Medical Tourism

- Boundaries and the market
- Risks and opportunities

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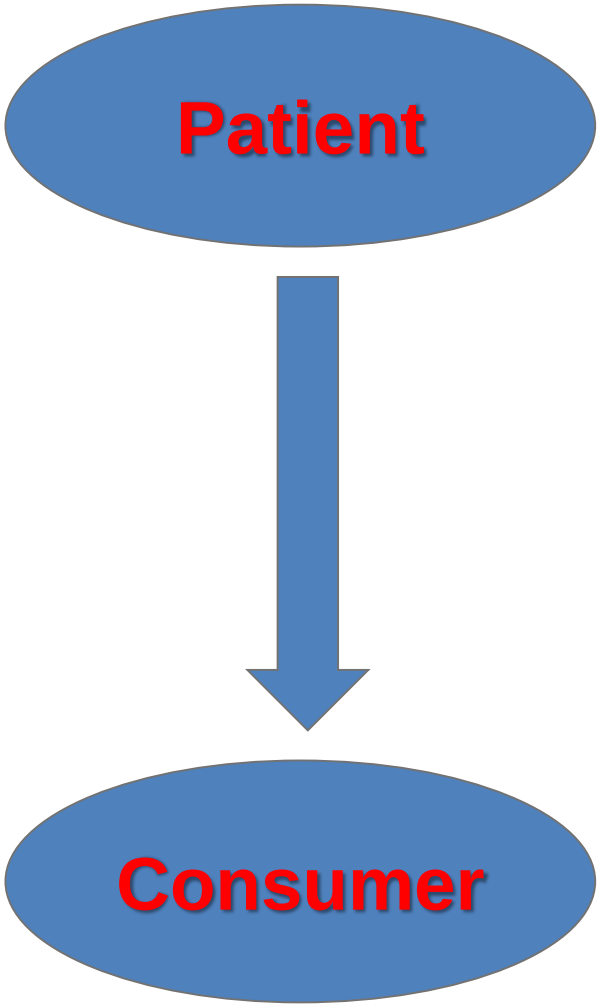
OECD
BETTER POLICIES FOR BETTER LIVES

Globalisation of health care

- Liberalisation / Regional agreements
- Global disease patterns
- Communication / Transports
- Development of an international health care industry



Medical tourism in the media

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ACTUALITÉ › International

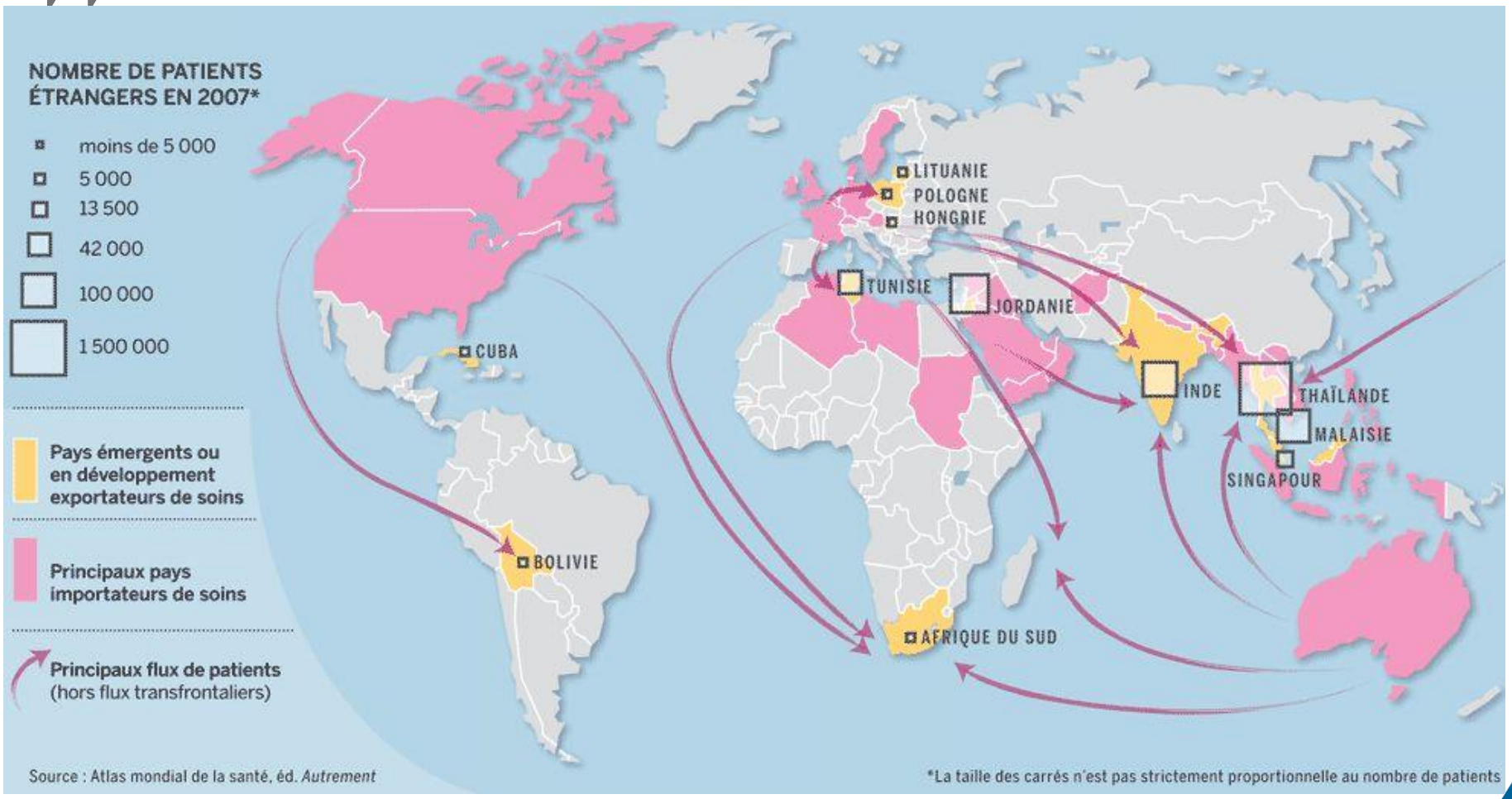
Le tourisme médical se porte bien en Inde

