

MEDICAL TOURISM – A BUSINESS OR A NECESSITY?

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Abstract

Over the past few decades medical tourism has developed a strong international presence. Increasingly more people are turning to this type of tourism and there are already different specialized tourism companies that offer packages according to the needs of patients/tourists. In this context, few destinations have emerged globally by medical interests of patients. Thailand, India, Taiwan, Turkey are some of these destinations for those who are looking for various procedures (surgeries vital to life, aesthetic surgery, dentistry, in-vitro fertilization, etc.). Motivations underlying medical tourism are among the most diverse, from financial reasons to use of the latest medical equipment and specialist physicians. This paper aims to analyze the international medical tourism, from two different points of view: a necessity or a global business.

Key words: *Medical tourism, Medical services, Health tourism.*

JEL Classification: *L83*

I. INTRODUCTION

First references to the practice of medical tourism are dating from thousands of years when the Greek pilgrims from all over the corners of the Mediterranean traveled to Saronic Gulf named Epidauria. This territory was the sanctuary of Asklepios, god of healing, and Epidauria became after that the first destination of medical tourism (Patrichi, 2013).

The journey for health reasons is not a new thing even if there are significant differences between nowadays medical tourism and the old one. In the past, rich people traveled to develop countries to take part of advanced treatment, but in recent years, the moving direction changed (Burkett, 2007; Herrick, 2007), due to the fact that the new concept of medical tourism includes people from middle class are going into developing countries to get a high quality treatment at low cost.

Even if the old type of medical tourism continues to keep its importance, the new tendency lead to benefic effects of the economies of countries due to technological and transport improvements (Horowitz and Rosenzweig, 2007). Even if the main purpose is usually a medical treatment, this one can include rest and relaxation activities (Yu et al., 2011). Due to the fact that medical tourism occurs as a result of demands caused by health issues, it is separate from the other types of tourism (Erdoğan and Yilmaz, 2013).

At the origins of medical tourism as we understand it in the present, stands health tourism, considered as being: “free time as well as recreational or educational activities that take place away from the work place or home, a touristic product and services

intended to help and allows tourist to improve and maintain their well being and their health (Garter, 2006).

Medical tourism is one of the most frequent practices worldwide.

The European countries, register the highest percentage for practitioners of medical tourism, earning its reputation due to its doctors reputation, excellent results in the application of treatments, ultimate equipments, good accommodation conditions, along with the beauty of tourism destinations (www.european-hospital.com).

Medical tourism is a vast domain within health care. Patients’ needs are big, and the ones that can fulfill them are few. The patient will first look at the price, and/or availability. Then they will compare reality with their expectations (expectations that generally form in the country of origin). The team that deals with health care has to put on first place patients needs. These begin with the decision to seek alternatives, to travel on medical purposes and it ends with returning home, with post treatment procedures and full restoration. It’s the same case with the airlines. It starts when you decide to begin the journey, you look for an airline company, you buy tickets, travel and then you return home. But the journey ends only when the luggage has been unpacked.

Today, medical tourism includes (www.capetown.gov.za):

- Spa tourism (spas, Day Spa etc.);
- Holistic tourism (nursing homes, yoga centers);
- Medical tourism (surgery, aesthetics, dentistry, fertilization etc.);
- Professional wellness tourism (life coaching, stress management.)

The phenomenon was intensified by the ease of travel, increased recognition of the scope of health services providers into developing world economies and the increasing abundance of information related to health available on the internet.

Medical tourism can be considered the result of globalization process that expanded fast worldwide. In the present, when someone tries to solve a health issue, doesn't take into consideration only doctors and prices from their country of origin, but also the best solution/price and act in conformity with it.

The medical tourism market size is around USD 38.5-55 billion, based on approximately eleven million cross-border patients worldwide spending an average of USD 3,500-5,000 per visit, including here all medically-related costs, cross-border and local transport, inpatient stay and accommodations. The most important destinations include Argentina, Austria, Belgium, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Cyprus, Czech Republic, Dubai, El Salvador, France, Germany, Greece, Guatemala, Hungary, India, Israel, Jordan, Malaysia, Mexico, Philippines, Poland, Singapore, South Africa, South Korea, Spain, Sri Lanka, Thailand, Tunisia, Turkey, United Arab Emirates, Venezuela and Vietnam.

