

## Executive Summary

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### INTRODUCTION

#### Objectives

The wealth of a country is judged, among other things, by the health of its citizens. Worldwide, countries are seeking to provide viable healthcare solutions to its population. Improvement in healthcare in a society means more than the availability of doctors or hospitals or medicines. Improvement in healthcare occurs through promotion of health consciousness through a range of activities that would suit various sections of the society – children, youth and elders. In this perspective, Indian traditional healthcare systems such as Ayurveda and Yoga, as also the concept of spiritual healings are popular amongst both domestic and international tourists.

It is generally considered that a person who travels from one region (or a country) to another for the purpose of undertaking treatment is a healthcare tourist. However, this definition excludes people who travel to another region (or a country) to explore, enjoy and rejuvenate, either the body or the mind, or both, without undergoing medical treatment. Flow of tourists is far higher in absolute numbers as well as volume of business generated, if the latter aspect is taken into account. Tourism to, and associated activities in places like sea-side, mountains, river-beds, forests, plains, valleys, temples or historic monuments provide rejuvenation to the body and mind and thereby bestow the overall well-being upon the person involved with such activities.

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India has many tourist attractions that have healing abilities and are capable of providing rewarding experiences of life. India has the Himalayan ranges in the north and a long coastline surrounded by seas in the south. In addition, India is rich in varied landscapes, enchanting historical sites and royal cities, clean beaches, serene mountain retreats, different cultures and festivities to enjoy and rejuvenate.

In any part of the year, India can offer a wide selection of destinations and experiences. In summer, there are lovely retreats in the Himalayas or the lush-heights of the Western Ghats with cool trekking trails, tall peaks or stretches of white water for the adventure seekers. In the cool Indian winter, cities come alive with cultural feasts of music and dance. The sun-clad beaches are ideal locations for rejuvenation in the winter. The wild-life sanctuaries with their abundance of flora and fauna provide delights to the mind and rejuvenation to the body.

The objective of this study is to review the tourism scenario in the world market and India, analyse the healthcare demand in the world, identify the healthcare and tourism solutions available in India to cater to the demand and to benchmark India with other countries, considering exclusiveness of India in various segments of tourism and healthcare solutions.

#### **Concept**

Though the concept of 'Healthcare Tourism' is thousands of years old, it has got its prominence rather recently. World Tourism Organisation associates 'Medical Tourism' with travel to health Spas or resort destinations, where the primary purpose is to improve the traveller's physical well being through a process comprising physical exercises and therapy, dietary control, and medical services relevant to health maintenance.

#### **Definition**

The terms 'Medical Tourism' and 'Healthcare Tourism' are interchangeably used. The term 'Medical Tourism' has emerged from the practice of citizens of developed countries travelling to developing countries, around the world, to receive a variety of medical services, mainly due to continually rising costs of the same services, and complicated procedures to avail such medical

services in their home countries. Thus, 'Medical Tourism', can be defined as provision of 'cost effective' private medical care in collaboration with the tourism industry for patients needing surgical and other forms of specialized treatment. 'Healthcare Tourism', however, could be defined in a broader perspective. Patients travelling abroad with the objective of overall wellness, without any urgent or elective medical procedures, may also be covered under the 'Healthcare Tourism'.

### **Healthcare in a Broader Perspective**

There are two major types of healthcare solutions in the world, viz., traditional and modern systems of medicine.

Traditional or indigenous systems have evolved over a period of time in many countries; due to competitive environment, such systems go through changes in providing healing solutions. Some of them have time-tested solutions with some form of scientific base, and some others are believed to be providing healing solutions such as faith / spiritual healing. Since such healing solutions are available in some countries / regions in the world, people from other regions / countries travel for availing such healing solutions. Such travel segment is one of the fastest growing segments in the world tourism industry.

There are mainly non-economic dimensions in faith / spiritual healing. In general, faith / spiritual healers do a free service with the objective of providing healthcare services for all. National governments are also promoting such concepts considering the potential. Countries like Malaysia, Nepal, Philippines and India are a few examples that have potential for faith healing / spiritual tourism.

### **Features**

Healthcare tourism has many distinguishing features. One of the important features of healthcare tourism is that it is not an impulsive activity. However, packages are woven with attractive features to draw the tourists. Another feature of healthcare tourism is that it is not associated with the attribute of willingness to spend. This feature would bring in travellers who may not be willing to spend, but their health conditions drive them to travel and spend. Healthcare tourism is also non-seasonal. This attribute can either

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be used to buffer seasonal business for resorts and location-specific properties, or as the main business itself. Average duration of stay under healthcare tourism is longer as compared to conventional corporate / holiday travel. Finally, healthcare tourism is not a one - time business. Successful treatment associated with satisfactory services are considered as important factors for getting repeat business.

