

Medical Tourism – Health Care in the Global Economy

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Although physician executives are certainly aware that some patients bypass their hospital, clinic or ambulatory surgery center on the way to the airport to have care in other cities, they may be somewhat surprised to learn that an increasing number of patients are traveling to a wide variety of destinations around the world for medical, surgical and dental care.

Driven by a number of forces outside typical medical referral systems, these “medical tourists” seek modern health care at affordable prices in countries at variable levels of development. Medical tourism is different from the traditional form of international medical care where patients typically journey from less developed nations to major medical centers in highly developed countries for advanced medical treatment.

Popularity growing

There is no definitive information about how many patients receive health care in the medical tourism model. A major difficulty in determining the magnitude of medical tourism is the fact that the reported numbers may include expatriates from other nations, business travelers and tourists who require medical care while they are in these destinations for other purposes.

Also, ayurveda and wellness services such as yoga and massage at medi-spa resorts may be included in the tally of foreigners receiving health care. Finally, the accuracy of reported information cannot be validated. Despite these limitations, it is clear that a substantial number of patients participate in medical tourism.

In 2003, approximately 350,000 patients from industrialized nations traveled to a variety of less developed countries for health care.¹ It is projected that 750,000 Americans will go offshore for medical care in 2007, with this number increasing to six million in 2010.²

In 2004, 1.18 million patients from all over the world traveled to India for health care, and Thailand cared for

IN THIS ARTICLE...

Explore the growing trend of medical tourism where citizens of highly developed countries travel to less developed areas of the world to receive medical care, bypassing services offered in their own communities.

approximately 1.1 million medical tourists from a large number of countries in Asia, Europe and North America.^{3,4}

The Confederation of Indian Industry, in consultation with McKinsey and Company, reports that medical tourism in India produces annual revenue of \$300 million, with projected growth to \$2 billion by 2012.³ Articles and broadcasts on medical tourism are appearing in the press and on the airways with increasing frequency, and several guide books have been recently published. A Google Internet search on May 6, 2007 using the term “medical tourism” returned 777,000 results (Table 1).

Medical tourism is different

Medical tourism is market driven—it is shaped by the complex interactions of myriad medical, economic, social and political forces. The reasons medical tourists embark on worldwide journeys for health care are shown in Table 2. Low cost is the primary reason that patients from industrialized nations seek medical care in less developed countries.

Patients in the medical tourism model would likely prefer to have major surgery in their hometown hospital or local referral center. However, these patients feel pressed to balance their health needs against other considerations; they are willing to accept uncertainties about quality in order to obtain care at prices they can more comfortably afford.

Patients from the United States typically fit one of two profiles:

1. Working class adults who require elective surgery but have no health insurance or inadequate insurance benefits

2. Patients who desire procedures not covered by insurance such as cosmetic surgery, dental reconstruction, gender reassignment operations, or fertility treatment

The key point is that resources are insufficient for them to comfortably purchase care in their local market, but adequate for them to buy care in low-cost foreign facilities.

For patients from Britain, Canada and other countries where a governmental health care system regulates access to health care, the reason to leave the local market is the desire to have timely treatment, circumventing delays associated with long waiting lists.

Because national health programs do not fund cosmetic surgery and similar type services, patients seeking these services are driven to pursue medical tourism by the same economic forces as those from the United States.

Patients also travel to medical tourism destinations for procedures that are not available in their own countries. For example, stem cell therapy for heart failure, unobtainable by many patients in industrialized countries, is available in the medical tourism marketplace.⁵

A faraway country provides privacy and confidentiality for patients undergoing plastic surgery, sex change procedures and drug rehabilitation. Furthermore, their medical records cannot be viewed by the myriad parties who can access these documents in the United States.

There is currently virtual absence of involvement of referring physicians in medical tourism. Doctors in industrialized nations, unfamiliar with the practitioners and practices in less developed countries, are reluctant to encourage their patients to pursue care by unknown providers in distant lands.

Further, the physician may

deeply believe that it is unreasonable to choose a provider for potentially risky medical therapy based on anything other than medical considerations. Finally, physicians in highly litigious nations may be particularly reluctant to endorse offshore treatment because of concern about vicarious liability.

