

**I**nternational travel for health purposes is becoming a way of life for many Americans, Europeans and Asians. For instance, of the 5200 hospital beds run by the Apollo hospital group, foreign patients, mostly from the Middle East, Africa and countries of south Asia, usually occupy about 100 beds.

Medical tourism is perceived as one of the fastest growing segments in marketing 'Destination India' today. India is on the threshold of a healthcare revolution and emerging as the global destination for medical tourists.

Medical tourism is an emerging concept. Governments all over the world are getting increasingly concerned about their ability to meet their social obligations in the health sector. 'International-standard medical service at affordable prices' is being highlighted as the selling point.

Industry estimates show that the size of the medical tourism industry stands between Rs 1200 crore and Rs 1500 crore and is growing at the rate of 30 per cent annually. A CII-McKinsey report (2003) says that medical tourism alone can contribute up to Rs 10,000-crore additional revenue to upmarket tertiary hospitals and will account for 3 to 5 per cent of the total healthcare delivery market by 2012.

Indeed, medical tourism, where foreigners travel abroad in search of low-cost, world-class medical treatment, is gaining popularity in countries like India. Though the quality of healthcare for the poor in countries like India is undeniably low, private facilities offer advanced technology and procedures on par with hospitals in developed nations.

As healthcare costs skyrocket, patients in the developed world are looking overseas for medical treatment. India is capitalising on its low costs and highly trained doctors to appeal to these 'medical tourists.' Even with airfare, the cost of coming to India for surgery can be markedly cheaper, and the quality of services

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## MEDICAL TOURISM: THE NEXT BEST THING



**Medical tourism is being touted as the next 'best' thing for India because of its inherent advantages in terms of cost and quality. However, as the competition heats up, will India be able to cope up with the challenges and emerge as a winner? Check out...**

is often better than that found in the United States and the UK. Indeed, many patients are pleased at the prospect of combining their tummy tucks with a trip to Taj Mahal.

### World statistics

Globally, medical tourism is estimated as a \$40-billion industry.

People from Afro-Asian countries spend as much as \$20 million every year on healthcare services from outside their countries. In the year 2003, just five countries in Asia—Thailand, Malaysia, Jordan, Singapore and India—pulled in over 1.3 million medical travelers and earned over \$1 billion (in treatment costs alone). In each of these nations, medical travel

spending is growing at 20 per cent plus year-on-year.

Medical tourism—patients going to a different country for either urgent or elective medical procedures—is fast becoming a worldwide, multibillion-dollar industry. It has become a common form of vacationing, and covers a broad spectrum of medical services. It mixes leisure, fun and relaxation together with wellness and healthcare.

Medical tourism offers tremendous potential for the developing

countries because of their low-cost advantage. Many countries—India, Thailand, Malaysia, Singapore, South Africa, Cuba, Jordan and Lithuania—are fighting for a share of the market. In order to realise the full potential of the industry, it is imperative for these countries to develop a strategic plan for coordinating various industry players—the medical practitioners, private hospitals, policy makers, hotels, transportation service providers and tour operators.

The statistics of global medical tourism is shown in Table I, detailing the number of foreigners treated and the country from which they came, money earned and strengths of the respective competing countries that offer medical services to the tourists.

### Medical tourism in India

India is a recent entrant into medical tourism. The medical tourism industry in India is poised to

Table I  
Global Medical Tourism

Country	Number of foreigners treated in 2002	From	Money earned	Strengths
Thailand	600,000	USA, UK	\$470 mn	Cosmetic surgery, organ transplants, dental treatment, joint replacements
Jordan	126,000	Middle East	\$600 mn	Organ transplants, fertility treatment, cardiac care
India	100,000	Middle East, Bangladesh, UK, developing countries	NA	Cardiac care, joint replacements, lasik
Malaysia	85,000	USA, Japan, developing countries	\$40 mn	Cosmetic surgery
South Africa	50,000	USA, UK	NA	Cosmetic surgery, lasik, dental treatment
Cuba	NA	Latin America, USA	\$25-50 mn	Specialist niche treatment, vitiligo, specialist niche treatment, vitiligo

