CENTER FOR THE ADVANCED STUDY OF INDIA

Medical Tourism

Workshop on Human Resources for Health and Migration
University of Sussex, May 16-17th 2007

Devesh Kapur
Director, Center for the Advanced Study of India
University of Pennsylvania

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Evolution of Medical Tourism

- Until mid-1990s: affluent consumers from developing countries travel to industrialized countries for medical treatment
- Early 1990s-about 2001: Consumers travel to countries such as Argentina, Brazil, and Israel for cheap cosmetic procedures
- Post-2001: Wealthy from the Middle East, SE. Asia and S. Asia seek treatment in Asia
  - Emergence of medical tourism in Thailand, Malaysia, Singapore, and India
- Emerging Trends: Medical Outsourcing
  - Un- and underinsured consumers from industrialized countries seek 1st world care and quality at developing country prices

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Drivers

I. Rapidly increasing healthcare costs
   - System level: rationing and queuing (UK/Canada)
   - Individual: increasing numbers of un- and underinsured (US)

II. Geopolitical events
   - Post 9/11 immigration controls

III. Greater availability of information

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Drivers

IV. Emergence of assurance and reputational mechanisms

1. Accreditation. JCI (Joint Commission International), ISO etc.
2. Partnerships and managerial oversight from leading medical providers and accreditation agencies
   - Mayo Clinic/Cleveland Clinic/Harvard Medical School affiliations in UAE
   - India's National Accreditation Board for Hospitals and Healthcare Providers affiliation with Australian Council on Healthcare Standards
3. Familiarity and comfort with diasporic healthcare providers at home
   - e.g. Indian origin health professionals in N. America and U.K
4. Diasporas seek treatment and engage in word of mouth advertising in country of origin

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Drivers

V. Cost Differences

Expected facility and professional fees comparison for elective coronary artery bypass graft surgery (JCI and/or ISO accredited foreign hospitals)

Hospital	Location	Price ($)
Apollo	India	6,500
Wockhardt	India	10,000
Bumrungrad	Thailand	15,500
Angeles	Mexico	25,000
California (Avg of 2 hospitals)		60,400

Source: Milstein, Arnold. “American Surgical Emigration is a Treatable Symptom.” *U.S. Senate Special Committee on Aging*: June 27, 2006.

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Challenges

1. Only a small percentage of medical procedures can be outsourced
   - Currently about 2% of healthcare spending in the US (approximately $40 b)
   - In UK, a medical procedure requiring more than three hours of travel will not be covered by NHS
2. Liability and insurance
   - US insurance provider wariness to underdeveloped malpractice and liability mechanisms abroad
3. Aftercare: who will provide post operative care once the patient returns home?
   - Insurance mechanisms to cover treatment for complications?

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Indian Healthcare

	2005	2015 (estimate)	2025 (estimate)
Total household consumption (Rs. 1000)	82	140	248
Healthcare consumption (% of household consumption)	7	9	13

Source: MGI Consumer Demand Model, v1.0

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Indian Healthcare

Share of Healthcare Spending

Year	Type	Hospitalization		Non-Hospitalization	
		Rural	Urban	Rural	Urban
1986-87	Public	60	40	26	28
	Private	40	40	74	72
2004	Public	42	38	22	19
	Private	58	62	78	81

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Medical Tourism Market in India

	Market Size	
Year	USD	Patients
2006	0.5 billion	200,000 (≈ 5% from US)
2012	2-3 billion	500,000 (≈ 20% from US)

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Effects on Indian Healthcare

Will medical tourism complement or substitute for domestic healthcare?

Benefits

- Contributes to broad economic growth, especially for the health sector
- May stem “brain drain” and NRIs may return as they find medical sector in India more lucrative than before
- Foments technology and improved facility acquisition
- Greater competition from private sector may force changes in moribund public sector health systems

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Effects

Concerns

- Increases inequalities in healthcare access between private and public systems
- Domestic brain drain from public to private sector
- Indian government's campaign to make India a primary medical tourism destination may divert attention from primary healthcare and other sectors

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Policy Implications

- Will medical tourism increase “dualism” in healthcare in India?
  - And if so, will it be at the expense of the treatment of communicable diseases (AIDS, tuberculosis, malaria, etc.) which still run rampant?
- About half (but declining) of the disease burden in India is infectious diseases
  - This portion will not benefit from medical tourism and may be adversely affected because talent and resources will chase profits not patients
- Emphasizes the need for reorganizing public healthcare systems in India

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