

A Study on Challenges and Growth of Medical Tourism in India



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Abstract –

Medical tourism is becoming a popular option for tourists across the globe. It encompasses primarily and predominantly biomedical procedures, combined with travel and tourism. The term medical tourism has been coined by travel agencies and the mass media to describe the rapidly growing practice of travelling across international borders to obtain hi-tech medical care. Various countries like Thailand, Malaysia, India, etc are promoting medical tourism aggressively.

The key competitive advantages of India in medical tourism stem from the following: low cost advantage, strong reputation in the advanced healthcare segment (cardiovascular surgery, organ transplants, eye surgery etc.) and the diversity of tourist destinations available in the country. The key concerns facing the industry include: absence of government initiative, lack of a coordinated effort to promote the industry, no accreditation mechanism for hospitals and the lack of uniform pricing policies and standards across hospitals.

Medical tourism or health care tourism is fast growing multibillion-dollar industry around the world. It is an economic activity that entails trade in services and represents the mixing of two of the largest world industries: medicine and tourism. The paper identifies the strengths of India's medical tourism service providers and

points at a number of problems that may reduce the growth opportunity of this industry.

This paper focuses on the key issues and opportunities possessed by Indian medical tourism sector that enable it to overcome domestic and international barriers on upgrading its medical services. Finally, this paper analyses and concludes the main reasons why the developing country like India attracts foreign tourists for the medical treatment.

Keywords: Medical Tourism, SWOT, Yoga, Unani, Siddha, Ayurvedic, Naturopathy.

INTRODUCTION

Medical tourism is a new form of a niche tourism market which has been rapidly growing in the recent years. The term medical tourism is the act of traveling to other countries to obtain medical, dental and surgical care. According to Goodrich & Goodrich (2007), medical tourism is the attempt to attract tourists by deliberately promoting its health-care services and facilities, in addition to its regular tourist amenities.

Laws (2006) has defined medical tourism as a travel from home to other destination to improve one's health condition as one type of leisure. This includes getting indigenous and alternative medical services, and any other form of tourism undertaken with the purpose of addressing a health concern.

Connell (2006) describes medical tourism as a popular mass culture where people travel to overseas countries to obtain healthcare services and facilities such as medical, dental and surgical care whilst having the opportunity to visit the tourist spots of that country. Carrera and Bridges (2006) have defined medical tourism as travel which is systematically planned to maintain one's physical and mental health condition.

According to GATS (General Agreement on Trade and Services), medical tourism is the second mode of trade in health services. In this mode, customers (patients) leave their home country to obtain health care services with high quality and affordable prices Blouin et al., (2006). Monica (2007) has defined that medical tourism occurs when international patients travel across boundaries for their healthcare and medical needs. It can be defined as provision of cost effective private medical care in collaboration with the tourism industry for patients needing surgical and other forms of specialized treatment.

Bookman & Bookman (2007) have defined medical tourism as travel with the aim of improving one's health, and also an economic activity that entails trade in services and represents two sectors: medicine and tourism. Medical tourism according to Dhaene (2009) is looking for available quality combined with cost effective and low price health services while offering a similar level of safety to the patient. It has become 60 billion US

dollar a year business with growing rate about 20% by a year which could increase to 100 billion US dollar by 2012. (Herrick, 2007).

Normally, the majority of medical tourists come from the industrialized countries of the world especially Europe, the UK, Middle East, Japan, U.S. and Canada where the cost of medical treatment is very expensive and there are often long waiting times for treatments. Other than India, countries that are currently promoting medical tourism are Thailand, Malaysia, Singapore, South Korea Bolivia, Brazil, Belgium, Cuba, Costa Rica, Hungary, and Jordan. Private sector development in emerging economies— such as India, Thailand, Singapore, and certain Latin American nations—attracts foreign patients for relatively cheaper care: the uninsured, the underinsured, or those who prefer not to wait for treatment under a national health insurance system.

The main reasons for the growing popularity in medical tourism in India are: (a.) the long waiting lists in the developed countries, (b) the low cost of medical treatments in India than the other developed countries. In India, complicated surgical procedures are being done at one-tenth of the cost as compared to the procedures in the developed countries, (c) The affordable international air fares and favorable exchange rates, (d) the Internet; with the development of communications, new companies have emerged who acts as middlemen between international patients and hospital networks, giving patients easy access to information, prices and option, (e) the state-of-art technology, specialist doctors, nurses and paramedical staffs that has been adopted by the big hospitals and diagnostics centers in India. In India, the medical education system also caters to the ever increasing demand for the delivery of the quality health care services all over the country (Suthin et al., 2007).

