Impact of Globalization on Medical Tourism In Developing Countries like India

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Abstract

Globalization involves three main aspects of development-a) internationalization of production accompanied by changes in structure of production b) expansion of international trade in trade and services c) widening and deepening of international capital flows. Medical tourism can be described as any form of travel from one’s normal place of residence to a destination at which medical or surgical treatment is provided or performed. The travel undertaken must involve more than one night away from the country of residence. Leading medical tourism countries in world are Hungary, Mexico, Costa Rica, Brazil, Malaysia, India, Thailand, and Singapore. Globalization played a major role in the development of health care tourism in these countries. In this paper our prime focus will be on studying the impact of globalization on healthcare tourism in three developing countries i.e. India, Thailand, Singapore. Medical Tourism in India is one of the best options available to people across the globe. Millions come every year to get treated and then enjoy their recuperative holidays across India. India provides world class medical facilities with hospitals and specialized multi speciality health centers providing their expertise in the areas of cosmetic surgery, dental care, heart surgeries, coronary by-pass, heart check up, valve replacements, knee replacements, eye surgeries. Indian traditional treatments like Ayurvedic therapies and much more, practically covering every aspect of medicine combining modern treatments with traditional experience. In this paper we also aim to conduct a comparative study of growth of medical tourism industry after globalization in India, Thailand and Singapore.

Key words: globalization, medical tourism, developing countries, India, Thailand, Singapore

1. Introduction

1.1 Medical tourism: An overview

A medical tourist is defined here as an individual seeking health-care for lower cost and/or reduced wait periods outside country of origin, combined with the intention of enjoying a post-operation vacation. There are, however, many other labels given to those pursuing medical treatment while vacationing; medical traveler or health tourist for example. Regardless of term used, each of these individuals is patronizing the same, new branch of the tourism industry. There are several major reasons people choose to travel across the world to receive health-care. In countries such as the United States, where 86.5 million citizens were without health insurance for some part or all of 2007-2008, traveling abroad for medical purposes may be far more feasible than paying large out-of-
pocket sums at home. In countries with socialized heath-care, citizens may face lengthy wait periods for surgeries, elective or other, or find their insurance does not yet cover the procedure they require. Medical tourism allows these patients nearly instantaneous care at lower cost (Rutherford, Ann Sommer, 2009). The rise of the emerging economies marks the third revolution the travel industry has undergone in the past 50 years. The first came in the 1960s, in the shape of cheap air travel and package tours. Rising incomes enabled people of modest means to travel more, to far-flung areas of the globe. The second was the advent of the internet, which has allowed millions to book flights, hotels, hire cars and package tours without the help of the neighborhood travel agent. An analysis of the tourism literature indicates that tourism in the future will be increasingly flexible, segmented, customized and diagonally integrated rather than the mass, rigid, standardized and packaged that are still often experienced today. Now fast-growing economies, including the BRICS-Brazil, Russia, India, China, are changing the world of travel once again, either as destinations or as sources of newly affluent travelers; India being a front-runner in the field of medical tourism. Medical Tourism refers to the movement of consumers to the country providing service for diagnosis and treatment. Medical tourism is a relatively recent global economic and political phenomenon which has assumed increasing importance for developing countries, particularly in Asia. The globalization of healthcare, which includes medical tourism (MT), has become a reality. The health care industry, just like manufacturing and software, has become global, with changes in the location and nature of delivery and consumption of healthcare services. This process entails new challenges and opportunities for both destination and sender countries. In order to realize the full potential of the industry, it is essential for these countries to develop a strategic plan for coordinating various industry stakeholders the medical practitioners, private and public hospitals, policy makers, hotels, transportation services and the tour operators (Upadhyay P., 2011).

