HEALTH TOURISM

SOME LESSONS FOR EMERGING COUNTRIES THAT SEEK ENTRANCE TO THE GLOBAL HEALTH TOURISM INDUSTRY: THE CASE OF SRI LANKA

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This paper reviews the trend in the global medical tourism industry and studies the experience of four Asian countries – India, Malaysia, Thailand, and the Philippines – which have embarked on developing a medical tourism industry within the last decade and earlier. The paper tries to extract lessons and best practices for another Asian country, Sri Lanka that holds vast potential in medical tourism and wellness tourism as well given its traditional knowledge of ayurvedic treatments. It concludes with the role that international organizations and in particular the International Trade Centre (ITC), whose mandate is to foster sustainable economic development in developing countries and economies in transition through trade and international business development, can play in helping developing countries with medical tourism potential grow their own domestic capabilities and join the global industry.

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English

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Contents

Acronyms or Abbreviations

The following abbreviations are used:

ACSHI	Australian Council on Healthcare Standards International
BHU	Banaras Hindu University
CII	Confederation of Indian Industry
DOH	Department of Health
DOT	Department of Tourism
FDA	Food and Drug Administration
GMP	Good Manufacturing Practices
GDP	Global Domestic Product
ILO	International Labour Organization
ITC	International Trade Centre
ISO	International Standards Organization
ISQUA	International Society for Quality in Healthcare
JCI	Joint Commission International
MATRADE	Malaysia External Trade Development Corporation
MDA	Malaysian Dental Association
MHTC	Malaysia Healthcare Travel Council
MIDA	Malaysia Investment Development Authority
MSQH	Malaysian Society for Quality and Health
NABH	National Accreditation Board for Hospitals and Healthcare Providers
OECD	Organisation for Economic Co-operation
OIC	Organization of Islamic Conference
PMTP	Philippine Medical Tourism Program
PPP	Public-Private Partnership
R&D	Research and Development
SPS	Sanitary and Phytosanitary
SRI	Stanford Research Institute
TBT	Technical Barriers to Trade
UNCTAD	United Nations Conference on Trade and Development
UNWTO	United Nations World Tourism Organization
WTO	World Trade Organization

Executive summary

This paper reviews the trend in the global health tourism industry (mainly medical tourism) and analyses the experience of four Asian countries – India, Malaysia, Thailand, and the Philippines – which have embarked on developing this industry within the last decade and earlier. The paper aims at drawing lessons for other emerging economies such as Sri Lanka, a South Asian island country that holds vast potential in medical tourism, because of its highly trained medical specialists, and in wellness tourism as well given its traditional knowledge of ayurvedic treatments.

The study covers health tourism which encompasses both medical tourism (based on Western medicines) and wellness tourism (based on traditional therapies such as Ayurveda). The literature refers to medical tourism as the act of travelling to foreign countries to seek "Western-style" medicine's treatments and procedures (elective surgeries such as cosmetic dental and plastic surgery as well as specialized surgeries such as knee/hip replacement, cardiac surgery, cancer treatments, fertility, orthopaedic therapy etc.); wellness tourism, instead, refers to authentic or location-based experiences/therapies such as Yoga, Ayurveda, use of local medicines etc.

Medical tourism falls under Mode 2 of services export (as per the General Agreement on Trade in Services concluded in the framework of the World Trade Organization) which involves the movement of people to the country where the services are provided. A country that offers medical tourism services to foreign patients, the "destination country" is, therefore, the "exporter" while the patient's "home country" becomes the "importer" of the service.

Regarding tourism (including both medical and wellness), developing countries have a clear revealed competitive advantage. The industry is already a strong foreign exchange earner: for many developing countries, including least developed countries, tourism is the most important services export. New efforts need to be made to help countries go up the value-chain into repeat business and longer length of in-bound tourist stays.

The purpose of this paper is first, to provide ITC and its partner countries with a better understanding of the health tourism and in particular medical tourism current trends in Asia, its major challenges and opportunities. Second, to compile lessons learnt and highlight best practices based on concrete experiences of selected Asian countries. Third, to provide ITC with an innovative approach to develop and promote a customized technical assistance expertise on medical tourism. This approach will guide ITC's intervention in countries with high export potential such as Sri-Lanka.

Sri Lanka has the potential to become a health tourism leading destination in Asia. Through its Tourism Development Strategy 2011-2016 prepared by the Ministry of Economic Development, there is an urgent need for "The Sri Lankan tourism industry to think beyond traditional boundaries and be actually involved in product development to make visits exciting for the tourist and to position Sri Lanka as unique". The Strategy has set a target of attracting 2.5 M "high spending tourists" by 2016 (against 650,000 in 2010). In order to achieve this objective, Sri Lanka has to develop and add into its current tourism package, a niche product: health tourism, which comprises of medical tourism (based on Western medicines) and wellness tourism including traditional medicines such as ayurvedic treatments.

Even though Sri Lanka comparative advantage is first on wellness tourism (with ayurvedic treatments), the country will not neglect the development of medical tourism based on Western medicines.

1. Overview of Medical Tourism Industry

1.1. Definition and data issues

There is no general consensus on the definition of medical tourism. Some definitions are broad. For example, Deloitte (2008) defines medical tourism as the "act of travelling to another country to seek specialized or economical medical care, wellbeing and recuperation". Such definition may be interpreted as including travel that seeks to enhance personal health and wellbeing, including through authentic and location-based therapies.[1] The latter, known as wellness tourism, is sometimes included in a broad definition of medical tourism industry, thus some studies use the term medical and wellness tourism instead of medical tourism alone. Other definitions are much narrower, considering only travels for the purpose of receiving treatment for a disease, ailment or medical procedure.

One possible clarifying distinction between medical and wellness tourism is the following[2]:

Figure 1. Distinction between medical tourism and wellness tourism

Medical Tourism	Wellness Tourism
Medical tourism involves people who travel to a different place to receive treatment for a disease, an ailment, or a condition, or to undergo a cosmetic procedure, and who are seeking lower cost of care, higher quality of care, better access to care or different care than what they could receive at home.	**Wellness tourism** involves people who travel to a different place to proactively pursue activities that maintain or enhance their personal health and wellbeing, and who are seeking unique, authentic or location-based experiences/therapies not available at home.
Medical tourist: Generally ill or seeking cosmetic/dental surgical procedures or enhancements.	**Wellness tourist:** Generally seeking integrated wellness and prevention approaches to improve their health/quality of life.

Source: Global Spa Summit, 2011

In practice, the lack of common definition of the phenomenon leads to inconsistent and variable country data (see Table 1). Some countries treat medical tourists as only those travelling for specific medical treatment, while others include in their medical tourism data also those who seek spa and wellness. Other countries include business travellers and holiday makers who fall ill while abroad and are admitted to the domestic hospital, as well as expatriates who access healthcare in the country where they are temporarily residing in their data of medical tourism information while other countries exclude them.[3] Various countries also draw the line differently, on whether to include or exclude cosmetic and dental surgery in the data, let alone spa and wellness travellers.

Hospital data, an important source of countries medical tourism data are also differently gathered and reported. For example, Thailand's Bumrungrad hospital count medical tourists in terms of number of visits for various procedures while other hospitals report their count in terms of number of admitted patients (or "inpatients"). The lack of common industry definition and data collection standard lead to very bloated numbers in some countries and lack of real data of medical tourists and medical tourism receipts that can be used for proper comparison and analysis.

[1] Global Spa Summit (2011).

[2] Global Spa, "Wellness Tourism and Medical Tourism: Where do SPAs fit?", 2011

[3] See, for instance, Medical Tourism Numbers Game Part 2, http://www.imtj.com/articles/2011/blog-medical-tourism-numbers-game-part-two-40163/for a discussion of many of the definition and data problems.

Table 1. Data implications of various definition of medical tourism

Definition	Coverage	Data applications
Narrow	Only medical travel for specific medical procedures, even excluding elective cosmetic surgery	Fewer number of medical travellers; Number of medical tourists may still depend on whether based on admitted patients by hospital or number of procedures done on medical tourists
Broad	Medical travellers as above, plus those travelling for spa and wellness, as well as cosmetic procedures	More number of medical tourists may be reported; Number may still vary depending on whether admitted patients or number of procedures is used to count the number of 'medical tourists'; Count may include expatriates living in the country as well as tourists who fall ill while travelling in the country and are admitted in domestic hospitals

Source: Collected by author from various sources.

Given the lack of common 'official' definition and boundary of medical tourism industry, various studies have arrived at various estimates of medical tourists and medical tourism receipts. For example, a 2008 study by McKinsey puts the number of annual inpatient medical travellers at 60,000 to 85,000 (Ehrbeck and others, 2008), while Deloitte (2008) estimated 750,000 medical travellers in 2007 from the US alone. Global Spa Summit and Stanford Research Institute (SRI) International put the number of international spa trips in 2007 at 17.6 million and estimated the spa and wellness tourism size at 106 billion US dollars. The 'narrow' medical tourism market is, in contrast, estimated at only about half its size at US$ 50-60 billion (Table 2).