#### **Trade in Healthcare Services**

Many countries, till recently, do not appear to have thought of healthcare as something that is traded internationally. However, it is being increasingly offered across the borders through two modes:

- a) Availing of healthcare services by undertaking travel to host countries;
- b) Trade in healthcare services across the borders without the physical movement of either the provider or the user. This type of cross border trade in healthcare services happens with the advancement in communication technologies. However, such form of trade in healthcare services is minuscule, at present.

### **GLOBAL SCENARIO**

#### **World Healthcare Market**

The world healthcare market (revenues generated through healthcare facilities, healthcare distributors, healthcare services, including managed healthcare services) was estimated to be over US \$ 3.6 trillion in 2004. The market is estimated to grow at a CAGR of 7.8% to reach a value of US \$ 5.25 trillion by 2009. Managed healthcare (consisting of health insurance; hospital, medical and dental indemnity plans; fraternal, limited benefit plans and other miscellaneous insurance health products) accounts for a large chunk of the global healthcare market. USA is the largest market for healthcare with 40% share in world, followed by Asia Pacific region (33.5%) and Europe (21%).

#### **World Tourism Market**

World travel and tourism industry is estimated to have generated US \$ 6.9 trillion of economic activity in 2006, providing employment

to around 234 million persons. The industry is estimated to generate economic activity worth US \$ 12.1 trillion, and generate employment to around 280 million, by 2016. Worldwide tourism receipts are estimated at US \$ 735 billion in 2006. Europe is the largest recipient of world tourism revenue (US \$ 377.6 billion) with a share of 51.3%, followed by the Americas, and the Asia Pacific Region (20.9% each). In terms of volume, international tourist arrival in 2006 is estimated at 842 million persons. Europe has a 54.3% share in the international tourist arrivals of the world, followed by Asia Pacific (19.9%), and Americas (16.2%).

### **Healthcare Tourism in the World**

The market for medical tourism was estimated at US \$ 40 billion in 2000 and assuming that the industry has grown at a rate of 20%, the market size could have crossed US \$ 150 billion by now. However, the market size could be much higher if healthcare tourism is viewed in a broader perspective.

On the demand side, major reasons for healthcare tourism flow from developed to developing countries are increasing number of healthcare un-insured population, waiting time and cost. One of the main reasons for high cost of medical treatment in developed countries is the increasing premium expense for coverage under medical malpractice insurance. On the supply side, the reasons include improvements in healthcare systems and technology advancement in developing countries.

### **SELECT COUNTRY EXPERIENCES**

In addition to technological advancement and accreditation, many countries are leveraging the attractiveness of tourist locations and culture to attract healthcare tourists. Some countries are leveraging their capabilities of offering traditional wellness systems, while in other countries the joint initiatives of tourism and healthcare industries help in attracting healthcare tourists. Select country experiences are summed up below to gain an understanding of the policy structure and strategies adopted by them.

#### **Thailand**

Department of Export Promotion, Royal Government of Thailand has estimated that, in the year 2004, over 1 million patients were

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treated in Thailand hospitals. The value of the services rendered amounted to approximately US \$ 700 million. Thailand has been highlighting elements such as Spas and alternative therapies in their promotional strategies for several decades. However, since Late 1990s, Thailand has been emphasizing the 'state-of-the-art' hospitals and skilled professionals in their promotional strategies.

The experiences of hospitality and tourism industry, particularly the travel agents, have been successfully leveraged by the healthcare industry in Thailand. In addition, communication technology has also been leveraged by the players in such a way that the patients can identify and select the hospital / doctor suitable for the treatment, identify favourable destination for holiday / recuperation, seek online appointments for various healthcare services and customize the required packages with the travel / tourism operators.

The innovative promotional strategies of Thai Airways have also helped in development of healthcare tourism industry in Thailand. Hospitals are encouraging the staff to develop language skills to attract international patients. It may thus be concluded that aggressive and collective marketing by all stakeholders, including the Royal Government of Thailand, has strongly positioned the country in the global map of healthcare tourism.

### **Singapore**

The healthcare market in Singapore is a mixed basket comprising competent public and private sector service providers. Together, they provide quality healthcare services, both for Singaporean and foreign patients. Healthcare tourists to Singapore are mainly from the Asia region, predominantly from Indonesia, Malaysia, both in the case of day surgery and inpatient services. Patients from USA / Canada ranked third in case of inpatient services, both under public and private sector service providers. In the year 2002, major healthcare services availed by international visitors to Singapore included General Medicine, Ophthalmology, General Surgery, Gynaecology, and Urology. These five services accounted for nearly three-fourth of total healthcare services availed by international patients.

