vary. In Thailand, most tourists come for cosmetic surgery; in Malaysia, for health screening, cosmetic and cardiac surgery; in India, for cardiac and orthopaedic procedures; and in the Philippines, for health screening, cosmetic surgery and dental procedures.

Growth in the sector is largely due to private sector investment and joint ventures in the health services sector. India's medical tourism is dominated by large hospital chains such as Apollo or Gleneagle or Fortis. Malaysia, too, is following a similar track via open investment regimes in the hospital sector.

Table 5: Comparison across the medical tourism industry in Asia

Country	India	Malaysia	Thailand	The Philippines
Organizational structure	Few big and multi-specialty private sector hospitals, e.g. Apollo, Fortis	Growing private health sector with inward movement of qualified workforce	Pockets of excellence in some private Bangkok hospitals, e.g. in Bumrungrad, Bangkok Hospital Medical Center	Growing corporatization of hospital services sector; pockets of excellence
National Strategy	Worldwide medical tourist destination; but growth is strongly private sector-led	Industrial strategy to develop tourism	Regional health hub; extensive tourism infrastructure	On-off government push for medical tourism industry development
Sample of government support	Special medical travellers' visa and companion; promotion efforts; trade fairs; export subsidy	Subsidy; tax incentives for building hospitals; promotion; cost deduction for training	Infrastructure; promotion and advertising; push for international accreditation	Formation of public-private sector partnership; subsidized loans; import tariff exemption for medical equipment
JCI accredited hospitals	19; together with own-developed accreditation through NABH	7; accreditation of public and private hospitals through MSQH	22	5
Policy concerns	Growing urban-rural divide because of internal migration of doctors	Public-private divide	Urban-rural divide	None so visible yet arising from medical tourism

Source: Pocock and Phua (2011) and Author's compilation.

6. Best practices and lessons for other developing countries

Several lessons can be distilled from the experience of Asian countries analysed in this document.

6.1. Government support

The government can help in the overall promotion of a country as a medical tourism destination through visa facilitation, trade fairs organization and participation and marketing efforts by its consular offices abroad, or facilitation of inbound cross-border movement of medical professionals. It can encourage the upgrading of medical facilities through various fiscal incentives. The government can also support the medical tourism industry by addressing infrastructure bottlenecks especially those closely related to tourism, for example airports, roads and transport that facilitate access to tourist destinations. Airport infrastructure is particularly important as it acts as a 'marketing' tool giving the initial favourable or unfavourable impressions to foreign tourists.

Besides the above support, there are also other government policies that can help medical tourism. For example, if investment in hospitals and other services related to the sector is closed to foreigners, the government may need to assess if there is a continuing benefit of such a policy. The experience of Singapore, Malaysia and India, for example, points to the big boost to the medical tourism sector from

large foreign investments from hospital chains that have the resources to build modern hospitals as well as the experience dealing with large international foreign insurance groups which, as discussed in this paper, is a major factor that facilitates the flow of more foreign patients to developing countries. The construction of more destination resorts and spas, hotels and other accommodations, likewise require attracting large capital resources, some of which are likely needed to be sourced from abroad.

6.2. Government agencies-hierarchy and mandate

The experience of Malaysia where the Malaysia Health Travel Council (MHTC) has a very clear mandate to be the primary agency to develop and promote the healthcare travel industry and to position Malaysia as a preferred healthcare destination in the region shows that this leads to a highly focused promotion effort and easier coordination among government agencies and private stakeholders. A similar positive experience can be pointed out for Thailand from the clear mandate of the Tourism Authority of Thailand for the focused promotion of Thai medical tourism.

Other countries have weaker centralized government agencies tasked with the development and promotion of the medical tourism industry. However, as long as the private sector is given all the necessary encouragement and clear policy signals, then a dynamic private sector can lead the growth of medical tourism. The experience of India shows that its private hospital sector has strategically made the right partnerships to boost Indian medical tourism.

It is critical to have a clear assignment of responsibility and hierarchy among government agencies giving clear policy directions to the industry is also very important.