Table 2. Various estimates of the medical tourism industry

Source	Estimates of medical tourists or medical tourism revenues	Comments
McKinsey (2008)	60 to 85 thousand global travellers	Estimate of admitted patients that travelled for medical purpose
Deloitte (2008)	750 thousand	2007 estimate for US medical travellers alone
GSS and SRI (2011)	17.6 million travellers with global receipts of US$106 billion for spa and wellness and US$50 billion for medical travel	Travellers are both for spa and wellness and medical procedures
Patients Beyond Borders [4]	US$20 to 35 billion market, based on an estimated 7 million global medical travellers spending $3,000-5,000 per surgery	Estimate based on only medical travel and excludes expatriates and tourists that fall ill; Estimate is only for medical-related costs and excludes transport and accommodation

Source: Collected by author from various sources.

The data from Tables 1 and 2 show that until there is a common 'official' definition and sector boundary, it is best to take various sector estimates with some caveats. Often the data are not verifiable, and government official sources may have the incentive to hype up the size of the local medical tourism market. Regardless of ballpark figures of the size of global medical tourism, a general sense is that the

[4] See http://www.patientsbeyondborders.com/medical-tourism-statistics-facts.Accessed March 15, 2013.

medical and wellness tourism market is large, ranging anywhere between 60 thousands to 50 million medical travellers based on various studies with an approximate market size of US$ 60 billion (OECD, 2011).Moreover, for reasons that are discussed in subsequent sections, another commonly accepted notion is that medical tourism is a growing market[5].This general sense has been sufficient for many countries from Latin America to Asia to Africa to seriously consider joining the medical tourism bandwagon and seek to upgrade their health sector capacities not only as part of a their economic development strategy but also to be able to attract a slice of the large global medical tourism market. Some countries, like Singapore or United Arab Emirates, even have loftier ambitions to become medical hubs.

1.2. General tourism trends and medical tourism[6]

The tourism sector as a whole has experienced uninterrupted growth since the Second World War. The UN World Tourism Organization (UNWTO) reports that the number of international tourists reached one billion in 2012 from merely 25 million in 1950, 277 million in 1980, and 528 million in 1995. The number of worldwide tourist arrivals is expected to increase by 43 million annually and will reach 1.8 billion arrivals by 2030 (UNWTO 2012).Tourism trend also shows projected growth in tourist arrivals in emerging economies between 2010 and 2030 that is double that of the traditional advanced economy tourist destinations in Europe and North America – 4.4% growth of tourist arrivals in emerging economies compared to 2.2% for traditional tourist destinations. The biggest growth is expected to take place in Asia and the Pacific where the annual increase in tourist arrivals is forecasted to increase by 331 million to reach 535 million by 2030. Much of this growth comes as a result of economic development of the region which, in turn, spurs intra-regional tourism demand. Outbound tourism, after all, tends to be 'regional', that is, four out of five worldwide arrivals originate from the same region.

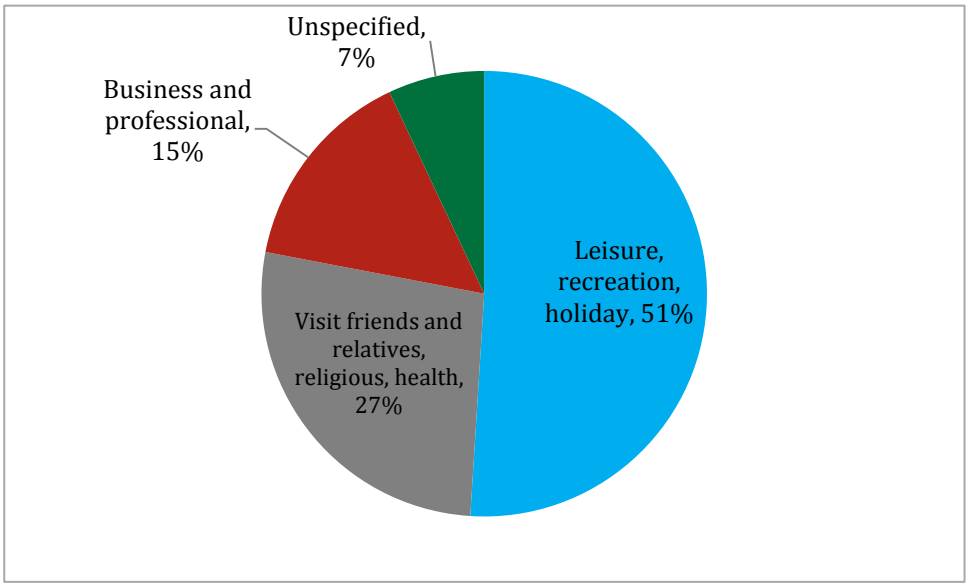
Increase in tourist arrivals implies increase in tourism receipts. Visitors' spending on lodging, food and drink, local transport, entertainment and shopping, spur the economies of destination countries and stimulate employment and economic growth. In 2011, for example, Southeast Asia earned US$82 billion while South Asia raked in US$23 billion in tourism receipts.

Classified by tourism purpose, the 2011 tourist arrival data shows 51% or 505 million tourists travelled for leisure, recreation and holiday; 27% for visiting friends and relatives (VFR), religious, or health reasons; 15% for business and professional; and 7% for unspecified reasons (see Figure 1).Of these, 51% came by air travel, while the rest either by boat, car or train, showing that the development of air travel is crucial for the growth of the tourism sector.

[5]Patientsbeyondborders.com gives an estimated annual growth of 25 to 35%.

[6] Unless otherwise stated, tourism statistics cited in this section were drawn from UNWTO (2012).

Figure 2. Inbound tourism by purpose



Source: UNWTO (2012)

From the above general tourism figures, it is hard to glean the size of the medical and wellness tourism market because it could be hidden by other tourists' revealed purposes. Some travellers whose revealed purpose is categorized as leisure, recreation and holiday might actually be going for some medical and wellness tourism at the same time. Others who are visiting friends and relatives (VFR) might also have a dual purpose to undergo a medical treatment such as medical check-up or even more serious treatments, taking advantage of the fact that their family and relatives are close by to surround them with care. Others on business trips may also extend their stay for a few days of wellness or spa treatment. Depending on whether one takes a narrow or broad definition of medical tourism, portions of tourists with other revealed purpose for travel may or may not be counted as medical tourists. Medical and wellness tourism statistics are also hard to extract from the usual tourism statistics that make use of visitor surveys asking them for the motivation of their trip because tourists may not honestly reveal that they come for a medical procedure, particularly if, say, they are to undergo body shape enhancement or cosmetic surgery.

2. Industry drivers of the growth of medical tourism

The market drivers for medical tourism include cost savings, improved quality of health care in developing countries, quicker access to care and shorter waiting periods, more affordable international travel, improved information through the internet, and the large number of uninsured population.

Cost savings.

In a survey conducted by Deloitte in 2008, 39% of American consumers would be willing to go for medical tourism abroad if they could save at least 50% of the cost in the US and the health care quality is the same or better. This revealed American consumers' preference portends further growth in medical travel because of ballooning healthcare cost in the US and other developed countries. It is generally known that the cost of some surgical procedures, be it cardiac surgery or knee surgery in developing countries like India or Thailand, cost only a fraction of the price in the US because of low labour cost, among others. Mattoo and Rathindran (2006) indicate that more than 70% of hospital costs come from personnel expenditures, which means that the huge wage cost differential between advanced and emerging countries largely explains why healthcare costs are generally higher in the US and other developed countries.

Table 3 based on data collected by the OECD shows that for some surgeries, the cost of medical procedures excluding travel is less than one-fourth (on average) that of the cost of procedures done in the US. This data along with the willingness of many Americans to travel for medical purposes if the cost

differential between the US and other destination exceeds 50%, support the bullish outlook on the growth of medical travel.

Table 3. Cost comparison of selected medical procedures

Procedure	In-patient price in US ($)	Foreign price excluding travel cost ($) 1/	Foreign price as % of US price
Knee replacement	48,000	9,875	20.6
Heart bypass	113,000	13,000	11.5
Heart valve replacement	150,000	10,625	7.1
Angioplasty	47,000	11,250	23.9
Hip resurfacing	47,000	10,688	22.7
Gastric bypass	35,000	14,750	42.1

Source: Based on data from Table 1 in OECD (2011).

This does not mean that medical cost is the only consideration for medical tourists. In fact, a current study by Youngman (2012) finds that a majority of global medical travellers do not actually go to the cheapest destinations and that in fact the top 3 European destinations for healthcare are also the most expensive ones[7]. This is particularly true for very specialized surgical procedures that require high level of expertise and modern medicines many of which still remain to be found only in advanced countries. But for many types of medical procedures which are "fairly simple and commonly performed with insignificant rates of post-procedure complications or those that require minimal laboratory and pathology reports, minimal follow-up treatment on site, and minimal post-procedure immobility"[8], their low cost in many developing countries is a significant attraction to a growing number of medical tourists.

Improved quality of health care.