Mots clés : Tourisme Médical, Hôpital, Bactéries, INDE

Par Samuel Ziza

Mis à jour le 17/08/2010 à 12:30 | publié le 16/08/2010 à 12:29 Réagir

Medical Tourism flows



LEMONDE.FR | 25.11.08

What are the factors?

- Historical – spas and cures(18th/19th C), World-renowned clinics (20th C) - «Non-tradeable» / «negligible» (public good)
- In recent decades there has been a sharp increase in the movement of patients seeking treatment abroad for a variety of reasons :
  - Sustainability and cost savings
  - Unmet needs of population – bottlenecks and waiting lists
  - Availability of quality care
  - Regulatory liberalisation and portability
  - Obstacles to treatment in home country
  - Advanced technology
  - Business opportunities
  - Ease of travel /information – patients/professionals

Lower costs

Procedure	US	India	Thailand	Singapore	Malaysia
Heart bypass (CABG)	113 000	10 000	13 000	20 000	9 00
Heart Valve replacement	150 000	9 500	11 000	13 000	9 00
Angioplasty	47 000	11 000	10 000	13 000	11 00
Hip replacement	47 000	9 000	12 000	11 000	10 00
Knee replacement	48 000	8 500	10 000	13 000	8 00
Gastric bypass	35 000	11 000	15 000	20 000	13 00
Hip resurfacing	47 000	8 250	10 000	12 000	12 50
Spinal fusion	43 000	5 500	7 000	9 000	

Source: Medical Tourism: Treatments, markets and health system implications (2011)

