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# A SWEET-BITTER PILL

Despite recession, the global medical tourism sector is looking healthy. And India has an edge

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**F**OR John Herstrom, travelling from US to India for a hip replacement was an easy decision. "The surgery would have cost me \$20,000 in Canada and \$40,000 in USA. Here it only cost me \$12,000. I don't think I had to compromise on the treatment, care or medical attention," says Herstrom who got the surgery done in Artemis hospital in Gurgaon.

Medical tourism has accounted for about 15% of Artemis' revenues in the past year. However, given the current global economic meltdown, is that figure expected to alter drastically? "The meltdown has affected medical tourism both positively and negatively.

The positive impact is that now a large number of small and medium size companies in the US and other places are more amenable to looking overseas for the healthcare needs of their employees. As incomes fall in the West, the need to look across boundaries to meet healthcare needs will continue to rise. The negative impact is that during times like this people tend to instinctively postpone expenses. This might lead to late detection of symptoms and therefore deferred health expenditures to some extent," says Dr Kushiagra Katariya, Chief Cardiothoracic Surgeon and CEO Artemis Health Sciences.

While it is easy to figure out a hint of doubt in Dr Katariya's voice, India's competitors seem upbeat about the prospects of medical tourism. Medical tourism in Israel, according to a study by The Center for Academic Studies in Tel Aviv, will total NIS 160 million for 2008 compared with NIS 100-110 million

### Mapping the growth path

	SAARC	Africa	Middle East	US	Europe
No. of Medical Tourists in India	43,500	16,000	18,000	13,000	13,000
Exp Growth Rate	10%	10%	15%	20%	20%
Motive for travel	Lack of facilities	Lack of facilities	Better quality care	Cost	Long waiting period
International Competition	Singapore, Thailand	Europe, US, Singapore	Dubai, Europe, US, Thailand	Latin America, Singapore	Turkey, Dubai
Pricing Premium	—	—	50%	100%	100%
Overall Attractiveness	☆☆	☆	☆☆☆☆	☆☆☆☆	☆☆☆☆

Source for graphs: Feedback Ventures, Healthcare Advisory Practise



pitals in US. If one were to logically deduce, medical tourism should only rise in future. "Silver Tsunami," says Feedback Ventures' study, will be a crucial factor. The number of Americans aged 65+ will more than double by 2030 to represent 20% of the population. Many of these would not have adequate medical coverage, and hence the bright prospect for developing countries like India. A Deloitte study also predicts that medical tourism could cost the American health-care sector \$162 billion in lost business by 2012. While studies predict the future to be

in 2007. A study done by the Center found that 48% of the patients came from Eastern Europe, mostly Russia and Ukraine; 37% came from Jordan, Cyprus, Turkey, the Palestinian Authority, and other neighbouring countries; and 14% came from the United States and Western Europe. 65% of the patients visited Israel for complex or risky surgical treatments and 35% came for various cosmetic treatments.

Singapore's medical industry too has been enjoying a steady growth of about 20% a year. The country is targeting one million international patients a year by 2012, three times the current number. Even Korea's medical tourism industry is expected to attract 100,000 medical tourists by 2012, according to The Ministry of Health, Welfare and Family Affairs, Korea. And by 2011, a Health Care Town, a PPP project will be up and running in Jeju, its famous resort island. The 370-acre complex will include a 'Wellness Park' and a 'Medical Park'.

The Association of Private Hospitals, Malaysia is also optimistic about maintaining a growth rate of 30% a year in the number of foreigners seeking medical treatment until 2010. "The number of foreigners seeking healthcare services in Malaysia has grown from 75,210 patients in 2001 to 296,687 patients in 2006 with an estimated receipt of approximately US \$59 million or RM203.66 million," says P Manoharan, Director, Tourism Malaysia, India Market. "Joint government initiatives are also being coordinated between the international trade and industry, immigration department and non-governmental organisations such as APHM and the Association of Tour and Travel Agents to position Malaysia as a preferred health and medical desti-

nation," he further adds.

Meanwhile, official estimates indicate that the number of overseas visitors to India fell by 2.1%, to 5.21 lakh from 5.32 lakh, in November. The foreign exchange earnings from overseas visitors, in the first decline Indian tourism registered in six years, also dropped by 12.5% to \$1 billion.

However, there is no denying the fact that Medical Tourism in India is gradually getting institutionalised in its own right. Consider this. Beginning this month, WellPoint, one of America's largest health benefits company, will pilot its international medical tourism programme Serigraph Inc. The programme allows Serigraph employees to access elective health procedures in India at a reduced cost. All the medical arrangements, including scheduling and concierge travel service, is taken care of. Linda Buntrock, senior VP at Serigraph "hopes the employees choose to access the international medical tourism option, which has the potential to greatly benefit their household budgets by cutting down costs while retaining their ability to receive quality care."

There are reasons why patients continue to opt for India over other countries (see box). According to FICCI, about 15,000 heart operations are performed in India every year for tourists alone with a mortality rate of only 0.8%, less than half of most major hos-

pital, the present doesn't seem bleak either. "One-fifth of the patients in Apollo continue to be international patients. There have been no cancellations. Serious surgeries, unlike a Botox or a nose job, cannot be postponed," says Anil Maini, President, Corporate Development, Apollo Group.

Dr Hrishikesh Pai, gynaecologist in Lilavati hospital, Mumbai cannot agree more with Maini. 90% of his patients are NRIs and that's one reason why he feels that meltdown will not affect him at all. However, he is quite concerned about the infrastructure in India.

Patients are preferring Malaysia and Thailand over India precisely for this reason. "Malaria and diarrhoea are so common here, who'd want to come," he asks nonchalantly.

Hari S Bookchandani, Head, International Patient Services at Max Healthcare sees the economic meltdown as a "blessing in disguise. More and more people in the developed world will now look out for cheaper medical options." Max Healthcare presently draws 5% of its gross revenues from international patients.

RG Stone Urology and Laparoscopic Hospital has however registered "a 15% downturn in its medical tourism revenues. We are revising our pricelist and promoting ourselves internationally through medical tourism portals," says Hanish Bansal, Executive Director of the Hospital. He further adds, that it is time for different hospitals in India to cartelize to raise medical tourism revenues. "Thailand, South Africa, Turkey and Budapest are good examples of the same," he says.

That's possibly a move to get more people like John Herstrom to visit India for medical purposes.

### Market Size



**The medical travel market in India for serious healthcare is expected to double by 2012, driven in growth in volumes from US, Europe and Middle East**