Many developing countries have built up and continue to build up world-class healthcare facilities, thanks in part to the opening up of healthcare sector for foreign investments. Some countries, like Singapore or the United Arab Emirates, have established joint ventures or partnerships with world-renowned medical schools and hospitals in advanced countries as a short cut to high visibility and immediate credibility. International accreditation done by, for example, the Joint Commission International (JCI), an arm of the organization that accredits Medicare-participating American hospitals, also increase the confidence of medical tourists in the quality of healthcare in developing countries. More than 500 hospitals around the world have earned JCI accreditation and more are in the process of acquiring it[9]. Other hospitals also opt for accreditation under the International Standards Organization (ISO); while some countries have their own system of accreditation (Herrick 2007).The huge number of foreign-born medical professionals who are practicing in US hospitals has also helped change perceptions of Americans about putting their health under the care of foreign physicians (Mattoo and Rathindra 2006).To the extent that many foreign physicians who have trained in US and European hospitals and universities have returned, lured by the improving economic conditions back home, further enhanced the quality of healthcare in many developing countries. In many cases, the state-of-the-art facilities of modern hospitals in developing countries are at par or even exceed that of many hospitals in the West.

Shorter waiting periods and quicker access to care.

Healthcare in Europe and in the US are often plagued with backlogs and long queues, sometimes because of shortage of donated body organs that are necessary for the operation, or simply due to very high

[7] See Youngman (2012). http://www.researchandmarkets.com/reports/2101952/medical_tourism_facts_and_figures_2012

[8] Mattoo and Rathindran (2006).

[9] *Medical Tourism Statistics and Facts,* http://www.patientsbeyondborders.com/medical-tourism-statistics-facts

demand from the aging baby-boomer population. The result of the strain in the capacity of healthcare facilities in the advanced economies is often long waiting times, especially for some major non-emergency medical operations. Faster and cheaper alternatives with the same level of quality are increasingly to be found in developing countries.

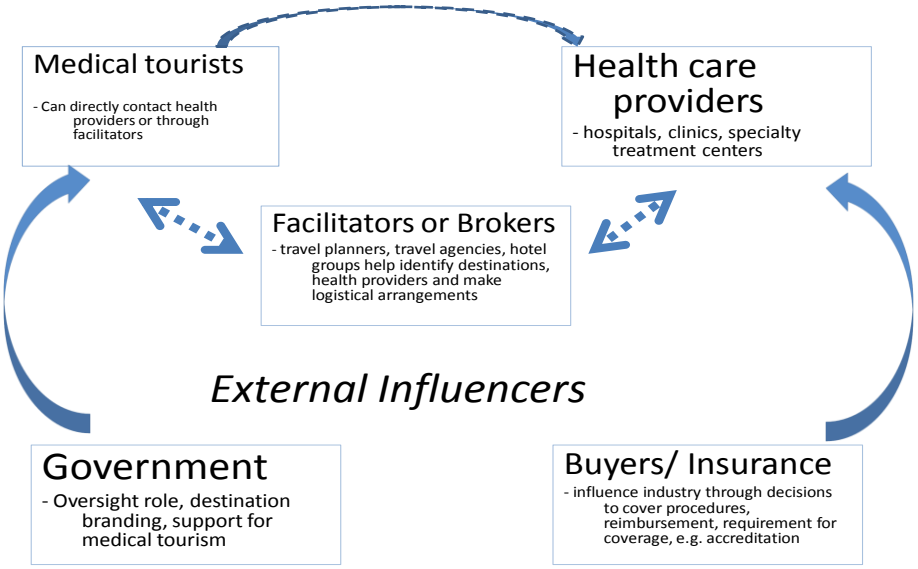
More affordable international travel.

Ease in international travel and the increasing number of flights and connections have contributed to the growth in tourism. Budget fares abound and have allowed more people to be able to travel abroad. In turn, more foreign travels and exposures also consequently helped broaden attitudes towards other culture, and greater confidence in various countries' particular medical techniques, e.g. ayurvedic therapies or Chinese medicines. In fact, more international tourists are inclined and are in search for new destinations away from traditional ones thus providing other destinations, like places in Asia or Africa or Latin America, greater opportunity to attract more tourists.

Communication improvement through the internet and growth of medical facilitators.

Preliminary information on hospital care, country, and cost, can now be found in the internet, making international coordination between hospitals, physicians, and patients less intimidating. With the advance of medical tourism came the growth of medical 'facilitators' that help package medical care along with travel and pre- and post-procedure recuperation and tourism, thus making the medical tourism experience even more convenient. Various health test results can be communicated over email such that physicians know the risks and success prospects of a medical procedure even before the foreign patient arrives. The patient can communicate directly with the physician even before flying over and, thus, can develop confidence early on. Medical facilitators, adept at matching the needs of the patients and the capacity of hospitals and physicians, help streamline the process of search. Figure 2 presents the ecosystem of the medical tourism industry and the important role that facilitators play in it.

Figure 3. Medical tourism industry ecosystem



Source: Deloitte, Centre for health solutions, 2008

Lack of health insurance and inadequate insurance coverage.

Deloitte (2008) reports that there are about 47 million Americans who have no insurance. This huge potential market are open to go bargain hunting for cheaper medical care abroad while combining it with some sightseeing or wellness tourism. Even among the insured, certain medical procedures are not covered by their insurance, making these procedures good candidates for treatment abroad where its cost is often less than half that in the US (see Table 3 for example).Not surprisingly, many of the availed medical services abroad are cosmetic, fertility, and dental treatment[10]which are usually not covered by insurance but are paid out-of-pocket.

Unavailability of quality healthcare in some developing countries.

Some countries and regions, like the Middle East or Africa, have yet to reach a high level of healthcare standard and capacity that are already found in other developing countries. In the past, the wealthy people from some Middle East countries, for example, have sought medical care from the US or Europe, but the heightened scrutiny of tourists from these regions after 9/11 and the difficulty of obtaining visas made them look to other destinations, particularly Asia, for easier access and quicker medical care. High success rates of complex surgeries in emerging country locations, plus the unique combination of treatment and vacation, helped to grow the number of medical tourists from regions like the Middle East especially towards Asian destinations.

3. Emerging country destinations, patient flows, and accreditation

Medical travel is, in some sense, an ancient activity. People were known to have crossed borders to take advantage of specific country sources of cures like hot baths, popular alchemists, or powerful prophets performing miraculous cures. But while previously, the direction of flow of medical travellers have been, generally, from poorer to advanced countries where sophisticated medical procedures could be availed of, today medical travel is marked by a reverse flow of patients from advanced economies to emerging countries. Add to this the ‘tourism’ ingredient in the cross-border movement of patients which had not been previously considered, today’s medical tourism is indeed a ‘new’ phenomenon.

Top emerging country destinations include Asia (India, Malaysia, Singapore, Thailand, and more recently, South Korea); South Africa; Latin America (Brazil, Costa Rica, Mexico, Cuba); the Middle East (especially Dubai).European destinations include Hungary, Poland, and, more recently, Turkey[11].While most countries can offer executive check-up or cosmetic surgery or dental treatment, each of them is becoming better known for some specific procedures than others. For example, Singapore and Korea have become popular for advanced cancer treatment, cardiology or spinal operation; Hungary for sophisticated dental treatment; Thailand for cosmetic surgery, etc. (see Table 4)

Table 4. Top emerging country destinations

Country	Main attraction	Main tourist market
Brazil	tummy tucks, breast augmentations, facelifts and rhinoplasty	South America
Costa Rica	cosmetic surgery and dental care	US
Hungary	major dental care, including cosmetic oral surgeries, full-mouth restorations and implants.	EU
India	cardiac and orthopaedic procedures	US, EU, Canada

[10] Youngman (2012)

[11] See patientbeyondborders.com

Malaysia	special burn treatment, executive check-up packages	ASEAN, Middle East
Mexico	check-ups, dental cleanings, physicals and other treatments	US (Mexican expatriates)
Singapore	cardiology and cardiac surgery, gastroenterology, general surgery, hepatology, neurology, oncology, ophthalmology, orthopaedics and stem cell therapy	ASEAN and others
South Korea	spinal surgeries, cancer screenings and treatments and cosmetic surgeries, comprehensive health screening	US, Korean expatriates
Thailand	cosmetic surgery	Japan, Vietnam, China and South Korea, Middle East
Turkey	Ophthalmology	EU

Source: Compiled by author from various internet sources.

4. Factors affecting patient flows

Proximity, culture, insurance portability and other economic factors

Top destination countries generally attract more patients from geographically proximate countries. For example, Hungary tends to attract Western European patients; Singapore and Malaysia are natural destination for rich patients from Indonesia or the Philippines.

Geographical proximity is likely related to cost because the more distant countries tend to be associated with higher travel costs. Thus patient travel are likewise affected by wider economic and external factors such as exchange rates fluctuations, restrictions to travel (ease in obtaining visas),security concerns, and, very importantly, the lack of insurance portability.