6.3. Public-private sector partnerships

The government can facilitate cooperation within the private sector and provide a 'venue' for private actors to coordinate their activities. Note, for example, the Philippines' or India's experience of putting together a 'medical tourism team' composed of major players in the hospital, hotels, tour agencies, real estate and construction industries, etc., to facilitate exchange of information about medical tourism trends and encourage formation of medical tourism packages involving several sectors. Such teams also help in better advocacy and public dissemination of information regarding the prospects and benefits of developing the medical tourism industry. A public-private sector partnership can also coordinate the 'policing' of its members to maintain quality and to safeguard the country's overall reputation.

One such important partnership is with the medical travel facilitators, both domestic and foreign. The domestic travel agencies are important in developing medical tourism packages, particularly before or after the medical procedure. But a very important group of partners that also needs to be cultivated are the foreign medical travel facilitators, for these have an important role to play in actively marketing the country's services abroad and in developing interesting and unique medical tourism packages. They can provide a one-stop shop for potential medical travellers. This certainly helps hospitals that cannot afford to undertake their own marketing and promotion outside the country. These experts are the ones who have the intimate knowledge of tourism and wellness demands of their respective clients and can effectively recommend specific countries and medical and spa facilities or even create their own medical tourism destination packages.

Besides partnering with travel facilitators, big hospitals, which have the capacity to establish foreign marketing offices, should seriously consider establishing marketing arms or representative offices in selected major markets. The experience of hospitals such as the Bumrungrad's has shown that representative offices abroad significantly help bring patients to the country. These small 'branches' can also effectively spot potential benefits from bilateral negotiations with government insurance systems in those countries to include their hospital among the insurance agency's accredited institutions.

6.4. Tourism planning

Tourism planning is vital to multiply the positive effects of the industry. Stakeholders need to identify and agree on selected tourist destinations as well as the diversification of tourism products in order to attract more tourists through the provision of a varied consumer choice. In addition, within an assigned budget,

stakeholders have to plan the creation and provision of adequate facilities as well as the strengthening of the existing infrastructure and amenities.

6.5. Human resources training

Human resources training and the establishment of clear guidelines for medical professionals are also important roles for the government. A policy that strikes a balance between top doctors and nurses working in hospitals with medical tourists and the need to provide quality healthcare to the local population, especially the poor and those in the rural areas is, in principle, feasible. For example, the Philippines requires hospitals to allocate a percentage of hospital services, e.g. number of beds, to charity.

6.6. Accreditation

Some countries, like Malaysia and India, have a domestic accreditation body that accredits medical facilities to upgrade its services as well as provide some guarantee of quality to medical tourists. Others, like Singapore and Thailand, encourage direct accreditation from JCI. Given that not all healthcare facilities have the ability to go for JCI accreditation, for example, small cosmetic surgery or dental clinics, some form of quality signalling would be useful to attract medical tourists to these facilities. It is, however, highly advisable to be conscious of international standards in crafting domestic standards for local accreditation.

7. Prospects for Sri Lanka

The Democratic Socialist Republic of Sri Lanka is enjoying increased foreign tourist arrivals. Starting from 2009, the number of foreign tourists has steadily increased from more than 400,000 in 2008 to more than 1 million in 2012.⁵⁷

An island-nation, Sri Lanka has a lot of exotic beaches as well as a rich cultural heritage, mainly from Buddhism which is the religion of majority of Sri Lankans. The traditional tourism offer ranges from beach tourism to eco-tourism, from adventure/wild-life to religious experiences. For tourists looking for eco-tourism, the yet unspoiled environment of many parts of the country is definitely a pull. English is widely spoken, owing to its British heritage and cheap long-haul direct travel, especially from Europe, is available.

With respect to medical/wellness tourism, as in other countries, there is no official statistic on how many of the tourist arrivals are in Sri Lanka for the purpose of health related tourism, but anecdotal evidence points to an increasing number of foreign patients coming to Colombo hospitals for treatment. The cost of medical treatment, even including travel and accommodation, is on average, 50% cheaper than OECD countries. In addition, some holidaymakers come to Sri Lanka for the purpose of staying in resorts that offer ayurvedic spa and treatment. Ayurveda is already advertised in the Sri Lankan official tourism website.

7.1. Medical care in Sri Lanka

Sri Lanka's public healthcare system boasts very skilled and highly trained medical doctors and specialists with education and training patterned after the United Kingdom's system. It has a good network of hospitals spread throughout the country. Most Sri Lankan doctors work with the public healthcare sector while only a few doctors work fulltime in private hospitals. The dearth of fulltime medical doctors is the cause of a lobbying effort by private hospitals for easier regulations that would enable them to bring more foreign doctors to Sri Lanka, especially in anticipation of an increasing number of foreign medical tourists who expect 24/7 availability.

