

MODERN MEDICAL TOURISM AS A MARKET NICHE OF HEALTH TOURISM

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Abstract. *The combination of medicine and tourism is a relatively new type of tourism, which has expanded around the world over the last years. The increased demand for services in medical tourism is above all related to the crisis in the health system of developed countries, high cost of health services, long waiting lists for procedures, as well as the ever present process of population aging in developed countries of the world. The key factor in choosing a destination in less developed countries of the world, apart from the price, is the standard in medical services, staff expertise, technological equipment in hospitals, as well as the tourist attractiveness of the destination itself. These new tourist forces on the tourist market of health services offer top quality medical facilities, spas, wellness centres and hotels in all major cities.*

Key Words: *health tourism, medical tourism, market niche, factors of development, destination.*

INTRODUCTION

Health tourism represents a wide range of activities, from wellness and spa treatments to all kinds of cosmetic services and most complicated medical operations. The combination of medicine, i.e. providing complex medical services and tourism is a relatively new type of tourism showing a high rate of growth. Therefore, this type of tourist movement, so called medical tourism, many authors see as a separate niche of health tourism. It regards travelling, the purpose of which is connected with providing various, often serious medical services, such as operations, transplantations, plastic surgery, dental procedures etc. This kind of health tourism most often involves travelling over state borders, where medical services are the only or the primary motive for travelling. [1, pp. 1094]

In order to recognize medical tourism within health tourism, it is important to understand that the aim of health tourist movement is a treatment in order to improve health, by relaxing in spa or alternative treatments, whereas medical tourism implies diagnosis, hospitalization and surgical operations to improve or restore health in the long term. There-

fore, the difference between health and medical tourism is in the level of the intervention on the body of a visitor. [4, pp. 8]

When defining the term medical tourism, a question arises: Are there elements of tourist activities when providing such services? In relations which are established between health care and tourism, the starting point is whether the patient and his companions, during their stay outside their place of residence, use tourist infrastructure and other tourist services, and more and more often they use services of specialized tourist agencies which mediate between the user and the service provider.

The international market of health services has existed since the end of the 19th century, when richer citizens and the elite from underdeveloped countries travelled towards medical centres in more developed countries of Europe, for diagnosis and treatments which were not possible to obtain in their own countries. Even then, rich patients from northern areas of Europe traveled towards tourist destinations in the Swiss Alps and on the Mediterranean coast in order to be treated in sanatoriums for tuberculosis. In the last few decades, this migrational flow has taken a new direction, i.e. an increasing number of patients from developed countries have been travelling to medical centres of less developed countries in order to obtain certain medical services. [3]

Many factors of tourist demand, as well as tourist supply have influenced the change of the direction and intensity of these tourist movements.

Modern medical tourism is encouraged and generated by the population of developed countries, who are, for certain reasons, unable to obtain health service in their own countries. Since in developed countries health care has gradually moved from the public into the private sector, consequently, the price of such services has significantly increased, especially in the USA. The growing interest in esthetic surgery, various dental services, which are often not covered by health insurance in developed countries, have also led towards the increased demand for this type of services in other places. Finally, long waiting periods for medical interventions and therapies which are not considered to be urgent in the medical practice of developed countries, such as hip surgery or sterility treatments, have all led to the increased demand for such services at clinics in certain developing countries of the world. Certain medical procedures, such as abortions, are very difficult to obtain, or can even be banned, which also encourages movements over national borders. [1, pp. 1097]

A special place in the analysis of factors which have caused faster and more diversified development of medical tourism has the improvement of health care in the second and the third world countries, which have won modern medical technology and formed medical staff, often trained abroad on renowned western clinics and universities. The key factors to the attractiveness of such offers are significantly lower prices and high quality medical services offered in such countries.

MEDIATORS IN MEDICAL TOURISM

A greater interest in obtaining medical services abroad has been contributed to the Internet and the formation of companies not from the area of medicine, but as specialized mediators between foreign patients from initial countries and hospital networks in receptive countries.