At present, Singapore is estimated to be receiving about 200,000 international patients who visit with the objective of availing healthcare services. Tourism Expenditure by Visitors (TEV) on healthcare accounted for 8% (US \$ 574 million) of total TEV in 2005 (US \$ 7.2 billion). Singapore Tourism Board is targeting to increase the inflow of healthcare tourists to 1 million by 2012.

Singapore projects itself as a destination for international tourists with its highly developed transport and communication infrastructure, good living conditions, orderly and tourist friendly environment, duty free shopping and variety of recreational attractions. The Government has enacted two major Acts, viz., the Medical (Therapy, Education and Research) Act, 1972 (MTERA) and Human Organ Transplant Act, 1987 (HOTA), which facilitates easier transplantation surgeries in Singapore. Foreigners visit Singapore to undergo transplantation surgeries, particularly those experiencing procedural delays in home countries.

### **Malaysia**

In Malaysia, healthcare tourism was initially introduced in 1998 as one of the sustainable growth areas following the Asian financial crisis. At present, it is estimated that there are over 50 private hospitals catering to the international patients. Malaysia is estimated to have received 100,000 international patients for treatment generating revenue of RM 150 million in the year 2001. The Government has set a target revenue of RM 2.2 billion by 2010.

The Government is encouraging multinational healthcare firms to invest in Malaysia in order to encourage private sector participation in this sector. Tax incentives have been introduced to encourage hospitals to upgrade their facilities to cater to the foreign patients. A Medical Tourism Committee has been constituted with representation from various government departments and industry associations.

The Government has announced 'Fast Track Immigration Clearance' for foreign patients as also for the accompanying persons. Tourism Malaysia, the promotional arm of Ministry of Tourism, Government of Malaysia participates in international travel marts and helps promote Malaysia as a healthcare destination.

**Philippines**

Promotion of healthcare tourism received a boost in Philippines, with the launch of 'Philippines Medical Tourism Programme' (PMTP), a private-public initiative, with the involvement of industries such as wellness, Spa, health, tourism and retail business. Following this initiative, it is estimated that about 17 competent hospitals in Philippines have been launched, accompanied by increased thrust in promotion and policy focus. These 17 medical institutions estimate that they will service around 125,000 foreign patients generating an estimated revenue of US \$ 125 million per annum.

Philippines has also been projecting its advantages such as availability of well-trained competent medical professionals, fluency in English, healthcare cost differential, technological advancement and a vibrant tourism sector with compassionate and caring professionals, in its promotional programmes.

The Government has included medical tourism in the Investments Priorities Plan (2006), which outlines incentives for prospective investors in this sector. The IPP has also introduced the concept of 'International Medical Zone' which will be a notified area developed into a center for professional healthcare. The Department of Health plans to classify certain medical zones under medical tourism zones, which in turn would be accredited by the Department of Tourism.

**China**

Although statistics / information related to healthcare tourism in China is not readily available, it is worthwhile to recognize the country's potential in offering healthcare solutions to the world through outward flow of healthcare services. Already the Traditional Chinese Medicine (TCM) is prevalent in many parts of the world. China has adopted diverse strategies to popularise TCM through integration of TCM into national healthcare system, setting up of quality systems from production of raw materials to final products, setting up of support institutions and adopting a scientific approach to promote products and services in the international market.

**South Africa**

Analysis of activities undertaken by international tourists in South Africa reveals that less than 10% of international tourists have

availed healthcare or medical services in 2005. This may work out to an approximate number of 75,000 healthcare visitors in 2005.

Traditionally, medical tourism in South Africa has been largely for cosmetic and reconstructive surgery, dental as well as orthopaedic surgery. However, the scope of the medical tourism sector in South Africa has, of late expanded to cover all medical and surgical specialities as well as tertiary healthcare services, from simple procedures to complex medical and surgical procedures.

