

Chapter 9

Medical Tourism: A Conceptual Framework for an Innovation in Global Healthcare Provision

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ABSTRACT

The purpose of this chapter is to establish a conceptual model that can potentially fill research gaps in the literature about medical tourism as an innovative concept in global healthcare provision by developing emerging economies as they are providing low cost alternatives in medical treatment at internationally accredited medical facilities to treat patients from developed countries. Major databases such as Ebscohost and Emerald have been used to search relevant literature. The literature on medical tourism is reviewed so as to understand the key drivers of medical tourism as well as research gaps in the existing literature. Three major drivers of medical tourism have been identified, namely cost, waiting time, and perceived quality. Further empirical research is needed to test the conceptual model in order to better understand what drives a decision to engage in medical tourism. This chapter makes three major contributions; firstly, the identification of the medical tourism literature from the service marketing and management perspectives; secondly, to propose a conceptual model representing innovation in medical tourism for global healthcare by developing emerging economies; thirdly, the identification of research gaps in the medical tourism literature through which future research can further the knowledge of why people travel to developing countries for medical treatment.

INTRODUCTION

There is a growing volume of literature studying the globalisation of healthcare provisions in the world where patients from industrialised advanced countries such as USA, UK, Europe, and Australia are making informed decisions and travelling to developing countries such as India, Thailand, Singapore, Malaysia, Mexico, and Poland for the main purpose of undergoing complex medical procedures, and taking advantage of the reduced health-care costs, less waiting time, and first world quality of treatment, along with enjoying a holiday at an exotic destination (Connell, 2006; Horowitz & Rosensweig, 2007; Bies & Zacharia, 2007; Douglas, 2007; Ye, Yuen, Qiu, & Zhang, 2008; Hopkins, Labonte, Runnels, & Packer, 2010; Lunt, Hardey, & Mannion, 2010; Lunt & Carrera, 2010; Brotman, 2010; Stanley, 2010; Ali, 2012; JCI, 2012; Medhekar, 2011; Taleghani, Chirani, & Shaabani, 2011). According to Asian Medical Tourism Association (2009), medical tourism in Asia is expected to be worth US\$4 billion by 2012 and that an estimated 750,000 American patients are expected to travel abroad for healthcare treatment and this number is expected to increase to six million by the end of 2012 (Baliga, 2006; Deloitte, 2008; AMTA, 2010).

The economic impact of medical tourism in developing countries is significant (Bookman & Bookman, 2007). The health and medical tourism industry is sustained by 617 million individuals, at an annual growth rate of 3.9%, generating revenue of US\$513 billion (Carrera & Bridges, 2006). Various studies have reported that the global medical tourism industry was worth US\$20 Billion in 2005 (RNCOS, 2006; Deloitte, 2008). According to RNCOS (2006) report, the total foreign exchange earned through international medical tourism in 2005 by Thailand was US\$915 million from 1000,000 medical tourists, India US\$333 million from 180,000 medical tourists, Singapore US\$915 million from 350,000 medical tourists and Malaysia 40 million from 400,000

medical tourists. Further, a total of nearly 1.9 million medical tourists visited Asia in 2005 (RNCOS, 2006, pp.13-14). Medical Tourism in Asia is expected to be worth US\$4.4 billion by the end of 2012 (AMTA, 2010), and globally it is worth US\$60 billion annually. The Confederation of Indian Industry (CII) estimates that medical tourism in India in 2005 was worth over US\$310 million, and the market is predicted to grow to US\$2 billion by 2012 (MacReady, 2007).

According to Havighurst (2008), the high cost of health insurance, medical treatment, elective surgery, and long waiting times that affect domestic patients in developed countries like the USA and the UK have spawned a “most startling of sort of innovation in health care service delivery: so called medical tourism: or the taking of serious, potentially high-cost health problems to very low-cost but competent providers in countries as far away as India and Thailand” (Havighurst, 2008, p. 1342). This has thus given birth to creative innovation in health care delivery to international patients who are under-insured, uninsured, and/or cannot wait in the queue for elective surgery, and thus make a decision to travel abroad for treatment in order to reduce pain and improves their quality of life.

Historically, the affluent patients in developing countries travelled abroad to developed countries for complex surgeries, due to non-availability of treatment in their home country, for example from India to USA. However, this situation has now been reversed. Medical patients are now travelling from USA, UK and Canada to the emerging economies of Asia, South America and Eastern Europe for medical treatment. This is somewhat similar to, though not straight analogy, to international trade in goods and services where major manufacturing companies from developed countries have relocated or outsourced production and service maintenance to developing countries, such as China, India, Vietnam, Mexico, Malaysia and Bangladesh, due to the lower cost of production and economies of scale. For example: textile, clothing, footwear, electronic goods, computer

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