

Chapter 2

Medical Tourism or 'Medical Examination and Treatment Abroad': An Economic Study of the Phenomenon

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ABSTRACT

Medical care has traditionally been supported within a framework of public welfare within national borders. However, it has recently expanded beyond this, reflecting the globalization of medicine and the private health care insurance business. Medical tourism is not an appropriate description, because those who travel are mostly patients, not tourists looking for leisure. Medical tourism is more properly termed 'travel for medical examination and treatment abroad', or 'international patient business', from a supply-side economics point of view. This chapter considers the emerging international medical tourism niche market from the economic angle. First, it reviews the nature of transnational treatment based on the quality and costs of services. Second, the regulatory framework is examined. Private healthcare services are often considered as a competitive market. However, how to monitor and assure the quality/safety of private healthcare abroad is a crucial issue, as much as price and delivery of services.

THE SLIPPERY (ECONOMIC) NATURE OF MEDICAL TOURISM

Medical care and the wider framework of healthcare has traditionally been supported within a framework of state (public) welfare within national borders. However, medical examination and treatment abroad has recently expanded beyond national borders, reflecting the globalization of the world, which includes the international expansion of private health insurance business (Connell, 2013; Hall, 2013). The term,

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Medical Tourism or 'Medical Examination and Treatment Abroad'

'medical tourism' does not seem appropriate in this context, because those who travel internationally are patients, not tourists for shopping and a pleasurable holiday. Thus, medical tourism should perhaps be described (at least economically) in a different way; the term *medical examination and treatment abroad*, or *cross-border patient business* makes more sense from a supply-side economics point of view.

The physical presence of various medical services in a country or region have ceased to be of decisive character in recent years; offshoring and outsourcing are generally expanding, at least for some patients. The health care sector in any nation is generally full of specific localized regulations, however, because of its complicated nature. Medical practitioner licenses are only accepted between countries in a few cases, such as between UK and the Commonwealth countries, thus 'normal' medical care is basically domestic residential medical care. In this context, monitoring and assuring the quality/safety of the private sector as well as the public sector is a crucial issue, which also includes pricing and quality issues (Connell, 2013; Hall, 2013). Medical examination abroad may be much more feasible, when compared with actual medical treatment, although this is changing with the advent of more sophisticated and secure patient data sharing (Chapter 13, this volume). However, medical tourism is expanding, despite these complex conditions. It was estimated in 2009 that more than 4 million patients cross national borders each year (Velasco, 2008). The value of these flows amounted to US\$40 billion (Smith, Lee, & Drager, 2009). The major destination markets in South-East and South Asian were visited by about 3 million health travelers (Velasco, 2008) at this time. This reflects a considerably globalized business expansion, which also included the international expansion of the private health insurance business (Khoudry, 2009).

As Lunt, Smith, Exworthy, Green, Horsfall, & Mannion (2011) note, the consumption of health care in a foreign land is not a new phenomenon, and developments must be situated within an historical context. Individuals have travelled abroad for health benefits since ancient times. During the 19th Century in Europe for example there was a fashion for the growing middle-classes to travel to spa towns to "take the waters" (Erfurt-Cooper & Cooper, 2009), which were believed to have health-enhancing qualities. During the 20th Century, wealthy people from less developed areas of the world travelled to developed nations to access better facilities and highly trained medical personnel. However, the shifts that are currently underway with regard to 'medical tourism' are quantitatively and qualitatively different from earlier forms of health-related travel (Lunt, Smith, Exworthy, Green, Horsfall, & Mannion, 2011, p. 6). The key differences are a reversal of this flow from developed to less developed nations, more regional movements, and the emergence of an international market for patients. The key features of the new 21st Century style of medical tourism are summarized by Lunt, Smith, Exworthy, Green, Horsfall, & Mannion (2011) as being:

- The large numbers of people travelling for treatment;
- A shift towards patients from richer, more developed nations travelling to less developed countries to access health services, largely driven by low-cost treatments, and helped by cheap flights and the increasing use of internet sources for information;
- Investment in new enabling infrastructure – affordable and accessible travel, the spread of quality medical infrastructure and personnel, and the development of ways to make information readily available over the internet; and
- Industry development: both the private business sector and national governments in both developed and developing nations have been instrumental in promoting medical tourism as a potentially lucrative source of foreign revenue.

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