Most medical tourism services are paid out-of-pocket by patients who either have no insurance coverage or whose insurance does not cover the medical procedures they want, for example, cosmetic surgery. The lack of insurance portability remains a major barrier to the growth of medical tourism in developing countries because only a subset of potential medical travellers – those who have sufficient funds for out-of-pocket operations – can take advantage of medical tourism opportunities. However, some insurance companies already have limited medical tourism insurance packages for specific medical facilities abroad, or are cautiously experimenting on foreign coverage on a hospital-by-hospital basis. For example, Blue Cross and Blue Shield insurance have allowed its US 'Latino community' subscribers to avail of hospital services at a specific Mexican hospital after it had obtained JCI accreditation (OECD, 2011).Other Asian hospitals (e.g. Thailand's Bumrungrad hospital) have similar direct arrangements with foreign-based insurance companies that facilitate the payment for health services of medical tourists.

Cultural affinity and familiarity is another factor that influences patient movement. Thus countries at times focus on attracting their own diaspora population. For example, South Korea, India, and Mexico attract large number of its own expatriates who have migrated to the US or Europe but still retain familiarity with its own culture and have immediate confidence in its own treatment systems. Other countries explore historical colonial ties like India with UK.

Advertising, role of brokers, and use of international accreditation

Patient mobility is also affected by the reputation of the destination country. Such reputations are often established by word of mouth, usually from the testimony of patients that obtained favourable medical services experience from the country; from internet sources; from brokers and travel facilitators; or from official country sources (i.e. consular offices). Country promotion of health facilities are stimulated by brokers, websites, and trade fairs.

Marketing promotions by country vary. Some countries (e.g. Malaysia, Turkey) follow a destination-driven approach with emphasis on a few set of procedures and specialties, tourism environment and cheaper cost. Medical travel facilitators are important channels for this type of promotion effort. Other countries (e.g. Singapore) follow a 'centre of excellence'-driven approach and the promotion efforts are driven by the health facilities themselves through networks, partnerships, and direct facilitation services. Destination promotion is likewise present but emphasis is put in its capacity for delivering modern, world-class health services. Singapore, for example, has promoted itself as a centre for biomedical and biotechnological activities; Dubai had established itself as a health care city built from scratch. The emphasis is less on the cheaper cost but rather on quality or expertise as a key selling point. Most countries follow a hybrid of both approaches for country promotions, i.e. emphasis on quality health service within an attractive destination complements[12].

Since reputation matters significantly in medical tourism, health care facilities, especially tertiary hospitals that seek more business from medical tourists, have sought international accreditation. While there are various accreditation institutions[13], the most well-known and, in some sense, highly coveted, is the Joint Commission International (JCI) accreditation. JCI is an international affiliate agency of the US-based Joint Commission (JC) which accredits US hospitals. Following the same rigorous standards for accrediting US hospitals, JCI accredits international hospitals that voluntarily apply for it. Nearly 500 facilities around the world are now JCI-accredited and the number is still expected to grow (see Box 1 for the JCI accreditation process).

International accreditation is like a badge of approval that provides patients some security in the quality of healthcare offered in the foreign medical facility[14]. Thus, accreditation helps increase patient flow. The more accredited hospitals and healthcare facilities a country has, the greater its reputation grows, and thus the more international patients it can attract. Most insurance companies that are looking into financing of medical procedures abroad make international hospital accreditation a 'sine qua non' or a non-negotiable condition for making direct payments. At the same time, hospitals are helped to upgrade its facilities and delivery of patient care because of the international audit carried out by accrediting institutions.

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Box 1. The Joint Commission International (JCI) accreditation process

JCI has various programs of accreditation programs for laboratories, hospitals, ambulatory care, home and long term care, medical transport, primary care centers, or for specific area or clinical care program certification. For hospital accreditation, the JCI standards are meant to improve the quality and patient safety in hospitals.

The JCI website lists down the following requirements for health care organizations that are applying for accreditation as follows[15]:

[12] Drawn from a presentation by Laila Al Jassmi on the "GCC (Gulf Countries Cooperation) Health Travel Market Experience and Opportunities" at the International Medical Travel Exhibition and Conference, Monaco, 22-23 March 2013.

[13] For example, India has established its own accreditation organization called the National Accreditation Board for Hospitals & Healthcare Providers (NABH). Malaysia also has its own domestic counterpart called Malaysian Society for Quality in Health (MSQH) which accredits health care facilities.Only MSQH-accredited facilities are included in the promotion effort by the Malaysian government.All accreditation institutions, including JCI, in turn seek the accreditation from the International Society for the Quality in Health Care (ISQUA) which is an accreditor of accreditors. Accrediting institutions like JCI or NABH seek ISQUA accreditation for its organization, the standards it uses for its programs, as well as for its training programs for surveyors or auditors.

[14] For example, the National Heart Center of Singapore reports various improvements in their service delivery which include: improved patient comfort and satisfaction, as well as staff performance; establishment of a systematic approach for assessing 'clinical' quality of medical specialists; reduction in medication risk through improved storage and labeling, etc. The increase in patient flows is just one more offshoot of the accreditation, but fundamentally, what changed was health services delivery (Source: based on information from JCI website).

[15] From the Joint Commission International website.

• "The organization is located outside of the U.S. and its territories.

• The organization is currently operating as a healthcare provider in the country and is licensed to provide care and treatment as a hospital (if required).

• The organization provides services addressed by JCI Hospital standards.

• The organization assumes, or is willing to assume, responsibility for improving the quality of its care and services.

• The organization provides a complete range of acute care clinical services. These services are available 365 days per year and all direct patient care services are operational 24 hours per day, 7 days per week; and ancillary and support services are available as needed for emergent, urgent and/or emergency needs of patients 24 hours per day, 7 days per week, such as diagnostic testing, laboratory, operating theater, as appropriate to the type of acute care hospital.

• All current clinical services identified by the organization in the survey application are in full operation at the time of the on-site accreditation survey; and the clinical services are immediately available for a comprehensive evaluation against all relevant JCI standards, such as patient tracer activities, open and closed medical record review, direct observation of patient care processes, and interviews of patients".

The most important part of the accreditation process and the one that entails the highest cost is the preparation stage. Figure 3 shows the timeline for accreditation which, in many cases, take more than two years to complete, including the preparation. Hospitals should begin by getting acquainted with the JCI standards across all areas of hospital services. These standards generally apply to: management and governing body, emergency services, medical and surgical services, critical care, operating suite, day surgery, anesthetic service, radiology, pathology, medical records, nursing service, central sterilizing service, pharmacy, food service, housekeeping service, linen service, environmental service, engineering service, other general administrative concerns. All the major costs, including engineering and construction costs to upgrade facilities and acquire equipment usually take place in the run up for accreditation.

The JCI conducts training for those seeking accreditation. The standards are handed over at the training session as part of the package. Before actually applying for JCI accreditation and usually following the training and understanding of standards, hospitals can do a Gap Analysis to compare their existing practice with what should be based on the JCI standards. Adjustments are made, and once hospitals are confident that they have bridged the gap and are substantially compliant with the standards, the hospital then makes a formal request for a survey. The survey agenda is then planned and the actual audit takes place approximately 6-9 months after the formal request was made. The typical JCI survey team usually consists of a physician, a nurse and an administrator. The team evaluates various units within the hospital; they carry out interviews, they observe, and request documents for review[16]. The team carries out a complete system analysis focusing on integration and coordination of care processes. Within two months of the actual survey, JCI gives the accreditation decision and findings of the survey. If accreditation is successful, it is valid for three years. Renewal of accreditation starts another re-application process, possibly for a revised set of standards which are continually upgraded by JCI.

[16] *For example, they can ask simple questions on how the hospital verifies the degree of doctors and other health personnel. More complicated assessment deals with systems of patient care, etc.*

Figure 4. JCI Accreditation Process Timeline

Source: Joint Commission International website.

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5. Country Experiences

This section discusses four Asian country experiences of developing the medical tourism sector. The focus is Asian medical tourism because it is the region that has had double digit growth for the past few years and whose US$3.4 billion earnings in 2007 had accounted for nearly 12.7% of the global market[17].The case studies will consider three "early movers" in the sector – India, Malaysia and Thailand – and one that has a stop-go effort at developing its medical tourism industry – the Philippines. Compared to other Asian medical tourism players like Singapore, South Korea, and Taiwan, these four are closer to Sri Lanka, from the point of view of economic development, cost advantage, and, presumably, also from the standpoint of the capacity of its healthcare sector and the services it can potentially offer medical tourists[18].These countries have vast differences in terms of healthcare cost, infrastructure, human resources, patient perceptions, competencies, and level of government support[19].

[17] See *Asian Medical Tourism Analysis (2008-2012)* summary in http://www.rncos.com/Report/IM105.htm

[18] For example, medical tourists may go for gum surgery or cosmetic surgery or other procedures that are perceived to have less risks but would not, likely, go for lung transplant in developing countries.India, however, is known to offer "serious" surgeries like heart transplants, but generally, for major medical procedures, the destination of choice remains the developed countries, including Singapore, South Korea, and Taiwan.

[19] Ibid., *Asian Medical Tourism Analysis.*

5.1. Early Movers

5.1.1. India

Outlook and advantage.