Around 1,200,000 Americans will travel outside the US for medical reasons in 2014 (www.patientsbeyondborders.com).

II. STATE OF MEDICAL TOURISM TODAY

Recent years have been marked by a global development of medical tourism sustained by a number of factors, such as: developing and diversifying the services of airline transport, decrease of transport costs, social media channel development that lead to a promotion and dissemination of the information at an increased rate, greater demands from developed countries citizens for cheaper medical services in developing countries, etc.

But what actually involves medical tourism beside medical services?

Simple, from information to transport, accommodation, food and additional services (like travel insurance). All these generate important revenue for the industry.

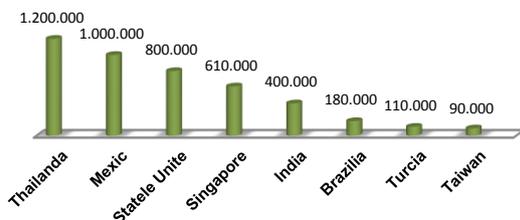


Figure 1. Most important destinations for medical tourism, 2013

Source:*** Medical tourism destinations, 2013

In addition, most of the times, the patient does not come alone, but accompanied by at least a family member, which means a doubling or tripling of earnings with these related services.

What are patients actually looking for?

McKinsey and Company report claims that 40% of medical tourists search this type of tourism for advanced technology from other countries.

These tourists take their search for high-quality medical care global, giving little attention to the proximity of potential destinations or the cost of care. Most such patients – originating in Latin America (38%), the Middle East (35%), Europe (16%), and Canada (7%) – travel to the United States (Ehrbeck, Guevara C. and Mango P, 2008). 32% of them are looking for better medical services (better healthcare) which they mostly find in developed countries.

Other 15% are looking for faster medical services, with smaller calling to certain interventions, and 90% take into consideration lower costs.

Under these conditions Frost and Sullivan (www.frost.com) expect a growing segment of medical tourism from 50 billion \$ to 65 billion \$ in 2014, a 20% growth (forbes.com), and with highest rates in North, Southeast and South Asia.

But can we go on the principle of “More expensive, better”?

Or can we be sure that cheaper services, medically speaking are ok?

There are lots of examples, especially for American citizens who used to do cosmetics procedures in so-called clinics from Mexico and that returned with unsuccessful operations or even mutilations. According to some in-depth research it has been found that there are cases in which doctors that lost their right to practice medicine in the United States moved and practiced into such clinics from Mexico.

In this case, can we use confidently medical services and doctors, or is there a need to an in-depth study on medical tourism?

Regarding most searched medical procedures the range of available treatments overseas for prospective medical tourists is divers and include (Lunt, Smith et al., 2012):

- Cosmetic surgery (breast, face, liposuction);
- Dentistry (cosmetic and reconstruction);
- Cardiology/cardiac surgery (by-pass, valve replacement);
- Orthopedic surgery (hip replacement, resurfacing, knee replacement, joint surgery);
- Bariatric surgery (gastric by-pass, gastric banding);
- Fertility/reproductive system (IVF, gender reassignment);
- Organ, cell and tissue transplantation (organ transplantation; stem cell);
- Eye surgery;
- Diagnostics and check-ups.

Table 1. Compare costs for different medical procedures (US dollar)

	Heart Bypass	Knee Replacement	Dental Implant	Face Lift	Liposuction
USA	144,000	50,000	2,800	15,000	9,000
Colombia	14,802	6,500	1,750	5,000	2,500
Costa Rica	25,000	11,500	900	6,000	3,900
India	5,200	6,200	1,000	4,000	2,800
Jordan	14,400	8,000	1,000	4,400	4,400
Korea	28,900	19,800	4,200	15,300	N/A
Mexic	27,000	12,000	1,800	4,900	2,800
Israel	27,500	24,850	2,150	16,000	7,242
Thailand	15,121	12,297	3,636	3,697	2,303
Vietnam	N/A	8,500	N/A	4,150	2,850
Africa	10,000	N/A	5,340	4,620	5,060
Malaysia	11,430	7,000	345	3,440	2,299

Source: "Compare Cost", published online at <http://medicaltourism.com/en/compare-costs.html>

Usually, familiarity and cultural similarity is emphasized when services are targeted at Diaspora populations, for example Korean health care services to those settled or second - generation within the United States, Australia and New Zealand. Romanians gone abroad for many years return to Romania to benefit of cheaper medical services than the ones from their adoption countries.