In order to realize the full potential of this industry, it is needed to develop a strategic plan on medical tourism in India. This paper highlights the strategy that needs to be implemented for shaping India as one of the key destinations for medical tourism across the globe.

OBJECTIVES OF THE STUDY

This research works explores opportunities, discusses its key challenges and designing the suitable strategies for developing medical tourism in India.. It is based on a review of the literature, including published research, web sites, newspapers, and the travel and tourism magazines that carry medical tourism related information. This helps to design the strategies being used for promoting medical tourism in India. This research work also strives to understand why some developing countries like India are more successful in promoting medical

tourism than others. In other words, it also emphasizes over the competitive advantages of India over other countries. Lastly, it gives an approximate comparison of the cost of medical treatments offered in India, USA, Thailand and Singapore.

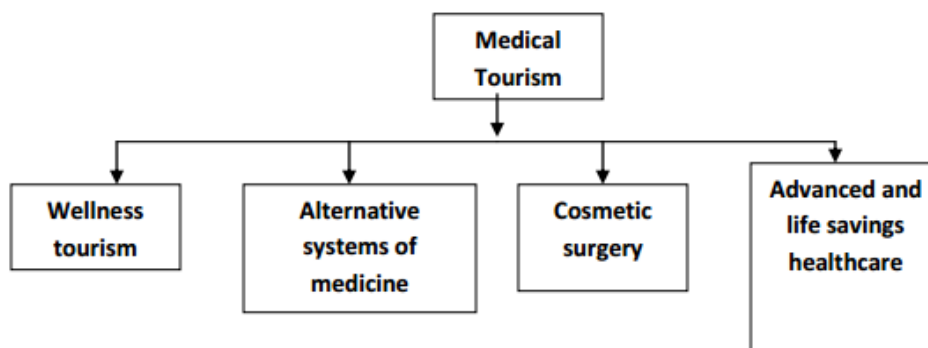
MEDICAL TOURISM IN INDIA

Medical Tourism is poised to be the next Indian success story after Information Technology. According to a McKinsey-CII study the industry's earning potential estimated at Rs.5000-10000 Crores by 2012 (CIIMckinsey, 2002). Medical tourism can contribute Rs 5,000-10,000 crore additional revenue for up-market tertiary hospitals by 2012 and will account for 3-5% of the total healthcare delivery market, says the Confederation of Indian Industry (CII)-McKinsey study on healthcare (2002: pp.1-2).

Horowitz and Rosenweig (2007) have identified the following countries as being medical tourism destination: China , India, Israel, Singapore, Malaysia, Philippines, United Arab Emirates, Argentina, Bolivia, Brazil, Colombia, Costa Rica , Cuba , Jamaica, Mexico, United States, Belgium, Germany, Hungary, South Africa and Australia. The major service providers in Indian medical tourism are: the Apollo Hospitals, Escorts Hospital, Fortis Hospitals, Breach Candy, Hinduja, Mumbai's Asian Heart Institute, Arvind Eye Hospitals, Manipal Hospitals, Mallya Hospital, Shankara Nethralaya etc. AIIMs, a public -sector hospital is also in the fray. In terms of locations – Delhi, Chennai, Bangalore and Mumbai cater to the maximum number of health tourists and are fast emerging as medical tourism hubs. It also visualizes high-end healthcare services through Indian BPO firms like Hinduja TMT, Apollo Heart Street, Comat Technologies, Datamatics and Lapiz that work in the areas of claim adjudication, billing and coding, transcriptions and form processing.

One-stop centres in key international markets to facilitate patient flow and stream lining immigration for healthcare are envisaged. The CII, along with Indian Health Care Federation (IHCF), wants to establish an Indian healthcare brand synonymous with safety trust and excellence. Therefore, it is clear that the opportunities and challenges for growth in the health sector are seen primarily within the private/corporate sector, not in the public sector. Nowadays medical tourism in India includes advanced and life savings health care services like open transplants, cardio vascular surgery, eye treatment , knee/hip different cosmetic surgeries and alternate systems of medicine. Also leisure aspect medical traveling/wellness tourism may be included on such medical travel trips. India provides a variety of medical services to overseas patients. The medical tourism structure in India is depicted in figure 1.

