

How to Promote International Medical Tourism in Southeast Asia

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Abstract

There is a growing trend in the internationalization of medical services in Southeast Asia. The source and fluctuation of international patients in Singapore from 1993 to 2002 are analyzed and discussed. It has been determined that the quantity of international medical services provided by hospitals in Singapore was affected by multiple factors, including the change of overall economic environment, medical techniques, medical quality, and geography.

INTRODUCTION

The General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) requires member countries to open a certain range of public services, including medical care. As a result, many countries have extended their medical service market to several other countries. There are several factors which account for the formation of medical tourism. These include relatively cheaper medical cost than that available in the home country, better quality of treatment, increased insurance, and even less waiting hour.

In "Medical Tourism in Developing Countries," (Bookman, 2007) the scale of international medical service market was estimated to more than 19 million person-time in 2005 and valued up to 20 billion USD. It is forecasted that by 2010 the market will grow to 40 million person-time, with a value of 40 billion USD. In Asia, Singapore provided medical care to 270,000 foreign patients in 2004, 400,000 in 2005, and this number will exceed the 1 million mark by 2012, with related income reaching 3 billion USD. In Malaysia, foreigner patients increased from 70,000 (2000) to 100,000 (2004), which accounted for a revenue of about 190 million USD. A similar trend is present in Thailand, with 730,000 foreigner patients having contributed 20 billion Baht to the country's revenue in 2003. Two years later, this value increased by 16% (23 billion Baht). India, on the other hand, has been receiving 150,000 foreigner patients, with an annual growth rate of 33.3% and a revenue of more than 1 billion USD. As for Taiwan, the "Flagship Project for Promoting International Medical Tourism" was approved in the No.

3049 conference of the Executive Yuan. This project is expected to promote the low-cost but high-quality medical service offered by the country to the global market. Specifically, it targets 100,000 foreigner patients who are expected to contribute about 7 billion NTD to the revenue of Taiwan in a span of three years.

With high expectations on the benefits of international medical tourism, governments in Southeast Asia are intent on promoting activities related to this area. It is within this context that this study is carried out. It is hoped that an analysis and discussion on international patients who received medical service in Singapore from 1993 to 2002 can serve as a useful reference to relevant parties.

INTERNATIONAL PATIENTS IN SINGAPORE: 1993 TO 2002

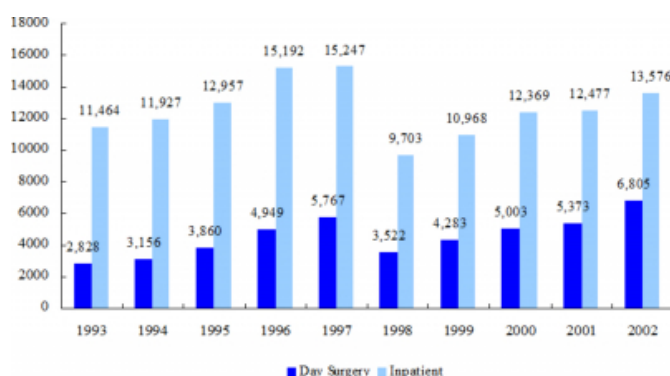
This report is based on a survey conducted by the Ministry of Health on foreigners who came to Singapore from 1993 to 2002 mainly to receive medical service, and not for other purposes. The participants in this survey do not include foreigners working in Singapore.

Two issues served as basis for the analysis in this study: timing and type of medical services. The time-based analysis was applied on the number of foreigner patients five years before and after the 1997 Asian Financial Crisis. As for the analysis based on the type of medical services, the number of foreigner patients who received day surgery and the inpatients were discussed. Prior to the Asian Financial Crisis (1993 to 1997), there was a 24.7% annual increase in the number of foreigner patients who received day surgery and

8.6% in the case of inpatient foreigners. In 1998, a year after the said crisis, the number of patients lined up for surgery and for inpatient medical care declined by 38.9% and 36.4%, respectively. However, five years after, the number of patients in both categories increased by 18.1% and 8.9% each year (Chart 1).

Figure 1

Chart 1: 1993-2002 Foreign Patient Day Surgery and Inpatient in Singapore



Source: Trends in Foreign Patient Admission in Singapore, MOH Information Paper.2003/01

This fact suggests that the trade volume of international medical tour was affected by the changes in economic environment.