However, there are many agencies that provide services to patients who want offshore medical and surgical care. These agencies help patients select a country, facility and provider. They determine prices and collect payment, assemble and transmit medical records, and arrange travel and accommodations. Additionally, they may arrange for postoperative follow-up in the

patient's own community after they return.

Although some travel professionals promote the "tourism" aspect of offshore care, as the seriousness of the medical situation increases, the recreational aspects of travel have diminishing importance. Medical tourism agencies can be easily found on the Internet or in any medical tourism guide.

The availability of resources is the issue that most differentiates the traditional international medical patient from the patient in the medical tourism model. In the medical tourism model, the absence of some resource influences or drives the decision about travel for medical services, whereas the traditional

In 2003, approximately 350,000 patients from industrialized nations traveled to a variety of less developed countries for health care.¹ It is projected that 750,000 Americans will go offshore for medical care in 2007, with this number increasing to six million in 2010.²



Table 1. Results of Internet Search for Terms Related to Medical Tourism.^a

Search term	Number of Internet sites identified
"medical tourism"	777,000
"medical tourism" + surgery	239,000
"medical tourism" + heart	169,000
"medical tourism" + heart + surgery	111,000
"medical tourism" + cardiac + surgery	121,000
"medical tourism" + transplantation	81,900
"medical tourism" + cancer	152,000
"medical tourism" + obesity	85,400
"medical tourism" + bariatric	24,600
"medical tourism" + joint	86,700
"medical tourism" + hip	79,200
"medical tourism" + prostate	62,400
"medical tourism" + cosmetic	123,000
"medical tourism" + plastic + surgery	136,000
"medical tourism" + dentistry	189,000
"medical tourism" + surgery + sex	51,300
"medical tourism" + savings	67,600

^a Google™, May 6, 2007.

international medical patient has ready access to health care facilities throughout the world as a consequence of available financial resources.

In the medical tourism model, poor nations export health care expertise and services to patients from industrialized countries. The direction of international trade is opposite that of the traditional model. Consequently, nations that once primarily exported medical services to less developed countries

are now purchasing health care from these same countries.

The principal reason why medical tourism destinations are able to offer services so inexpensively relates to the level of their national economic development (Figure 1).

Accordingly, the lower cost of health care is appropriate for the economic environment in which the care is provided. Another reason for low costs overseas relates to the medicolegal environment—the professional liability insurance premium

for a surgeon in India is 4 percent of what it is in New York.⁶

Medical tourism destinations

Many countries are working to successfully compete in the medical tourism marketplace by offering a wide variety of medical, surgical and dental services in comfortable modern facilities (Table 3).

Medical tourists travel to the four corners of the world for executive health evaluations, ophthalmologic care, cosmetic dentistry and surgery, bariatric procedures, joint resurfacing or replacement, cardiac surgery, organ and stem cell transplantation, gender reassignment surgery and in-vitro fertilization. Several countries in Central and South America have developed strong reputations for cosmetic and plastic surgery, bariatric procedures, and dental care.

Destinations in Asia are particularly popular for orthopedics and cardiac surgery. India, Singapore and Thailand are well-established medical tourism destinations, attracting large numbers of foreign patients and generating substantial revenue from the services provided. These countries have large, modern medical facilities that are staffed by well-trained physicians who perform complex procedures such as minimally invasive/off-pump heart surgery, correction of congenital cardiac abnormalities in children, thoracic organ transplantation, and implantation of mechanical cardiac assist devices.

An article in the *Washington Post* reports on a cardiac hospital in India that has outstanding outcomes with coronary artery bypass surgery.⁶ Thailand's international hospitals have a reputation for having modern high-tech equipment, excellent quality medical care and superior hospitality services.

India has the important advan-

Table 2. Reasons patients seek care at medical tourism destinations.

