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RE-INVENTING SINGAPORE'S MEDICAL TOURISM INDUSTRY

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By Jonathan Tan

The island states needs to focus on improving medical outcomes for international patients while keeping its public hospitals affordable for locals

ABSTRACT

Medical Tourism is undeniably a high growth industry, and patients travelling to destinations with reasonable affordability and accessibility to healthcare will become common. Singapore, India and Thailand are the top three destinations for the Asian medical tourism market, with a combined market share of more than 93% in 2012 according to business consultancy RNCOS.

With Singapore's well developed infrastructure, clean environment and high quality treatment, there is no doubt international patients come here seeking treatment, especially those that require more intricate procedures. After all, Singapore's healthcare system was declared the sixth best healthcare system in the world by the World Health Organization (WHO) in 2000.^[1]

However, this taps into the city state's scarce resources and thus creates "unhappiness" among the local patients who feel that preferential treatment is given to these full-paying foreign patients. Some medical tourists come here for faster treatment to avoid long waiting times in their own country, driving up medical fees here. Both public and private hospitals were overwhelmed by the demand.

This paper will focus on the potential impact Medical Tourism has on Singaporean citizens and its tax paying residents. Various measures on improving the access of local patients to healthcare will be explored.

On the other hand, rising costs and intense competition from regional rivals are eroding Singapore's appeals as a medical tourism hub. Its competency in specialist services and

complex procedures is being rivalled by Thailand, Malaysia, South Korea and India, which have made massive improvement in their high-end treatments at a much lower price. According to BMI research, a heart bypass costs 41 percent more here than in Thailand, and 106 percent more than in Malaysia.^[ii] How can Singapore reinvent itself to be the Medical Tourism Hub in Asia?

INTRODUCTION

Demographic change and the prevalence of chronic conditions linked to an ageing population will fuel demand for more and better healthcare services. High costs and long waiting times at home have caused medical tourists to seek cheaper alternatives elsewhere. Southeast Asia has seen this as a lucrative industry to tap into and has actively promoted itself as the healthcare destination in Asia.

Singapore has been lauded as a multi-faceted medical hub with well-trained doctors. With a highly regulated environment and no political unrest, it has positioned itself successfully as a famous spot for medical tourists over the past few decades. It was ranked the most efficient healthcare system out of 51 countries by Bloomberg^[iii] and second in the world for health-care outcomes by the Economist Intelligence Unit in year 2014.^[iv] 21 hospitals and medical centres have also been awarded accreditation by American healthcare standards body, Joint Commission International (JCI). The large numbers of medical travellers who came to Singapore in 2012 contributed S\$1.11 billion (approximately US\$900 million) in medical receipts, which was a whopping increase of 43 percent from 2009.^[v]

On the flipside, it has caused enormous strain in its healthcare system, exacerbated by the increase in population from 3 million in 1990 to 5.4 million in 2014. Also, the number of Singaporeans aged 65 years old and above is expected to increase from 440,000 to 900,000 from year 2015 to 2030. It is likely that more beds in the public hospitals would be needed to cater for the ageing population, along with the building of more community hospitals and Day care centres.

The fierce competition from regional rivals resulted in Singapore having a smaller pie of medical tourists and revenues. Patients are more informed and vocal in recent years, and the internet and transparency have enabled them to choose their medical destinations with much ease. This paper will look into the approach of healthcare providers in the region and how Singapore can learn from them. Focus will be made towards Singapore on how it can chart new paths in view of the changing landscape of medical tourism.

SINGAPORE'S HEALTHCARE LANDSCAPE

One of the objectives of the White Paper published in 1993 was providing good and affordable basic medical care for Singaporeans.^[vi] Since Singapore cannot deny medical tourism for its economic benefits, it is important for the city to differentiate clearly the roles between public and private healthcare providers.

Public hospitals' primary focus should be on attending to the medical needs of Singaporeans, as 81 percent of its class B2 and C beds are heavily subsidised through subvention from the Ministry of Health (MOH) and the Ministry of Finance (MOF) – taxpayers' money. More B and C class wards should be built to serve the needs of subsidised and needy local patients, with less and smaller A class rooms instead of luxury wards. Also, the number of medical suites should be reduced and restricted to VIPs such as the head of states for security reasons.

