

HEALTHCARE LIABILITY

LEADERSHIP & INNOVATION

The Evolution of Medical Tourism

Almost ten years ago, experts held medical tourism alongside personalised medicine, telemedicine and retail clinics as an innovation that would disrupt the healthcare landscape. Amongst this excitement, it was predicted that the number of outbound medical tourists from the U.S.A. would increase from 750,000 in 2007 to 15.75 million in 2017. Experts predicted the value of the medical tourism industry would be worth 79.5B USD.

With the available data to date, the number of outbound medical tourists is estimated at approximately 11 million worldwide (as of February 2017). The value of the industry is currently estimated between 10B to 50B USD.

U.S.A. vs The World: Costs of major procedures in major medical travel destinations as of February 2017.

Procedure	U.S.A.	COSTA RICA	INDIA	MALAYSIA	MEXICO	SOUTH KOREA	TAIWAN	THAILAND
Average savings vs U.S.A.		45-65%	65-90%	60-80%	40-60%	25-45%	40-65%	50-75%
CABG	\$92,000	\$31,500	\$9,800	\$20,800	\$34,000	\$29,000	\$27,000	\$33,000
Valve replacement with bypass	\$87,000	\$28,000	\$11,900	\$15,000	\$26,500	\$38,000	\$22,000	\$19,000
THR	\$31,000	\$15,300	\$9,400	\$12,500	\$14,200	\$21,600	\$14,000	\$16,500
TKR	\$28,000	\$14,200	\$7,200	\$7,800	\$12,300	\$16,250	\$13,400	\$13,200
Gastric bypass	\$23,000	\$10,500	\$6,800	\$9,250	\$11,500	\$14,500	\$12,700	\$12,600
Full facelift	\$11,500	\$4,900	\$2,800	\$3,300	\$4,750	\$5,900	\$5,250	\$3,700

Source: Patients Beyond Borders; Managed Care Magazine

Why has the medical tourism industry not achieved the predictions made in 2008?

- 1. Complications after returning home.** Medical professionals in patients' home countries have publicised the risk of returning from treatment abroad with complications, deterring their patients from future treatments abroad.
- 2. Variations in exchange rates.** In South Africa, the 'scalpel safari' market is unstable due to the currency fluctuations.
- 3. Flawed forecasts.** The Health City Cayman Islands, a 2,000 bed hospital, was predicted to attract 17,000 patients from the U.S.A. every year. However, in its inaugural year of 2014, fewer than 1000 patients from the U.S.A. attended.
- 4. Standards of care.** It can be difficult to determine which international centres meet the same standards as the patient's domestic centres.
- 5. Lack of outcomes data.** Obtaining reliable rates of complications from overseas procedures, and comparing these to those from domestic settings, is problematic. It is therefore difficult to reassure patients about the quality of some healthcare treatments abroad.
- 6. Obamacare.** The Affordable Care Act (ACA) removed some of the incentive of the cost savings associated with medical tourism. The Medical Tourism Association found that Americans would need to save between 4,900 – 8,600 USD before they would consider outbound medical tourism.
- 7. The burden of international travel for healthcare treatment.** The CEO of Patients Beyond Borders, Josef Woodman, commented that patients would need to be desperate or require urgent care in order to consider the inconvenience of travelling abroad for healthcare treatment.
- 8. Decline in the partnerships between health insurers and providers of medical tourism.** Aetna had partnered with Sistemas Medicos Nacionales, S.A. de C.V. in Mexico, but withdrew a few years ago. This has been attributed to the implementation of the ACA.

How is the medical tourism industry changing?

Experts from KPMG Thailand expect that the global medical tourism industry will grow at a compound annual growth rate of 17.9%.

They expect the ageing populations and rising birth rates will fuel the growth, citing the Organisation for Economic Co-operation and Development (OECD), which estimates the percentage of those aged > 80 years old or over will double between 2010 to 2050.

The following factors support their growth predictions:

- 1. Affordability and cost effectiveness of medical tourism.**
- 2. Immediate service** (i.e. no waiting lists).
- 3. Anonymity** (patients can have procedures done without their family or friends knowing).
- 4. Travel opportunities.**
- 5. Growing middle classes.**

Medical tourism is growing in Central and Eastern Europe at a rate of 12-15% annually, according to PWC, culminating in 488,000 outbound medical tourists to Poland in 2016. Hungary has developed a reputation for dental treatment, as has Czech Republic for cataract surgery. Patients from Germany, the UK and the Nordic countries generally attend for day case surgeries, cosmetic treatments or spa treatments. This growth has been supported by the European Union Directive, Cross Border Healthcare, which allows patients to receive medical treatment in any member state and will subsequently be reimbursed by the home country according to its own domestic rules.

What should providers think about when offering medical tourism?

1. Sign up to the Treatment Abroad Code of Practice, please see link in further reading.
2. Gain international accreditation with the Joint Commission International Standards for Hospitals (JCI) or the Australian Council on Healthcare Standards International (ACHS) or other recognised body.
3. Staff education and training, including the ability to communicate in the patients' native languages.
4. Ensure credentialing processes and pre-employment screening for all healthcare professionals.
5. Consider infection prevention and control, including the management of an infectious outbreak.
6. Communication, including remote consultations and consent processes.
7. Cultural sensitivity.
8. Patient feedback.

Sources and further reading

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