Furthermore, Indonesia and Malaysia proved to be the largest sources of international patients in Singapore, as shown in Tab.1. From 1993 to 1997, the share of Indonesian and Malaysian patients in the international medical tour market was 56.0% and 24.7%, respectively. Their total share (80.7%) was much larger than that of American or Canadian (3.4%), and British (1.1%) patients.

From 1998 to 2002, the share of Indonesian and Malaysian patients was 48.5% and 22.4%, respectively, with a total being 70.9%. Although the share was similar to that during the 1993 to 1997 period, the absolute number of patients was much greater. Patients from the USA, Canada, and Britain increased in both number and share, but formed only a minor part of the entire international medical tour market in Singapore. This change is considered related to the impact of the Asian Financial Crisis, during which period, the exchange rate between Singapore Dollar and USD dropped by 13%. Consequently, patients from the USA, Canada, Britain, New Zealand, and Australia found it much cheaper to receive medical care in Asia than in their own countries. Indonesia, Malaysia, Thailand, and South Korea suffered the

greatest during the Asian Financial Crisis. To illustrate, the share of Indonesian and Malaysian patients in Singapore's medical tour market decreased by 57.1% and 26.0%, respectively in 1998 as compared with that in the preceding year. The share recovered gradually after the crisis appeared many years later.

Figure 2

Table 1: Day Surgery Average Growth: 5-Year Average

Day Surgery	1993-1997		1998-2002		Change in Market Share	Change in Number of Patients
	Market Share	Number of Patients	Market Share	Number of Patients		
Indonesian	56.0%	2,312	48.5%	2,470	-7.5	+158
Malaysian	24.7%	1,007	22.4%	1,084	-2.3	+77
Brunei an	1.5%	59	1.6%	78	+0.1	+19
Filipino	0.5%	21	0.9%	46	+0.4	+25
Thai	0.2%	9	0.2%	10	+0.0	+1
American or Canadian	3.4%	138	4.6%	227	+1.2	+89
British	1.1%	44	2.5%	130	+1.4	+86
Japanese	0.5%	21	0.9%	47	+0.4	+26
HongKonger	0.2%	10	0.3%	13	+0.1	+3
Taiwanese	0.2%	8	0.2%	8	+0.0	+0
Korean	0.3%	11	0.1%	3	-0.2	-8
Australian/New Zealander	0.9%	37	1.6%	79	+0.7	+42
Indian/Pakistani/Sri Lankan	2.1%	86	2.8%	129	+0.6	+43
Other nationalities	8.3%	344	13.5%	670	+5.3	+326
Total	99.9%	4,107	99.9%	4,994		+887

Source: Trends in Foreign Patient Admission in Singapore, MOH Information Paper.2003/01

The number of foreigner patients who received inpatient care is similar with those who received surgery (Tab.2).

Indonesia and Malaysia are the two main source countries. Although the USA, Canada, New Zealand, and Australia are also important source countries, patients from these countries are fewer than those from Indonesia and Malaysia.

A neighboring nation to Indonesia and Malaysia, Singapore benefits a great deal from its geographical location. Patients from these two countries will find Singapore more accessible in providing medical service to them. In addition, the USA, Canada, India, New Zealand, and Australia, being English-speaking countries like Singapore and sharing similar British culture with Singapore, also serve as important source countries of international patients.

Figure 3

Table 2: Inpatient Average Growth: 5-Year Average

Inpatient	1993-1997		1998-2002			
	Market Share	Number of Patients	Market Share	Number of Patients	Change in Market Share	Change in Number of Patients
Indonesian	48.8%	6,555	43.9%	5,230	-4.9	-1,325
Malaysian	25.7%	3,391	19.4%	2,270	-6.3	-1,121
Brunei an	1.1%	152	1.5%	181	+0.4	+29
Filipino	2.0%	262	1.7%	193	-0.3	-69
Thai	0.2%	28	0.5%	56	+0.3	+28
American or Canadian	3.1%	406	4.2%	500	+1.1	+94
British	1.3%	169	3.1%	376	+1.8	+207
Japanese	1.1%	148	2.2%	265	+1.1	+117
HongKonger	0.3%	38	0.2%	23	-0.1	-15
Taiwanese	0.2%	27	0.2%	23	-0.0	-4
Korean	0.2%	31	0.1%	13	-0.1	-18
Australian/New Zealander	1.1%	145	2.1%	251	+1.0	+106
Indian/Pakistani/Sri Lankan	2.3%	304	3.1%	371	+0.9	+67
Other nationalities	12.6%	1,692	17.7%	2,058	+5.2	+366
Total	99.9%	13,348	99.9%	11,810		-1,538