Source: Business World, December 2003

Table II  
Cost Comparison

Nature of treatment	Approximate cost in India (\$)*	Cost in other major healthcare destinations (\$)*	Approximate waiting periods in USA/UK (in months)
Open heart surgery	4,500	> 18,000	9-11
Cranio-facial and skull base surgery	4,300	> 13,000	6-8
Neuro-surgery with hypothermia	6,500	> 21,000	12-14
Complex spine surgery with implants	4,300	> 13,000	9-11
Simple spine surgery	2,100	> 6,500	9-11
Simple brain tumor:			
Biopsy	1,000	> 4,300	6-8
Surgery	4,300	> 10,000	6-8
Parkinsons:			
Lesion	2,100	> 6,500	9-11
DBS	17,000	> 26,000	9-11
Hip replacement	4,300	> 13,000	9-11

\*These costs are an average and may not be the actual cost to be incurred

## MARKET SURVEY

become the next success story after software.

Medical tourism has got a shot in the arm with the number of overseas patients touching 100,000 in 2005 as against 10,000 in 2000, thanks to the bouquet of health-care services coupled with cost advantage.

According to a study by McKinsey and the Confederation of Indian Industry (CII), medical tourism in India could become a \$1-billion business by 2012. The Indian government predicts that India's \$17-billion-a-year healthcare industry could grow 13 per cent in each of the next six years, boosted by medical tourism, which is growing at 30 per cent annually. The size of the Indian healthcare industry is around Rs 110,000 crore, accounting for nearly 5.2 per cent of the GDP. It is likely to reach 6.2 to 8.5 per cent of the GDP by 2012.

Medical tourism has had a tremendous impact on India's Forex reserve. Forex reserves rose to \$118.628 in May 2004 in comparison to \$79.22 for the same period in 2003. Being a services sector, medical and

### What makes India attractive?

1. Medical costs in India are one-tenth of the costs in western countries. For instance, a heart surgery costs \$8000 in India as against \$30,000 in the US. Similarly, a bone marrow transplant costs \$69,000 in India compared to \$250,000 in the US.

2. Foreign patients through Indian hospitals to skip the long waiting lists and queues in their native countries. Indian hospitals provide immediate attention to patients rather than asking them to wait for several months like in most western countries. Further, foreign patients need not tackle insurance and national medical systems in India as they have to in their native lands.

3. India offers the best treatments in modern medicine and in every medical division such as cardiology, orthopaedic surgery, eye care, gynaecology, cosmetic surgery and dental surgery. It also provides traditional methods of treatment such as *ayurveda*, *homoeopathy*, *naturopathy* and *yoga*.

4. India's private hospitals have gained international recognition for their state-of-the-art facilities and diagnostic centres besides unsurpassed skills. Their technology and procedures are on par with hospitals in developed nations.

5. Foreign patients can get package deals including flights, transfers, hotels, treatment and post-operative vacation for their medical visits to India.

6. Many foreign patients prefer to combine their leisure and relaxation visits to India with healthcare.

The government of India has declared that treating foreign patients is legal. It is encouraging medical tourism in the country by offering tax breaks and export incentives to participating hospitals. In addition, the government has cleared medical visas.

tourism services export can further increase India's forex reserve along with a major contribution from software exports.

India is rated amongst world's top ten 'must see destinations' by *Conde Naste Traveller*—a reputed international magazine. Hopefully, today, we are in a better position to sell our tourism services to the rest of the world. But in India, this rate is insignificant. India is promoting the 'high-tech healing' of its

private healthcare sector as a tourist attraction. The government hopes to encourage a budding trade in medical tourism, selling foreigners the idea of traveling to India for low-cost but world-class medical treatment.

Naresh Trehan, executive director of Escorts Heart Institute and Research Centre, a leading private healthcare provider, says that India has established world-class expertise in practices such as cardiac care, cosmetic surgery, joint replacements and dentistry. Canadian minister of labour and citizen's services Michael de Jong, who recently visited few

Table III  
Procedure Charge in India and USA

Procedure	Cost (US\$)	
	USA	India
Bone marrow transplant	250,000	69,000
Liver transplant	300,000	69,000
Heart surgery	30,000	8,000
Orthopaedic surgery	20,000	6,000
Cataract surgery	2,000	1,250

Table IV  
Consumer Cluster

Group description	Countries	Demand driver
Non-residential Indians	Numbering 20 million across the world	Low-cost healthcare combined with trip back to home
Patients from countries with underdeveloped facilities	Nepal, Burma, Bangladesh, African countries, Middle East countries, Latin America	Quality healthcare at affordable prices
Patients from developed countries	USA, UK, Canada	Low cost of healthcare, capacity constraints for services in home country

hospitals in India, was impressed with the facilities being provided here.