### **Jordan**

Healthcare tourism in Jordan is estimated to be generating approximately US \$ 600 million per annum. In terms of numbers about 100,000 non-Jordanian Arab patients visited Jordan in 2005 for healthcare purposes, mainly for treatment such as coronary, kidney, brain and eye surgeries. The Ministry of Health, Government of Jordan has set a plan to achieve US \$ 1 billion revenue per annum from healthcare tourism. A Committee has been formed to establish links with Arab countries to attract patients needing treatment. Ministry of Health has constituted Health Tourism Board, which has set up promotional desks at various terminals of the Queen Alia International Airport, to provide information and advisory services to the visiting Arab patients. Around 60 private hospitals in Jordan have formed an association, Private Hospital Association of Jordan. Tourism operators in Jordan have been projecting the Dead Sea coast as one of the prime destinations for rejuvenation.

### **Cuba**

Healthcare tourism in Cuba is well known among international communities in view of the healthcare technologies and treatment procedures developed by the professionals in the country. Cuban healthcare institutions are offering treatments to various health problems such as hypertension, pigmentary retinosis (or night blindness), Parkinson's disease, psoriasis, deformities of the spinal column, bone tumours, paralysis, and rheumatic diseases.

Cuba has a large network of hospitals equipped with latest technologies and highly skilled professionals, some of them have specialised in offering unique treatments. Besides, mineral springs

and Spa centres are also being projected as destinations for wellness in Cuba.

### **Inferences from Country Experiences**

From the above analysis, it may be inferred that many of the competing countries in this arena are strengthening their capabilities in modern healthcare systems. India, while strengthening its capabilities in modern healthcare systems, is also leveraging its inherent strengths in traditional healthcare systems, such as Ayurveda, Siddha, Yoga, Naturopathy and faith-healing / Spiritualism. In addition, India has diverse tourist destinations like the backwaters, architectural treasures, forts and palaces, hills, springs, deserts and jungles, with wider themes, such as adventure tourism, coastal tourism, ecotourism, spiritual tourism to cater to the requirements of tourists to achieve a state of overall well-being. India also holds an edge over competitor countries, as the country is enriched with techniques of concentration, mind-control, natural resources, intellectual capital, cultural diversity and tolerance. Thus, India is in an advantageous position vis-à-vis many other countries.

## **HEALTHCARE TOURISM IN INDIA**

### **Overview of Healthcare Systems in India**

India's healthcare systems can be categorized into three distinct phases, viz.,

- Initial phase of 1947-1983 assumed that none should be denied healthcare for want of ability to pay, and that it was the responsibility of the state to provide healthcare to the people;
- In the second phase of 1983-2000, a National Health Policy was announced, which articulated the need to encourage private initiative in healthcare service delivery;
- The third phase, post 2000, is witnessing further shift and addresses key issues such as public-private partnership, liberalization of insurance sector, and government playing an enhanced role of financier also. The National Health Policy – 2002 outlines improvement in the health status of the population as one of the major thrust areas in social development programme.

Existence of traditional healthcare systems such as Ayurveda, Siddha, Unani, Naturopathy, Homeopathy and Yoga has also contributed to the development of healthcare in India. In addition, Aromatherapy is popular in India, having been used under the traditional wellness systems. India is housed with production / extraction of essential oils from medicinal plants and spices. All these factors are attracting national and international tourists, generating tourism related revenue flows. There are also presence of faith / spiritual healers, who use one or more traditional therapies in their treatment procedures.

As a result of various initiatives, India has registered significant progress in improving the life expectancy, reducing mortality, as well as reduction of infant and maternal mortality over the last few decades. Over the years, the private sector in India has gained a significant presence in all the sub-segments of medical education and training, medical technology and diagnostics, pharmaceutical manufacture and sale, hospital construction and ancillary services, as also in providing medical care. At present, about 20% of healthcare services are being provided by public sector, with the remaining being provided by the private sector.

It is also estimated that about 10% of population is covered by some form of health insurance. However, majority of the health insured in India are covered under social health insurance or community-based health insurance, and the penetration of commercial health insurance may be around 1% only.

On the education and skill development front, the Government has set up regulatory bodies with the objectives of monitoring the standard of medical education, and promoting training and research activities in the country. The overall objective is to sustain the production of medical and para-medical human resources to meet the requirement of healthcare delivery system in India.

India has made an attempt to have a voluntary accreditation system. Under the national accreditation structure of Quality Control of India, a National Accreditation Board for Hospitals and Healthcare Providers (NABH) has been set-up to establish and operate accreditation programme. NABH is an institutional member of International Society for Quality in Healthcare (ISQua). In addition, Indian hospitals are also increasingly turning to international

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accreditation agencies to standardise their protocols and project their international quality of healthcare delivery.