India is one of the first countries in Asia to recognize the export potential from medical tourism. Since 2002, after the Confederation of Indian Industry (CII) produced a study on medical tourism, in collaboration with McKinsey and Company management consultants, the Indian government strongly supported the development of the sector. From the improvement of airport infrastructure to marketing of Indian medical treatment abroad, the government support was at the forefront.

Based on past growth, the number of medical tourists going to India is estimated to grow to nearly half a million annually by 2015. From 2009 to 2011, the number of medical tourists seeking treatment in India has grown by 30%[20].Its major attraction is "value for money", that is, the low cost of medical procedures, the availability of mostly US-trained physicians, and state-of-the-art technology due to the emergence of several private players in the hospital industry. Mattoo and Rathindran (2006) cite India as the biggest nationality block of foreign medical students in the US.As with other foreign students in the US, some Indians opted to stay in the US, while others went back to do their medical practice in India. Several Indians who have practiced for years in the US returned home, attracted partly by the improved income prospects from the growth in Indian medical tourism.

Expertise.

Medical tourists in India tend to go for surgical treatments, especially cardiac procedure, orthopaedic procedure, neurological and spinal surgery, as well as cosmetic surgery[21].Dental treatment is another popular service availed of by medical tourists in India. For wellness tourism, Indian medical tourists are attracted by the alternative meditation such as ayurvedic spa[22] .India is also focusing on the development of cord blood bank as cord blood promises to become a critical input for many surgical treatments. Cord blood is the blood that remains in the umbilical cord after a baby is born, and represents a new and the richest source of stem cells[23]. The development of cord blood bank is expected to be a major boost for India's medical tourism.

Major market.

India's main tourism markets are the industrialized countries, especially the United Kingdom and the US. Patients from neighbouring South Asian countries such as Bangladesh and Pakistan, as well as China, also go to India for treatment.

Government support.

Government support for medical tourism in India includes marketing, visa facilitation, promotion of some hospitals as centres of excellence, hospital accreditation, and public-private sector partnership. The National Accreditation Board for Hospitals and Healthcare Providers (NABH) does its own accreditation of hospitals to guarantee service quality and has accredited 30 out of 120 hospital members.

The overseas offices of India's Ministry of Tourism market medical tourism by stocking up information for potential foreign patients for Indian hospitals. They advertise the sector's expertise in cardiac surgery, oncology treatment, orthopaedic and joint replacement, holistic health care in hospitals that they promote

[20] Summary of *Asia Medical Tourism Analysis and Forecast to 2015,* http://finance.yahoo.com/news/asia-medical-tourism-analysis-forecast-115700842.html

[21] Summary of *Booming Medical Tourism in India,* http://www.marketresearchreports.com/blog/2012/04/03/booming-medical-tourism-market-india

[22] Wikipedia defines ayurveda as a Hindu system of traditional medicine.

[23] Ibid *Booming Medical Tourism in India.*

as centres of excellence. The government also provides special M-visas for patients and their companions that have longer validity (usually one year) than ordinary tourist visas[24].

The government improved airport infrastructure to smooth the arrival and departure of medical tourists. It has championed a public-private sector (PPP) partnership model[25] at both central and state level to improve healthcare infrastructure to provide efficient services and innovative delivery models.

One major obstacle for medical tourism's growth is the perception in the west of poor hygiene or questionable sanitary practices in India. Another issue is the equity impact of large number of foreign tourists using India's healthcare system, on the poor and rural part of India. India's state-of-the-art technology is not affordable by the vast majority of India's population despite the dual pricing system offering lower prices to domestic patients. Initial observations indicate that medical tourism reverses the brain drain by providing better opportunities to medical professionals who would otherwise take the opportunity to work abroad. But despite dampening external migration, internal migration, i.e. movement of health-workers from rural to urban centres, appears to be worse with medical tourism[26].

5.1.2. Thailand

Outlook and advantage.

Stunning tourist attractions, travel convenience, state-of-the-art medical technology, cheap cost of procedure including reasonably-priced accommodation, international accreditation, security – these are some of Thailand's advantages that explain why millions of tourists visit the country every year. Of its millions of tourists, close to half a million is estimated to have come for medical tourism purpose in 2011.The Thai government expects to earn overUS$11 billion over a five-year period from 2010 to 2014 from the entire medical tourism sector, with medical treatment alone estimated to earn US$8 billion, while the rest of the sector (spa and wellness services, sales of products and supplies) earning the remaining balance of US$3 billion.

As with some other countries, Thailand does not have threat of malpractice lawsuits as in the US and hence can offer some new treatments that are not even offered in the West. One of its major advantages is the availability of extensive tourism infrastructure, such as very affordable hotels and accommodation.

Bangkok's Bumrungrad hospital is the most marketed hospital worldwide for medical tourism having been featured in CBS 60 Minutes, NBCs Today Show, Time and Newsweek magazine[27].It was the first Asian hospital that was accredited by the JCI, before medical tourism had become a 'buzzword' as it is today. With medical tourism as its major focus, Bumrungrad hospital, alone, reportedly treats 400,000 foreign patients every year[28].Besides Bumrungrad, Thailand boasts of 22 JCI-accredited hospitals throughout the county[29], some of which are located in major tourist spots like Phuket, where medical tourists avail of less serious medical procedures like cosmetic surgery, dental and eye treatment or annual medical check-up.

Expertise.

Among the most frequently requested medical procedures in Thailand include heart bypass procedure, spinal fusions, balloon angioplasty, orthopaedics, cosmetic, gastric bypass and prostate surgeries. For spa and wellness services, the most popular are: dental cosmetics, aesthetic skin treatments, body shape

[24] However, M-visas are reportedly more cumbersome for foreigners to use as it requires physically presenting oneselfto the government authorities.Hence, most medical tourists in India still prefer ordinary tourist visa.

[25] Public-private sector partnership (PPP) accounts for a wide range of cooperative and collaborative efforts between public sector enterprise or government (central, regional, local) and private sector.It can include joint planning planning and implementing public and private sector medical tourism related infrastructure initiatives such as health, education, transport and communication.

[26] Ibid. *Booming*...

[27] See Bumrungrad hospital website www.bumrungrad.com.

[28] There is, however, some criticism on how Bumrungrad reports the number of foreign patients. It counts the number on a per visit (or per bill) basis, rather than per patient. Thus their reported number is highly bloated.

[29] Based on data from JCI website, accessed March 23, 2013.

treatment, weight management and lifestyle modification programs[30].Thailand is known to be the spa capital of Asia with 1,200 registered spas, of which 400 are high-end luxury facilities[31].

Major markets.

Thailand's major market focus is Asians, especially Japanese, as well as Middle East patients[32].Some hospitals designate a special wing just for Japanese patients and provide interpreters and translators. Bumrungrad hospital attracts more American medical tourists relative to other Thai hospitals and has managed to have some US insurers pay for the foreign patients' procedures, thanks to the insurance companies' trust on Bumrungrad's standards and JCI international accreditation. It has a special office comprised of doctors, nurses, and interpreters to cater to the needs of international patients. It also has representative offices in different countries that help bring foreign patients to the hospital in Bangkok.

Government support.

The Thai government conceived of the Thailand Medical Tourism Cluster which involves the collaboration of five government agencies and five leading business associations. The Tourism Authority of Thailand, tasked with medical tourism promotion, has a website that contains the various medical services that are available in Thailand as well as wellness tourism that facilitate tourists' search for healthcare information. Besides hospitals, the website also has a database of doctors and specialty clinics, hotels and accommodation.

5.1.3. Malaysia

Outlook and advantage.

Malaysia's medical tourism industry is expected to grow at a cumulative average growth rate of 21% in 2011-2014[33]. Like other Asian countries, its advantage is in cost-effective treatment, upgraded hospital facilities that match (or exceed) western standards, skilled medical professionals, along with strong government support. Malaysia has 7 hospitals that are accredited by the Joint Commission International. English is also widely spoken and is another advantage.

Deloitte (2008) reports that 300,000 medical tourists came to Malaysia in 2006, while in 2011 the reported number is 583,000[34], 49% of which is accounted for by hospitals located in Penang and 35% by the Klang Valley (which includes Kuala Lumpur and its adjoining cities suburbs and town in the state of Selangor).As with other data, the figure includes treatment obtained by expatriates, particularly those living in the Klang Valley area, hence are not, strictly, medical tourists (under a narrow definition).If adjusted for this group of patients, the figure in 2011 is reported to be probably nearer 350,000.

Expertise.

Malaysia offers western medicine along with alternative medicine including ayurveda, siddha, unani, and traditional Chinese medicine[35].The country specializes in cancer treatment, cardiology, cardiothoracic surgery, fertility treatment, general screening and wellness, orthopedics and rehabilitative medicine[36].

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[30] *Government aims to develop Thailand into world-class health provider status*：http://thailand.prd.go.th/view_news.php?id=6174&a=4.

[31] Ibid.

