

EMERGING OPPORTUNITIES OF MEDICAL TOURISM IN INDIA

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Medical Tourism is the concept of travelling to a particular destination to avail the opportunity of the world-class healthcare services offered by experienced Healthcare professionals at the technologically advanced medical facilities with complete privacy and within affordable costs. The Indian Government, respective State Tourism Boards, travel agents, tour operators, hotels and private / corporate sector healthcare providers / hospitals are exploring the medical tourism industry for tremendous opportunities. They are seeking to capitalize on the opportunities by combining the country's popular leisure tourism with medical tourism. Some of the factors that make India as one of the favorable destinations for medical tourism include low medical cost which is approximately one-tenth of the costs in the western countries. The long waiting period to avail the medical facilities by foreign patients in most developing / developed countries is tremendously reduced by availing similar facilities in the Indian hospitals. Given the scenario, in this paper one addresses the question whether India can be the leader in providing Medical Tourism in the near future.

Keywords: Healthcare, Globalisation, Medical Tourism

JEL classification: I10, F68, L83

1. Introduction

(i) Historical Aspects: The Healthcare procedure is usually combined with a family vacation. The concept of Medical Tourism is not a new one. The first recorded instance of medical tourism dates back thousands of years to when Greek pilgrims travelled from all over the Mediterranean to the small territory in the Saronic Gulf called Epidauria. This territory was the sanctuary of the healing god Asklepios. Epidauria became the original travel destination for medical tourism. As far back as 3000 B.C. people with eye problems made pilgrimage to Tell Brak, Syria, where healing deities were said to perform miracles. Ancient Roman spas that were believed to cure an endless list of ailments still offer hope and relief to the bathers in this era. In the recent past, patients from underdeveloped countries have been to the advanced healthcare developed countries to take benefits of the medical

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care in those hospitals.

The World Tourism Organization has encompassed the following aspects in its definition of medical tourism: medical care, sickness and well-being, rehabilitation and recuperation.

It is synonymous with Medical Value Travel, Health Tourism, Surgical Tourism, HealthcareAbroad, Medical Overseas, Medical Outsourcing and Offshore Medical.

(ii) Current Indian Perspective: India is the land of myriad experiences and exotic locales. It is a world of resplendent colors and rich cultural locales, be it the magnificent monuments, heritage temples or tombs. The Country's ancient cultural heritage is inextricably linked to its technology driven current existence. The co-existence of a number of religions and cultures, together with an awe-inspiring topography makes it the perfect place for a complete holiday experience.

The Indian medical tourism industry is growing at an annual rate of approximately 30%, catering to patients chiefly from the United States of America, Europe, West Asia and Africa. Although it is still in a nascent stage, the industry is outsmarting similar healthcare industries in other countries such as Greece, South Africa, Jordan, Malaysia, Philippines and Singapore. The medical tourism industry in India is presently earning revenues of US\$ 450 million. The Confederation of Indian Industry (CII) and McKinsey's report have predicted that this industry will grow exponentially to earn additional revenue in the years to come. India has been touted as the favorite destination for Information Technology majors and is currently emerging as a preferred destination for Medical or Health Tourism.

With this aspect in view, the Indian Government, State tourism boards, travel agents, tour operators, hotel companies and private sector hospitals are exploring the medical tourism industry for tremendous opportunities. They are seeking to capitalize on the opportunities by combining the country's popular leisure tourism with medical tourism.

The factors that make India as one of the favorable destinations for health tourism start with low medical cost which is one-tenth of the costs in some of the western countries, As an example, a heart surgery procedure costs US\$ 6,000 in India as against \$30,000 in the USA; likewise, a bone marrow transplant costs US\$ 26,000 in India as compared to US\$ 2,50,000 in the USA. Foreign patients visit Indian hospitals to bypass the long waiting lists and queues in their respective countries. Globalization has promoted a consumerist culture, thereby, promoting goods and services that can feed the aspirations arising from this culture. This, in turn, has had its effect in the health sector too.

