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Misconceptions and Risks of Medical Tourism

Medical Tourism has been hyped to be an exponential growth sector. However, investors, government officials and healthcare executives should be cautious as healthcare is and will remain a primarily local business.

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key points

- Medical Tourism data is usually provided by stakeholders, with a vested interest, varies widely, and should be viewed with a high degree of scepticism.
- An ageing global population and a constantly growing middle class will increase the demand for healthcare services. However, this will not translate into exponential growth for the medical tourism sector.
- Patients experience feelings such as stress, anxiety, depression, and grief that make them prefer to stay in familiar environments, close to home.
- Healthcare is not a simple service but is viewed as a fundamental human right. When people are forced to travel abroad for medical services, this is considered a systemic failure and governments are criticised and pressured by local societies to develop an adequate healthcare system.
- Influential interest groups will work against the idea of losing a significant portion of their clientele to foreign providers.
- Although opportunities for investments in medical tourism exist in centres of excellence, niche markets, and specific geographical regions, healthcare is a local business and will remain so in the foreseeable future.

Navigating the Landscape: The Evolution and Challenges of Medical Tourism

In the last two decades, the term “Medical Tourism” has gained significant traction. Analysts, consultants, and, to a lesser extent, academics have popularised it by publishing analyses, projections, and coverage. Government officials have been concurrently forming regulatory frameworks, providing incentives, and organising medical tourism clusters.

Over a hundred national or local organisations have emerged globally dedicated to promoting medical tourism. Meanwhile, many private healthcare operators—often in cooperation with government organisations—have been actively promoting their services in foreign markets and investing substantial resources in their efforts to secure a prime position in the industry.

This surge in activity engendered two key challenges. First, there is confusion about what medical tourism is and what it is not. Second, there persists a climate of speculative discourse regarding the potential market scale and growth prospects within the industry.

Given the significant financial implications for both public and private stakeholders and funding, it is essential to provide an accurate description of the current landscape in the field of medical tourism.

How to Define Medical Tourism?

A quick search in business and academic publications uncovers more than a dozen definitions. The following three can be selected as the most concise.

"When consumers elect to travel across international borders to receive some form of medical treatment, which may span the full range of medical services (most commonly includes dental care, cosmetic surgery, elective surgery and fertility treatment). Setting the boundary of what is health and counts as medical tourism for the purposes of trade accounts is not straightforward. Within this range of treatment, not all would be included within health trade. Cosmetic surgery for aesthetic rather than reconstructive reasons, for example, would be considered outside the health boundary" (Lunt et al. 2011).

Upon further examination of the challenges associated with defining medical tourism, it becomes evident that the term itself appears to encapsulate a contradiction: patients who travel for the purpose of being treated for an ailment are essentially different from tourists who travel for pleasure.

Medical Tourism-Market Size

The estimates for medical tourism's market size vary widely. This can primarily be attributed to several factors: the absence of a universally agreed-upon definition, the lack of a definitive approach to collating pertinent data, the reluctance of medical travellers to disclose their true motivations for travel and concerns regarding patient confidentiality.

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When a person, whose primary and explicit purpose in travelling is to obtain medical treatment in foreign country. The definition excludes emergency tourists, wellness tourists, expatriates seeking care in their country of residence, and patients travelling to neighbouring regions to the closest available care (Ehrbeck et al. 2008).

Broadly speaking, it is the act of travelling to obtain medical care. There are three categories of medical tourism: outbound, inbound, and intrabound (domestic) (Keckley and Underwood 2008).

Adding to the confusion, "health tourism" and medical tourism, though not the same, often are used interchangeably. Health Tourism is a broader term that includes medical tourism and wellness tourism (UNWTO 2018).

The main differentiating factor between medical and wellness tourism is the existence of a medical distress in the case of medical tourism (Lunt et al. 2011).