Sri Lanka has five major private hospitals based in Colombo: Asiri, Durdans, Hemas, Lanka and Nawaloka (see table 6). By foreign standards, each of these hospitals is 'small' with less than 500 beds each. But each hospital is upgrading its facilities and some have acquired specialist state-of-the-art medical equipment. None of them is JCI-accredited yet, but Lanka hospital, partly owned by India-based Fortis Group, is preparing for its JCI accreditation this year (2013), with the targeted increase in medical tourism in view. Hemas hospital is accredited by the Australian Council on Healthcare Standards Intl (ACHSI), an

⁵⁷ Sri Lanka Monthly Statistical Bulletin, <http://www.sltda.lk/statistics>.

ISQUA-accredited accreditor of healthcare facilities similar to the JCI. The other hospitals are ISO-certified either for management (ISO 9001), for its medical laboratory (ISO 15189), or food safety (ISO 22000).

Of the five hospitals, Lanka and Durdans already have an active programme for medical tourists. Foreign patients in Lanka hospital comprise about 15% of the total; most of them come from the Maldives where Lanka has a bilateral arrangement with the government insurance for treatment of its citizens. It also has a representative office or feeder clinics based in the Maldives that help bring in Maldivian patients. With a JCI accreditation, the hospital expects to attract patients from more countries. Durdans hospital has started a tie-up with www.healingjourney.lk, a local medical travel facilitator, to package medical tourism services, in addition to its existing tie-up with a Singapore-based medical travel facilitator. Asiri hospital has built a new modern hospital (The Central) with a capacity of 264 beds, primarily designed to meet the requirements of medical tourists.

Table 6: Major private hospitals in Sri Lanka

	Asiri hospital	Durdans hospital	Hemas hospitals	Lanka hospital	Nawaloka hospital
Foreign Patients		Beginning ties with medical travel facilitator, healingjourney.lk	Small number of foreign patients; approximately 1% of receipts from foreign patients	15% of total inpatients are foreigners; mostly from Maldives	
Beds/ centres of excellence	(additional 264 bed subsidiary hospital (The Central) soon to be finished; specifically built for medical tourism); neuro science, cardiology	250; Cardiac, Orthopaedic, etc.	94 beds	242; multispecialty tertiary hospital, especially kidney, cardiac, cosmetic and orthopaedic specialities	>400 beds
Doctors		50 fulltime; 150 visiting consultants	24 full time; 150 visiting consultants	330 specialists (300 visiting); 55 doctors	600 visiting physicians
Staff		1,900 nursing, paramedics and support staff	130 nurses	343 nurses; 1200 total staff	
JCI and other international accreditations	ISO 9001 for management	ISO 15189: 2007 for laboratory services; plans afoot for future intl. accreditation	Accredited by Australian Council on Healthcare Standards Intl (ACHSI); ISO 9001 for management; ISO 15189 for laboratories; OHSAS 18001 for occupational health and safety management system	Preparations are ongoing for JCI accreditation; ISO 15189 for medical laboratories; ISO 22000-2005 Food Safety Hygiene; halal certification	
International Affiliates				Part of the Fortis group of hospitals which is present in more than 5 countries	
Foreign Partners	Nil	Nil	7% of Hemas Holdings is by non-residents	Fortis Hospitals (India) 28%	Nil

Source: Author's compilation based on interviews and correspondences, hospital websites and news articles.⁵⁸

⁵⁸ For example, <http://www.ft.lk/2013/01/11/sri-lanka-readies-for-healing-journey-with-new-healthcare-tourism-company/>

One challenge facing Sri Lankan medical care is the large exodus of trained medical doctors to other countries. The poor remuneration and professional opportunities in Sri Lanka have been causing a brain drain among Sri Lanka's medical doctors, with roughly 30-40% of annual graduates lost to foreign-based hospitals.⁵⁹ The private sector healthcare, in theory, can help improve this situation, but it is still unable to match the financial reward of working abroad. Medical tourism is considered one avenue by which to help arrest the brain drain.