**Cost comparison.** Significant cost differences exist between the UK, USA and India when it comes to medical treatment. Accompanied with the cost are waiting times for patients, which is 3 months or longer in the UK. India is not only cheaper but the waiting time is also almost nil. This is due to the outburst of the private sector, which comprises hospitals and clinics with the latest technology and best practitioners.

**Consumer cluster.** The demand for Indian healthcare services primarily comes from three types of consumers. Table IV shows the profile of these three consumer groups.

**Service spectrum.** India offers a variety of services for overseas patients. Table V shows a classification of the service spectrum.

### Opportunities for Indian medical tourism

Tourism and healthcare, being an integral part of many economies' services industry, are important sources of foreign exchange. Globalisation has promoted a consumerist culture leading to the mushrooming of corporate healthcare settings seized with the necessity to maximise profits and expand their coverage.

India is unique as it offers holistic healthcare addressing the mind, body and spirit, with *yoga*, meditation, *ayurveda* and other Indian systems of medicine. Many people from the developed world come to India for the rejuvenation promised by *yoga* and *ayurvedic* massage.

India offers a vast array of services combined with the cultural warmth that is difficult to match by other countries. The key 'selling point' of the medical tourism industry is its 'cost effectiveness.' So the slogan is "first-world



*Ayurvedic treatment in Kerala state is world-famous*

treatment at third-world prices." Also, clinical outcomes in India are on par with the world's best centres, besides having internationally qualified and experienced specialists.

Instead of adopting a segmental approach of targeting a few states such as Maharashtra, Kerala, Andhra Pradesh and Chennai, efforts are now being made to project 'Destination India' as a complete brand ideal for medical tourists.

Visitors, especially from the West and Middle East, find Indian hospitals as a very affordable and viable option to grappling with insurance and medical systems in their native lands. There are thousands of expatriates without any social security and health insurance cover who usually compare the costs before going for treatment and India offers a cost advantage for this segment.

The key competitive advantages of India in medical tourism are low cost, strong reputation in the advanced healthcare segment (cardiovascular surgery, organ transplants and eye surgery) and the diversity of tourist destinations available in the country.

Treatment costs in India start at around a tenth of the price of comparable treatment in America or Britain. For example, in April 2003, Madras Medical Mission, a Chennai-based hospital, successfully conducted a complex heart operation on an 87-year-old American patient at a reported cost of \$8000 including the cost of his airfare and a month's stay in hospital. The patient claimed that a less complex operation in America had earlier cost him \$40,000.

Take the rising popularity of 'preventive health screening.' At one private clinic in London, a thorough

Table V  
The Service Spectrum

	Wellness tourism	Alternative systems of medicine	Cosmetic surgery	Advanced and life-saving healthcare
Services offered	Spas, stress-relief, rejuvenation centres	<i>Ayurvedics, siddha</i> , treatment for diseases like arthritis and rheumatism	Dental care, plastic surgery, breast enhancement, tummy reduction, skin treatment	Organ transplants, cardio-vascular surgery, eye treatment, hip replacement, in-vitro fertilisation
Profit margins	Low	Low	Medium	High
Key competitors	Thailand, South Africa	—	South Africa, Cuba, Thailand	Singapore, Jordan, Thailand, Malaysia
India's strength	Low—Thailand has captured a significant share of the market	High—Kerala is popular for this service	Low—South Africa and Thailand lead in plastic surgeries, Cuba specialises in skin treatments	High—India has strong brand equity. Jordan has a strong presence in middle-eastern market

men's health check-up that includes blood tests, electro-cardiogram tests, chest X-rays, lung tests and abdominal ultrasound costs \$574. By comparison, a comparable check-up at a clinic operated by Delhi-based healthcare company Max Healthcare costs only \$84.