The data and projections circulated in the press and academic journals are produced by stakeholders with a vested interest: advisors and consulting companies, brokers and facilitators, accreditation companies and medical tourism associations. As a result, a large part of the data is questionable. For example, in 2007, Deloitte estimated the number of US citizens going abroad for medical treatment to be 750,000 and projected this number to reach 15.75 million in 2017. The total overseas spending of US medical tourists was estimated at around 2.1 billion dollars in 2008 and was expected to grow in the range of 27.6 billion in 2013 and to 49.5 billion in 2017 (Keckley and Underwood 2008). However, a 2015 report by the Office of Industries-USITC reveals that only 150,000 to 320,000 U.S. travellers listed healthcare as a reason for travelling abroad. Imports of health-related personal travel services (which include US medical tourists travelling abroad)

amounted to $3.3 billion in 2013, far from the 27.6 billion projected by Deloitte (Chambers 2015). Furthermore, in 2019, U.S. cross-border exports of health-related travel services were US$1.2 billion (inbound medical tourism) and imports (outbound medical tourism) totalled US$717 million, a significant decrease compared to 2015 (LaingBuisson News 2022).

Another instance highlighting the inconsistency of data can be observed in Turkey. In 2016, the Turkish Statistical Institute estimated health tourism revenues at $700 million, while the Association of Health Strategies and Social Policies projected figures ranging from $2.3 to $3 billion, and the Turkish Healthcare Travel Council reported estimates as high as $5.8 billion (Pollard 2017).

Another example that illustrates the unreliability of data is the case of Turkey where in 2016 the revenues from health tourism were estimated at 700$ million by the Turkish Statistical Institute, between $2.3 to $3 billion by the Association of Health Strategies and Social Policies and at $5.8 billion by the Turkish Healthcare Travel Council.

Despite the unreliability of data, projections continue. A quick Google search reveals tens of projections covering a wide range. Research Nester predicts medical tourism market revenue to surpass USD 100 Billion by 2035 (Nester 2024). Marketresearch.biz reports that the Health Tourism Market size is expected to be worth around USD 475.8 Bn by 2032 (MarketResearch.biz 2024). Allied Market Research states that the global medical tourism market is projected to reach USD 273.7 billion by 2032 (Allied Market Research 2023).

Why Do People Travel For Medical Reasons?

McKinsey indicated five factors that promote medical tourism through a survey of 49,980 patients: most advanced technology (40%), better-quality care for medically necessary procedures (32%), quicker access to medically necessary procedures (15%), lower-cost care for medically necessary procedures (9%), and lower-cost care for discretionary procedures (4%) (Ehrbeck et al. 2008).

KMPG, on the other hand, listed geographical proximity and cultural similarities as prime reasons, later lower costs, better technology and wider treatment options, long waiting periods, tourism and vacation as factors that incentivise patients to follow treatment abroad (KPMG 2011).

Familiarity, availability, cost, quality and bioethical legislation (international travel for abortion services, fertility treatment, and euthanasia services) are often quoted as the most important elements for medical tourists (Glinos 2006).

Driving Forces Behind the Growth of Medical Tourism

Various factors support a growth projection for healthcare services.

Demographics

Global life expectancy at birth for both sexes has improved from 46.5 years in 1950 to 71.7 years in 2022 and is expected to rise to 77.3 by 2050 (Richter 2023).

Economic Development

The global middle class has been rising steadily over the past three decades and is expected to include 5 billion people in 2030. As a result, an increasing demand for better health care has fostered the appetite for more investments in the sector (Brookings 2024).

Ease of travel and declining travel costs

The cost of travel has been significantly reduced in the past few decades. A London-New York City round-trip airfare in 1970 would cost $5,350 in today's money. Tickets between New York and London range from $300 to $1,000 in economy (Russell 2020).

Long waiting lines

Nations with universal healthcare systems often have lengthy waiting lists for elective procedures. This has, in turn, created incentives for healthcare providers in other countries to meet this demand. However, a study by Rand Corporation in the UK revealed that a patient who, hypothetically, had been waiting more than six months and would have their travel paid for by the NHS, would require a reduction in waiting time of around 5.4 months at the alternative hospital before accepting the offer to travel abroad for treatment (Burgh 2005).