#### **International Tourism in India**

Tourism is one of the important components in India's services sector, which has exhibited considerable dynamism in recent years. Share of India in world international tourist arrivals has been growing at a moderate level; from a level of 0.39% in 1995, India's share has gone up to 0.52% in 2006. In terms of absolute numbers, India received 4.4 million international tourists in 2006. Foreign exchange generated through the arrival of international tourists in India amounted to an equivalent of over Rs. 30,000 crores. Another important feature of international tourism in India is that the foreign exchange earnings per international tourist arrived in India is higher at US \$ 2000 than the world average of US \$ 873, in 2006.

Nearly two-thirds of international tourist arrivals in India are from countries such as UK and USA. Other major source markets for India include Canada, France, Sri Lanka, Germany, Japan, Malaysia, Australia and Singapore. Nearly 50% of tourists are repeat visitors; about 10% of total international visitors to India have visited more than five times.

#### **Exclusiveness of India in Tourism**

India has many tourist attractions that have healing abilities and are capable of providing rewarding experiences of life. India has the Himalayan ranges in the north and a long coastline surrounded by seas in the south. In addition, India is rich in varied landscapes, enchanting historical sites and royal cities, clean beaches, serene mountain retreats, different cultures and festivities to enjoy and rejuvenate.

In any part of the year, India can offer a wide selection of destinations and experiences. In summer, there are lovely retreats in the Himalayas or the lush-heights of the Western Ghats with cool trekking trails, tall peaks, or stretches of white water for the adventure seekers. In the cool Indian winter, cities come alive with cultural feasts of music and dance. The sun-clad beaches are ideal locations for rejuvenation in the winter. The wild-life

sanctuaries with their abundance of flora and fauna provide delights to the mind and rejuvenation to the body.

### **Healthcare Tourism in India - Estimates**

Several features have positioned India as an ideal healthcare destination; viz., low-cost healthcare solutions, availability of skilled healthcare professionals, reputation for treatment in advanced healthcare segments, increasing popularity of India's traditional wellness systems, and strengths in information technology. Estimates show that about 500,000 international healthcare visitors (including NRIs) travelled to India in 2006. Estimated revenue generation out of healthcare tourism was about Rs. 2,400 crores, or over US \$ 600 million, in 2006.

### **Healthcare Tourism – Initiatives in India**

The tourist inflow for a wide healthcare service spectrum, from wellness tourism to surgery and rehabilitation has made all interested stakeholders to tap the unexplored potential. Both the industry and Government (central and state governments) are independently or jointly taking initiatives to project India as an ideal healthcare and wellness destination. The healthcare industry in India has formed the Indian Healthcare Federation (IHCF) with the objective of collectively promoting healthcare industry in the country. The Ministries of Health and Family Welfare, and Tourism, Government of India then evolved an approach to give a strategic push to open the Indian healthcare sector to foreign tourists. Ministry of Communications and Information Technology, Government of India has developed a framework for IT Infrastructure for Healthcare (ITIHC) prescribing appropriate standards for each stakeholder to build an integrated healthcare information network for India. At state level too, several states are making concerted efforts to promote healthcare tourism adopting different strategies.

### **CASE STUDIES AND SOME INFERENCES**

The case studies analysed in this study provided an opportunity to understand the trends and the practices adopted by select healthcare service providers in India. There are certain general practices being adopted by these players. These include updation of technology, research in medical sciences, continuous education

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and skill development. Majority of the players have also contributed to the healthcare development of the society in general, either through their own set-ups in remote areas or through telemedicine.

In addition to skill development through continuous education, few hospitals have also been concentrating on medical education. Contribution to education and self-development is also common with the players in the traditional therapies segment. Tie-ups with healthcare service providers, tourism / travel facilitators are other strategies adopted by these hospitals. Under the traditional therapies segment, tie-ups are not common amongst institutions propagating different therapies, but provision of services through complementing the therapies.

The hospitals analysed have also been providing impetus to quality improvement and accreditation. Leveraging the potential of Ayurveda with modern medicine is not a general practice adopted by these hospitals. However, the hospitals are seriously considering such practices to attract more number of patients.

Some hospitals are pursuing the franchise model, wherein they collaborate with clinics and nursing homes to develop brand values and run the hospital on franchisee basis. The strategies behind this model are sharing of technology, expertise and revenues. Many healthcare service providers have established a separate department to cater to the requirements of international travellers through single window assistance. The range of services provided start from provision of preliminary information to the travel related arrangements.

Many players are in expansion mode, both in India and abroad. In addition to setting up of new hospitals and establishing a pan-India presence, major players such as Escorts and Wockhardt are expanding / planning for expansion of their operations through acquisitions or setting up of facilities abroad. Many hospital chains have agreed to price band for key treatments. Such price-banding help establish transparency and increases the image of Indian players in international market.