<p>1. Low cost</p> <ul style="list-style-type: none"> • No insurance/inadequate insurance <ul style="list-style-type: none"> – Particularly patients from United States • Plastic and cosmetic surgery • Cosmetic dentistry/extensive dental reconstruction • Bariatric surgery and subsequent body contouring • Gender reassignment procedures • Treatment of infertility
<p>2. Avoid waiting lists</p> <ul style="list-style-type: none"> • Countries with National Health Service <ul style="list-style-type: none"> – Particularly patients from Britain and Canada
<p>3. Procedure not available in home country</p> <ul style="list-style-type: none"> • Newly developed procedures not approved by regulatory agencies <ul style="list-style-type: none"> – Stem cell therapy – Joint resurfacing – Artificial disc replacement (multi-level) • Procedures unavailable or restricted by society and/or legal system <ul style="list-style-type: none"> – Organ transplantation – In-vitro fertilization with donor eggs
<p>4. Tourism and vacations</p> <ul style="list-style-type: none"> • Luxurious accommodations and excellent service • Exotic vacation destinations
<p>5. Privacy and confidentiality</p>

tage of lower cost than most other destinations, at approximately 10 percent of the costs in the United States. South Africa has been very successful selling medical services combined with tourism activities such as safaris.

It is important to recognize that modern well-equipped hospitals in some areas of the world concurrently serve the role of regional referral centers for patients from poor neighboring countries, while at the same time functioning as low cost medical tourism destinations for patients from highly developed countries.

Several highly developed nations including Canada, Germany, Italy and Israel attract foreign

patients from nations at all stages of economic development under the banner of medical tourism. Medical care is delivered with a strong service focus, including visits to tourist attractions. The medical services, costs and direction of travel associated with care in these highly developed nations are more typical of the traditional international medical services model.

Safety and quality of care

The critical challenge for potential medical tourists is to select the best possible destination for the specific services needed. Certainly, well-trained physicians and modern, well-equipped hospitals provide

high-quality care in a number of medical tourism destinations.

However, patients considering offshore medical care face a daunting task in differentiating the desirable offshore destinations from those with inadequate practitioners working in unsafe facilities. Some medical tourism agents with backgrounds in health care, and a particular focus on quality and outcomes, may be a helpful resource for patients.

Accreditation by Joint Commission International and/or the International Organization of Standardization (ISO) may provide a useful and reassuring benchmark for patients in selecting offshore medical facilities. The Joint Commission began evaluating foreign hospitals in 1999 and has accredited more than 120 hospitals in 23 countries.⁷

There are particular concerns about the possible adverse consequences of vacation activities and travel in the postoperative period, as well as uncertainties about follow-up care.⁸ The responsibility for management and costs of complications occurring after a patient is home is an important issue that remains unresolved.

The consequences of an adverse outcome, such as a severe stroke or death, in a foreign country thousands of miles from home would be particularly difficult for the family of a patient with limited funds.

Finally, if a patient wanted to initiate litigation for an adverse outcome, the claim would have to be adjudicated in a foreign court.

Response to medical tourism

The American Society of Plastic Surgeons, the first medical organization to address medical tourism, posted a briefing paper on its Web site in 2005 providing information to patients considering cosmetic surgery in foreign countries.⁸

In 2006, other medical organiza-

Table 3. Medical tourism destinations.^a

Asia	The Americas	Europe	Africa
China	Argentina	Belgium	South Africa
India	Bolivia	Germany	
Israel	Brazil	Hungary	Australia
Jordan	Colombia	Lithuania	
Singapore	Costa Rica	Poland	
Malaysia	Cuba		
Philippines	Jamaica		
United Arab Emirates	Mexico		
	United States ^b		

^a Most frequently identified countries in literature and Internet search.

^b Leigh S. Reproductive 'tourism'. *USA Today* May 2, 2005.

tions began to pay attention to medical tourism, responding with notices on their Web sites and presentations at meetings to provide information and opinions to the public and to their membership.