[32]Toattract foreign patients, Bangkok Medical Center (BMC) allows hiring of a physician and nurse from their major patient nationalities e.g. a Japanese or a Saudi doctor and nurse for Japanese/Saudi patients.In addition, it has a significant number of staff devoted to Japanese and Middle Eastern patients who are usually very appreciative of services in their language.See *Which Thai Hospital is best for me: Bumrungrad vs. Bangkok Hospital* http://www.business-in-asia.com/asia/thailand_medical_tour.html

[33] *Malaysia Medical Tourism Outlook 2012,* http://www.rncos.com/Report/IM211.htm

[34] See *Malaysia…the best kept secret in medical tourism,* http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/

[35] *Malaysia Medical Tourism Outlook 2012,* http://www.rncos.com/Report/IM211.htm

Major markets.

As a moderate Moslem country and a member of Organization of Islamic Conference (OIC), it benefits from an affinity with outbound markets in the Middle East, as well as Indonesia and Bangladesh. In 2008, the number of patients coming from the Middle East had reached nearly 11,000[37]. Patients from neighbouring countries, especially wealthy Indonesians, travel to Malaysia for medical services which are either unavailable in Indonesia or are judged to be of inferior quality compared to what they could get from Malaysia. Indonesians are also attracted by the short travel time, reasonable cost and cultural match in terms of religion, language, and food. Some Singaporean patients, attracted by lower cost[38], also flock to Malaysia using their health insurance funds at registered Malaysian hospitals[39].

Government support.

As early as 1998, the Malaysian government had identified health tourism as a growth driver under the 8th Malaysia Plan and established the National Committee for the Promotion of Health Tourism. The Committee is comprised of airlines, hospitals, travel and tourism agencies, and the Malaysian Industrial Development Authority, and was tasked to address issues related to marketing and promotion, tax incentives, fee packaging, and accreditation. In 2009, the Malaysia Ministry of Health set up the Malaysia Healthcare Travel Council (MHTC) to drive the medical tourism initiative. It works closely with the Association of Private Hospitals of Malaysia, Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Tourism Malaysia and Malaysian Dental Association (MDA) to develop programmes to bring Malaysian medical tourism at the forefront.[40]It operates dedicated call centre, the MHTC Careline, just for international patients. MHTC had set up offices in Dhaka, Jakarta, Hong Kong (for prospective patients from China, Japan and Korea) and established a medical tourism welcome lounge at the Kuala Lumpur international airport[41].

Malaysia has its own system of accreditation for hospitals. The Malaysian Society for Quality in Health (MSQH)[42]has accredited 72 out of 253 hospitals to have the capacity to handle international patients. Besides domestic accreditation, the government supports international accreditation initiatives by hospitals and provides tax incentives to fund such move. Visa restrictions for medical tourists have been relaxed and speeded up. Very significantly, to increase local expertise, Malaysia removed restrictions on the licensing of foreign specialists[43].

5.2. Recent mover:

5.2.1. Philippines

Outlook and advantage.

Unlike Thailand, Malaysia, and India, the Philippines entered the medical tourism services industry relatively recently. In 2004, the Arroyo administration supported the Philippine Medical Tourism Program

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[36] *Malaysia Expanding its Health Systems,* http://www.medicaltourismmag.com/article/malaysia-expanding-its-health-systems.html

[37] *Malaysia Medical Tourism Outlook 2012,* http://www.rncos.com/Report/IM211.htm

[38] Malaysia's government policy is for healthcare services price to be the same for both international and domestic patients which is different from the dual-pricing system in India.

[39] *Malaysia Expanding its Health Systems,* http://www.medicaltourismmag.com/article/malaysia-expanding-its-health-systems.html

[40] See more at: http://www.mhtc.org.my/en/mission-vision-background.aspx#sthash.gpsxMon1.dpuf

[41] See : http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/

[42]MSQH is recognized by International Society for Quality in Health Care (ISQUA).

[43] See : http://www.imtj.com/articles/2012/malaysia-medical-tourism-30150/

(PMTP), a public-private sector initiative to promote medical tourism along with health and wellness services.

While there is no available official data on whether the push for medical tourism has, in fact, brought in more medical tourists, the private sector has clearly caught the enthusiasm[44].The push for medical tourism has helped some big hospitals to upgrade their facilities, taking advantage of government incentives which include income tax holidays and import duties exemption for medical equipment.[45]The stepped up promotion has also raised the need to conform to international standards and to seek international accreditation. In 2004 only St. Luke's Hospital had a JCI accreditation but by 2012, five hospitals have obtained a JCI accreditation. The Department of Tourism started a system of accreditation of hospitals, clinics, and health and spa services to also improve national standards[46] but, unlike Malaysia's MSQH, the Philippine accreditation focuses more on the tourism aspect of the facilities rather than on patient safety and care.

The Philippine push for medical tourism is not only for the purpose of increasing export receipts but to help it stem brain drain in the medical sector. The Philippines has been a major supplier of medical professionals, especially nurses in the US, Canada, UK, Singapore, primarily due to higher wages.

The cost of medical services in the Philippines, as in other Asian countries, is significantly lower than in advanced economies in North America and Europe. For example, for some medical procedures like liposuction or cataract surgery, the cost in the Philippines is between 41% to 57% (for cataract surgery), and 25% to 50% (for liposuction) of the cost in the US.

For the tourism part, the Philippines has sufficient tourism cluster. It has world class hotels in major tourism destinations, enough number of inns, 'condotel' (similar to suite accommodations), and pension houses for budget tourists[47].There are 454 Department of Tourism (DOT)-accredited travel agencies, as well as major resorts and spa destination[48].Some of its major tourist attractions are world renowned[49].Many of its beaches are world-class and a few of its well-known spas like the San Benito Farm in Lipa, Batangas or the Mandala Spa in Boracay are highly recognized by the International Spa Association (Porter et al 2008).

On top of this, the Filipinos are known for their warmth and hospitality as a people. English is widely spoken which is beneficial for medical tourists.

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[44]With the usual caveat on data on medical tourism as discussed earlier, a Department of Health Undersecretary was quoted to put the number of foreign patients at 100,000 in various hospitals in the country and medical tourism receipts at $400 million in 2007.The target revenue for 2012 was US$2 billion. See GTZ/DTI (2009) report.

[45] Lavado (2011) finds that private hospitals have poured PhP 3 billion worth of capital expenditures in 2006, mostly used for building and land improvement, as well as purchase of machineries and equipment.

[46] See footnote number 48 for comments on the quality of domestic accreditation.

[47] Available hotel rooms in Metro Manila in 2010 was 14,971 and 7,039 outside Metro Manila.

[48] The list of DOT accredited establishments can be found here: http://accreditationonline.tourism.gov.ph/Pages/Portal/PortalListEstablishments.aspx. However, it is worth noting that not all major stakeholders in medical tourism industry are in the accredited list.Some five-star hotels or reknowned resorts and spas are not in the list, nor are all the major tertiary hospitals involved in medical tourism.Of the four accredited hospitals, only two of the top hospitals, St. Luke's Global City and Medical City Hospital, are accredited.This may indicate the lack of incentive mechanism for getting DOT accreditation.

[49] For example, British Vogue magazine in August 2012 named Palawan's Ariara island as a top destination for a rich-and-famous getaway. (See "PH island tops Vogue's List" http://www.dotpcvc.gov.ph/Visitor%20Information/updates.html#anchor12554.) It also listed Boracay Island as the world's best island destination earlier in the year.Likewise, CNN GO lists Tubbataha Reef, located southeast of Palawan among the top ten travel dive sites in the world (See "2 PHL Divesites Listed among World's Best" http://www.dotpcvc.gov.ph/Visitor%20Information/updates.html#anchor298794).

Expertise.

Many Filipino doctors have obtained medical specializations abroad, usually from the United States, where its university education has been patterned. In fact, the Philippines is second to India in the US foreign medical students' population (Mattoo and Rathindra, 2006).

The Philippines has well-reputed publicly-owned specialty hospitals like the National Kidney Institute, Philippine Heart Center and the Philippine Lung Center, as well as private sector-owned specialty clinics like the Asian Eye Institute, American Eye Center, Belo Medical Clinic (for cosmetic surgery) and others that have also gained expertise and reputation in their respective fields.

The top private hospitals like the Makati Medical Center, St. Luke's Medical Center, Medical City, and Asian Hospital (in Manila) and Chung Hua Hospital (in Cebu) have all sought and passed the accreditation audits conducted by the JCI. They have significantly upgraded their capacities to be able to welcome more medical tourists. In 2006, private hospitals have poured in over3 billion pesos in capital expenditures, mostly spent on machineries and equipment as well as land and building improvement, all geared up to attract discriminating medical tourists[50].

Makati Medical Center markets its capacity at treating serious medical cases, not only aesthetic ones, by advertising the US training of its physicians and medical professionals. It also offers assistance for travel, living arrangements, airport pick up, but it adds no package for pre- or post-procedure tourism. It has more than 600 hospital beds and is known for various medical specialties. St. Luke's Hospitals boast of state-of-the-art technology and equipment that is at par with the best hospitals in the world. It also has a one-stop service helping international patients with logistical arrangements, including concierge service.

Major markets.