1.2 Globalization and Medical Tourism

Globalization is regarded as a new phase of world integration with increased density and frequency of international or global social interactions relative to local or national ones. In these new dynamics, nation states are influenced by transnational processes occurring on multiple economic, political and cultural levels (Bishtet al, 2012). To appreciate medical tourism and the globalization of health care, it is necessary to observe that virtually every industry is undergoing globalization due to digitizing communications, inexpensive international travel and liberalization of finance. Standardized information technology in the form of the internet, mobile phones, free web browsers and social networks means that more people are online sharing information about an expanding spectrum of their lives. Standardized information technology enables more businesses to offer information about their products and services in forms that other people can recognize, understand and use. These inexpensive communication technologies are creating global markets and collaboration among people located around the world. In addition, falling prices of air travel mean that it is increasingly fast, convenient and relatively less expensive to travel globally than ever before. Liberalization of financial services enables people to pay for goods around the world much more easily than ever.
before. The key forces increasingly make “global” common for an increasing portion of all populations of people. Because the forces affect exchange of information and communication, they affect almost all human activity, including health care (Rollyson S., 2010). Growing demand for health services is a global phenomenon, linked to economic development that generates rising incomes and education. Demographic changes, especially population ageing and older people’s requirements for more medical services, coupled with epidemiological change, i.e. rising incidence of chronic conditions, also fuel demand for more and better health services. Waiting times and/or the increasing cost of health services at home, coupled with the availability of cheaper alternatives in developing countries, has lead new healthcare consumers, or medical tourists, to seek treatment overseas. The correspondent growth in the global health service sector reflects this demand. The globalization of healthcare is marked by increasing international trade in health products and services, strikingly via cross border patient flows (Pocock N. and Phua, K.H., 2011).

1.2.1 Impact of Globalization on Medical Tourism

Today, constraints and long waiting lines at home, as well as the ease of global travel, make medical tourism more appealing. Superior medical schools, a low cost of living, family preferences, and the barriers to foreign accreditation mean that Indian doctors may prefer to work in India rather than elsewhere. The medical services industry hasn't been global historically but is becoming so now. There are several reasons that globalization can manifest itself in this industry:

- Patients with resources can easily go where care is provided. Historically doctors moved from Africa and India to London and New York to provide care. Now, it is the reverse which is true. We are turning around and questioning- “Why can't the patients move? It's not as difficult as it was earlier”.
- High quality care, state-of-the-art facilities, and skilled doctors are available in many parts of the world, including in developing countries.
- Auxiliary health-care providers such as nurses go where care is needed. Indian and Filipino nurses, perhaps, provide an example.

Health care insurance companies within industrialized nations have begun considering medical tourism as a potential cost-saving measure, and are seriously considering the provision of round trip airfare and tourist kind of travel. Medical tourism holds the promise of reducing health care costs for individuals, companies, and governments, as the latter will likely offer discounts and/or rebates to their employees and constituents to prompt them to choose the medical tourism option and, in turn, reduce the insurer's and self-insurer's growing costs of providing quality health care. There are also many companies that can help arrange patients' surgeries, travel arrangements and tours. Many of these companies partner with specific hospitals, thereby arranging a cheaper price for their patients than one could arrange on their own through the hospital directly. The emergence of a private sector that thrives by servicing a small percentage of the population that has the ability to "buy" medical care has changed the character of the medical care sector. Corporate run institutions are seized with
the necessity to maximize profits and expand their coverage. In this background, corporate interests in the medical care sector are looking for opportunities that go beyond the limited domestic "market" for high cost medical care. This is the genesis of the globalized "medical tourism" industry (Upadhyay P., 2011).

