

A SLICE OF THE ACTION

THE ASIAN HEALTH MARKET IS PROJECTED TO BE WORTH \$600 BILLION IN THE NEXT FIVE YEARS AND PARLIAMENT IS EXAMINING WAYS AUSTRALIA COULD GET A CHUNK OF THAT MEDICAL TOURISM PIE.

Story: Andrew Dawson

As medical costs skyrocket in most western countries, hundreds of thousands of North Americans, Europeans and Australians are taking themselves overseas for surgery in modern world-class hospitals in Thailand, Singapore, Malaysia and India. They are seeking anything from open heart surgery to breast implants.

Each year the 750 doctors at the internationally accredited Bumrungrad Hospital in Thailand undertake nearly half a million operations on 400,000 foreign patients from more than 150 countries. The majority are uninsured patients from the United States seeking first world medical treatment by Western-trained doctors at developing world prices.

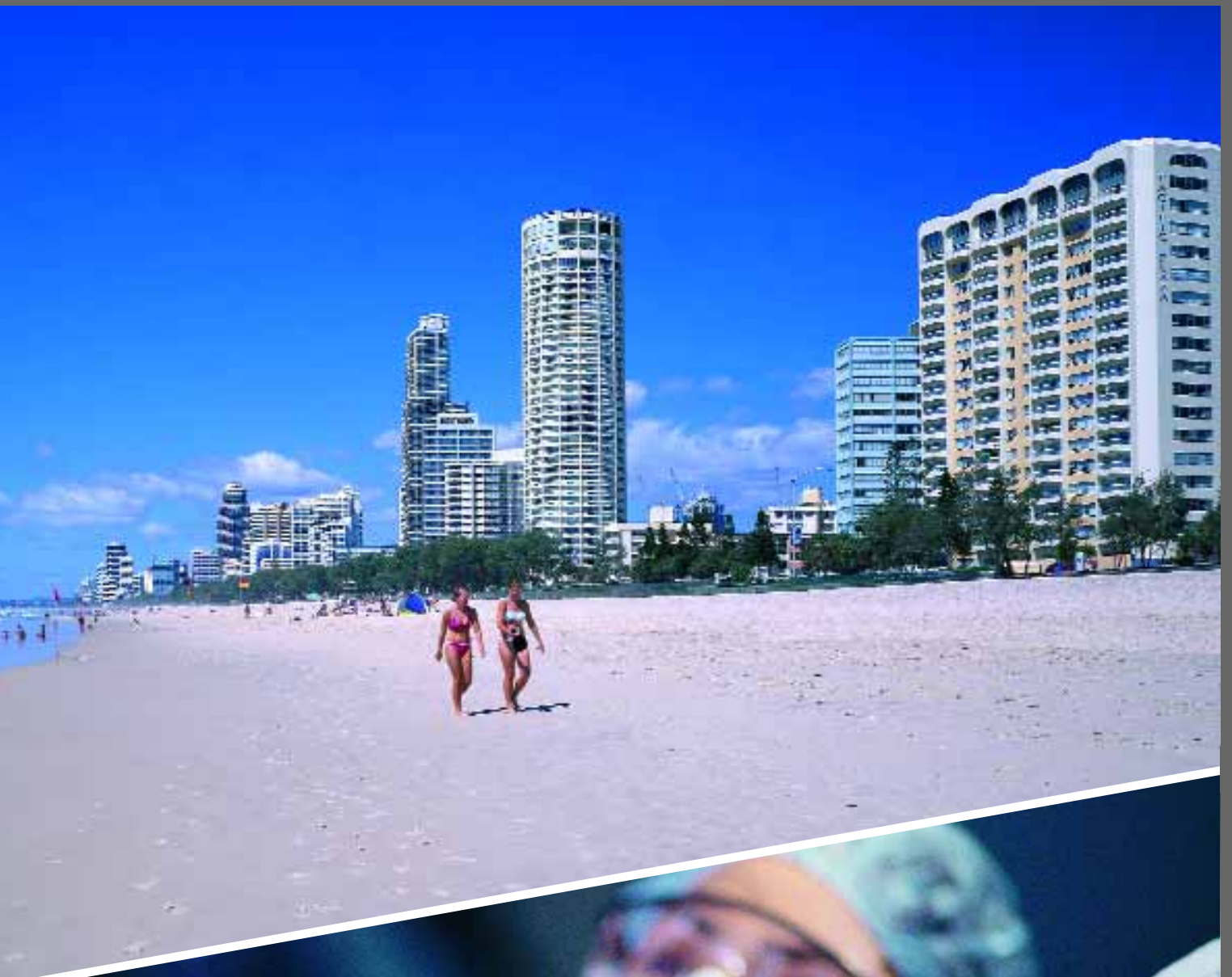
Despite the lure of lavish medical care in exotic locations, it's more the affordable prices for surgery with no waiting lists that are attracting so many cash-strapped North Americans and Europeans to hospitals across Asia. For example an angioplasty operation that costs more than \$US50,000 in America may cost as little as

\$US6,000 in India. In Thailand a heart bypass may be \$US15,000, a hip replacement \$US9,000, cataract surgery \$US500 per eye and \$US350 for a dental crown—all a fraction of the costs in America. When fixing a herniated disc in the neck can cost up to \$US90,000 in the US but less than \$US10,000 in Thailand, it's little wonder so many are travelling so far for treatment.