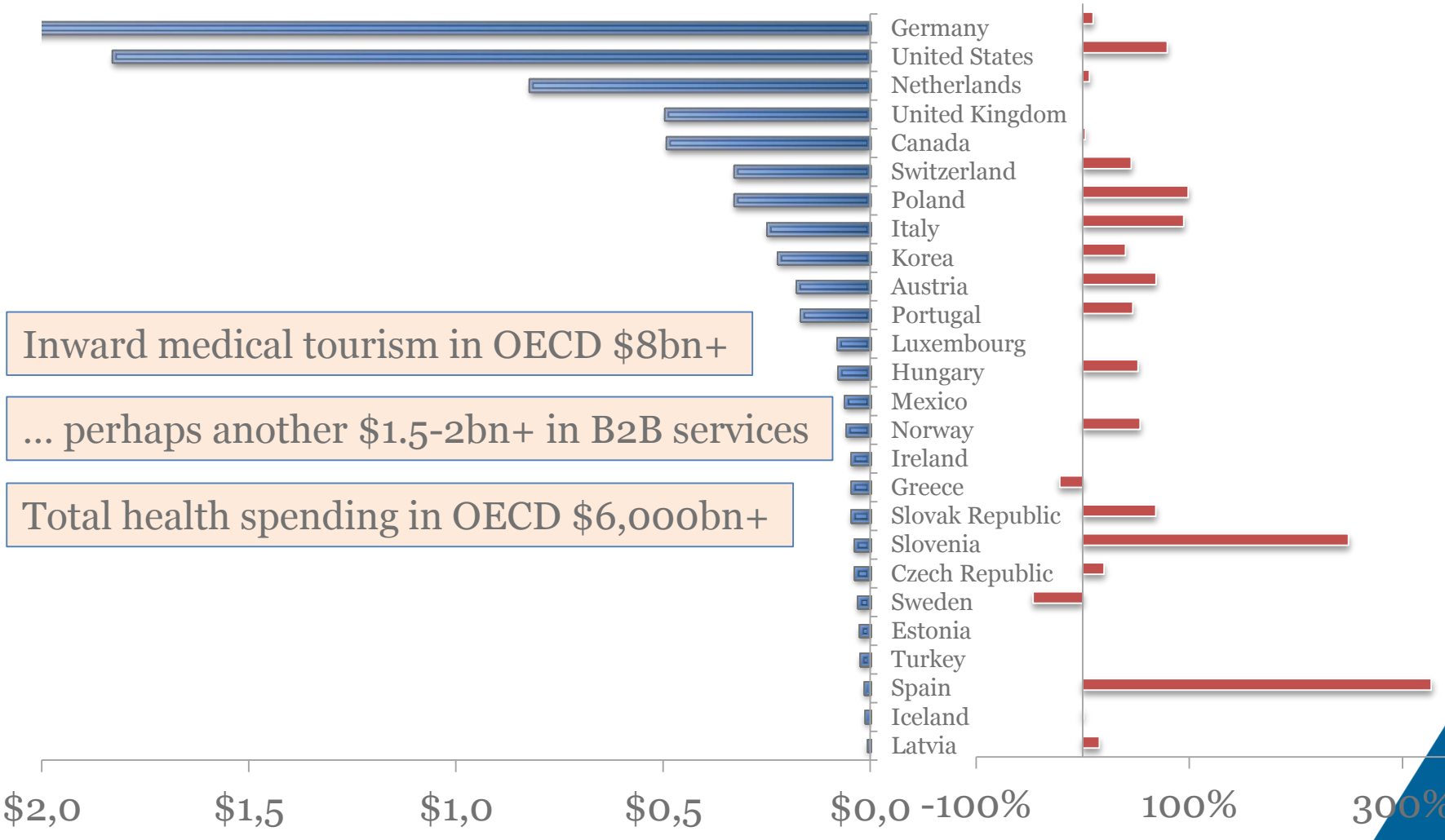
How big is the market?

- "Official" data - $6-8bn - but likely gross underestimation

  (Source: Balance of payments– health related travel)

- Very variable growth p.a. – but slowed by global recession(?)
- Growing sector in India (450,000), Thailand (1.2 million), Singapore (410,0000) , Malaysia (300,0000) + South Korea, Costa Rica, Jordan … and many more countries … but few official figures
- Elective surgery, knee/hip, cosmetic, dental, IVF …
- *'… a small part of national health spending but growing … with larger effects on states, regions, specialist areas of care (heart surgery, dentistry, etc) … and of course on the individual concerned'*