Another challenge, particularly for private hospitals, is how to increase the number of full-time medical doctors, especially medical specialists. Most Sri Lankan doctors work in the public healthcare system and at the same time work part-time in private hospitals as consultants, usually after their work-hours in the public sector. Private hospitals argue that this system, which for now is workable, will not hold as medical tourism picks up. The need for more full-time medical specialists is pushing private hospitals to either attract Sri Lankan doctors working abroad or hire foreign doctors to practise in Sri Lanka, most of them from India. As in other countries, cross-border movement of professionals, especially medical professionals, is a sensitive issue in Sri Lanka.

Current Sri Lankan regulations on hiring foreign medical specialists require approval by the Sri Lanka Medical Council of training equivalence and standards of recognition, followed by assessment and examination.⁶⁰ Once admitted, foreign-trained specialists are given one year temporary registration, renewable for a maximum of three years. The three year maximum practice is considered by private hospitals to be a significant barrier because it is usually only around the third year that any specialist is able to develop a stable patient/client base. It is consequently difficult to attract foreign-trained doctors to work in Sri Lankan hospitals after. On the other hand, the Sri Lanka Medical Association continues to contend that foreign training is generally relatively less rigorous and is concerned about potentially diminishing the quality of local health services.

7.2. Potential niche market: ayurveda treatment

While Sri Lanka has strong potential to compete in the global medical tourism market because of medical cost advantages, an excellent medical workforce and attractive tourist destinations, the fact is that the field is quickly becoming crowded with more countries, from Latin America to Africa and Asia, trying to enter into the market. The key is to develop a niche expertise.

One area in which Sri Lanka, along with India, holds a strong competitive advantage in terms of traditional knowledge is ayurvedic treatment. Ayurveda means the 'science of life'. It is a system of healing, widely practised in South Asia, especially in Kerala and Sri Lanka, based on herbs and diet. It is duly recognized by the World Health Organization (WHO) as a complete natural healthcare system. For medical tourism purposes, two 'avenues' may be considered in the ayurveda industry. One is relaxation (massage and spa where herbal oils are used); the other is an alternative or complementary treatment to western medicine.

For the strictly ayurvedic treatment 'branch', Sri Lanka has ayurvedic hospitals that are much like any other western type (primary or secondary level) hospitals, except that the treatment used in the facility is based on ayurveda. Some ayurvedic resorts, however, specify the minimum number of days of stay in the facility (typically, 14 days minimum) for the treatment to have its effect. These facilities reject holiday seekers i.e. those who cannot stay for that long and wish only a short vacation stay. They regulate the length of time the patients (guests) can go out of the facility and discourage eating or drinking anything outside of what they offer at the resort. All these requirements are claimed to be part of the holistic treatment that ayurveda entails.

For the ayurvedic spa and relaxation 'branch', Sri Lanka faces competition all over the world as the technique is copied anywhere and ayurvedic spas are already found in many countries, for example in Malaysia. In Sri Lanka, some resorts allow both holiday seekers i.e. those staying for only 2 or 3 days, as well as those staying longer for a serious ayurveda treatment, hence these facilities straddle both ayurveda

⁵⁹ From meeting with Government Medical Officers Association (GMOA) representatives in April 2013.

⁶⁰ Sri Lankan medical training is patterned after the United Kingdom system. In the United Kingdom, specialists, after finishing their general medicine degree and passing the board exam, have to go through 4-6 years of specialty training, pass the specialty certificate exams to get their certificate for completion of training. Throughout the training, they have workplace based assessment, i.e. clinical duties where they get formative feedback and show evidence of learning.

as relaxation and ayurveda as treatment and have mixed types of guests. Despite the competition from other countries, Sri Lanka has a natural advantage over many others because of the ‘authenticity’ attached to ayurveda in Sri Lanka, having practiced the treatment for hundreds of years. Spas in Kerala (India) already feels the heat of competition, acknowledging that, since the Sri Lankan civil war ended, about 30-40% of their ayurvedic business has shifted to Sri Lanka.⁶¹ To date, it is mainly European tourists, especially Germans, which have comprised the major tourist bloc to take advantage of Sri Lanka’s ayurvedic treatment. The ayurvedic industry needs to document success stories that can be used for promoting the industry internationally. More awareness and promotion of the usefulness of ayurvedic treatment throughout the world will help to propel the Sri Lankan medical tourism industry higher.