Lower cost of treatment

Patients from developed countries can undergo bypass surgeries and other specialised care at one-fourth or one-fifth of the cost in high-quality corporate and super-speciality hospitals in developing countries (Chanda 2022). However, most developed countries offer nearly universal healthcare coverage to their citizens. As for those who can't afford insurance, they usually don't have sufficient income that will allow them to travel abroad for treatment. Therefore, the lower cost factor will be significant only for a modest percentage of patients who happen to be affluent enough to afford travelling and paying medical bills but have no medical coverage in their country and patients whose treatments are not covered by their insurers, national and/or private. Stigma attached to certain treatments (assisted reproductive technologies, cosmetic surgery) in the home country can also factor in the decision to receive healthcare abroad.

Challenges and Barriers to Medical Tourism Growth

Patients' Psychological State

Common psychological responses to medical conditions include stress, anxiety, depression, and grief (Roberts 2023). As a result, patients prefer to be treated in a familiar environment, close to their family and friends, instead of travelling to a foreign country (hope.be 2015). Distance to medical providers is among the most critical predictors of provider choice (Dixon 2010).

Social Pressure on Governments

Healthcare is not just another service provided by state actors; it is regarded as a basic human right (UN 2008). Affluent countries are under pressure to maintain a decent healthcare infrastructure while developing nations aspire to build their own. When large numbers of patients are forced to travel abroad for treatment, it is considered a major policy failure and causes heated political debates (Das 2023). In addition, important interest groups (physicians, hospitals, public administrators, local providers of medical supplies and medicines, ins urers) with strong social influence on both the patients and the policy decision-makers will lobby against the idea of losing a significant portion of their clientele to foreign providers (Lunt 2014).

Incentives for investors to invest locally.

As soon as a critical mass of medical tourists from a source country exists, investors are strongly encouraged to invest in medical facilities in that country (Rau 2021).

Fragile/negative sector image

Although most people who have been treated abroad might have had a positive health outcome and a good overall experience, there are horror stories, published in the press regularly, of cases with a negative outcome. Since most patients/ consumers do not differentiate the healthcare market abroad by providers or even countries, these bad examples have a disproportionate spillover effect on the whole sector.

Sensitivity to global issues

The demand for medical tourism, as well as for tourism in general, is affected by global and/or regional economic and geopolitical factors such as wars, political instability, pandemics, recession and fluctuation of currency exchange rates.

Risks and Opportunities for Potential Investors

- Traditional and new global/regional centres of excellence will continue to attract patients from other countries who seek and can afford the best available healthcare services. This is not a new phenomenon since elites from less developed countries have been travelling for centuries to more developed countries that offer the most advanced cures for their ailments.
- While some niche markets, like IVF or certain cosmetic surgeries, might flourish in some medical tourism destinations, healthcare is and will remain primarily a local business in the foreseeable future. Medical tourists will be a nice addition, but they will represent a small percentage of the total number of patients, especially in major healthcare units.
- Focus on country markets with diasporas from the destination country, cultural/linguistic affinity or historical ties (Lunt & Mannion 2014). Some successful examples of medical tourism flows are Germans of Turkish descent travelling to Turkey, Hispanics from the US travelling to Mexico and Costa Rica, British Indians travelling to India, and Middle Easterners travelling to the UAE.

Conclusion

Medical Tourism does not seem to be the Eldorado that has been hyped to be. The projections for wild growth have failed to materialise. Available data remains insufficient and comes mainly from sources with a vested interest. There is a need for a commonly accepted method of tabulating medical tourists' data that will lead to better and more substantiated conclusions. If achieved, it would help build trust, improve the reputation of medical tourism and allow decision-makers in the public and private sectors to draw relevant conclusions. However, there exist opportunities for investors, primarily in global and regional centres of healthcare excellence, niche specialised markets and specific regions of the world.

Conflict of Interest

None.

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