St Luke's Global City's major medical tourists are from Guam and Japan. This could be a due to the fact that the hospital has a representative office or marketing arm based in Guam that effectively sends patients from Guam and the Micronesia. Majority of Japanese medical tourists are actually Japanese residents in the Philippines. Other major clients of Philippine hospitals are the foreign expatriates. For this group, the services desired are mostly executive check-up, lifestyle checks, laser eye surgery and dental procedures. Middle Eastern countries also come to the Philippines to take advantage of its cheap dental procedures.

The Philippines medical tourism demand also relies on the large number of Filipinos working overseas or permanently staying in the US or elsewhere who always want to reconnect with their family back home for vacation. For example, in 2011, more than 200 thousand Filipino overseas workers visited the country, or 6% of total tourist arrivals. The extensive Filipino diaspora presents a natural market for Philippine medical tourism. Filipino expatriates already have confidence in the medical services in the Philippines and do not need to be convinced about the domestic capacities of local doctors and hospitals.

Unfortunately, because of barriers in the portability of health insurance, most of the procedures done in the Philippines are either those that health insurance do not cover e.g. most cosmetic surgery, or executive check-up, or those whose deductible amount remains too large even with insurance coverage. The JCI accreditation of Philippine hospitals can help in negotiating with foreign insurance groups since most insurance companies tend to consider medical reimbursements in accredited foreign hospitals only. At the same time, some health insurance companies appear to be more open about experimenting on cutting their own cost by allowing medical procedures to take place in cheaper destinations, particularly in the case of expatriate ethnic communities in the US, for example, Latino-Americans, or Taiwanese-Americans, and others. The Filipino expatriate communities in the US might be able to take advantage of the greater openness of insurance companies to avail of medical tourism in their home country.

[50] Lavado (2011) analyzes the financial strength of top Philippine hospitals.

Government support.

Like other Asian countries, the Philippines supported the development of medical tourism through a host of fiscal incentives such as tax holiday, subsidized loans, free import tariffs for medical equipment, etc. As already mentioned, the government also tried to spearhead the public and private sector partnership with the Philippine Medical Tourism Program (PMTP). The PMTP brought together government departments, especially the Department of Health (DOH), Department of Tourism, Department of Trade and Industry, and Department of Foreign Affairs along with private sector representatives, which include the hospital services sector, real estate developer, the spa services sector, and others. The PMTP was tasked to develop four areas: medical and surgical care (hospitals and clinics), traditional and alternative healthcare, health and wellness (including spas), and international retirement/long-term care for foreigners who are retired and elderly.

However, unlike in Malaysia and India, the Philippines does not have a serious domestic accrediting body like the MSQH or NABH. Neither does it have a separate agency like Malaysia's MHTC that has clear mandate to drive the growth of medical tourism.

Summing-up

All four countries recognized the potential of growing medical travel as a lucrative export activity. All have had strong public-private sector partnership with the government providing financial incentives for the health services sector to upgrade its facilities, acquire equipment, and actively promote its services (see Table 5).Types of government support vary: in Thailand, a major government help is the extensive tourism infrastructure development that aid hospitals in marketing health services with tourism components; in Malaysia, strong fiscal incentives to build capacity in the health sector and very coordinated regulation and promotion efforts, including removal of cross-border movement restriction for medical professionals into Malaysia, carried out with focus through clear mandate of a primary agency; in India, financial incentives, visa facilitation, and active promotion efforts; in the Philippines, fiscal incentives and subsidy. However, while Malaysia and Thailand have agencies with clear and focused mandates which helped it promote its medical tourism effectively, India and the Philippines have none. India, at least, has a very dynamic private hospital sector that helps drive the growth in medical tourism. The Philippine private sector, because of a belated entry into the industry, is still trying to coordinate its acts more effectively.

India and Malaysia have embarked on a domestic hospital accreditation system even as both continue to provide encouragement for hospitals dealing with medical tourists to acquire JCI accreditation. Thailand and the Philippines have no similar domestic accreditation body but encourage hospitals to go directly for international accreditation.

All countries boast of tourism attractions but specific medical specialties vary. In Thailand, most tourists come for cosmetic surgery; in Malaysia, for health screening, cosmetic and cardiac surgery; in India, for cardiac and orthopaedic procedure; and in the Philippines, for health screening, cosmetic surgery and dental procedures.

Growth in the sector is largely due to private sector investments and joint ventures in health services sector. India's medical tourism, for example, is dominated by large hospital chains such as Apollo or Gleneagle or Fortis. Malaysia, too, is following a similar track via open investment regimes in the hospital sector.

Table 5. Comparing medical tourism industry in Asia

Country	India	Malaysia	Thailand	Philippines
Organizational structure	Few big and multi-specialty private sector hospitals, e.g. Apollo, Fortis	Growing private health sector with movement of qualified workforce	Pockets of excellence in some private Bangkok hospitals, e.g. in Bumrungrad, Bangkok Medical Center	Growing corporatization of hospital services sector; pockets of excellence
National Strategy	Worldwide medical tourist destination; but growth is strongly private sector-led	Industrial strategy to develop tourism	Regional health hub; Extensive tourism infrastructure	On-off government push for medical tourism industry development
Sample of government support	Special medical travellers' visa and companion; promotion efforts; trade fairs; export subsidy	Subsidy; tax incentives for building hospitals; promotion; cost deduction for training	Infrastructure; promotion and advertising; push for international accreditation	Formation of public-private sector partnership; subsidized loans; import tariff exemption for medical equipment
JCI accredited hospitals	19 ; together with own-developed accreditation through NABH	7;accreditation of public and private hospitals through MSQH	22;	5
Policy impact	Growing urban-rural divide due to internal migration of doctors	Public-private divide	Urban-rural divide	None so visible yet arising from medical tourism

Source: Pocock and Phua (2011) and Author's compilation.

6. Best practices and lessons for Sri Lanka

Several lessons can be distilled from the experience of Asian countries analysed in this document.

First, there is a need **for a strong government support in developing the health tourism industry**.

The government can help in the overall promotion of the country as a medical tourism destination, e.g. through visa facilitation, trade fairs organization and participation, and marketing efforts by its consular offices abroad, or facilitation of inbound cross-border movement of medical professionals. It can encourage the upgrading of medical facilities through various fiscal incentives. The government can also support the medical tourism industry by addressing infrastructure bottlenecks especially those closely related to tourism, for example airports, roads and transport that facilitate access to tourist destinations. Airport infrastructure is particularly important as it acts as a 'marketing' tool giving the initial favourable or unfavourable impressions to foreign tourists.

Besides the above support, there are also other government policies that can help medical tourism. For example, if investment in hospitals and other services related to the sector is closed to foreigners, the government may need to assess if there is a continuing benefit for such a policy. The experience of Singapore, Malaysia, and India, for example, point to the big boost to the medical tourism sector from large foreign investments from hospital chains that have the resources to build modern hospitals as well as the experience dealing with large international foreign insurance groups which, as discussed in this paper, is a major factor that facilitates more foreign patients flow to developing countries. Building of more destination resorts and spas, hotels and other accommodations, likewise require attracting large capital, some of which are likely needed to be sourced from abroad.

Second, **it is critical to have a clear assignment of responsibility and hierarchy among government agencies to give clear policy directions to the industry is also very important.** The experience of Malaysia where the Malaysia Health Travel Council (MHTC) has very clear mandate to be the primary agency to develop and promote the healthcare travel industry and to position Malaysia as a preferred healthcare destination in the region shows that this leads to a very focused promotion effort and easier coordination among government agencies and private stakeholders. A similar positive experience can be pointed out for Thailand from the clear mandate of the Tourism Authority of Thailand for the focused promotion of Thai medical tourism.

Other countries have weaker centralized government agency tasked with the development and promotion of the medical tourism industry. However, as long as the private sector is given all the necessary encouragement and clear policy signals, then a dynamic private sector can lead the growth of medical tourism. The experience of India shows that its private hospital sector has strategically made the right partnerships to boost Indian medical tourism.

Third, what is crucially important is **the development of public-private sector partnerships.** The government can also facilitate cooperation among the private sector and provide 'venue' for them to coordinate their activities. For example, the Philippine's or India's experience of putting together a 'medical tourism team' composed of major players in the hospital, hotels, tour agencies, real estate and construction industries, etc., facilitate exchange of information about medical tourism trends and encourage formation of medical tourism packages involving several sectors. The group also helps in better advocacy and public dissemination of information regarding the prospects and benefits of developing the medical tourism industry in the country. A public-private sector partnership can also coordinate the 'policing' of its members to maintain quality and to safeguard the country's overall reputation.

One such important partnership is with the medical travel facilitators, both domestic and foreign. The domestic travel agencies are important in developing medical tourism packages, particularly before or after the medical procedure. But also a very important group of partners that need to be cultivated are the foreign medical travel facilitators, for these have an important role to play in actively marketing the country's services abroad and in developing interesting and unique medical tourism packages. They can provide a one-stop shop for potential medical travellers which, certainly, helps hospitals that cannot afford to make their own marketing and promotion outside the country. These experts are the ones who have the intimate knowledge of tourism and wellness demand of their respective clients and can effectively

recommend specific countries and medical and spa facilities or even create their own medical tourism destination packages.