Source: Trends in Foreign Patient Admission in Singapore, MOH Information Paper.2003/01

CONCLUSION

Based on the analysis of international patients in Singapore from 1993 to 2002, these conclusions were drawn.

1) It is necessary to clearly define the equation for calculating the trade volume of international medical tour. The medical service trade can be divided into four categories: cross-border supply, consumption abroad, commercial presence, and presence of natural persons. The data collected by official organization in Singapore, which was referred to in this report, is in fact under the "consumption abroad" category.

Singapore has been providing international medical service for more than 15 years, and the volume of service increases year by year. The number of international patients reached its highest in 1997 and in 2002. Specifically, 5,767 and 6,805 for those received surgery and 15,247 and 13,576 for those who were provided inpatient service. In average, the volume of medical service trade is about 20,000 for each year.

In 2002, the number of international patients was less than 270,000, the number predicated in 2004 by Bookman. This gap makes people doubt the correctness of the equation used by the organization in calculating the number of

international patients.

2) International medical tourism is significantly affected by the overall economy. This conclusion is supported by the decrease in the number of patients from Indonesia, Malaysia, Europe, and the US. Correspondingly, the general populace suffered depreciation of currency during the Asian Financial Crisis.

3) Relatively high level of medical technique and quality of medical service are important conditions for promoting international medical tour. Data on international patients in Indonesia and Malaysia are not available yet. However, according to an evaluation on global medical service level made by the World Health Organization in 2004, Singapore's medical service ranked first in Asia and sixth in the world. Compared with Indonesia and Malaysia, Singapore is more advanced in the field of medical care.

4) Geographic location and traffic conditions are also factors affecting international medical tour. Singapore's medical service ranks first in Asia. Given this, the country signed a visa waiver agreement with many countries, thus making it very convenient for international patients to enter Singapore. However, considering the fact that most international patients are from Indonesia and Malaysia, which are near Singapore, it is reasonable to conclude that international medical tour is still affected largely by proximity.

SUGGESTIONS

The "internationalization" of Singapore's medical service, whether this is overestimated or not, can be defined as the expansion of the range of medical services and the meeting of the demands of various consumers. Based on the cited factors, change of overall economy, medical technique and quality, geographic location, and traffic conditions, the following suggestions are made.

1) Overall economy: Depreciation of US dollar and appreciation of Asian currencies, as well as increase in travel cost due to shortage of energy, can all contribute to a decline of consumption abroad by international patients in countries where US dollar is the main currency. However, in this case, European Union, New Zealand, Australia, and other countries where the main currency is not US dollar, can be considered as target areas for international medical tour.

2) Medical technique and quality of medical service: In international medical tour, medical care is the product, wherein sales depend on its quality. To promote

international medical tour in Singapore, it is necessary to maintain high quality of comprehensive or special medical services.

3) Geographic location and traffic conditions: Singapore neighbors to Indonesia and Malaysia, in which land, air, and marine transportation options are readily available. As previously mentioned, Indonesia and Malaysia are the two main source countries of international patients in Singapore. It cannot be said with certainty whether or not the volume of trade of medical tour will be affected if Singapore provides medical service to other island-type regions or countries, such as Taiwan and Philippines. Whatever the result will be, it is suggested to consider first those countries that are nearer.

Lastly, the merits of international medical tour are based on relatively higher level of medical service and quality. It can also be affected by distance and accessibility. The achievements of Singapore in this area largely depends on Indonesia and Malaysia, since the three countries neighbor

to each other and share similar background on politics, economy, culture, and customs. In fact, with these many similarities, the three countries can be considered as one region. In other words, the said international medical tour can simply mean receiving medical care on the other side of the border. It is not precise to say “crossing the border” as the trend discussed does not entail going over long distances just to receive better alternatives in receiving medical care.

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