### Major players in India

The main cities attracting foreign patients to India are Mumbai, Bangalore, Hyderabad, Kolkata, Delhi, Chennai and Jaipur. The hospitals excelling in medical tourism in the country are:

1. Escorts Heart Institute and Research Centre Limited, New Delhi
2. All India Institute of Medical Sciences, Delhi
3. Manipal Heart Foundation, Bangalore
4. B.M. Birla Heart Research Centre, Kolkata
5. Breach Candy Hospital, Mumbai
6. Wockhardt Hospitals
7. Christian Medical College, Vellore
8. Asian Heart Institute, Mumbai
9. PD Hinduja National Hospital and Medical Research Centre, Mumbai
10. Jaslok Hospital, Mumbai
11. Apollo Hospital, Delhi
12. Apollo Cancer Hospital, Chennai
13. Escorts Hospital, Jaipur

### Challenges before Indian medical tourism

1. No strong government support/initiative to promote medical tourism
2. Poor coordination between the various players in the industry—airline operators, hotels and hospitals
3. Customer perception as an unhygienic country
4. Lack of proper accreditation and regulatory system for hospitals
5. Lack of uniform pricing policies across hospitals
6. Strong competition from countries like Thailand, Malaysia and Singapore
7. Lack of international accreditation
8. Overseas medical care not covered by insurance providers
9. Under-investment in health infrastructure

### Role of the government

The role of Indian government for success in medical tourism is twofold:

1. Act as a regulator to institute a uniform grading and accreditation system for hospitals to build consumers' trust
  2. Act as a facilitator for encouraging private investment in medical infrastructure and policy-making for improving medical tourism
- For facilitating investment, the

policy recommendations include:

1. Recognise healthcare as an infrastructure sector, and extend the benefits under the Act. Benefits include tax holidays for five years and concessional taxation for subsequent five years.
  2. Actively promote FDI in the healthcare sector
  3. Conducive fiscal policies—low-interest-rate loans and reduction of import/excise duty for medical equipment
  4. Facilitate clearances and certification for medical registration number, anti-pollution certificate, etc.
- The above measures will kickstart hospital financing, which is struggling now due to capital-intensive and low-efficiency nature of the healthcare business.

To facilitate tourism, the government should:

1. Reduce hassles in visa process and institute visa-on-arrival for patients
  2. Follow an Open-Sky policy to increase inflow of flights to India
  3. Create medical attaches to Indian embassies that promote health services to prospective Indian visitors
  4. Form National Association of Health Tourism (NHAT)
- There is the need for an apex body that can coordinate the promotion of medical tourism abroad. In the Indian context too, this has been successfully demonstrated in the

software industry by NASSCOM. It is therefore essential to form an apex body for health tourism—NAHT. The NAHT should be formed as an association of the private hospitals operating in the industry.

The main agenda for NAHT will be:

1. Build the India brand abroad
2. Promote inter-sectoral coordination
3. Information dissemination using technology
4. Standardisation of services

### **Value innovation through Medicities**

Another successful example of the software industry is the establishment of export-oriented software technology parks. This model can be successfully replicated in the medical tourism industry by means of Medicities. Each Medicity could be a

self-sustained healthcare hub with super-specialty hospitals of international standards, ancillary facilities, research institutions, health resorts, rehabilitation centres and residential apartments. This model can be floated through a public-private partnership. The government will provide land and ancillary services and the private players will provide infrastructure and services.

From the consumers' point of view, the Medicities will offer superior value at affordable prices. From the industry's point of view, this will offer significant competitive advantage for India.

### **Can India become the leader?**

Industry *pundits* term medical tourism as the next 'best' thing for India because of its inherent advantages in terms of cost and quality.

However, the competition is heating up and the success in the future will largely be determined by development and implementation of a joint strategy by various players in the industry.

We need to club together a couple of 'pathies' because we have a very strong base of alternative healing therapies like *yoga*, *naturopathy*, *ayurveda*, etc. The government should act as a regulator and facilitator of private investment in healthcare. An apex body for the industry needs to be formed to promote the India brand abroad and aid inter-sectoral coordination. Joint ventures with overseas partners and establishment of Medicities will help India in building a leadership position in the industry. □

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