“Imports” – inward medical tourism

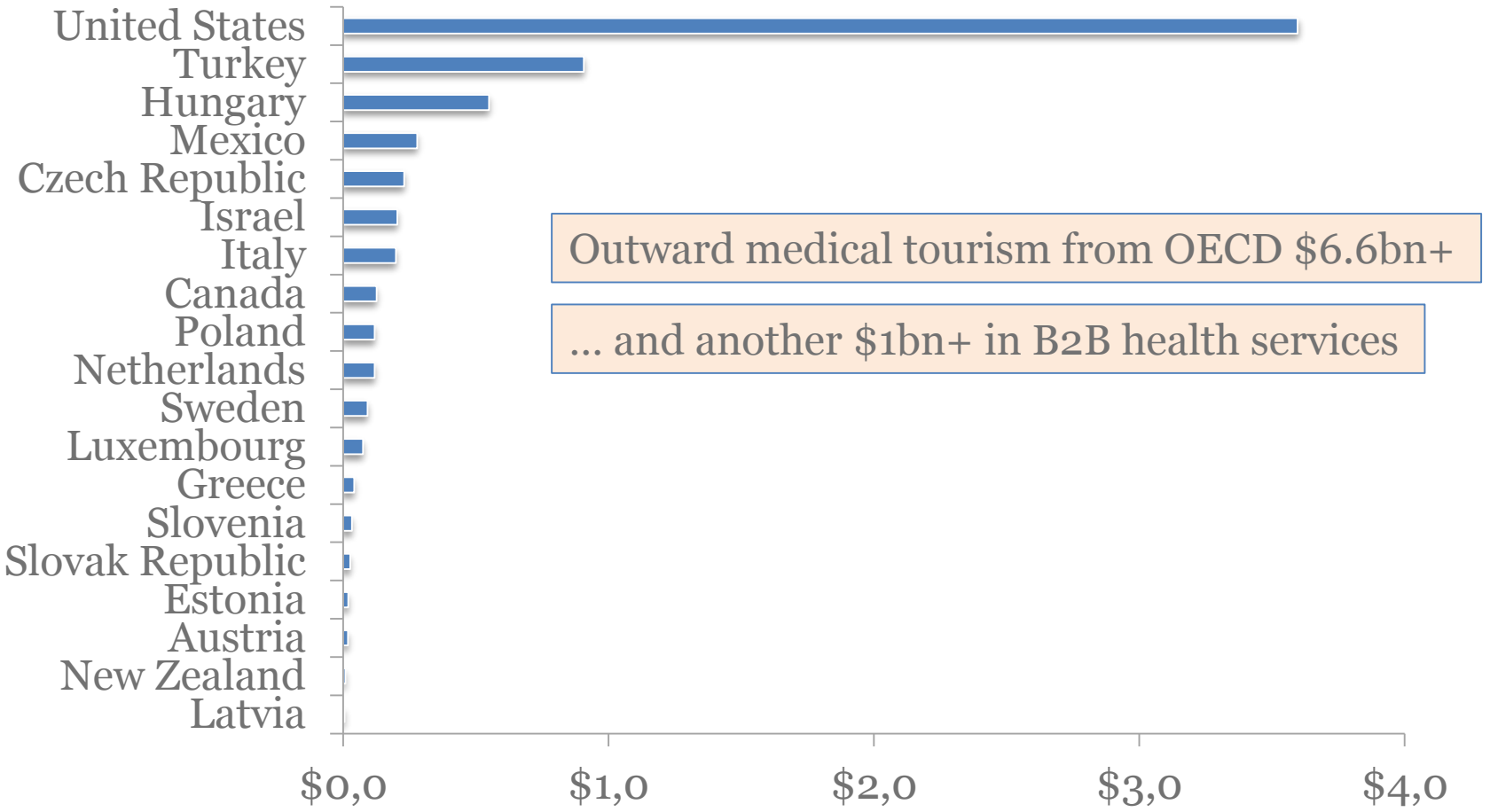


Inward medical tourism in OECD $8bn+

… perhaps another $1.5-2bn+ in B2B services

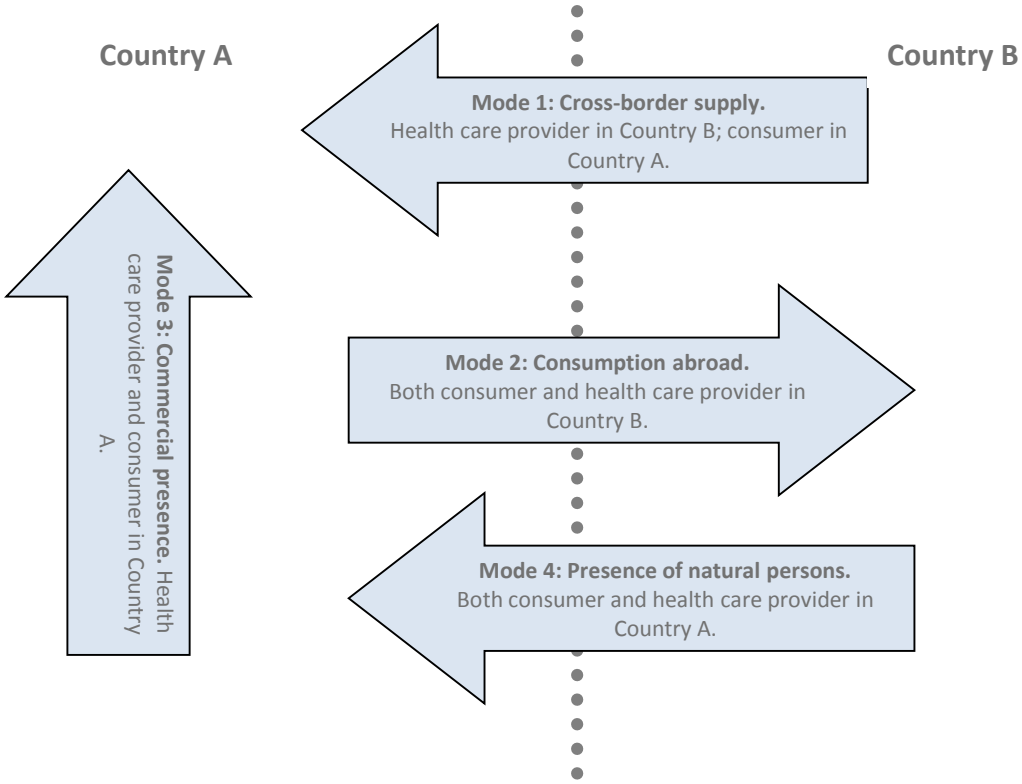
Total health spending in OECD $6,000bn+

“Exports” – outbound medical tourism



OECD Trade in Health Project

Improve the estimates of imports and exports of health care services and goods under the health accounting framework



Cross-border movement

Taxonomy of ‘patients’

- Temporary foreign visitors (tourists, business persons)
- Long-term residents
- Border population
- Outsourced patients
- “Medical Tourists”

The medical tourism industry

- Internet – information/commercial
- ‘Brokers’ - intermediaries
- Insurers
- Providers – hospitals, medical centres (hubs)
- Governments – Health ministries, industry/trade, tourism, etc.

Risks for “importing” countries – patients seeking care abroad

The risk of a two-tier system:

- Indicators of a inadequate domestic system? Unable to meet the needs of domestic population
- Equity of access to health services – only wealthy patients able to access certain services abroad
- Substitute for health care reforms or investment in domestic health system capacity – only a temporary solution
- Brain drain of trained health professionals from the domestic public health system to (neighbouring countries) abroad
- Lack of control/regulations for quality and aftercare – domestic system left to deal with complications/malpractice
- Loss of domestic income to health care providers

Risks for “exporting” countries – patients coming to your country

The creation of a two-tier system:

- High quality richly resourced care for foreign patients against low quality low resourced care for nationals
- Diverting public funds in favour of private medical tourism – tax breaks, incentives, subsidies resulting in lower resources for public health
- Brain drain of trained health professionals from the domestic public health system to private providers, rural to urban, etc. Cost of educating and training.
- Access to services - ‘crowding out’ of local population – different health needs (primary care vs. tertiary technology intensive services)
- Exacerbating existing health inequalities
- Other public health issues – waste management, etc.

A ‘win-win” situation

- Generation of foreign earnings (health and tourist flows) – improved trade and inflowing investment
- Increased employment and improved infrastructure