Figure 1: The Medical Tourism structure in India



India has a very old civilization of more than 5000 years and is known for her cultural and religious diversities with diverse geographical landmarks. The traditional arts and crafts add to her appeal to attract tourists. In India, according to the famous words “Atithi Devo Bhava” refers tourists are treated as God. In India, in addition to existence of modern medicine, indigenous or traditional medical practitioners continue to practice throughout the country. Popular indigenous healthcare traditions include Ayurveda, Siddha, Unani, Naturopathy, and Yoga. Ayurveda provides a complete system of preventive medicine and healthcare, which has been proven as its effectiveness over a long period in India.

The science of Ayurveda is based on the knowledge of the human constitution. If every individual knows his or her own constitution, they can understand what constitutes a good diet and lifestyle for themselves. The five great elements, viz., ether, air, fire, water and earth are manifested into the three Dashas or biological organizations known as Vata, Pitta and Kapha. These biological organizations are used by an individual to gain a full understanding of all aspects of bodily functions, in order to establish the harmonious balance required for a healthy existence. Ayurveda is based on natural herbs, which gives distinct advantage.

The Siddha system defines disease as the condition in which the normal equilibrium of the five elements in human beings is lost resulting in different forms of discomfort. The diagnostic methods in Siddha medical system are based more on the clinical acumen of the physician after observation of the patient, pulse and diagnosis and clinical history. Unani system of medicine believes that the body is made up of four basic elements viz., earth, air, water and fire, which have different temperaments i.e. cold, hot, wet and dry. After mixing and interaction of four elements a new compound having new temperament comes into existence i.e. hot-wet, hot-dry, cold-wet and cold-dry.

Unani system of medicine believes in promotion of health, prevention of diseases and cure. Naturopathy has several references in the Vedas and other ancient texts, which indicate that these methods were widely practised in ancient India. Naturopathy believes that the human body possesses inherent self-constructing and self-healing powers. Naturopathy differs slightly with other systems of medicine, as it does not believe in the specific cause of disease and its specific treatment but takes into account the totality of factors responsible for diseases such as one's unnatural habits in living, thinking, working, sleeping, or relaxation, and the environmental factors that disturb the normal functioning of the body.

Yoga is a science as well an art of healthy living physically, mentally, morally and spiritually. Yoga is believed to be founded by saints and sages of India several thousand years ago. Yoga has its origin in the Vedas, and its philosophy is an art and science of living in tune with the universe. Yoga, the art and science of maintaining physical and mental well-being, has its origin in India. It is an instrument to self-evolvement and enlightenment, through physical and mental well-being. Various Yogic postures gently massage internal vital organs, keeping them in perfect condition. Cholesterol levels are kept in check and the blood pressure is normalized. This internal harmony cleanses and detoxifies the body and boosts the immune system. All these traditional healthcare systems are attracting national and international patients, and generate tourism flows.

GROWTH, OPPORTUNITIES AND PROCESS OF MEDICAL TOURISM IN INDIA

The commitment to provide comprehensive healthcare to all citizens, irrespective of their paying capacity, was given up by the Indian government after 30 years of Indian independence. After the globalization and liberalization of Indian economy on 2001, the government of India has opened up medical service to the voluntary and private sectors for foreign tourists and other citizens who can pay to get the high-tech medical services. The rapid growth of the private sector over the 2000s and the emergence of a corporate health sector in the 2000s was a part of the comprehensive policy that chooses to promote these segments. This was done through shifting subsidies in terms of cheap land, concessions from equipment and drug import, placing these institutions on government panels and making them a part of government insurance schemes in addition to providing trained personnel and expert physicians through state –supported medical education.

As a part of medical tourism, India is recognized as the cradle for test tube babies and is popular for surrogacy services (Qaders and John, 2009). Over than these, India offers high-tech cardiac, paediatric, dental, cosmetic and orthopaedic surgical services as well as the traditional healing systems. The medical tourism definitely does not cater to emergency services. The services provided are largely knee joint replacement, hip replacement (mostly orthopaedic), bone marrow transplant, bypass surgery and cosmetic surgery etc. Hospitals

also advertise for preventive health check-ups for family members accompanying the patients in addition to alternative medicine services (Peacock, 2009).

