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Medical tourism in India: The key issues & challenges in current scenario

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Abstract

India represents the most prospective medical tourism market in the world. Factors such as low cost, scale and range of treatments provided by India differentiate it from other medical tourism destinations. Furthermore, the growth in India's medical tourism market will be a boon for several associated industries, including hospital industry, medical equipments industry and pharmaceutical industry. The proposed research has carried out to identify the key issues & Challenges in Medical Tourism in India. Further the study provides a deep insight into the Indian medical tourism market and evaluates the past, present and future scenario of the medical tourism market.

Keywords: Medical tourism, current scenario in India, key issues & challenges

Introduction

Medical tourism in India

Medical tourism in India has emerged as the fastest mounting segment of tourism industry in spite of the global economic recession. Elevated cost of treatments in the developed countries, particularly the USA and UK, has been forcing patients from such regions to look for alternative and cost-effective destinations to get their treatments complete. The Indian medical tourism industry is currently at a budding stage, but has a massive potential for future development and progress.

As per our new-fangled market research report "Booming Medical Tourism in India", India's share in the global medical tourism industry will climb to around 2.4% by the end of 2012. Furthermore, the medical tourism is expected to create revenue of US\$ 2.4 Billion by 2012.

India represents the most prospective medical tourism market in the world. Factors such as low cost, scale and range of treatments provided by India differentiate it from other medical tourism destinations. Furthermore, the growth in India's medical tourism market will be a boon for several associated industries, including hospital industry, medical equipments industry and pharmaceutical industry.

Adding together to the existence of modern medicine, indigenous or traditional medical practitioners are providing their services across the country. There are over 3,000 hospitals and around 726,000 registered practitioners catering to the needs of traditional Indian healthcare. Indian hotels are also entering the wellness services market by tying up with professional organizations in a range of wellness fields and offering spas and Ayurvedic massages.

Medical Tourism (also called as medical travel or health tourism) is a term initially coined by travel agencies and the mass media to describe the rapidly growing practice of travelling to another country to obtain health care. More recently the phrase "Global Healthcare" has emerged and may replace the earlier terms. Such services typically include elective procedures as well as complex specialized surgeries such as joint replacement (e.g. knee / hip), cardiac surgery dental surgery and cosmetic surgeries. The provider *viz.* the hospital and the customer use informal channels of communication-connection-contract with less regulatory or legal oversight to assure quality and less formal recourse to reimbursement or redress. In addition, to the hospital procedures, leisure activities are also typically associated with this treatment. Thus travel and tourism aspects are also included in this medical travel trips.

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Research Methodology

The research methodology used for the purpose of this study was essentially an exploratory research, wherein the hospitals, the medical tourist patients as well as the agents / tour operators in India and abroad were contacted and issues discussed. A total of around 35 such personnel were contacted. The breakup of these personnel was as follows:

SL. No.	Area of Contact	No Contacted	No of Persons Contacted	% Age
1	Tour Operators	2	5	14%
2	Hospitals	5	15	43%
3	Hotels	5	15	43%
Total		12	35	100%

The duration of the study was around 4 months. Both primary data and secondary data were used. The primary data consisted of a pointer driven questionnaire administered to around 35 personnel, while the secondary data consisted of books and other sources of information.

It must be understood that the industry is still in its infancy and hence no reliable data is available. Additionally in some of the medium sized and bigger hospitals, the doctors and administrators are not willing to speak about it since a divorce exists between the doctors and the person's *viz.* tour operators who organize the trip.

Findings Global Scenario

As mentioned earlier, the main driver for patients to visit medical tourists countries like India, Singapore etc is the high cost of the treatment as well as the long waiting period-as long as one year.

The total global size of the medical tourism industry is not reliably available, however the discussions with several knowledge persons indicated that the five major countries *viz.* India, Jordan, Malaysia, Singapore and Thailand have reported about 2 million medical travellers in the year 2004. It is estimated that on an average a medical tourist spends approx. US\$ 362 a day *Vis a vis* a normal spend of US\$ 114.

The major players in the medical tourism are the Apollo Group of Hospitals (India), Escorts Heart Institute (India), the Bumrungrad Hospital (Thailand), Sunway Medical Centre (Malaysia) and the Raffles Hospital (Singapore). Almost all these hospitals have upgraded their interiors to resemble five star hotels. The hotels have also tied up with travel agents / tourists so as to facilitate a comfortable and hassle free travel for the overseas patients.

Additionally all the governments have started a promotion of aggressive promotion to boost the sector in the respective countries.

Hong Kong

Hong Kong has around 12 private hospitals and more than 50 private hospitals. All the 12 hospitals have been accredited by the UK's Trent Accreditation Scheme.

Malaysia

Malaysia has plans to develop itself as a medical tourism hub. The country has excellent infrastructure and most important English is widely spoken. Malaysia has its own national accreditation scheme (MSQH). Again the Association of Private Hospitals in Malaysia is working to develop medical tourism.

New Zealand

New Zealand is a relatively new player in the medical travel market focusing mainly on non-acute surgical procedures and fertility treatment. The cost of treatment in New Zealand (inclusive of Air travel, accommodation etc) is expected to around 40% of the cost of the US and the UK cost.

Philippines

The Philippines is another country which is making great strides in the area of medical tourism. The medical centres in Metro Manila have complied with ISO standards and have received accreditations from the Philippine's Department of Health, Joint Commission International (JCI) of USA etc.

Singapore

Singapore Medicine is a multi-agency government initiative that aims to develop Singapore into a leading destination for health care services. In 2005, approx. 3,74,000 medical tourists visited the country. Most of the patients were from the neighbouring countries like Indonesia, Malaysia etc.