Within the ayurvedic spa, establishing minimum standards and creating a system of star-rating could also help create greater confidence among tourists. It would also give appropriate choices to tourists according to their willingness to pay.⁶² The current government system provides a basic minimum requirement or approval process for opening an ayurvedic business - most important of which is the requirement that a licensed ayurvedic doctor be present to take care of the ayurvedic treatment and spa. But to cater to discriminating foreign tourists, domestic accreditation and rating of ayurvedic spas in Sri Lanka could usefully be carried out locally by an independent body, akin to other accreditation bodies for hospitals and other healthcare facilities, or hotels. By comparison, in Kerala, the Department of Tourism awards accreditation to some ayurvedic centres for outstanding qualities of facilities and services.

An international accreditation body for spa and wellness likewise exists and one Sri Lankan ayurvedic spa near Kandy has obtained a ‘Quality Spa Certification’ (See box 3 for an example).

7.3. Other high-potential: ayurveda-linked exports

Besides attracting more medical travellers to try ayurvedic spa and treatment, Sri Lanka also has strong prospects in exporting ayurvedic products. As international awareness of the benefits of Ayurveda increases, demand can be expected for ayurvedic products such as ointment, oil, tea and ayurvedic herbal medicines. This, however, requires improving standards to address technical barriers to trade (TBT) and sanitary and phytosanitary concerns in most developed country markets. Adoption of good manufacturing practices would help, as well as bilateral agreements on conformity assessment for TBT and SPS to the WTO Agreements on TBT and SPS.

On this point, it is worth noting that Kerala has advanced in seeking to validate ayurveda through a rigorous, scientific process based on the United States’ Food and Drug Administration (FDA) norms.⁶³ Academic faculties, such as the Faculty of Ayurveda, Institute of Medical Sciences in Banaras Hindu University (BHU), are being involved to undertake research and development in areas like geriatric care, cancer and other diseases. The venture also aims to standardize classical ayurvedic drugs for purity, safety and efficacy. Other initiatives like joint partnerships with private businesses also seek to explore the development of beverage and food products and recipes that are ayurveda-inspired. For example, Tata Global Beverage has formed tie ups with the Board of Kerala Ayurveda Ltd to explore product development.

In Sri Lanka, the government’s 2013 budget announcement allocated US\$ 2.4 million for the development of indigenous medicinal systems and another US\$ 1.9 million to support research of university academics and medical professionals.⁶⁴ This can be seen as a boost to ayurveda research and a step in the right direction. With the aim of documenting the scientific process behind ayurveda’s effectiveness, the government’s research fund can eventually help increase its exports of ayurveda wellness products and herbal tablets as well as open the possibility of exporting ‘hard or curative drugs’ based on ayurveda which, as yet, are barred from import into most developed country markets.

⁶¹ “Kerala’s Ayurvedic Industry Challenged by Sri Lanka”, news360.lk, <http://www.news360.lk/tourism/news-herbal-29-04-2013-kerala%E2%80%99s-ayurvedic-industry-challenged-by-sri-lanka-778651>. April 29 2013.

⁶² Interestingly, one Sri Lankan ayurvedic spa obtained an Ayurveda Spa Europe Certificate (Quality Spa Selection).

⁶³ See, for example, <http://www.keralaayurveda.biz/htmls/rd.html>, for news articles on various public-private sector initiatives to develop ayurveda products.

⁶⁴ See <http://www.asiantribune.com/news/2012/11/08/sri-lanka-budget-2013>.

Box 3. International accreditation of Ayurvedic spa

Just like medical facilities, spa and wellness facilities are rated and accredited by some international accreditation bodies. One example is the European Audit Institute Wellness and Spa e.V (EAWS), which evaluates various spa and wellness centres including ayurvedic spas. Hotels and spa facilities can apply for EAWS Europe Certificate by sending an application. Once the application has been accepted, the spa facility fills out a pre-assessment survey and if judged positively, an on-site audit (mystery check) takes place; otherwise, the applying spa is advised to first strengthen the identified weaknesses before any physical audit proceeds. The mystery check is carried out by EAWS auditors visiting the facility on an anonymous basis via regular booking to check the day-to-day standard of the facility and its services.