Mediators in medical tourism employ the staff who have medical knowledge, in order to help patients choose a destination for the desired treatment. Some mediators have deals with

certain service providers and send their clients exclusively to them, while others create a wider network of providers and destinations in order to satisfy needs of different service users. For instance, some patients are willing to accept the higher cost of services for a shorter trip, while others are willing to travel farther, but pay less for a medical service. [2, pp. 16]

Agencies which promote medical tourism emphasize all other tourist values of foreign destinations. Minor medical services are often offered to the users of standard package holidays, whereas the difference in the cost of medical services between the tourist's country of origin and the country which provides the service represents a significant saving often surpassing the cost of the tourist arrangement itself. However, when it comes to serious health problems, the attractiveness of destinations is a side factor. [3]

One of the more successful online providers is Boston Healthbase Online Inc. (<http://www.healthbase.com>). It connects patients with leading hospitals around the world through a reliable, user-friendly and informative web portal. It offers over 200 medical, dental, cosmetic and operational procedures, and its partners are hospitals and clinics in Singapore, Thailand, Mexico, Turkey, Costa Rica, Panama, Belgium, Argentina, Brazil, Hungary and Malaysia. For the purpose of providing high service quality, Healthbase works only with hospitals that have international accreditations such as JCI (Joint Commission International), JCAHO and ISO.

Agencies that provide accreditations to medical institutions in undeveloped countries strengthen the trust between users and service providers. Over 200 hospitals in 24 countries of the world have American accreditation (JCI). Accreditation standards that potential British users value is Trent Accreditation Scheme, based on the standards of the British Ministry of Health, which were previously implemented in national hospitals, but are nowadays applied when accrediting clinics in Hongkong, the Philippines, Cyprus and Malta. Even the countries that offer their services have adopted their own accreditation standards for providing international services. [3, pp. 16]

The supply of medical tourism to foreign visitors used to be spatially related to the clinics and universities in developed countries of the world. For example, in the famous London Harley Street, where medical cluster was formed during the 20th century, there are over 1.500 medical institutions on a small area, providing services starting from plastic surgery to oncology and attracting patients from around the world.

However, on the current international market of medical tourism, a significant part occupy poor and moderately wealthy countries such as India, Thailand, the Philippines, Singapore, Malaysia, Hungary, Poland etc. They actively promote themselves as destinations for medical tourism offering high quality medical services, availability without waiting periods and relatively low prices.

The key factor to such supply, apart from the cost, is the standard in medical services, staff expertise, technological equipment in hospitals dealing with such services, as well as the tourist attractiveness of the destination itself. In order to satisfy the demand for cheap medical services of high quality, entrepreneurs have invested into modern hospitals outside developed countries, using both national and international capital. The staff who were educated according to European and American standards were employed, and if there were no appropriate local employees, specialists from the diaspora living in developed countries were hired. [2, pp. 8-10]

In the spatial distribution of the newly formed supply of medical services, the concentration of objects in the countries of the so-called semi-periphery, near the borders with developed countries, is more and more present.

Thus, one international hospital with the headquarters in Dallas is in charge of four hospitals on the territory of Mexico, three of which are near the border with the USA, and one is in Mexico City. In the Mexican town of Tijuana, near the border with California, there are many new medical objects which provide services to the inhabitants of southern California. Tourist arrivals of visitors from other parts of the USA to Mexico, Costa Rica, Panama or some other Latin American country are often followed by some minor medical service. In some parts of Arizona, there are regularly organized bus tours which take American pensioners over the Mexican border, in order to purchase medicine and obtain dental services. [5]

A similar offer exists in Europe as well, on the east side of the former Iron Curtain, particularly in Hungary and Poland. Thus, for example, Germans use cheap, but high quality dental services in the Polish town of Szczecin, which is 150 km from Berlin. The Hungarian town of Sopron, only one hour's drive away from Vienna, has 200 dental offices and the same number of ophthalmologist offices, which is ten times more than the needs of the town with around 20.000 inhabitants. [2]

India is considered to be the leading global centre of medical tourism, as it promotes all kinds of services, from alternative medicine to bypasses, complicated heart surgeries and cosmetic surgery. The advancement was made particularly during the 1990's, when, due to the liberalization in the health sector and the appearance of private hospitals, the import of new medical technologies and other medical equipment was made significantly easier. [1] Nowadays, India has the lowest prices and the highest quality of medical services among medical tourist destinations, The English language as the official language in India makes communication with service users quite easier.