There are a number of reasons for the growth of the service economy and the same can be categorized into *three broad areas*, i.e. *Social trend, Demographic trends and Newer Services to meet new demands*. The newer services to meet new demand may include the “medical tourism”.

Merging healthcare and tourism as an industry has occurred in many developing countries like Greece, South Africa, Jordan, India, Malaysia, Philippines and Singapore. Medical tourism where foreigners travel abroad in search of low cost, world-class medical treatment is gaining popularity in India. India's medical tourism industry could yield as much as \$2 billion in annual revenue by 2015. Indian government hopes to encourage a budding trade in medical tourism, selling foreigners the idea of travelling to India for low cost with world class medical treatment. According to the CII, India has the potential to attract one million tourists annually which could substantially contribute to the country's economy. India must leverage its competitive edge, especially its cost advantage as it is only one-fifth of the healthcare costs to its western counterparts.

Competitive Healthcare Opportunities: Currently medical tourists or medical travellers from developed industrialized countries are in large numbers abroad where the quality of healthcare is equal to or even better than the standards in their own country and yet the cost is significantly lower.

These healthcare destination countries also offer numerous options for escapes to vacation trips, sight-seeing, shopping, exploring journeys and lounging on sun drenched exotic beaches for medical healthcare travellers. A combination of many factors has led to the recent increase in the popularity of medical tourism or medical value travel. Exorbitant cost of basic healthcare and medical insurance cover, high cost of modern medical facilities in advanced countries, ease and affordability of international travel, favorable currency exchange rates in the global economy, rapidly improving technology and high standards of medical care in the developing countries, quality medical healthcare education at the medical schools, proven safety of healthcare in select foreign nations, international accreditation of foreign hospitals and access to USA / UK / Australian Board certified surgeons operating in select foreign countries have all contributed their share to this rapid development of global medical tourism or medical healthcare outsourcing. Healthcare tourism or medical healthcare value travel has also emerged as a popular form of vacationing mixing a broad spectrum of overseas medical healthcare services with leisure, visit to healthcare resort or a health Spa abroad, fun and relaxation together thereby maximizing the value of vacation travel abroad, a holiday retreat with wellness and healthcare.

Most of the foreigners treated in India come from other developing countries in Asia, Africa or the Middle East where quality certified hospitals and health professionals are often hard to find.

In the yester-years, patients from the United States and Europe rarely visited India for these issues, primarily as the hospital executives have acknowledged that India continues to suffer from an image of poverty and poor hygiene that discourages many of these patients.

Some Downsides in India: Cost savings may not be enough to foster a trade in medical tourism. Unfairly or not, most foreigners would not think of India as a land of good health. The sight of the country's overcrowded public hospitals; open sewers and garbage littered streets would unsettle most visitors' confidence about public sanitation standards in India.

However, private healthcare providers argue that foreigners can be sheltered from such nastiness and that the quality of India's corporate hospitals is world class.

2. Trends in Medical Tourism Industry

Medical tourism is growing and diversifying. The countries where medical tourism is being actively promoted include Greece, South Africa, Jordan, India, Malaysia, Philippines and Singapore. Estimates vary, but McKinsey & Company and the CII had put gross medical tourism revenues at more than \$40 billion worldwide in 2004, others had estimated the worldwide revenue at about \$60 billion in 2006, whilst McKinsey & Company had projected the total would rise to \$100 billion by 2012. Most of these figures are estimates based on projected data collated globally.

India enjoys a unique position as it offers holistic medicinal services. India offers a unique basket of services with yoga, meditation, ayurveda, allopathic and other systems of medicines to an individual that is difficult to match by other countries. Also, clinical outcomes in India are at par with the world's best centers besides having internationally qualified and experienced specialists. The equation in India to promote the industry is first world treatment at third world prices. The CII and McKinsey reports stated that the medical tourism market in India had pegged a 30 per cent growth in 2000 and it has been growing at the rate of approximately 15 per cent over the years.