In June 2006, The United States Senate Special Committee on Aging held hearings on the issue of medical tourism subsequent to which the Chairman, Senator Gordon Smith, called for a task force of experts to explore the impact and safety of lower cost health care abroad.⁹

American manufacturers and insurance companies are studying and pursuing offshore health care options in an effort to reduce health care costs. Mercer Health & Benefits, a prominent employee benefits consulting firm, has been retained by three Fortune 500 corporations to determine the feasibility of directing elective major surgery to foreign medical destinations.¹⁰

Currently, Blue Shield of California and Health Net sell discounted health insurance policies that encourage patients to get most

of their care in Mexico, and United Group Programs, a third-party administrator, is promoting elective surgical care in Thailand.¹⁰

In West Virginia, legislation was introduced that would provide financial rebates to state employees who seek health care at medical tourism destinations. Although the original bill did not make it out of committee in 2006, the issue has been reintroduced in the 2007 legislative session (HB 2841).¹¹

Challenges and opportunities

It is inevitable that an increasing number of health insurance plans will extend their provider networks to include selected health care institutions around the world and will provide incentives to encourage beneficiaries to use offshore facilities for expensive elective surgical procedures.

The loss of even a small number of profitable insured surgical patients could endanger the viability of some programs and institutions

that provide such services. This may be particularly problematic for smaller programs and for those with a preexisting unfavorable case mix.

In an article in the *New England Journal of Medicine*, Millstein and Smith point out that the flight of American patients to foreign destinations for lifesaving operations is symbolically important and must be addressed by physician leaders.¹² These authors argue that Americans going to foreign destinations for surgical care is a symptom of, and not a solution to, an affordability problem.

Their analysis suggests that offshore surgery could decrease total U.S. household spending for health care by only 1 percent to 2 percent.¹² Mattoo (a World Bank economist) and Rathindran report that a number of health care services are readily tradable and that potential gains from trade could benefit all parties, with US health care savings of \$1.4 billion to \$2 billion.¹

Medical institutions in less developed countries benefit by

servicing foreign patients. The skills and financial resources derived by providing health care in the global marketplace allow these facilities to better care for the local residents who otherwise would have limited access to modern medical facilities and services.¹

Medical tourism enables countries that have long waiting lists for certain procedures to clear their backlog by sending patients to foreign countries for expedient care, at low cost, without expanding local capacity.⁶

Finally, there are opportunities for innovative physician executives and other health care leaders to explore ways to better fund the care of poor patients by directing certain services to lower cost hospitals in foreign destinations.



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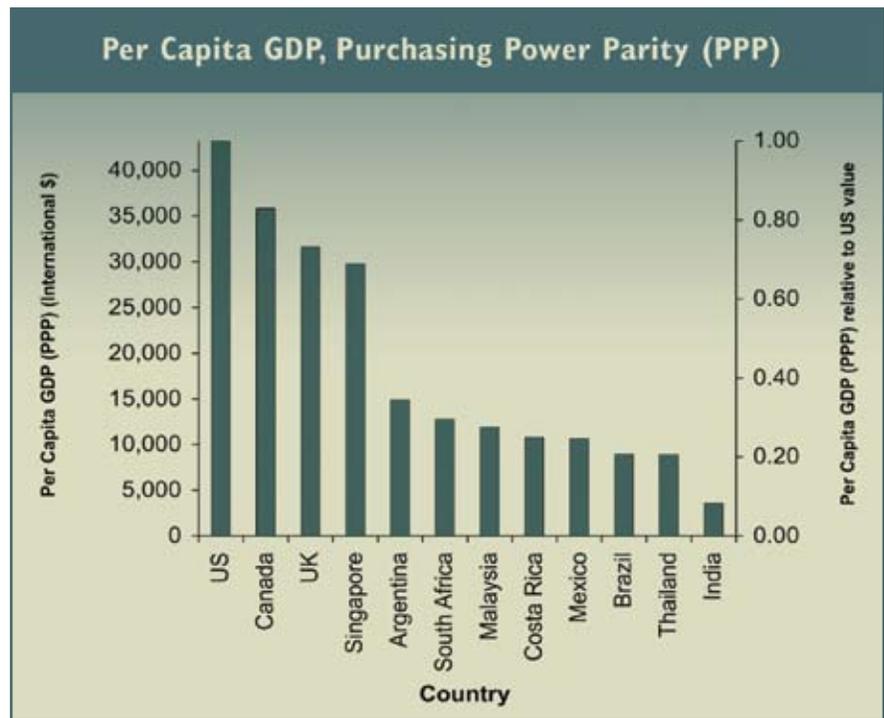
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Figure 1



Source: International Monetary Fund, World Economic Outlook Database, September 2006

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