In India, there are three types of visitors who are drawn by the services of medical tourism, which are:

- Visitors from the diaspora (citizens of India who live outside India, in cases when their visit to the home country is primarily motivated by medical reasons)
- Visitors from developing countries (particularly the African continent and the neighbouring countries – Pakistan, Bangladesh, Iran and Sri Lanka)
- Visitors from developed countries (primarily Great Britain and the USA).

Among service providers in India, the most prominent are hospitals in the chain of the Apollo Group, which started operating in the 1990's, at the time of the earlier mentioned deregulation of the Indian economy, when bureaucratic barriers for the growth of the private sector were removed and the import of modern medical equipment was enabled. At the beginning of 2010, the Apollo Group had 46 hospitals in all major cities in India with over 8000 beds. Last year they signed contracts with leading insurance companies from the USA and Great Britain (Anthem Blue Cross and Blue Shield and BOP) about the treatment of patients from these as well as other countries of the world.

Southeast Asia is the next area with the more prominent density of supply in medical tourism. There are semiperipheral countries which belong to the group of Newly industrialized countries. Their overall economic development is followed by the development and investments in the tertiary sector. Among these countries, Thailand is the leader in medical tourism. Thai international hospital Bumringrad in Bangkok, for example, is a renowned private hospital, built to satisfy the needs of rich Thais, but nowadays foreigners comprise one third of the overall number of patients.

It is often listed as an example of a successful destination for providing top medical services in the third world. It was built in 1997 and has about 900 doctors, 200 of which

own licences of medical institutions in the USA, Australia, West European countries and Japan. Patients are taken care of by around 800 nurses. During 2005 it had 430.000 visitors for medical purposes from around the world. The hospital has its own personnel who look after transport arrangements of foreign patients, airport welcome, translators and accommodation, if necessary. [2, pp. 4-6]

It is estimated that Malesia is visited by around 370.000 patients a year, primarily from Indonesia, Middle East and Australia. Many private hospitals in Malesia can be contacted online or by phone. The staff speaks the languages of their patients and provides information regarding procedures, the length of the healing process, helps when choosing doctors, serves as a connection with doctors and insurance companies, as well as takes care of booking airplane tickets, hotels or holiday arrangements, obtaining visas etc. Many private hospitals in Malesia have international accreditation of service quality standards. They are not overbooked with the domestic demand, as Malasian population has free health service in public hospitals. [6]

After the terrorist attack on New York and Washington on September 11, 2001, certain flows in medical tourism have changed their direction. Namely, Malesia and Thailand signed new contracts with the governments of the Persian Gulf countries, which used to have similar contracts with the USA and West European countries. Medical tourism in Malesia, in that sense, has an advantage over its competitors, considering the presence of the Halal standards in nutrition and the respect of other Islamic customs in hospitals.

Although Singapore represents a relatively expensive destination, it is expected to attract around one million foreign patients by 2012, which will generate an income of 1.8 billion dollars and cause 13.000 new posts to open. Singapore doctors confirm their expertise through the fact that they were the first in the world to perform a successful separation of Siamese twins and the first in Southeast Asia to perform a heart transplant. [1, pp. 1095]

In Central America, besides Mexico, Costa Rica is the leader in medical tourism. From the overall number of visitors to Costa Rica, around 14% visited it for medical purposes. A similar situation is in Panama, and as for Cuba, it was primarily visited by patients from other countries of Central and South America, but nowadays there are patients from Canada, Germany and Italy.

THE ROLE OF INSURANCE COMPANIES IN THE DEVELOPMENT OF MEDICAL TOURISM

Insurance companies are becoming a very active factor in the development of medical tourism. Private companies which deal with the health insurance of people in developed countries can provide a strong support to the development of medical tourism. Insurance companies see their interest in reducing high costs of refunds in medical services to local hospitals. They are already entering business deals with hospitals in underdeveloped countries. Until now, they have been willing to cooperate with the providers of medical services on the global market in order to take care of the insured with financially limited insurance. Some firms, which have their own health insurance for their workers, claim they can save up to 70% by sending their employees to treatments abroad.