There are Mexican migrants that return from US to Mexico for health services, maybe because they are uninsured or have problems with accessing services in the US, or have particular preferences to return to Mexico. (Bergmark et al., 2008).

III. MEDICAL TOURISM IN USA

Today, the United States confronts with an interesting phenomenon regarding medical services. Many of the American citizens quit paying health insurances, choosing to pay only when they need to. Under these conditions they choose for important medical procedures, destinations outside U.S where there are more affordable as price and where the differences are significant (www.medicaltourism.com).

The number of medical tourists grew in the U.S from half a million in 2007 to 1.25 millions in 2014 (www.Health-Tourism.com).

According to the 2013 Health and Voluntary Workplace Benefits Survey there are:

- 55% of Americans who gave a low rating to the healthcare system;
- 72% do not feel confident regarding their ability to get needed treatments in the next 10 years (Fronstin and Helman, 2013).

The primary cause of dissatisfaction among Americans with the healthcare system is due to the increasing healthcare costs.

Today, medical travelers are seeking treatments that are not covered by insurance or are simply too expensive such as dental care and cosmetic surgery (O'Brien, 2014). In this case, medical tourism may offer a feasible alternative to the existing system, even with the changes that have been implemented with the Patient Protection and Affordable Care Act of 2010 (PPACA).

There are important differences between the costs of medical services (www.health-tourism.com):

- In Panama medical care would cost up to 40% to 70% less in comparison to the United States;
- In Hungary there is a 40% to 50% saving in dental work and cosmetic surgery;
- Also in Mexico a patient can save up to 25% - 35% for dental and cosmetic surgery;
- Costa Rica offers 30% to 40% savings for dental and cosmetic surgery services;
- In Brazil cosmetic surgery services are 40% to 50% cheaper;
- India provides various healthcare services at 20% of the U.S. cost;
- Various healthcare services can be obtained at 30% less than U.S. prices in Thailand;
- Singapore offers various medical services in 13 JCI accredited hospitals for only 35% less than U.S. prices;
- Cosmetic surgery and alternative medicine can be obtained in Malaysia for 25% of the U.S. cost.

Benefits of medical tourism are not just limited to patients. There are many insurance companies that have started covering medical tourism as a part of their healthcare package.

Also, Several Fortune 500 employers are using medical travel to help stem the rising cost of employer-provided medical coverage. A report by the International Foundation of Employee Benefit Plans found that 11% of employer health plans surveyed now cover medical travel (Herrick, 2008).

Using US costs across a variety of specialties and procedures as a benchmark, average range of savings for the most-traveled destinations (<http://www.patientsbeyondborders.com>):

- Brazil: 20-30%;
- Costa Rica: 45-65%;
- India: 65-90%;
- Malaysia: 65-80%;
- Mexico: 40-65%;
- Singapore: 25-40%;
- South Korea: 30-45%;
- Taiwan: 40-55%;

- Thailand: 50-75%;
- Turkey: 50-65%.

IV. MEDICAL TOURISM IN EUROPE

Europe is also an important market for medical tourism. There are some tourism flows in Europe that have developed over the past decade. In Europe, patient mobility could receive a further boost as the European Commission has finally recognized the importance of patients' rights for treatment coverage in other member states. There is a project for an European directive, seeking to meet three objectives: to guarantee that all patients have access to safe and good quality care; to support patients in the exercise of their rights to cross-border healthcare; and to promote cooperation between health systems (Morgan 2010).

While Turkey and Israel are already known destinations for medical tourism, Central Europe's latest E.U. members – Hungary, Poland and Czech Republic, Latvia or Romania – are becoming popular destinations for U.S. and Canadian citizens.

Central and eastern European countries are well known for natural spa and wellness resorts, which have been a local tradition for centuries. The thermal and mineral resources are used from ancient times when the Romans have built the thermal spas all over the Roman Empire.