In recent years, public hospitals have gone into frills in terms of architectural design in order to attract more patients instead of focusing on space for subsidised wards and beds. This is not in line with our forefather's mission to provide quality and affordable healthcare to Singaporeans, as

well as saving on building and maintenance costs. Public institutions should not in any way try to compete with private healthcare providers for the international patients' pie.

The changing landscape of medical travel over the years has posed tremendous challenges to Singapore's economy. It is now lagging behind Thailand and Malaysia for medical patients from Indonesia and the Middle East. According to the 2013 annual tourism statistics by the Singapore Tourism Board, medical receipts has seen a steady growth from 2009 to 2012 before dropping 25 percent year-on-year to S\$832 million in 2013 from \$1.11 billion in 2012. The strong Singapore Dollar, which appreciated roughly 30 percent against the Indonesian Rupiah from 2012 to 2013, intensified the negative outcome in what has predominantly been the largest contributor to Singapore's medical tourism receipts. The high costs of transportation, accommodations and unpredictable final pricing have deterred overseas patients from seeking treatment in Singapore, especially for those who are price sensitive.

The Ministry of Tourism in Thailand, Malaysia and India have been aggressively and fiercely promoting Medical Tourism in their countries. Thailand, being a popular tourist destination, leveraged on its traditional spas and massage to improve the attraction of its wellness tourism industry, moving beyond providing health-screening and oncology treatments. India focuses on cardiac treatment, transplants, orthopaedics, issuing medical visas and has special lanes mainly in its airports for those seeking medical treatment. It would be good for Singapore to learn from competitors to ease the visa procedures and make medical tourists feel welcome. It should also look into providing medical lanes especially for the wheelchair-bound.

Moreover, medical capabilities in neighbouring countries have improved significantly over the years, which make the high costs no longer justifiable. There are also fears that Malaysian doctors who are trained or worked in Singapore will return to their hometowns to practise once the volume of patients in places like Penang, Malacca, Johor or Kuala Lumpur increases past the impetus point, thus draining away patients from Singapore.

RECOMMENDATIONS

- Building “no-frills” Hospitals and Community Hospitals for maximum capacity, not architecturally pleasing or award-winning design buildings
- Building more B & C Class wards & beds and less suites & A Class wards & beds
- Public hospitals' main priority is to serve the needs of local patients and not those of international patients; work with private providers to refer such patients unless it involves complex cases for which only public hospitals have the necessary skill sets, equipment and expertise to treat
- Public hospitals should not give incentives to medical agents to promote them as a destination for medical treatment
- Public hospitals should stop promoting regional or international road shows or talks to self promote themselves
- The Singapore Tourist Board (STB) and Immigration & Checkpoints Authority (ICA) should set up medical lanes and counters for faster approval of visas for those seeking treatment in Singapore
- The tourism authority, STB, should set up a medical tourism office/international patients liaison centre to promote Singapore medicine for private providers and co-set up a medical tourism association with the private healthcare providers for the promotion of Singapore medicine

CONCLUSION

Medical tourism is a fast-growing industry as globalisation has made it easy for patients to travel to another country for healthcare. Its spillover effects to other industries provide a good source of revenues to any economy. Land and manpower, predominantly the main bulk of overhead costs, have resulted in the need to re-strategise Singapore as Asia's healthcare hub. This is critical as

its goal is to become the leader in the biomedical and pharmaceutical industries. Eroding appeal to medical tourists would jeopardise its reputation, resulting in leading pharmaceutical and medical technology companies to relocate their headquarters elsewhere.

In order to retain its position as the medical hub in Asia, Singapore has to reinvent itself for high-end clinical research and complex procedures, which have always been its forte. Since it is reforming from a position of strength, it should compete on quality care and clinical outcomes instead of price, as well as striving to become centres of excellence in various medical centres that focus on research and treatment of cancers, cardiac, chronic illnesses, but most importantly in preventive healthcare.

Last but not least, medical tourism should not come at the expense of Singaporean citizens. Public hospitals should not undermine the basic principle of healthcare subvention, but instead focus on ensuring that local patients are not being denied basic healthcare. This should be the case for both inpatient and outpatient services, and patients must have access to affordable essential treatment and medical talent by keeping non-essential "frills" to the bare minimum.

The author is currently a Doctoral Candidate at SMU's LKC School of Business and has a decade of Healthcare experiences in both public and private hospitals. He is currently the President of the Medical Health Association Asia and an invited speaker for regional healthcare events.