KEY ISSUES TO THE MEDICAL TOURISM INDUSTRY IN INDIA

As various countries are at loggerheads to get a greater share in the medical tourism industry, India needs to carve out a distant niche for itself, by leveraging its existing strengths and thereby offering a unique value proposition. Generally, there are three types of medical tourists.

Foreigners coming for medical treatment Foreigners seeking treatment and leisure Expatriates The country like India is facing the following issues/challenges to become a tourist destination with competent medical tourism industry.

They are:

1. Lack of infrastructural facilities like lack of connectivity, lack of coordinating system, poor power supply and poor water supply.
2. Most Indian hospitals are also facing the lack of trust from the foreign patients. The hospitals have observed poor hygiene awareness in medical attendants, unhygienic food handling, and lack of proper hospitality services, heterogeneous pricing of services and no industry standards.
3. The government can play a vital part to upgrade the medical tourism sector.

But the industry is facing the following problems which are caused by the governments. They are: (a) no regulations, (ii) taxation anomalies, (c) bureaucratic roadblocks, (d) no works on land reforms, (e) lack of long-term investor friendly policies and (f) instability with respect to terrorism and communal tensions.

4. On the part of insurance and allied services, the medical tourism industry in India is also facing some key bottlenecks. They are: (a) inadequate insurance cover, (b) underdeveloped insurance market in India, (c) insurance frauds and (d) overseas companies refusing reimbursement.
5. The following challenges, due to the infrastructural parts in medical tourism sector in India, are: (a) poor accessibility, (b) lack of capital, (c) lack of Community participation and awareness, (d) lack of involvement from rural sector, (e) lack of concern for sustainability, (f) complex visa procedures, (g) lack of good language translators, and (h) poor airport facilities.

6. Apart from these, there are some specific issues to promote medical tourism in India. They are: (a) quality accreditations to the Indian hospitals and service providers, (b) training and Development to the Doctors, Nurses and Para medical staffs, (c) lack of customer oriented approach.

DEVELOPING STRATEGIES ON INDIAN MEDICAL TOURISM

After the SWOT analysis on Indian medical tourism and also interviewing the healthcare service providers in India as well as observing the different websites related to medical tourism's growth and opportunities, the following marketing strategies may be used by India's healthcare service providers. They may be based on the 7 Ps of marketing mix: Product, Price, Place, Promotion, People, Process, and Physical Evidence (Kotler, 2008; Chartered Marketing Institute, 2005).

1. **Product:** India has a number of hospitals offering world class treatments in nearly every medical sector such as cardiology and cardiothoracic surgery, joint replacement, orthopaedic surgery, gastroenterology, ophthalmology, transplants and urology to name a few. The various specialties covered are Neurology, Neurosurgery, Oncology, Ophthalmology, Rheumatology, Endocrinology, ENT, Paediatrics, Paediatric Surgery, Paediatric Neurology, Urology, Nephrology, Dermatology, Dentistry, Plastic Surgery, Gynaecology, Pulmonology, Psychiatry, General Medicine & General Surgery. Welltrained medical staff with international board certification (US, UK, Australia, Germany, Japan) are considered as a valuable asset of the companies and used as an important tool to promote healthcare services. Moreover, the cutting-edge technology and equipment available made by each hospital is also used as one of the major products in this industry. Another marketing strategy used by service providers is to create more value through services. Superior value-added services have been created to differentiate themselves from their increasing competitors, increasing its efficiency, creating convenience for the patients, and developing and strengthening the customer relationships. These nonmedical care services are services such as, on-line service for medical arrangement, travel arrangement, interpreter services in many languages , luxury service apartments for patients' relatives adjacent to the hospital, hotel selection and reservation, sightseeing tour services, medical transportation both on land and air, one-to-one nursing care service, and etc. Major healthcare service providers in India have started expanding their business to other countries by investing in and/or operating hospitals or medical center overseas. These hospitals function as a diagnostic center for screening cases and also for follow-ups in medical treatments.
2. **Price:** India's healthcare service providers have a competitive advantage among their competitor due to

its high standard of medical treatments and services offered to the patients at a very competitive price. In India, complicated medical procedures are being done only at one tenth of the cost in industrialized countries but in terms of infrastructure facilities such as roads, sanitation, power backups, accommodations, and public utility services much more is needed for the country to become a medical tourism destination (Kaur et al., 2007).