In Hungary there are approximately 1,500 thermal springs. Romania is also full of thermal and mineral springs, many of them recognized at international level for their properties. Increasingly the region is also a chosen destination for more serious procedures, like heart and orthopedic surgeries, including heart transplants and prostate cancer treatment. A survey conducted by Treatment Abroad in 2012 has shown that 1,045 Europeans are looking for procedures abroad (half of them British), the top three most popular locations being Hungary, Belgium and Poland, followed by Spain and Czech Republic (Oleszczuk, 2014).

Turkey is one of the most wanted European destinations for medical services. In the past decade, medical tourism in Turkey has had significant improvements and began to compete with countries like India, Malaysia, Thailand, and Hungary who are strong in this sector. With modern facilities, located not only in big cities such as Istanbul and Ankara, but also in the southern part of the country, along the Mediterranean Sea, Turkish doctors and surgeons offer high medical care and expertise, both for locals, as well as international tourists. Most doctors and surgeons followed Turkish schools in Europe or the United States, and provides expertise and knowledge in new technologies and techniques (Morgan 2010).

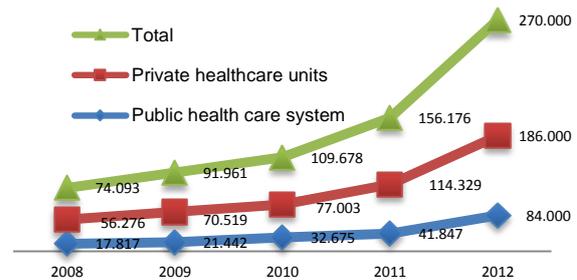


Figure 2. Medical tourists in Turkey

Source: ***Evaluation report on medical tourism in Turkey 2012, Ministry of Health 2013.

By 2003, healthcare in Turkey was operated in a centralized state system, led by the Ministry of Health. Subsequently, the government introduced a reform program aimed to increase the contribution of private sector health care and expanding access to public health services.

Hospitals in the private sector have had in recent years an advantage over the public sector being preferred by an increasing number of foreign tourists. Despite this, after the global economic crisis of 2008-2009, both sectors have experienced significant increases which of course led to the country's economic growth and helped the state to contribute to the modernization of services in hospitals, because as is well known not only coastal tourism is in high demand in Turkey.

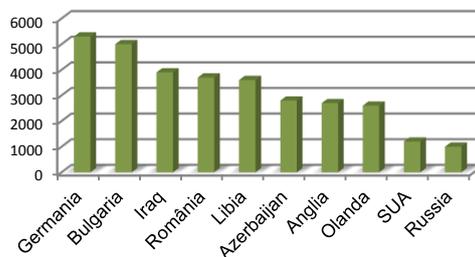


Figure 3. Medical tourists in Turkey by origin country

Source: ***Evaluation report on medical tourism in Turkey 2012, Ministry of Health 2013

There is a market of 850 million dollars, according to the Anatolia News Agency, an increase of 70% compared to 2007, and the experts are expecting the trend to continue, due to the global economy and rising costs of healthcare in developed countries, according to turkey-medical-tourism.com.

CONCLUSION

Indeed, the medical tourism became a billion-dollar market, involving a variety of decisions regarding health, medical treatments and surgeons or retirement. The reasons are plenty, but the majority comes with lower costs, lower waiting time for certain procedures or superior medical technology to the country of residence

Taking into account the opportunities of economic development which this type of tourism brings, many of the governments were actively involved into the promotion of medical tourism and developed strategies nationwide, with the purpose of stimulating and promoting this type of tourism.

Thus, governments from countries such as: Thailand, Singapore, Malaysia, Hungary, Turkey, etc.

promote medical tourism from their own country at the international tourism fairs or press campaigns.

Other countries offer economic stimulants: India has untaxed contracts for hospital investments and special visas for medical tourism for their foreigners. The South Korean government created an Institute for development of health industry that maintains non-stop contact with tourists for any question, information or complains.

There is no doubt about the future of this type of tourism.

The fact is that lately the medical tourism has transformed into a business, being the result of population necessity to find the most convenient solutions for medical issues that they confront with.

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