Indian Scenario

Medical tourism market in India is estimated to be around US \$333 million (in 2004), accounting for around 1,50,000 patients mainly from US, Britain, Gulf, Africa and the South Asia Association for Regional Cooperation (SAARC) nations and growing at the rate of more than 25% p.a.

Currently there are more than 2000 hotels in the A Grade cities which can provide an accommodation of approximately 1,00,000 rooms, which is very well equipped to cater the growing needs of this segment.

Three players dominate the medical tourism sector *viz.*

- Tour Operators.
- Hotels.
- Hospitals and / or integrated hospitals cum hotels.

For medical tourism to succeed a consortium of Tour operators, Hospitals and Hotels if an integrated set up is not available is a must.

The purpose of these tour operators / agents is to liaise with the insurance companies and the private / public medical practitioners in the European and American markets, so as to ensure a steady stream of patients. In addition, the tour operators also help in explaining the problems that the patients may face when they visit India. (For e.g. the unhygienic surrounding, the non-availability or inadequate transport system etc.) The cost of the tour operators can be as high as 15 to 20% of the total cost of the service offered. Thus for e.g., the cost of the tour operator could be 15 to 20% of say US \$ 69200/- (Cost of a bone marrow transplant in India) or 15 to 20% of say US \$69350/- (Cost for a Liver Transplant in India).

Additionally, while the hospitals SELL the medical services, the hotels SELL India as a tourist destination using the ploy of selling "Exotica".) Or e.g. the traditional therapies and treatments of Kerala).

Price is the major selling point. The cost of an open heart surgery could be around US\$ 150000 in USA or US\$ 70000 in UK, while the cost of the treatment in India could be as low as US\$ 3000.

The following table gives a very brief comparative picture of the price of the treatment.

Procedure	USD	USD	Difference
	In USA	In India	
Bone Marrow Transplant	250000	69200	28%
Liver Transplant	300000	69350	23%
Heart Surgery	30000	8700	29%
Orthopedic Surgery	20000	6300	32%
Cataract Surgery	2000	1350	68%
Dental Procedure			
Metal Free Bridge	5500	600	11%
Dental Implants	3500	900	26%
Porcelain Metal Bridge	3000	600	20%
Porcelain Metal Crown	1000	100	10%

Kerala has been very successful in medical tourism. The presence of several tourists' spots like the Alappuzha Beach, Kappad Beach, Kovalan Beach, Marari Beach, or Periyar Wildlife Sanctuary, Tekkady Wild life Resorts etc and the ancient art of treatments has made Kerala very successful in medical tourism.

Marketing communication plays a very major role word of mouth communication. Tie-ups with the leading medical insurance companies also help in reducing the cost of the tour operators. Additionally tie ups with foreign universities wherein internship is offered in India also helps in securing medical tourists to India.

From the customer's perspective, i.e. the medical tourist's perspective, the key drivers which motivate a patient to travel to India for medical purpose are:

- Availability of hospitals with International accreditations like "Gold Seal".
- Treatment provided is comparable to any other destination in developed countries.
- English speaking doctors.
- Connectivity is good.
- Possibility of on line diagnosis especially for post care and future consultations.
- Large pool of doctors (Over 650,000).
- Nurses & paramedics highly skilled experts with good communication skills.
- Strong pharma sector and gaining worldwide recognition.
- Yoga & Kerala Ayurveda as alternative treatments. (In case of minor ailments) and finally.
- The easy availability of major tourist destinations like Goa, Agra Jaipur, Kerala etc. (This serves as an additional incentive to the medical tourist).

In India, Apollo Hospital has been a forerunner in attracting medical tourism in India. On an average it attracts around 95000 tourists many of whom are of the Indian origin. The group has tied up with hospitals in Mauritius, Tanzania, Bangladesh, Yemen and Sri Lanka. Escorts claims to have doubled its number of overseas patients. Ruby hospitals in Kolkata has signed a contract with the British Insurance Company (BUPA).

From the Hospital's point of view, medical tourism is an area, where greater profits can be made. This profit can be utilized for making their service affordable to the lower segments of the society or otherwise. For the hospital, profits are to be made in two areas:

1. In the treatment offered to the medical tourist and
2. In the areas outside the treatment e.g. the room offered, the food offered, the laundry services offered etc. etc.

In the areas where treatment is offered, the presence of Operations theatres, equipments etc, which are comparable to those available in the developed world, are a definite advantage. This area however does not yield great profits.

The key issue in Medical Tourism is differentiation in the service offered to the medical tourist from the domestic tourist. From the hospital perspective, medical tourists need to be provided a "More than deluxe service an area where customer centricity is a must. Such "More than Deluxe Service" can be offered at a premium price with marginal costs to the hospital.

The detailed discussions indicated that the cost to the hospital is extremely marginal in upgrading the economy room to More than deluxe room, which is offered to the customer. The cost of converting an economy room to a More than Deluxe Room is an additional 20%, while the tariff charged is more than 300% to 400%.

From the hospital's perspective, food served to the medical tourist is different from that served to the normal domestic patients-an area where again profits can be made.

Conclusion

The medical tourist is normally accompanied by two or three relatives, who need housing-quite close to the hospital or better still within the hospital premises itself-another area where again profits can be made. The pre and post-operative care is another important area where profits can be made.

Thus from the hospital perspective, along with quality treatment, a host of areas exists where profits can be generated. There are a number of challenges faced by this industry ranging from competition from other developing countries like Singapore & Malaysia to unhygienic standards outside hotels and hospitals resulting in common infections. For the hospitals therefore the key issues is marketing the concept of medical tourism to the developed countries, providing quality services both pre-operative, post-operative and the other incidental services which are provided along with the treatment. Innovative ideas like offering a total package which includes medical services plus tourism packages are the key areas for success.

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