India has always been a regional healthcare hub for the healthcare tourists from the neighboring countries like Afghanistan, Bangladesh, Pakistan, Nepal, Bhutan, UAE and Maldives ; and recently India has emerged as one of the most important Global destination for medical tourism or healthcare travel.

Currently, the trend of the international patients from the developed countries like USA, Canada, UK, Europe, etc. travel to India for the low-cost medical surgery treatments like knee joint replacement, total hip replacement, hip resurfacing, weight loss procedures-gastric lap band, RNY gastric bypass, heart procedures, elective surgeries and also for rejuvenation therapies promised by Yoga and Ayurveda. However, a nice blend of top-class medical expertise at attractive prices is assisting corporate hospitals in India to lure global foreign patients for high-end surgeries like organ transplants.

As more patients from Europe, North America and other affluent nations with very high medical costs and long waiting lists look for effective options of immediate, low-cost, affordable treatments, medical healthcare travel to India is definitely on the cards for most of them and the fast growing Indian corporate health sector is fully geared to meet that need.

Medical tourism to India is not just cost savings or the high standard of medical care facility, but also the waiting time for medical surgery treatment procedures in India is much lower than in any other country. India offers a growing number of private centers of excellence where the quality of care is as good as or better than that of big-city hospitals in the United States or Europe. The medical care sector in India has witnessed an enormous growth in infrastructure in the private and voluntary sector. The private sector, which was very modest in the early stages, is now becoming a flourishing industry equipped with the most modern state of the art technology at its disposal. It is estimated that 75 per cent of healthcare services and investments in India are now provided by the private sector. India today is perceived as one of the fastest growing marketing destinations in health and medical tourism segments. India could earn \$2 billion annually and create 60 million new jobs by subcontracting work from the British National Health Service.

Ruby Hospital, Kolkata, has signed a contract with the British Insurance Company, BUPA, and the management hopes to get British patients from the queue in their National Health Services soon. Some estimates say that foreigners account for 10 to 12 per cent of all patients in top Mumbai hospitals despite roadblocks like poor aviation connectivity, poor road infrastructure and absence of uniform quality standards. Analysts say that as many as 150,000 medical tourists came to India last year. However, the current market for medical tourism in India is mainly limited to patients from the Middle East and South Asian economies. Some claim that the industry would flourish even without Western medical tourists. Afro-Asian people spend as much as US\$ 20 billion a year on healthcare outside their countries - Nigerians alone spend an estimated US\$ 1 billion a year. Most of this money is being spent in Europe and America, but it is hoped that this would now be increasingly

directed to developing countries with advanced facilities.

All India Institute of Medical Sciences, AIIMS, New Delhi, has been a destination for patients from Nepal, Bangladesh, Bhutan, Myanmar, Mauritius and Pakistan. Besides regular patients from the Middle East, patients from USA and other European countries have been consulting / obtaining treatment in Indian hospitals. Patients from Pakistan, especially children with heart affliction, have been regularly coming to AIIMS.

Along with providing treatment, the stay of the foreign patients is also taken care of by the hospital itself. Tour operators promote and offer attractive packages for medical tourism. The healthcare trade body are suggesting uniform price band in major specialties, which are indicative pricing. This too would facilitate foreign patients seeking treatment in India.

In India, the Apollo Group of hospitals alone has so far treated over one lakh international patients, many of whom are of Indian origin. Apollo has been a forerunner in medical tourism in India and attracts patients from Southeast Asia, Africa and the Middle East. This group has tied up with hospitals in Mauritius, Tanzania, Bangladesh and Yemen. There are many such corporate groups running a chain of hospitals, catering to the needs of overseas patients.

There is growing use of traditional systems of healthcare in India. Kerala Ayurveda centers have been established at multiple locations in various metro cities, thus highlighting the advantages of Ayurveda in health management.