If the audit is successful, the spa is given one of three possible ratings: Leading, Premium, or Quality, depending on the accumulated score it obtained from 850 single criteria covering external presentation, front office, housekeeping, food and beverage, safety and wellness. In addition to EAWS' Basic Criteria⁶⁵ for spa, it has separate criteria for ayurvedic spa. The EAWS website indicates the following additional criteria specifically for ayurvedic spas:

- Authentic ambience and natural atmosphere and surrounding, clean, not close to industry parks or factories with high pollution emissions;
- Therapies have to be applied by qualified specialists, with a clear therapy goal and under the supervision of a medical doctor;
- The ayurvedic doctor must be a university graduate and the therapist has to have appropriate training and education;
- The treatment includes physical examination by a certified doctor, identification of individual treatment, feedback discussion of results and proposals for sustainability upon return home;
- A certified resort or hotel with a quality Ayurveda Spa Centre should offer a noticeable health promoting concept within the venue, which includes treatments and services according to scientific research and standards, quality vital nutrition offerings, along with the highest standards in guest-orientation and service quality among the employees.
- Has to have documented safety and hygiene standards.

Source: <http://www.wellness-audits.eu>

Another export opportunity that can be drawn from Sri Lankan advantage in ayurveda is education services, i.e. training of foreign students/doctors/therapists who might be interested in learning ayurvedic treatment. Online courses, masters programmes or specialist courses can be offered by Sri Lankan universities. The research team found one Sri Lankan resort near Kandy which offers precisely this training for foreign guests that are interested in ayurvedic therapy, albeit the training appears to be small scale and not as rigorous as that for ayurvedic doctors. The training is merely part of a few days hotel stay package and does not seem to be a serious training programme with accredited certificates and proof of training.

⁶⁵ The EAWS Basic Criteria for spas in general are: a fundamental and integrated spa concept must exist throughout the entire facility; establishment as well as its environment offers feel-good ambience with extraordinary guest orientation and high service quality from check-in to check-out and beyond; provable quality specialist qualification; well-structured variety of well-balanced healthy Food & Beverage products (fresh, fully-fledged, delicious, ideally organic food); variety of wellness concepts and offerings in the fields of exercise, relaxation, recreation, nutrition and health promoting activities and information for sustainable health in daily life; optional nature experiences or cultural events available within the hotel or in the surrounding area; spa area and environment within the hotel comply with modern standards of today's wellness guests and offers high quality and up-to-date interior and equipment; quiet and inspiring relaxation area is obligatory; spa area promotes ease and vigour-stimulating ambience; this includes (only for mixed wellness concepts): Indoor-pool, sauna, steam-bath, fitness- and treatment rooms (in size and number adequate to hotel size); additional relaxation/recreation rooms or lounges with exceptional feel-good-ambience; public wellness area (pool, sauna, fitness room) is available daily for all wellness guests for at least 10 hours; additionally offered spa treatments should be available for the wellness guest in convenient number and at adequate price level; spa offers must be reasonable, transparent and with an adequate price-performance level; smoking is only allowed in completely separate rooms. The wellness guest must not come in any contact with smoke at any time

8. Role for ITC

Tourism including Medical/Wellness Tourism is one of the 3 clusters of services industries (together with Transport/Logistics/Distribution and IT and IT-enabled Business Services) upon which ITC's reinvigorated Trade in Services Programme is focusing. There is evidence that the global market for medical/wellness tourism is expanding rapidly and that there are significant opportunities for a wider range of developing countries to participate in this business. There is still a dearth of information on the potential export impact, tailored to the needs of prospective new market entrants in developing countries.

ITC's offering in terms of all services sectors is structured in accordance with ITC's Trade in Services Strategy 2013-2015 built around ITC corporate business lines, namely institutional strengthening, trade intelligence, SME competitiveness, business and trade policy and export strategy.

Based on the above, initial ITC intervention in medical tourism can be structured, depending on beneficiary needs, along the lines of a set of key identified ingredients for effective entry into this sector as set out below.

- **National awareness-raising campaign to sensitize stakeholders to the potential growth prospects in the health tourism sector**

The nature and content of the campaign would be tailored to the beneficiaries needs depending also upon the resources available. Essential elements include documentation of key trade and development statistics, highlighting the actual and potential benefits of the sector to export performance.