### **OPPORTUNITIES**

Trends in offer of healthcare services and delivery across the world are in favour of India and would position the country as an ideal healthcare destination. These are briefly discussed below:

**Increase in Ageing Population and Cost of Healthcare in Developed Countries**

There has been an increasing number of ageing population, putting additional burden on the already over-burdened national healthcare systems in developed countries. Increase in cost of health insurance is adding the number of uninsured population in these countries. Such a scenario provides opportunities for Indian healthcare sector.

**Professional Skills and Experiences Gained from Developed Countries**

India is one of the countries with highly skilled professionals and with advanced healthcare solutions. Indian doctors have been serving in developed countries such as USA, UK and Canada and have gained high reputation.

**Multi-language Skills**

Multi-language skill is another advantage in favour of India. In addition to proficiency in English, Indians are proficient in speaking Hindi, Urdu, Bangla, Arabic, Tamil, which are widely spoken in neighbouring countries of West Asia, South and South East Asia.

**Low-cost Healthcare Solutions with High Success Rate**

Another reason for India emerging as a major destination for healthcare is the low cost of treatment in India. Indian hospitals are cost effective even when compared to other South- East Asian countries, such as Thailand and Singapore. The low cost scenario is, however, not at the expense of quality. The success rate of Indian hospitals is also comparable with international standards.

**Long Waiting Time in Developed Countries**

Long waiting time in several countries works in favour of growth of healthcare tourism flow towards developing nations. Countries, such as UK and Canada, that provide free healthcare services to their citizens, thus, become a source for large number of healthcare tourists visiting India.

**Spillover Effects**

Promotion of healthcare tourism would result in development of associated sectors. Medical equipment manufacturing,

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telemedicine, medical diagnostics, outsourcing of hospital administration and health insurance are some of the segments that would be benefited. There are also opportunities in the infrastructure sectors, due to higher demand for travel (airlines, road / rail transport, hotels, hospitals) and communication (telephone, internet). Newer models of campaigning and promotions provide business opportunities for media and mass-communication segments. Consultants, in wide spectrum of areas covering healthcare, tourism, infrastructure, communications, media, marketing and promotions, are likely to get business opportunities with the growth of healthcare tourism in India.

## **CHALLENGES**

### **Healthcare Infrastructure**

Healthcare infrastructure indicators of India vis-à-vis developed countries highlight the disparity and areas for improvement. Within the country, the difference between rural and urban India as also the inter-state comparison show the existence of differences across regions.

### **Low Spending on Healthcare**

Government's health expenditure accounts for less than one-fourth of total health expenditure in India, and thus do not drive the private sector to increase its investment. With limitations in public healthcare spending, private sector has a major role to enhance the healthcare infrastructure in India.

### **Accreditation**

India is gaining the advantage of being the low cost destination for healthcare services. However, the healthcare industry needs to prove that the low cost services offered by them are in real terms and the quality of services offered is comparable with developed nations. One of the ways to prove our quality consciousness is to get international accreditation of healthcare facilities.

### **Low Level of Medical Insurance Coverage**

Penetration of health insurance in India is low. The organized sector provides healthcare insurance to only 10 percent of population. However, majority of them are covered under the social health

insurance or community-based insurance. The penetration of commercial insurance in India is estimated at around 1 percent only.

### **Negative Perceptions**

Experiences suggest that low-cost solutions alone may not be enough to bring in international tourists. The negative perceptions about India, with regard to public sanitation / hygiene standards or prevalence of contagious diseases, counter the positive vibes created by the cost competitiveness of Indian healthcare systems.

### **Quality of In-country Healthcare**

While under-funding is the prime reason for the current state of in-country healthcare scenario, many experts have opined that poor healthcare management practices in the public healthcare delivery system is one of the major reasons for the relatively low quality of healthcare delivery in India.

### **Transplantation Law**

In India, the Human Organs Transplant Act, 1994, has laid down various regulations that have to be followed while conducting the organ transplantation in India. The Act does not permit foreigner availing organs from a local donor. Countries like Singapore have an enabling Organ Transplantation Act, which promotes 'transplantation tourism'. It is reported that Indian patients are also travelling abroad principally for undertaking transplant surgeries, as the domestic laws are stringent.

### **Shortage of Hotel Accommodation**

With the booming economic growth, the demand for hotel accommodation in India is increasing. The availability of hotel rooms is considered to be lower as compared to other countries. In addition, the cost of accommodation and dual tariff system are also hindrances to international travellers visiting India.