The first private insurance company to take part in using medical services on the global market is Blue Cross, which entered a partnership with Thai hospital Bumrungrad in Bangkok in February 2008, soon followed by Parkway Group which has three hospitals in Singapore, as well as hospitals in Turkey, Ireland and Costa Rica, then a few hospitals in the Indian chain Apollo etc.

In Great Britain patients can demand operations abroad provided the waiting period in their country is very long, so the British Ministry of Health has been working on a few pilot projects for sending patients in France and Germany for routine operations.

The problem which remains unsolved when involving insurance companies is related to the postoperative period and thus connected risk of postoperative complications in the patient's country of residence. [3]

In the conditions of globalization, there is a growing competitiveness in the health care as well. Spatial disparities in the cost of medical services, under the assumption of achieving the same service quality, have started movements towards medical centres far from the place of residence. The costs of work are the main source of competitiveness. In the USA, the costs of work cover more than a half of the overall hospital expenses. Salaries and other costs of work outside the USA are lower. Giving exact numbers is very difficult, but an example of comparing a hospital in India with a hospital in the USA can serve as an illustration. Namely, doctors in India receive 40% of the salary of doctors in the USA; nurses receive from 1/5 to 1/20 of the salary in the USA, while differences in salaries among unqualified and semiquified workers are even larger. [2, pp. 11]

THE AREAS OF THE DEMAND WITH PAYMENT ABILITY

The growth in the demand for the services of medical tourism is created by the crisis of public health insurance in developed countries, high costs of health services, long waiting lists, as well as the all-present trend of population aging. The potential demand in medical tourism is present worldwide, but the demand with payment ability is spatially concentrated in several areas.

Apart from the above mentioned patients from economically developed countries, countries of the Persian Gulf have been a very attractive segment of the demand with payment ability for service providers in medical tourism for many years, where significant sums of money are spent on medical services.

It is estimated that in the next few years countries of the Persian Gulf will be spending instead of today's 12 billion, up to 60 billion dollars on medical treatments abroad. Key factors of this growth are not only the increase in population, but also the increase in the number of chronic diseases of Arabic people in this part of the world. Analyses show that in the UAE 20% of the population has diabetes, 50% are overweight, mostly due to the unhealthy lifestyle. It is estimated that this number will continue to increase, due to the lack in preventive measures and not understanding the problem. What is more, people from the Middle East travel abroad for a simple check up. In most cases their expenses are paid by the national ministry of health. Saudi Arabia only sent around 200.000 people for treatments abroad in 2008. [6, pp. 8]

Local experts in the Arabic market of health services stress peculiarities in the requests made by patients from the Islamic cultural circle, criticizing service providers for spending too much money on advertising and promotion, instead on consulting services related to the specific Arabic culture. Naturally, understanding the culture of service users is one of the key components for the success of medical tourism.

In less developed countries, medical tourism is the privilege of the elite. Countries with underdeveloped health care and general infrastructure also spend significant amounts

of money on treatments abroad. Nigeria, for example, spends about 20 billion US dollars a year on those needs. [1] In the past, main destinations were developed countries, but nowadays most patients are sent to hospitals in India and Southeast Asia.

It is obvious that nowadays millions of people around the world cross borders and spend billions of dollars on various medical services. The number of visitors in medical tourism is very difficult to establish with certainty, partly because they are difficult to categorize, but also because statistics doesn't recognize them.

Physical (distances), economic and cultural barriers standing before medical tourism are being gradually overcome in modern global economy. Thanks to the efficient international traffic, advantages of international trade, there is a possibility for citizens with average payment abilities to afford top medical services in popular tourist destinations around the world. Countries with developed medical tourism also overcome language barriers. Thai and Malesian hospitals hire professional interpreters, not only for top world languages, but also for over 20 other languages spoken by patients.