2. Medical Tourism in India

India is home to a host of top medical facilities, many of which also act as medical tourism facilities, attracting patients from all over the world. “The largest international private medical service group in India, Apollo in 2004 had 37 hospitals in India, partnerships in hospitals in Kuwait, Sri Lanka and Nigeria, and plans for others in Dubai, Bangladesh, Pakistan, Tanzania, Ghana, Singapore, Philippines, London and Chicago as private corporations grew and international linkages intensified (Rutherford, Ann Sommer, 2009). Medical tourism in India is one of the best options available to people across the globe. Millions come every year to get treated and then enjoy their recuperative holidays across India. People from different walks of life cut across the entire span of the globe to come to India to have their treatments done with a peace of mind. India provides world class medical facilities with hospitals and specialized multi specialty health centres providing their expertise in the areas of cosmetic surgery, dental care, heart surgeries, coronary by-pass, heart check up, valve replacements, knee replacements, eye surgeries, Indian traditional treatments like ayurvedic therapies and much more, practically covering every aspect of medicine combining modern treatments with traditional experience. The Associated Chambers of Commerce and Industry of India (ASSOCHAM) estimates the current earnings accruing through medical tourism annually at Rs.3500 crore, while pegging the future foreign exchange earnings estimates to around Rs.9500 crores in 2015. These estimates have been proposed by a health committee on Prospects of medical tourism chaired by the Chairman, Sir Ganga Ram Hospital, Dr. B K Rao along with other leading doctors from Medicity, Moolchand, AIIMS, Max and other prestigious hospitals of New Delhi (Upadhyay P., 2011).

2.1 Impact of Globalization on Medical Tourism Industry in India

India is an illuminating case for which one would expect to find a considerable body of literature. The country has emerged as one of the so-called ‘Rising Powers’ which represent drivers of global economic and social change. Healthcare is one of India’s largest sectors in terms of revenue and employment, and is expanding rapidly. Since ‘liberalisation’ of economic policies in the late 1980s, India has also become increasingly attractive to foreign investors with its low costs and large, English-speaking, workforce. During the 1990s, Indian healthcare grew at a compound annual rate of 16%. The consultancy group Price water house Coopers’ Emerging Market Report on Healthcare in India listed a number of ‘flourishing market opportunities’ for foreign as well as national companies: medical tourism (often combining elective surgery and aspects of Ayurveda), the emerging health insurance market, telemedicine, healthcare infrastructure expansion (including public-private partnerships and training of healthcare staff), the medical equipment market, and the pharmaceuticals
industry (manufacture, research and clinical trials) (Bisht et al, 2012). The primary reasons as to why medical tourism would flourish in India include much lower medical costs for various ailments such as bone marrow transplant, by-pass surgery, knee surgery and liver transplant as compared to western countries. As a result of higher and very expensive medical costs in the western countries, patients from countries including Africa, Gulf and various Asian countries have started exploring medical treatment in hospitals on the basis of economies of scale in India because its medical infrastructure has geared up to provide them non-subsidized medical treatment at comparatively much lower costs. It is from here that the comparative advantage of India stems (Upadhyay P., 2011).

3. **Medical tourism in Singapore**

Moreover, Singapore’s concerted efforts to boost tourism, with more retail and leisure options and the upcoming integrated resorts are expected to increase the island’s attractiveness in tourism overall (Teh Ivy, 2007). Singapore has high living standards, there is strong government support for the medical tourism industry, English is widely spoken, and high quality medical services are offered at somewhat higher price than in Thailand, but are still much cheaper than in developed countries (Rerkrujipimol, J. and Assenov, I., 2011). Singapore’s government agencies have the most integrated policy stances that strongly support medical tourism, reflective of the country’s prioritisation of economic growth. In 2004, a multiagency government initiative (including the MOH) Singapore Medicine was launched with the aim of developing Singapore as a medical hub. Whilst trade and tourism and health ministry objectives are not easily reconciled, medical tourism growth provides an opportunity for inter ministry policy coordination, e.g. via a cross subsidization mechanism whereby medical tourist revenues are taxed, providing extra income for public hospitals (Pocock N. and Phua, K.H., 2011).