3. Promotion of Medical Tourism

The key or the "unique selling points" of the medical tourism industry are its "cost effectiveness" and its combination with the attractions of sight-seeing tourism. The latter also uses the ploy of selling the "exotica" of the countries involved as well as the packaging of healthcare with traditional therapies and treatment methods. Price advantage is, of course, a major selling point. The slogan for this could be, "First World treatment at Third World prices". The treatment cost differential across the board could be enormous: only a tenth to even a sixteenth of the cost in the West. Open-heart surgery procedure could cost upto US\$ 70,000 in UK and up to US\$ 150,000 in the USA; vis-à-vis' in India's best hospitals it could cost between US\$ 3,000 to 10,000. Bilateral Knee surgery replacement costs Indian Rupees (INR) 350,000 (US\$ 7,700) in India; whilst in UK this costs about £10,000 (US\$ 16,950) i.e. more than twice as much. Dental, eye and cosmetic surgeries in Western countries cost three to four times as much as in India.

The price advantage is however offset today for patients from the developed countries by concerns regarding standards, insurance coverage and other infrastructure. This is where the tourism and medical industries are trying to pool resources, and also putting pressure on the government.

The important question here is for whom 'cost effective' services are to be provided. Clearly, the services are "cost effective" for those who can pay and in addition come from countries where medical care costs are exorbitant - because of the failure of the government to provide affordable medical care. The demand for cost effective specialized care is coming from the developed countries where there has been a decline in public spending on healthcare, but rise in life expectancy and non-communicable diseases that require specialist services.

Markets tend to be bureaucratic and stifling when insurers or governments pay most medical bills. In USA, third parties (insurers, employers and government) pay for about 87 per cent of healthcare. So patients spend only 13 cents out of pocket for every US dollar they spend on healthcare. As a result, they do not shop like consumers do when they are spending their own money, and the providers who serve them rarely compete for their business based on price.

On the flip side, a much higher percentage of private health spending is out of pocket in countries with growing, entrepreneurial medical markets. For instance, patients pay 26 per cent of healthcare spending out of pocket in Thailand, 51 per cent in Mexico and 78 per cent in India. When patients control more of their own healthcare spending, providers are more likely to compete for patients based on price. Consequently, these countries have more competitive private healthcare markets.

4. Understanding the Healthcare Sector

It is equally important to understand the existing scenario of healthcare for the masses in India that also affects the medical tourism in India. The Healthcare sector in India is at an inflection point and is poised for rapid growth in the medium-term. However, Indian healthcare expenditure is still amongst the lowest globally and there are significant challenges to be addressed both in terms of accessibility of healthcare service and quality of patient care. While this represents significant opportunity for the private sector, the Government can also play an important role in facilitating this evolution.

4.1 Drivers of Growth for the Healthcare Sector

A combination of socio-economic factors is expected to bring about increased healthcare coverage in India which is expected to drive the growth of the sector.

- **Increase in Population:** Expected increase in population from about 1.1 billion in 2009-2010 to 1.4 billion by 2026.
- **Shift in Demographics:** 60 per cent of the population in the younger age bracket and an expected increase of geriatric population from current 96 million to around 168 million by 2026. This represents a huge patient base and creates a market for preventive, curative and geriatric care opportunities.
- **Rise in disposable income:** Households in the above Rs. 200,000 per annum bracket can benefit from an increase in disposable income from 14 per cent in 2009-2010 to 26 per cent in 2014-2015 making healthcare more affordable.
- **Increase in incidence of lifestyle-related diseases:** There is likely to be a marked increase in the incidence of lifestyle-related diseases, such as cardiovascular, oncology and diabetes, when compared to the communicable and infectious diseases
- **Rising Literacy:** Growing general awareness, patient preferences and better utilisation of institutionalised care as a result of increase in literacy rates.

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India's healthcare spend is significantly low when compared to the global, developed and other similar emerging economies. To further illustrate this point, it is pertinent to examine the Indian healthcare spend on various parameters. The Indian healthcare spend is less than half the global average in percentage terms when compared on a “percent of GDP” basis.