Thailand's lower labour costs enable Bumrungrad to employ more staff to provide a gilt-edged service for its foreign patients. The hospital also uses limousines to pick up its patients from the airport. The patients then recover from their operations in five-star hotel-like accommodation.

The House of Representatives Economics Committee has been investigating medical tourism as part of its inquiry on the future directions of Australia's service industries. The Australian Health Export Industry Council's business development director, Brett Wilson, told the MPs it was time Australian medical services and private hospitals began tapping into an Asian health market projected to be worth a staggering \$600 billion in the next five years. An economic study shows if Australia were to gain a three per cent share of the Asian health care market, it would yield \$6.9 billion in five years, made up of \$2.4 billion in associated tourism and \$4.5 billion medical and health-related services.

The committee wants to know how the federal government can assist Australian companies gain a bigger slice of that billion-dollar pie.



“Certainly Thailand and India represent significant cost savings over conventional Western medical destinations, but with that comes elements of risk.”

“Health tourism is growing in Australia,” Brett Wilson says.

“It is unrealised potential because Australia has a surplus capacity, particularly in our private hospital sector, to service a number of our near northern neighbours in the provision of health services. We have identified a number of markets to the north, particularly Singapore, India and Thailand, which are very aggressively pursuing the development of their own medical tourism industries.

“Australia could put their hand up and try to compete for even a very small share of that ... we are now experiencing patients coming from Asia and overseas having surgical interventions in our private hospitals.”

Mr Wilson admits while it will be a challenge competing against the low costs of such huge purpose-built tourist hospitals as Bumrungrad or the Apollo chain of hospitals in India, Australia can trade on an international reputation for quality medical outcomes at affordable prices in most fields.

“Certainly Thailand and India represent significant cost savings over conventional Western medical destinations, but with that comes elements of risk,” he says.

“For example pathology and post operative complications would be two of the areas of reasonable concern. We are fortunate enough in Australia to have highly regarded first world medical service provisions. Australia is a great innovator in bio-medicine and has a long history of delivering high quality health services to a range of international patients, as well as to our own domestic market.

“We certainly have a first world health system. We have a highly developed system with high quality pathology services, with great levels of expertise in most fields on the international stage.”

Besides medical safety, Australia can compete on price too.

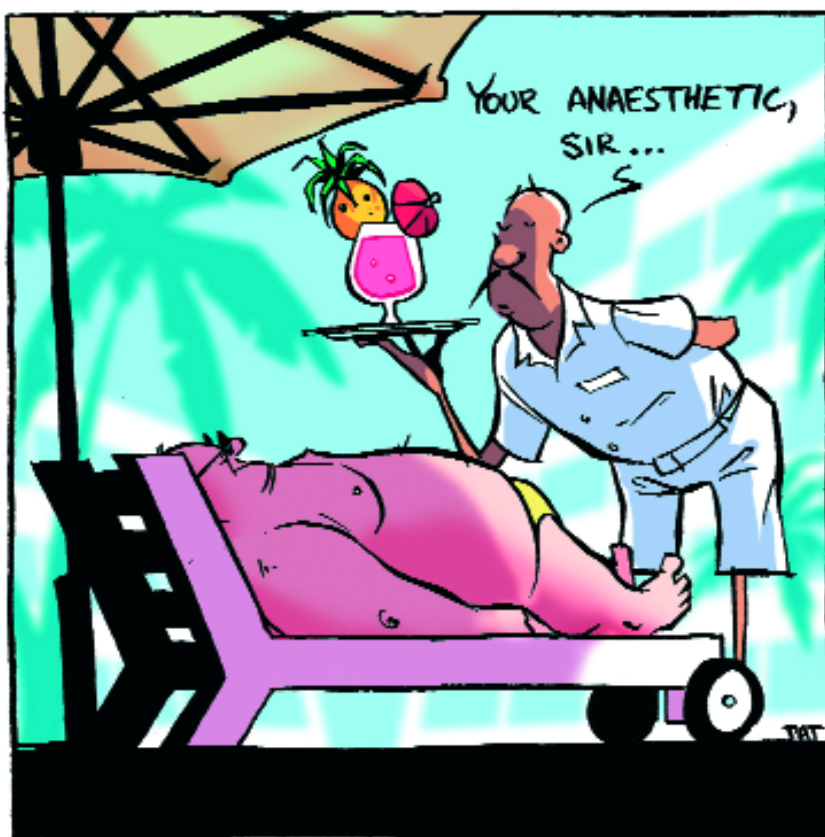


Illustration: Pat Campbell

“We would probably look at where we have a comparative price advantage over other Western medicine practitioners, namely the United States, in the areas of cardiology; bariatrics, which is abdominal lap banding; and IVF and other fertility assistance programs, where we are 50 per cent to sometimes 70 per cent better placed in terms of our comparative pricing to the offering in the US service provision. These are fields of medicine that are very appealing to a growing medical tourism marketplace.