3. Place: Internet is the main means for disseminating information related to medical and non-medical care services offered by each of healthcare service providers. It is the most effective and inexpensive way to reach the product to its target customers directly, and at the same time helping patients acquire correct and valuable information allowing them to make an informed decision. Informative online marketing of each service provider creates awareness of the medical treatments available and reassures potential patients. Interactive communication, treatments description, description of services and facilities, quality assurance other concierge services were also presented on the websites to attract the patient who are on medical traveling program. All the healthcare service providers generally take the help of the agents the in promoting their medical tourism. These agents provide information and recommend the patients regarding their treatments to the hospitals. They work as a center cooperating between patients and hospitals for screening cases, sending all the necessary medical reports of the patients to the hospitals. And at the same time agents have the responsibility of advertising and doing marketing in those countries for healthcare service providers, spreading word of mouth advertising of service assurance and reliability.
4. Promotion: Most healthcare service providers in India particularly big private hospitals participate in travel marts, travel fairs, trade fair, exhibitions, seminars, conferences, and advertise in travel magazines in countries with the supporting from the government. In addition, other informative materials such as brochures, booklets, video-cds, paper bags and t-shirt with logos were also used to create awareness of the available healthcare services as well. Moreover, some healthcare service providers in India build up cooperation with the local institutes, universities, medical schools in other countries to establish collaboration in education, exchange of knowledge and training as well as to promote their alternative healthcare services. Advertising about medical and non-medical services in both local and international media are used by healthcare service providers. Articles, video, news related to their high quality and standard of medical treatments and services, health issues, latest medical technology equipment, quality assurance/awards/accreditation available on their own websites and also to the international media. These help to create awareness of the available alternative medical

treatments as well as to build up a positive image of the high quality and international standard of medical care in India.

5. **People:** Another strategy that Indian healthcare service providers may use to attract the international patients for their low cost treatments in India as well as to get the medical services by its well-trained medical specialists who have qualified from well-known overseas institutes. It is well acknowledged that having specialized and qualified doctors and staffs gives a competitive advantage for the hospitals. However, shortage of doctors and trained medical staff is treated as the major concern in medical tourism in India. Moreover, due to the misunderstanding of the patients' culture are still considered as problems and challenges for medical tourism business in India.
6. **Process:** International patients who seek medical treatments are mostly concerned with the quality of treatments and also want that the service providers preferably be accredited by a recognized international organization that audits medical quality. India has a large pool of doctors (approx 6,00,000), nurses and paramedics with required specialization and expertise and the language advantage (English speaking skills). The medical education system caters to the ever increasing demand for the delivery of the quality health care services all over the country. The Joint Commission International (JCI) recognizes and accredits that the standard of the hospital meets or exceeds the standard of medical facilities as compared to the west. India is a popular destination for medical tourists. (Iyer, M., 2004)
7. **Physical Evidence:** In India, big hospitals like Apollo Hospitals, Escorts Hospital, Wockhardt Hospitals, Breach Candy Hospitals Lilavati Hospital, Manipal Hospitals, Mallya Hospital, AMRI Hospitals etc. have a good ambience in their infrastructures with spacious, luxury rooms and excellent amenities same as that of a five star hotel for patients and relatives, and also are equipped with cutting-edge technology. This is a competitive advantage of India in order to gain the confidence and build up the trust of international patients, making a decision to choose India as their preferred choice.

CONCLUSION

India is in an advantageous position to tap the global opportunities in the medical tourism sector. The government's role is crucial to the development of medical tourism. The government should take steps in the role of a regulator and also as a facilitator of private investment in healthcare. Mechanisms need to be evolved to enable quicker visa grants to foreign tourists for medical purposes where patients can contact the

Immigration Department at any point of entry for quick clearance. Tax incentives to the service providers, import duty reduction on medical equipment, committees to promote and foster medical tourism are some of the initiatives that can be undertaken. There is also a need to develop supporting infrastructure such as transport services to facilitate tourism in India. The tourism, health, information and communication departments need to work in tandem for efficient patient care. This paper has recommended some of the medical tourism strategies for further promoting medical tourism in India. These include building and promoting the image of India as high quality medical tourism destination, creating and promoting new combination of medical tourism products, keeping up the high standard of quality treatments at a reasonable price, providing informative online and offline materials and make them available to the potential customers. Also attaining the accreditation/standard to reassure the quality of treatments as well as emphasizing on the needs and demands of the existing target markets must be incorporated.

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