- **Establishment of appropriate coordinating mechanisms between relevant government agencies and regulators and facilitation of a national public/private dialogue on health tourism**

At government level, there is usually more than one Ministry and more than one regulator involved in medical tourism so effective trade promotion requires an intensive internal government coordination effort. It is similarly important for public stakeholders (policy-makers and regulators) to take into account the voice of the private sector (private hospitals, clinics, ayurvedic centres, tour operators, hotels, restaurants, local communities that supply goods and services to tourists) in order to identify and deal with obstacles and inefficiencies in the business environment at country level.

- **Design of institutional framework for the development and promotion of health tourism**

The creation of a central body such as a National Council on Health Tourism Development can help to better establish synergies between institutions involved in health tourism related issues and contribute to efficiently positioning the sector at the country level.

- **Formulation of local and national health tourism competitiveness roadmaps**

The development of an export competitiveness roadmap requires a broad approach based on an active stakeholder (from both the public and the private sector) consultative process. Through a value chain analysis, challenges and opportunities faced by the health tourism industry can be identified and analysed. Based on the outcome of this analysis, a comprehensive action plan can be developed with concrete initiatives to be implemented within a specific timeframe.

- **Mainstreaming health tourism into national development plans**

Measurable success tends to require dedicated policy focus prioritisation at national level. It is important therefore to achieve whole-of-government support for any medical tourism action agenda, especially when infrastructure development is part of the agenda and when visa facilitation may be required both for in-bound patients and foreign health professionals. Mainstreaming into overall national development planning is also important given the many backward linkages from health tourism into a variety of other goods and services industries. Health tourism is not just a business for hospitals, clinics, hotels or tour operators. The industry provides many potential opportunities to develop a myriad of micro, small and medium sized enterprises and to create new jobs.

- **Meeting international quality assurance accreditation requirements for health tourism, including consideration of national standards accreditation processes for domestic and foreign medical and wellness professionals**

There is often a need for direct technical assistance support (through training, mentoring or coaching) to operators involved in the health tourism business industry, including hospitals, hotels, restaurants, tour operators, transport companies, distribution shops and souvenir markets. Hygiene issues are obviously paramount. Essential first steps include identification of appropriate international standards and quality certification and assurance schemes and assistance with effective implementation of standards and achievement of certification. Assistance can also be given to build the national capacity to audit these processes and facilities.

- **Country brand development**

Developing a brand name can be all important for positioning in any niche global and regional market, providing an umbrella for promotional activities such as trade fairs and cultural events. Developing a country brand as a high quality value-for-money healthcare service provider as well as an attractive touristic destination for either or both medical and wellness tourism requires specific attention to detail. It justifies follow up deployment of a multiyear marketing and business-development campaign for selected target markets.

- **International study tours for selected institutions**

Selected institutions involved in the development and promotion of health tourism could be invited to participate in study tours to countries with strong potential for know-how transfer on medical tourism or wellness tourism promotion.

- **Capacity development of local producers and service providers**

Training needs generally cover a range of issues relating to quality, customer focus, marketing of “experiences”, pricing, insurance, packaging and labelling (for example of food and beverages, pharmaceutical products, medical devices, transportation vehicles as well as handicraft items), client relation management and international partnership development. Innovation is all important in attracting larger numbers of longer stay, higher spend international arrivals. Other training sessions that could be useful relate to access to trade finance for both SMEs and larger corporations such as hospitals and spas.

Box 4: Delivery of ITC technical assistance

ITC technical assistance can be delivered through:

- Technical inputs through concrete recommendations for the creation and operationalization of a National Council on health tourism or the organization of public-private dialogues on health tourism related issues.
- Technical inputs for the production of trade intelligence on health tourism (market profiles, case studies, briefs, statistics compilation), the preparation of newsletters, the development of communication resources (health tourism web portal, promotional brochures...).
- Training sessions for hotels, tour operators, transportation companies and restaurants on quality requirements and on related accreditation processes.
- Transfer of methodologies for the preparation and participation in health tourism fairs and events.
- Upgrading of skills of local communities in providing products and services that meet tourist expectations.
- Sensitization/Awareness-raising sessions for health tourism stakeholders on best practices on medical tourism.
- Health tourism trade fairs/study tours and communication campaigns.
- Webinars to showcase health services export offering.

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