### **Shortage of Medical and Para-medical Staff**

India has over 600,000 physicians with a density of 0.60 physicians per 1000 population. However, there is a shortage of qualified specialist nurses and paramedical professionals as also qualified hospital administrators.

**Inadequate Malpractices Law**

There are debates about whether inadequate malpractices law in India serves as a deterrent or facilitator for flow of healthcare tourism in India. However, it may be noted that the developed countries are working towards easier mobility of patients to other countries with payment coverage under the social healthcare systems. When such an opportunity arise, the national governments, as also the private insurers, would look for low cost destinations that have better malpractices law in place. A better malpractice law regime in India would provide comfort to the patients for recourse in case of complications.

**STRATEGIES****1. Policy-Level Prescriptions***i) Focussing on In-Country Healthcare*

Experts opine that healthcare tourism can only be promoted in India through increasing the reputation of India as a country for cleanliness and health-orderliness. There are suggestions from experts to mobilize funds for improving in-country healthcare in India. One such suggestion is to levy a cess on the healthcare tourism revenues of private hospitals / airlines / hospitality services industry, on the lines of the current education cess on taxpayers. Other suggestions include increasing the role of healthcare tourism service providers (especially the hospitals) to cater to the nation's rural healthcare.

*ii) Define and Enforce Minimum Standards for Healthcare Facilities*

At the institutional level, healthcare organizations / wellness centers need to provide sophisticated facilities to improve the quality and overall experience of the patients. This should be supported by the brand-building efforts at government level, seeking accreditation and mutual recognition of standards.

*iii) Need for a Composite Healthcare Tourism Policy*

Government of India has announced, in 2002, a National Health Policy and a National Tourism Policy. While some references have been made in the National Tourism Policy with regard to India's

potential to tap the tourism market using its healthcare skills, including the traditional wellness systems, there is a requirement of specific policy focusing on promotion of healthcare tourism, clearly identifying the roles of various segments of players.

*iv) Stimulate Investment in Healthcare Infrastructure*

In the absence of an appropriate social health insurance, the only option available for insuring the poor against health-associated risk is by providing good quality care in the public hospitals. This would require sizeable investments for strengthening, upgrading and expanding the public health infrastructure in India.

## **2. Stake-holder-Level Prescriptions**

### **a) Government / Industry Level**

*v) Technology Upgradation*

The quality of healthcare delivery is also aptly supported by technological solutions, and investments in software and cutting edge equipments. Since the hospitals in developed countries have greater level of technological leverage, and the foreign patients are accustomed to a number of comforts leveraging the technology, Indian hospitals need to address the issue of upgrading the technology, so that the visiting patients feel at ease.

*vi) Create Cost Effective Facilities*

Low cost solutions are the prime driver of flow of healthcare tourists towards developing countries, such as India. Hence, it is important for Indian players to remain cost competitive, vis-à-vis other developing countries, while improving the quality of healthcare services, leveraging technology. Tie-ups with different players of healthcare or tourism segments and outsourcing of medical logistics would bring down the cost of operations significantly.

*vii) Facilitate Adequate Supply of Quality Manpower*

Healthcare is a labour-intensive service industry. Hence, development of quality healthcare workers as also motivating them is one of the essential components for achieving our national healthcare objectives. In order to cope with the demand for healthcare professionals, it is necessary to increase the number of medical colleges and nursing schools in India.

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*viii) Role of Continuing Education*

The concept of continuing medical education would help the healthcare professionals in updating themselves on the emerging trends in medicine and the ethical issues involved. It is further suggested that there should also be a system of re-registration of healthcare professionals including doctors and nurses with a minimum number of hours of continuing medical education. Many developed countries have such continuing education programmes and re-registration of healthcare professionals.

*ix) Leveraging the Potential and Popularity of Indian Wellness Systems*

Indian wellness systems are gaining a growing attention and acceptance all over the world. India, however, needs to strategically leverage the popularity of its wellness systems, such as Ayurveda and Yoga, while offering healthcare services to travellers. Such an approach would provide huge growth opportunity for healthcare tourism industry in India.