4. **Medical tourism in Thailand**

Thailand has presented itself as a leader in medical tourism in this region with more than a million patient visits in 2005, generating revenues of US$615 million. Till the recent military coup, Thailand had an edge over other countries in the region in attracting medical tourists. The country is a highly popular tourist haven. It has a relatively low-cost of living, a very friendly and tourist friendly culture, and a relaxing environment for recuperating patients. For that reason, Thailand’s medical tourism services are focused on treatment areas that are more popular amongst vacationers such as cosmetic surgery, dentistry, LASIK and general medical check. Medical tourism growth in Thailand has been largely led by the private sector. When revenues from private Thai patients dried up on the onset of the Asian Financial Crisis, Bumrungrad Hospital began to venture out to source for overseas patients. It was through these pioneering efforts that Thailand’s medical tourism industry was born. Since then, other private healthcare groups have followed suit. Unlike in other countries like Singapore and Malaysia, the Thai government had initially taken a rather passive role.
in developing medical tourism. However, the huge success of the private sector has led to greater involvement by the government. The government of Thailand recognizes the strong potential for medical tourism and the value it will add to tourism industry overall. Several initiatives to support and promote the sector have since been implemented. Visa procedures for foreign patients have been simplified. Students are being funded to attain higher medical education abroad on the condition of serving in Thailand after completion of their educational courses (Teh Ivy, 2007).

4.1 Impact of Globalization on Medical Tourism Industry in Thailand

Patients from the US and Europe constitute about 20% of the total inflow of foreign patients to Thailand — the same is growing every year by around 40% for US and 50% for Europe patients. Aside from cosmetic surgeries, a higher proportion of US and European patients tend to seek higher-end treatment such hip and knee replacement and organ transplants than South East Asian patients who will go for mainly general medical checkups. Many hospitals in Thailand still promote themselves firstly, as a low-cost venue for medical vacation. Low-cost remains its main draw among medical tourists. As a comparison, a basic operation like hip replacement in Thailand is at least 5 times cheaper than in the US. Health screening packages in Thailand often bundled with hotel and travel packages, is half of what Singapore is charging. Unavoidably, Thailand faces credibility concerns when it comes to complex higher-end surgical treatment. Bumrungrad Hospital for instance, had to market and promote itself as an “American” managed hospital to avoid the perception of low quality services. Without a shift towards higher-end medical offerings, Thailand may risks being typecast as a low-end destination hence, limiting the potential revenue medical tourism can generate. A balance between its bread and butter services such as cosmetic surgeries and health checks versus the higher-end surgical treatments such as hip/knee replacements, heart bypass and organ transplants has to be achieved (Teh Ivy, 2007).

5. Comparative study between India, Singapore, Thailand

Today's medical travel is mostly associated with economically less developed countries, such as Thailand, India, Singapore which provide not only low-cost high-standard treatment, but also the opportunity of combining it with a vacation in a popular tourist destination. The reasons for medical tourism gaining popularity in the above countries are as follows:

1. The long waiting lists in the developed countries, 2. The low cost of medical treatments in medical tourism destinations, 3. The state-of-the-art technology of health care services which have been adopted by the new service providers, 4. Affordable international air fares and 5. The advance of the Internet and the emergence of new companies and agents to serve as middlemen between international patients and hospital networks which help patients to easily access price and any other information (Rerkrujipimol, J. and Assenov, I., 2011).
India, Singapore and Thailand are amongst the more aggressive region promoting medical care as a tourist attraction. Merging medical expertise and tourism has become a government policy in these countries. Thailand faces competition from both ends— low cost treatments from India and Malaysia as well as high-end medical services from Singapore. India has their limitations in being an all-appealing medical tourism destination. Cost-savings for instance, may not be enough for India to foster its medical tourism ambition. The sight of the country’s slumps in its main cities, open sewers and garbage strewn streets would unnerve the confidence of potential patients on the hygiene standards. Singapore provides a complete spectrum of healthcare services from primary care such as health screening, to quaternary care services such organ transplants. Singapore is renowned for a broad range of specialist care such as cardiology, gynecology, oncology and neurosurgery. According to the World Health Organization, Singapore health system is ranked the best in Asia and amongst the best in the world ahead of Japan and the US (Teh Ivy, 2007).

**Conclusion**

From the above study it can be predicted that the future of medical tourism in these developing countries is very bright. Countries like India, Thailand and Singapore are the prime countries for medical tourist. The main reason for this is the low cost of treatments available in these countries. Apart from this, these countries posses huge variety of attractions for leisure tourist even. These countries can mix these two themes for attracting large chunk of medical tourist. Thus globalization has played a great role in the development of medical tourist industry in these countries.

**References**