4.2 Emerging Trends in Indian Healthcare: Challenges and Interventions

Changes in the lifestyle of the people are resulting in a “dual disease” burden. This emanates from the complexity of communicable and non-communicable diseases in the

rural and urban regions of the country. The occurrence of these disease patterns has impacted the healthcare infrastructure requirements and has resulted in infrastructural challenges for the government and the private players.

India rates poorly on even the basic healthcare indicators when benchmarked against not only the developed economies, but also the other BRIC nations². This is evidence of the fact that a significant portion of the Indian population is unable to access healthcare services. This is a consequence of:

- Lack of healthcare infrastructure
- Lack of trained and qualified manpower

While the Indian Healthcare sector is poised for growth in the next decade, it is still plagued by various issues and challenges:

(a) Dual Disease Burden: Urban India is now on the threshold of becoming the disease capital of the world and facing an increased incidence of Lifestyle related diseases such as cardiovascular diseases, diabetes, cancer, Chronic obstructive pulmonary disease (COPD), etc. At the same time, the Urban Poor and Rural India are struggling with Communicable Diseases such as tuberculosis, typhoid, dysentery, etc. Rural India is also seeing a higher occurrence of Non-Communicable Life-style related diseases. This represents a serious challenge that the Indian Healthcare system would need to address.

(b) Lack of Infrastructure and Manpower: Accessibility to healthcare services is extremely limited to many rural areas of the country. In addition, existing healthcare infrastructure is unplanned and is irregularly distributed. Further, there is a severe lack of trained doctors and nurses to service the needs of the large Indian population.

The private sector has evolved a multi-pronged approach to increase accessibility and penetration. It has tackled the issue of Lifestyle related diseases with the development of high-end tertiary care facilities. Also new delivery models such as Day-care centres, single specialty hospitals, end-of-life or hospice care centres, etc., are on the horizon to service larger sections of the population and address specific needs.

The Public Sector is keen to continue to encourage private investment in the healthcare sector and is now developing PublicPrivate Partnerships i.e. PPP models to improve availability of healthcare services and provide healthcare financing.

²BRIC Nations - is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa

Both sectors have also undertaken initiatives to improve functional efficiencies in the form of Accreditations, Clinical research, outsourcing of non-core areas, increased penetration of healthcare insurance and third party payers.

5. Food for Thought

On the one hand, India is struggling to cater for the pressing and existing needs to provide basic quality healthcare services for the masses, i.e. the Rural India, and on the other side we are focusing on Medical Tourism. Undoubtedly, the medical tourism will bring in the additional economy into the country from off-shore resources, which could be effectively utilized to improve and hasten the healthcare for the rural India. Hence, the Ministry for Tourism should work hand-in-hand with the Health Ministry to bolster this venture which would have strategic advantages to the rural masses, whilst improving the Indian economy.

6. Conclusion

Global competition is emerging in the healthcare industry. Wealthy patients from developing countries have long travelled to developed countries for high quality medical care. Now a growing number of less affluent patients from developed countries are travelling to regions once characterized as “third world”. Reports on the number of patients travelling abroad for healthcare are scattered, but all tell the same story. Many of these “medical tourists” are not wealthy, but are seeking high quality medical care at affordable prices.

To meet the demand, entrepreneurs are building technologically advanced facilities outside the developed countries, using foreign and domestic capital. They are hiring physicians, technicians and nurses trained to American and European standards, and where qualified personnel are not available locally, they are recruiting expatriates.

The medical industry on a commercial platform with tourism is a new and upcoming industry that needs to be explored. States like Karnataka, Kerala, Delhi, West Bengal and Maharashtra are trying their best to woo foreign patients to India and to be amongst the most favorable health destinations. There is a need for constant endeavor for other states to try their best to nurture themselves in this field and contribute to GDP by providing quality service. For example, the Federation of Indian Chambers of Commerce and Industry (FICCI) and CII have taken the lead by setting up a task force for the promotion of health and medical tourism in Maharashtra. There is no doubt that India can be the leader in providing medical tourism in the near future.

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