

# Supplementing Growth with Medical Tourism

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**M**edical tourism presents an opportunity for hospitals to fuel growth by tapping the potential of the international patient market. To attract foreign patients, healthcare providers may consider leveraging on both business and clinical considerations.

The advancement in medical technologies, increased patient mobility and demand for immediate quality healthcare is arousing interest among healthcare providers globally. This is spawning the new medical tourism industry, offering clinical services to foreign patients. In this recent study, Synovate Business Consulting examined the actual potential that foreign patients represent based on volume and costs, investigated the role of the government in several markets, and proposes three broad areas of consideration for healthcare providers: (1) Medical Quality; (2) Supporting Services; and (3) Marketing Reforms.



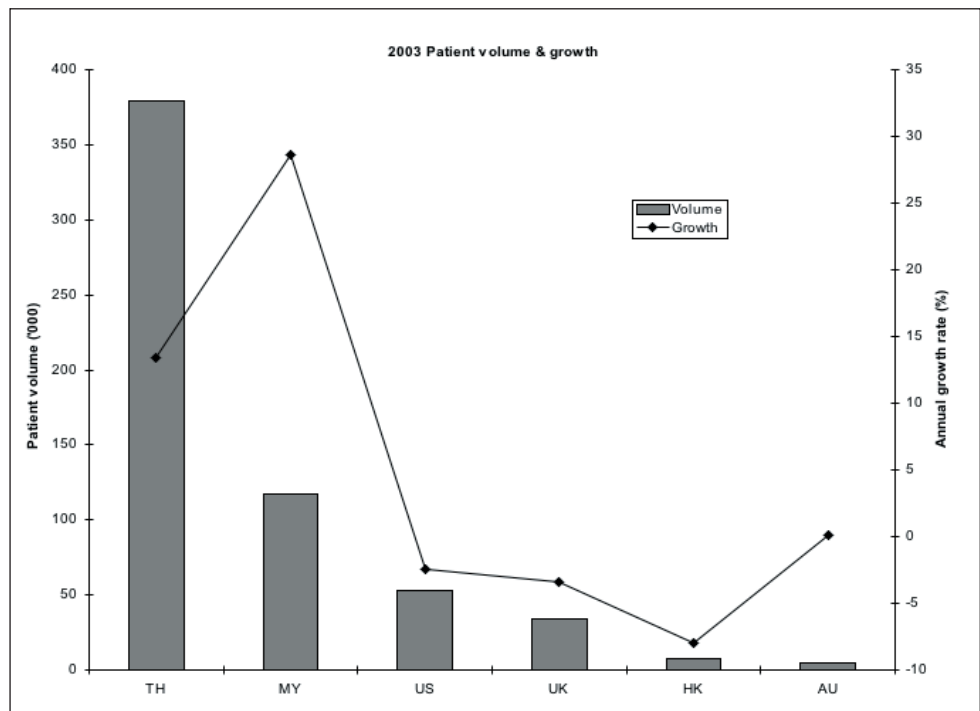
### Growth led by private sector

Well-developed indigenous health care systems and improvements in technology have supported the growth of medical tourism among Western countries for many years. Medical tourism in Asia is however relatively new, brought on in the aftermath of the Asian Financial Crisis that led private hospitals to seek alternative revenue sources. Thailand's Bumrungrad Hospital was among the first in the region to focus on attracting foreign patients, enticing hospitals in other countries to follow suit.

Governments have led the development of this industry in some countries. The Malaysian Government has successfully exerted its leadership to facilitate and encourage industry development, with the formation of National Committee for the Promotion of Health Tourism. The Hong Kong Government is starting to consider to possibility of marketing its Traditional Chinese Medicine (TCM) capabilities to the region, while concerted efforts have similarly been launched by government agencies in Singapore to market its world-class medical capabilities.

However, governments are also sensitive to their role of providing public health services for its citizens, and are mindful not to be perceived as being completely free to generate revenue from public resources sold to foreigners. In countries such as Australia, Thailand, US or the UK, the onus remains on the private sector to analyze available opportunities, spearhead sectoral development, and formulate strategies to improve their competitiveness. For this reason, governments are keen to appear politically - correct when managing the visibility of their efforts, intentions, and activities relating to public hospitals and doctors.