What is the potential influence of medical tourism on the citizens of the country offering health services? It has become an important ethical question, as in some cases it can seem that medical tourism undermines the possibilities of local citizens to use available medical capacities in their own country. On the other hand, it can be said that the arrival of foreign patients creates possibilities for quality improvement regarding their own health care, thus making it available to the local population. [3]

It is paradoxical that, for example, the poor in India do not have access to health care, primarily because it is too expensive or not available. In India, it is stressed that there are doctors, but they are too busy treating the rich. Apart from that, it is said that they have been providing the western world with doctors educated in India, and now that many of them have returned, they treat foreign patients in our country. [1, pp. 1099]

Modern economic recession has slowed down the expected growth, as potential service users postpone non-urgent interventions and treatments abroad. For instance, during 2008 and 2009, the number of patients traveling outside the USA was under one million. That is why some earlier predictions of this element on the market have been revised. Instead of 6 million patients in 2010, as it was predicted a few years earlier, a market research conducted by Deloitte in 2008, predicts that in 2012 mere 1.6 million American citizens will travel abroad for medical services. [6] The situation will probably change with the fact that, at the end of 2009, the American health insurance was fundamentally changed, according to which private hospitals will be available to those without their own health insurance. It is estimated that nowadays in the USA, 47 million American citizens do not have health insurance, and that over 120 million do not have dental insurance.

CONCLUSION

Developing countries which offer medical services on the global market are trying to combine top medical services with cheap medical services with the possibility of spending a short holiday in culturally diverse and exotic surroundings. The cure for the body and the soul is offered. It is noticeable that tourist destinations have in their overall tourist supply more and more medical services, as well as that modern hospitals and clinical centres are built in the very tourist centres or in their vicinity. In the modern age, with the

development of health and medical tourism, hospitals are starting to look like spas, and spas like hospitals.

New tourist forces appearing on the tourist market of health services stress the top quality of their medical institutions, spa centres, wellness treatments and five star hotels in all major cities. Their hospitals have obtained international accreditations and signed agreements on professional cooperation with top western clinics and universities. They are equipped with the latest medical technology and their staff is trained in renowned western clinics. Medical tourism is just one of the aspects which shows how national health systems change under the influence of globalization.

Medical tourism grew and over time became more and more diverse. Nowadays, the British Royal Geographical Society encourages research in the area of medical geography regarding donating and transplanting organs. Collecting organs and tissues for transplantation is a relatively new practice showing spatial variations from country to country in ethical and legal terms regarding donation, trafficking and receiving organs (<http://ghrg.wordpress.com/>). In some countries, transplantational tourism has started developing, due to long waiting lists for certain transplantations in developed countries and the willingness of individuals to sell their organs in undeveloped countries. Similarly, the attractiveness of xenotourism is related to local legal bans or permissions to use animal organs and tissues for transplantation in human medicine. [4, pp. 11]

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SAVREMENI MEDICINSKI TURIZAM KAO TRŽIŠNA NIŠA ZDRAVSTVENOG TURIZMA

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Kombinacija medicine i turizma relativno je nov tip turizma koji je poslednjih godina u svetu doživeo ekspanziju. Povećana tražnja za uslugama u medicinskom turizmu povezana je pre svega sa krizom u zdravstvenom sistemu razvijenih zemalja, visokom cenom zdravstvenih usluga, dugom listom čekanja na medicinske zahvate, kao i sve prisutnijim procesom starenja stanovništva razvijenih zemalja sveta. Ključan faktor u izboru neke destinacije, koja se nalazi u manje razvijenim zemljama sveta, osim same cene, je standard medicinskih usluga, stručnost medicinskog osoblja i tehnološka opremljenost bolnica, kao i turistička atraktivnost same destinacije. Ove nove turističke sile na turističkom tržištu zdravstvenih usluga nude vrhunski kvalitet svojih medicinskih ustanova, banjskih mesta, wellness centara i hotela u svim većim gradovima.

Ključne reči: *zdravstveni turizam, medicinski turizam, tržišna niša, faktori razvoja, destinacija.*