*x) Market Segmentation of Healthcare Skills*

Healthcare tourism is a unique segment of the tourism market where customers have very complex and specific needs. In order to provide customised products / services, market segmentation is necessary for understanding the diverse requirements of customers from various countries and regions. Travellers from countries such as UK and Canada, where the national healthcare system is a predominant service provider, could be targeted to cater to the needs of cosmetic care, as in these countries the national healthcare system supports only critical care needs. Such treatments would also be of interest to travellers from USA or other European countries, where commercial healthcare insurance do not cover such treatments. Similarly, countries such as UK and Canada, where there is a long waiting list for availing healthcare services, could be targeted for marketing emergency procedures. Since these treatments are expensive, the non-insured population from USA and Europe could also become another target segment. Patients from Middle East, Africa and South and South East Asia travel to India seeking hi-tech treatment procedures that are not available in their home countries. In addition, India should actively

pursue niche markets using its popular wellness systems such as Ayurveda and Yoga, and telemedicine services to differentiate itself from the increasingly competitive market landscape.

*xi) Creating Networks for Brand Generation*

It is essential that the Governments (both central and states), industry associations as also the corporates build appropriate networks across the world with relevant stakeholders. This includes common branding of India as a safe, scientifically advanced and cost effective center for healthcare tourism. The Government also has a role in negotiating with its counterparts for recognition of mutual standards and systems, as also for coverage of healthcare expenses incurred in India by the international patients, under the respective national healthcare systems. The corporate sector should strengthen their focus on tie-ups with healthcare establishments and accreditation agencies across the world for knowledge transfer and recognition of quality in deliverables.

*xii) Greater Level of Public-Private Partnership*

Promotion of healthcare tourism is not the sole responsibility of either the Government or the private sector; it should be promoted through a well-defined partnership between the Government and industry. Significant achievements have been attained by the Indian corporate sector in development of healthcare tourism industry in India. However, the role of Government is important, as promoter, regulator and facilitator, for strengthening the initiatives of private sector.

*xiii) Regional collaboration*

Experts have opined that, as in the case of general tourism, healthcare tourism also benefits significantly if cooperation is extended between countries of a region / bloc. The cooperation may be in the form of education, recognition of curriculum, exchange of professionals, experience sharing through training programmes, joint marketing and promotional campaigns. India may consider adopting a regional cooperative framework with Asian countries, such as Thailand, Malaysia, Singapore, Philippines, Sri Lanka, to increase the regional competitiveness in healthcare tourism business.

**b) Firm Level***xiv) Non-Medical Services*

In addition to world-class healthcare services, the establishments are expected to provide non-medical services to the international travellers, who look forward to a total consumer experience. Nonmedical services that may be provided by the hospitals as single channel may include logistic arrangements such as air travel, stay and local transportation, translation, suggestions on tours/sightseeing and the arrangements, outlet for food and beverages for the accompanying persons, and other services that may be expected from a hotel or airline operator.

*xv) Standards Based Price Banding*

Efforts are being taken by the industry, through the Indian Healthcare Federation (IHCF), to work out an indicative uniform price banding of various specialties. While these are indicative packages, the patients should get details related to the categorization of standards of various healthcare establishments vis-à-vis the prices. This would call for standards-based payment systems, which would help enforce the quality in services and provider-accountability.

*xvi) Change from Hospital Centric Approach to Patient Centric Approach*

All over the world, with the objective of reducing administrative costs and thereby to offer healthcare services at minimal cost, hospitals are going towards patient centric systems in which the patient's well-being and the responsibility for his or her own good health are defining treatment and operational policies. Such an approach reduces the cost of premium on liability insurance for the hospitals or malpractices insurance for the doctors.

*xvii) Adhering to Patient Safety Norms*

Many studies have opined that weak systems lead to errors and mistakes in high-risk segments of healthcare services. Both, healthcare and tourism industries need to jointly chalk-out patient safety norms to minimize the risks involved. It is also important to ensure that patient safety is a key component of educational curricula, training programmes and induction schemes for the professionals of both healthcare and tourism industries.

*xviii) Negligence Reporting System*

Provision of healthcare is a complicated, high profile and risk-prone service. The degree of complication or risk profile may vary with the speciality / procedure administered. It is believed that the increasing risk profile could be contained with a proper negligence reporting system that helps improve the learning / correction process. It is also pertinent to understand that reporting systems alone will not be sufficient to improve quality in healthcare delivery. Data generated out of such reporting systems should be analysed to identify areas for improvement.

*xix) Intensive Marketing and Promotion*

While the Government and national tourism promotion agencies would attempt to create a brand image for India or Indian healthcare systems as a whole, it is the responsibility of the players of the industry to have their own marketing and promotional strategies. One promotional model could be direct marketing to patients, through interactive websites, as the patients are increasingly learning more and more about their illness and getting familiarised with the treatment options. Players also need to enlarge their geographical reach through physical presence abroad. Participation in trade shows, exhibitions or health symposiums / workshops would facilitate the players showcasing their expertise.