### Market potential in Asia



With the tightening of immigration rules and security checks, the US has seen a decline in the number of foreign patient visits. More patients, especially those in the Middle-East, are moving towards alternatives like the UK, France, Germany or even Australia, although patient volume is currently still limited.

Over 100,000 foreign medical tourists visit Malaysia annually, while Singapore and India are also starting to experience positive growth in patient visits as a result of their aggressive marketing initiatives to source countries like Indonesia. However, Thailand leads the Asia-Pacific region with about 400,000 foreign patients each year. The number of international patients that Thai hospitals see is even higher, when expatriates based in Thailand are taken into account.

Thailand is able to attract such a large volume of patients as it is itself well-reputed as a tourist haven, with a variety of existing tourist attractions for recuperating patients, a relatively low cost of living, expat-friendly locals, and a respectable quality of healthcare — especially in niche areas such as cosmetic surgery.

Healthcare providers should however consider more than absolute patient numbers when accessing their competitiveness. A small portion of affluent patients are willing to pay more for world-class treatment, and frequently travel to “gold standard” destinations such as the US and UK. Wealthy individuals in Asia who prefer first-world quality treatment within the region tend to visit Australia or Singapore. The inelastic demand among such patients represents a more lucrative revenue stream, more loyalty, and even a willingness to travel further distances.

### **Pricing variations across countries**

Just as the perceived quality of healthcare varies across countries, so do medical fees. These are frequently a result of differences in the costs of providing such services, but moderated by the level of competition and patients’ perceived value of these services.

Thailand and Malaysia take into account the prices in other countries, and offer very competitive prices on various medical treatments. As a comparison, basic operations like knee replacement in Thailand and Malaysia are significantly cheaper than in countries like the US or UK. As such, many Europeans are traveling to these countries for such procedures. Health screening packages in Malaysia costs only half of what Singapore is charging, and less than a fifth of prices in developed countries like the US or the UK.

The quality of treatment was however found to be a key price determinant that healthcare providers might work with. This is a function of the higher costs involved in the improved quality of a hospital’s physicians and facilities, which also directly inflates the cost of treatment. For example, affluent patients are prepared to spend up to S\$150,000 (US\$91,174) on heart bypass surgery in the US, with especially the more sophisticated patients reporting to be more confident of treatment quality. Furthermore, many foreign patients visit these countries for treatments that are not currently available in their source



countries, and certainly attach a very high value to their health and well-being. Countries like Australia, the US, UK and Singapore, that enjoy sterling reputations as world-class healthcare destinations, can therefore afford to pass on even more than the higher costs of service provision to their patients.

## **Industry best practices**

### **Medical services**

It has increasingly become a given that medical tourists expect the highest possible quality of care, having traveled great distances to seek world-class doctors and hospitals. This clearly extends from the initial point of secondary referrals, through the time spent in an overseas hospital, and well into the aftercare stage. Many leading hospitals have expounded on this by branching their medical expertise into super-specialization. For instance, some Australian hospitals focus not only on cancer, but perhaps on specific variations of skin cancer. This also builds credibility and buy-in, when the referring doctors are trained in the post-procedural stage to provide a continuum of patient care. To support this, even nursing teams are trained to specialize as oncology nurses, while the cross-fertilization of medical teams such as with dermatologists, radiologists and oncologists ensures that all complications are completely accounted for.

Medical quality is also supported by hardware and software investments. Hardware investments include the purchase of cutting-edge technology such as MRI or Gamma Knife machines. Software refers to the intellectual output of the hospitals as demonstrated by the latest medical research. As such, hospitals innovating on the latest treatments such as Johns Hopkins Hospital or Massachusetts General Hospital, also sometimes tend to collaborate closely with their academic counterparts in affiliated universities like The Johns Hopkins University or Harvard Medical School. This has led to a clear shift away from the pure medical practitioner model to the clinician-scientist model.