“As emerging economies like India and China grow their middle class, they will begin looking further afield to Australia. Geographically Australia can offer its services as the nearest Western medical experience for Asians.”

Mr Wilson believes the cultural similarities between Australia and America may also help attract more American patients in coming years.

“When an American is confronted with the option of travelling to Asia or travelling to Australia for some surgical intervention, the sentiment seems to be that there would be less

of a cultural obstacle travelling to Australia and Australia still represents a cost saving.”

At a tourism roundtable in Sydney hosted by the House Economics Committee, the managing director of the Australian Tourism Export Council, Matthew Hingerty, agreed Australia needs to develop a viable medical tourism sector.

Mr Hingerty sees potential for a huge economic gain if the government can assist with the international marketing of Australia's fledgling medical tourism industry. The tourism council and Australian Health Export Industry Council believe more than \$6 million in government assistance will be needed to help grow this niche market.

“The sector requires government assistance, as has been the role of governments in the region,” Brett Wilson says. “Since 2003 Singapore has injected some \$2 billion to their biomedical and health tourism marketplace in order to grow Singapore as a more recognised health hub in the Asian region.

“India are investing heavily. They are looking at revenues of over \$2 billion in the next few years

through their investment in the Apollo hospitals—some 28 hospitals catering predominantly to US patrons but also taking market share from the South East Asian region.”

Dr Liz Fredline from the Service Industry Research Centre told the committee at a tourism roundtable in Brisbane that she could not find any evidence of a significant increase in people coming to Australia for medical procedures. She says an international visitor survey revealed there had been a substantial decline since 2000 in the number of people coming to Australia who state that their purpose is for a medical procedure.

“The evidence is all in the opposite direction,” Dr Fredline says. “There are going to be a lot of people travelling outbound for medical tourism because Asian countries can compete on price, which Australia is not necessarily in a position to do. But we may be able to position ourselves as a very high-quality medical tourism destination to a few high yield visitors.”

Mr Wilson admits the fragmented Australian medical tourism industry is still in its infancy and therefore has a very low profile in the global marketplace.

“Doctors work as sole operators or in a small partnership,” he says. “What we have been doing over the past six to eight months is bringing together some of these partnerships, some of these specialised skills with the private hospitals and the practitioners—the image clinicians, the pathologists—to be able to deliver a combined service that the international market desires.”

The chief executive of the Gold Coast Tourism Corporation, Pavan Bhatia, told the committee about promoting the Gold Coast overseas as a cosmetic surgery destination. Mr Bhatia says the city council has been working with local doctors and surgeons on how to make the Gold Coast the medical tourism capital of Australia. Already the region’s medical practices, hospitals and hotels are jointly marketing themselves overseas in Japan, South East Asia and the Pacific.

“The model they have in mind is Singapore, which is very successful in

attracting medical tourism on the back of which there is the serviced apartment product, built 10 years ago, for long stays and extended stays,” Mr Bhatia says. “Their target market continues to be Asia—Indonesia, Malaysia, etc. That is a model because of the weather proposition on the Gold Coast. Research says that with surgery—cosmetic and other—which requires a lot of recuperating time, people do not want to go back home and be within their society. They would rather get away, particularly with nose jobs, I am told.”

Mr Wilson believes Bumrungrad is another example of how Australian medical services should be marketing themselves overseas. Australian private hospitals can promote the areas of medicine where they enjoy significant price advantages over their counterparts in the United States.

“We are fortunate enough in Australia to have highly regarded first world medical service provisions.”

He says while Australia is competitive with the US for orthopaedic surgery such as hip and knee replacements, many of these remain cheaper in Thailand and India.

Asian countries have been taking great strides over the past decade to develop their medical tourism industry, according to the industry council.

“Our northern neighbours have recently grown their respective health industries and are focusing more on international marketplaces,” Mr Wilson says.

“I think it is fair to say that already the Australian health industry competes internationally for skilled resources in the area of physicians, nurses and doctors in any event. In order to secure the quality and diversity of our own domestic service provision, we need to look at competing in an international marketplace.”

Joel Fitzgibbon (Member for Hunter, NSW) raised concerns at the roundtable about the risks of surgeons becoming too busy operating on overseas patients at the expense of Australians and what effect, if any, this may have on public health waiting lists.

Mr Wilson told the committee there was room for both.

“That criticism ignores the fact that we already compete internationally for the skills and services of those surgeons, and that is likely to increase dramatically in the near term as governments which are investing billions of dollars in this particular category look at how they are going to grow their own jurisdictions as competitive health hubs,” he says. ■

For more information about the House Economics Committee’s inquiry on the future directions of Australia’s service industries, visit www.aph.gov.au/house/committee/efpa/services or email efpa.reps@aph.gov.au or phone (02) 6277 4587.



Bumrungrad hospital in Thailand. Photo: Q Weekend