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Medical tourism: A serious business

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Significant changes in the globalisation of healthcare creates market with huge potential for growth

As the medical tourism movement grew in popularity over the past decade, Vishal Bali has had a front row seat watching the industry flourish in his role as the Group CEO of Fortis Healthcare Limited, a healthcare provider in the Asia Pacific region. From his vantage point, Bali notes, “There have been significant changes in the forces of globalisation of healthcare patients. The trend is maturing and geographies are shifting. Healthcare providers in different countries are taking strategic positions to compete for the global healthcare consumer “

According to Bali, medical travellers initially travelled abroad to seek out advanced technologies and clinical expertise in the hope of curing their illnesses. The United States, which has always been at the forefront of medical science, was a key destination. However today, the majority of medical travellers are not just looking for high-quality cutting edge technology but also seek a combination of affordability, faster service and more personalised care. Asian healthcare providers have created the right ecosystem to address these demands which

has made Asia the destination of care for medical travelers. Indeed, Bali says that 10 percent of his company's top-line business in Singapore and India comes from medical tourists.

The study cited in the May 2008 issue of the McKinsey Quarterly's article *'Mapping the market for medical travel'* confirms Bali's observations that the medical tourism market has a particularly strong potential for growth within the segment of travellers who are seeking high-quality affordable healthcare. It also states that "removing barriers such as the reluctance of large U.S. insurers to include medical-travel destinations in their networks, the absence of transparency in quality and outcomes, the lack of clarity of malpractice jurisdiction, and the difficulty of obtaining travel authorisation to some destinations could increase and accelerate the flow of patients into the market. Health providers, payors and third-party brokers have a substantial opportunity."

Medical tourism's shift to Asia

For a long time, Asia was seen as a prime destination for aesthetic surgeries. "This entire trend fundamentally started with 'soft medicine'. People would combine their holiday to Bangkok with a tummy tuck, botox or an eye-lids correction. So you come back from a holiday and everybody says, 'Wow, you look different.' That was the origin of medical tourism in Asia," Bali told *Perspectives@SMU*.

In the past few years, Asia has become the dominant player in medical tourism, says Bali. "In 2010, it is estimated that over 4.3m medical tourists visited Asia generating revenues over US\$ 6.7bn. In addition, Asia is home to an increasing number of internationally-recognised institutions. As of Jan 2010, there were 66 Joint Commission International accredited hospitals in Asia of which Singapore and India led the region with 15 and 14 respectively."

Bali adds that healthcare providers in Asia are transforming their services to medical tourists. Some healthcare delivery organisations have chosen to specialise in very sophisticated, life-saving surgeries, while others focus entirely on aesthetic surgeries. Institutions like Bali's Fortis, for instance, do not provide any cosmetic surgery at all. "We took an early call to focus our work in life-saving and life-enhancing surgical procedures. We don't do anything that doesn't fall under the category of 'serious medicine'."

Medical tourists to Asia are increasingly coming for joint replacement surgeries, spinal implants, and neurosurgical or cardiovascular work. McKinsey's research indicates that patients who travelled to the emerging world for medical treatment were largely happy with the care they received. The study says, "The medical travellers we interviewed were uniformly quite satisfied with their experience. They wouldn't hesitate to go abroad for care should they need it again and would strongly recommend that their friends and family members do so as well."

A growing market

As medical facilities in Asia continue to expand and improve in sophistication, medical tourism is set to grow as American and European patients learn that they stand to receive medical treatment that is high quality, faster and more affordable in Asia. Some Asian healthcare providers have already established a respectable reputation as centres of care for international patients. Says Bali, "When people's lives are touched by high quality care, they will constantly talk about it. Positive word of mouth is the key differentiator in this industry."

While healthcare providers in Asia can work to improve the quality of their reputation, the credentials of their physicians and the outcome of treatment, patients are also heavily influenced by factors outside of the provider's control, such as the wider perceptions about the country's safety or socio-economic development. In their study, McKinsey recommends that providers interested in attracting foreign patients provide services such as translators and airport concierge to make the prospect of travelling for medical treatment less daunting.