### **Non-medical services**

Healthcare providers are starting to offer non-medical services such as logistics arrangements and hospitality services, as discerning patients are increasingly demanding a total consumer experience even when seeking medical treatment. For instance, hospitals such as the London Bridge Hospital offer airport pick-up services for patient convenience. Hospital reception areas are fitted as luxuriously as five-star hotels; Bumrungrad Hospital in Thailand for instance even features a Starbucks café and McDonald's outlet. Bangkok's Piyavate Hospital may even feature spa facilities that offer a holistic wellness experience.

Western-style hospitals such as in the US, UK or Australia feature their own on-site accommodation, both for patients in the aftercare stage, as well

as for their relatives. These include a variety of luxury features, across all price points. Similarly, many Asian hospitals that do not manage their own accommodations also offer link-ups with different hotels, hostels, B&Bs, etc.

A key part of training for staff taking care of international patients has been in teaching sensitivity. Apart from bedside manners, hospital staff members are also being recruited to accommodate to their religious, dietary and cultural needs. Hospitals in the US or the UK that are experienced in seeing royalty, politicians, prominent businessmen or celebrities are even trained to manage anonymity concerns, such as with the use of code names for all cases and confidentiality agreements.

### Marketing reforms

Patients are now learning more and more about their own illnesses, and are most familiar with their available treatment options. Patient marketing, such as with an informative website, transparent pricing schemes, or advertising placements such as within in-flight magazines have thus become basic information and advertising platforms.

However, healthcare providers need to be aware of the varying influence that other stakeholders may have. For instance, the doctor's opinion in conservative markets like Japan or Korea is seldom challenged. In contrast, a key influencer in the Middle-East might instead be the multinational corporations sponsoring their expatriates for overseas treatment. As such, marketing efforts across different markets could be targeted towards the patients, the referring doctors, hospitals, insurers, or corporations — depending on who the actual decision-influencers are.

#### MEDICAL SERVICES

- Specialities in specific clinical areas
- Strong medical research
- Excellent medical equipments
- State-of-the-art technology

#### MARKETING REFORMS

- Referral agencies
- Advertisement
- Internet marketing
- Word-of-mouth
- Medical breakthrough
- Premium mark-ups
- Payer marketing
- Fixed price surgery
- Tax treatments
- Visa
- Customs clearance

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Hospitals that are successfully attracting foreign patients enlarge their geographical footprints with representative offices or agencies in other countries. For example, Cromwell Hospital in the UK has representatives in India and Pakistan, while hospitals in Singapore are also setting up offices such as in Indonesia or the Middle-East. These agents help establish and maintain relationships such as with local hospitals, doctors, embassies, sponsor corporations, or insurers.

Participating in different events also facilitates such relationships. For instance, trade shows, exhibitions or training seminars allow healthcare providers to share their medical expertise, while longer term physician exchanges may also be organized in alliance with medical universities.

### **Wider range of services to entice foreign patients**

Medical tourism is a promising new industry in Asia, offering prospects for hospitals facing saturation in patient growth. It is with a clearer view of the addressable market potential, internal strengths and limitations, as well as the level of external competition, that healthcare providers may best move forward to realize this potential.

Healthcare providers may now consider the medical quality of their services, how non-medical services are key to encouraging patient access, and the various marketing options available to them. A final consideration towards implementing such reforms would be the partnerships that stakeholders may establish. These include partnerships with universities, referring hospitals, agents, the government, accommodation and travel service providers, and even competing hospitals. A sincere commitment to these alliances allows each stakeholder to focus on his own competencies and may even alleviate the level of competition – allowing for better long run revenues throughout the entire sector. 🌐



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Synovate Business Consulting, a regional specialized unit of global market intelligence company, Synovate, provides business intelligence and strategy consulting. Driven by an experienced team of more than 50 consultants, Synovate Business Consulting covers 22 Asia-Pacific countries in a wide range of industries.

Synovate is one of the ten largest market intelligence firms in the world, with 92 offices in 46 countries.

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