- ‘Quality seepage’ - raising local health standards to global health standards – quality/regulation/status
- ‘Trickle effect’ of technology and treatment to the local population
- Reverse brain drain – returning health professionals to country of origin
- Use of available capacity in the public system
- Diffusion of new treatments and technologies

From the importers point of view:

- Economies of scale, external price competition, ease constraints on local system, costs savings from public purse (insurance /training).

What are the challenges?

- Compatible trade and health policies:
  - Matching increased foreign currency with social obligations
  - Deregulation of market vs. regulation of health sector
  - Coherent policies and strategies
- Barriers to medical tourism:
  - Access and information – making informed choices
  - Portability of health insurance – public/private
  - Other legal or administrative regulations
- Quality of care/after-care – accreditation
- Preventing a Two-tiered health system:
    - Minimizing the negative effect on the domestic system
    - Maximizing the positive effect on the domestic system

Successful strategies?

- Experience shows that strong public-private cooperation is key to success
- First step is to develop a medical tourism strategy
  - Impact assessment
  - Identify strengths and weaknesses - the right markets, quality control, etc
  - Review the rules and regulatory framework
  - Implement system for monitoring and coordinating

Support and governance role

- Policies to retain and regain health care professionals
  - Human resource planning- surplus
  - Incentives / awards / 'locking in' of medical graduates
  - Natural flow of doctors/nurses back to country of origin
  - Public/private sector arrangements.
  - Training linked to local needs

- Monitoring and reporting
  - Need for statistical systems to monitor strategies
  - Patient numbers, types of treatments, expenses
  - Sharing of information - transparency

IN CONCLUSION ….

- Health is a major sector of the economy and medical tourism is still marginal but growing fast
- Jury is still out on the effects of medical tourism on importer and exporter alike – a need for more evidence
- Public-private partnerships and a clear and consistent medical tourism strategy appear key to success

‘ … the global trade in health services is offering opportunities both for exporting developing countries and importing developed nations.’

Dr. Julio Frenk, Dean, Harvard School of Public Health (AARP,2010)