Besides partnering with travel facilitators, big hospitals which have the capacity to establish foreign marketing offices should seriously consider establishing marketing arms or representative offices in selected major markets. The experience of hospitals such Bumrungrad has shown that representative offices abroad help significantly in bringing patients to the country. These small “branches” can also effectively spot potential benefits from bilateral negotiations with government insurance system in those countries to include its hospital among the insurance’s accredited institutions.

Fourth, **tourism planning is vital to multiply the positive effects of the industry.** Stakeholders need to identify and agree on the selected tourist destinations as well as the diversification of tourism products in order to attract more tourists through a varied consumer choice. In addition, within an assigned budget, stakeholders have to plan the creation and provision of adequate facilities as well as the strengthening of the existing infrastructure and amenities.

Fifth, human resources training as well as clear guidelines for medical professionals is also another important role for the government. A policy that strikes a balance between top doctors and nurses working in hospitals with medical tourists and the need to provide quality healthcare to its population especially the poor and those in the rural areas is, in principle, feasible. For example, the Philippines requires hospitals to allocate a percentage of hospital services, e.g. number of beds, to charity.

Some countries, like Malaysia and India, have a domestic accreditation body that accredits medical facilities to upgrade its services as well as provide some guarantee of quality to medical tourists. Others, like Singapore and Thailand, encourage direct accreditation from JCI. Given that not all healthcare facilities have the wherewithal to go for JCI accreditation, for example, small cosmetic surgery or dental clinics, some form of quality signalling would be useful to attract medical tourists to these facilities. It is, however, highly advisable to be cognizant of international standards in crafting domestic standards for local accreditation.

6.1. Prospects of Sri Lanka

Population: 20,328,000 *(WB 2012)*

GDP (US$): 38,302,681,410 *(WB 2012)*

GDP per capita: $ 1,884 *(WB 2012)*

GDP Growth: 9.2% (WB 2012)

GDP by sector:

Agriculture: 12%; Industry: 30%; Services: 58%

Employment by sector:

Agriculture: 33%; Industry: 24%; services: 40%

Ease of Doing Business: 81/185 (WB 2011)

UNDP HDI (2013): 92/187

Sri Lanka is reaping the benefit of peace through increased foreign tourist arrivals. Starting 2009, the number of foreign tourists steadily increased from over 400 thousand in 2008 to more than one million in 2012[51].

An island-nation, Sri Lanka boasts of exotic beaches and other tourism attractions like its rich cultural heritage, mainly from Buddhism which is the religion of majority of Sri Lankans. The traditional tourism offer ranges from beach tourism to eco-tourism, from adventure/wild-life to religious experiences. For tourists looking for eco-tourism, the yet unspoiled environment of many parts of the country is definitely a pull. English is still widely spoken, owing to its British heritage, and cheap long-haul direct travel, especially from Europe, is available.

With respect to medical/wellness tourism, as in other countries, there is no official statistic on how many of the tourist arrivals are in Sri Lanka for the purpose of medical tourism, but anecdotal evidence points to an increasing number of foreign patients that come to Colombo hospitals for treatment. For medical tourists, the cost of medical treatment, even including travel and accommodation, is on average, cheaper by 50%. . In addition, some holidaymakers come to Sri Lanka for the purpose of staying in resorts that offer ayurvedic spa and treatment (see next section). In the Sri Lankan official tourism website Ayurveda is already advertised.

6.1.1. Medical care in Sri Lanka

Sri Lanka's public healthcare system boasts of very skilled and highly trained medical doctors and specialists with education and training patterned after the UK system. It has a good network of hospitals spread throughout the country. Most Sri Lankan doctors work with the public healthcare sector while only few work fulltime in private hospitals. The dearth of fulltime medical doctors is the cause of the private hospitals lobby for easier regulations that would enable them to bring in more foreign doctors to Sri Lanka, especially in anticipation of increased number of foreign medical tourists who expect 24/7 availability of doctors.

Sri Lanka has five major private hospitals that are mainly based in Colombo: Asiri, Durdans, Hemas, Lanka, and Nawaloka (see Table 6).By foreign standards, each of these hospitals is 'small' with number of beds less than 500.But each hospital is upgrading its facilities and some have acquired state-of-the-art medical equipment for various specialties. None of them is JCI-accredited yet but Lanka hospital, partly owned by India-based Fortis Group, is preparing for its JCI accreditation this year (2013), with the targeted increase in medical tourism in view. Hemas hospital is accredited by Australian Council on Healthcare Standards Intl (ACHSI), an ISQUA-accredited accreditor of healthcare facilities similar to the JCI. The other hospitals are ISO-certified either for management (ISO 9001), for its medical laboratory (ISO 15189), or for food safety (ISO 22000).

[51] Sri Lanka Monthly Statistical Bulletin, http://www.sltda.lk/monthly_statistics

Of the five hospitals, Lanka and Durdans already have an active program for medical tourists. Foreign patients in Lanka hospital comprise about 15% of total, most of whom come from Maldives where Lanka has a bilateral arrangement with the government insurance for treatment of its citizens. It also has a representative office or feeder clinics based in Maldives that help bring in Maldivian patients. With a JCI accreditation, they expect to attract more patients from more countries. Durdans hospital has started a tie-up with www.healingjourney.lk, a local medical travel facilitator, to package medical tourism services, in addition to its existing tie-up with a Singapore-based medical travel facilitator. Asiri hospital built a new modern hospital (The Central) with 264 beds capacity, primarily designed to meet the requirements of medical tourists.

Table 6. Major Private Hospitals in Sri Lanka

	Asiri Hospital	Durdans Hospital	Hemas Hospitals	Lanka Hospital	Nawaloka Hospital
Foreign Patients		Beginning tie ups with medical travel facilitator, healingjourney.lk	Small number of foreign patients; approximately 1% of receipts from foreign patients	15% of total inpatients are foreigners; Mostly from Maldives;	
Beds/ centers of excellence	(additional 264 bed subsidiary hospital (The Central)soon to be finished; specifically built for med tourism); Neuro science, cardiology	250; Cardiac, Orthopedic, etc.	94 beds	242; multispecialty tertiary hospital, especially kidney, cardiac, cosmetic, and orthopaedic specialities	>400 beds
Doctors		50 fulltime; 150 visiting consultants	24 full time; 150 visiting consultants;	330 specialists (300 visiting); 55 doctors	600 visiting physicians
Staff		1,900 nursing, paramedics, and support staff	130 nurses	343 nurses;1200 total staff	
JCI and other international accreditations	ISO 9001 for management	ISO 15189: 2007for laboratory services; Plans afoot for future intl. accreditation	Accredited by Australian Council on Healthcare Standards Intl (ACHSI); ISO 9001 for management; ISO 15189 for laboratories; OHSAS 18001 for occupational health and safety management system	Preparations are ongoing for JCI accreditation; ISO 15189 for medical laboratories; ISO 22000-2005 Food Safety Hygiene; Halal certification	
International Affiliates				Part of the Fortis group of hospitals which is present in more than 5 countries	
Foreign Partners	Nil	Nil	7% of Hemas Holdings is by non-residents	Fortis Hospitals (India) 28%	Nil

Source: Author's compilation based on interviews and correspondences, hospital websites, and news articles[52].

[52] For example, http://www.ft.lk/2013/01/11/sri-lanka-readies-for-healing-journey-with-new-healthcare-tourism-company/

The challenge in Sri Lankan medical care is the large exodus of trained medical doctors for other countries. The poor remuneration and professional possibilities in Sri Lanka have been causing brain drain among Sri Lanka's medical doctors, with roughly 30-40% of annual graduates lost to foreign-based hospitals[53].The private sector healthcare, in theory, can help improve the plight of doctors but it is yet unable to match the financial reward from working abroad. Medical tourism is considered one avenue by which to arrest the brain drain.

Another challenge, particularly for private hospitals, is how to increase the number of full-time medical doctors, especially medical specialists. Most Sri Lankan doctors work in the public healthcare system and at the same time work part- time in private hospitals as consultants, usually after their work-hours in the public sector. Private hospitals argue that this system which, for now is workable will not hold as medical tourism picks up. The need for more full-time medical specialists is pushing private hospitals to either attract the Sri Lankan doctors who are working abroad or hire foreign doctors to practice in Sri Lanka, most of them from India. As in other countries, cross-border movement of professionals, especially medical professionals, is a sensitive issue in Sri Lanka.

Current Sri Lankan regulations on hiring foreign medical specialists require approval and assessment for equivalent training and standards. Once admitted, foreign specialists are given one year temporary registration, renewable for a maximum of three years. Beyond this, the foreign specialist must undergo the same training and examination that Sri Lankan specialists go through[54].The three year maximum practice is deemed by private hospitals to be a significant barrier because it is only around the third year that any specialist is usually able to develop a stable patient/client base. Hence, it would be very difficult to attract foreign doctors to work in Sri Lankan hospital if they must leave after three years. On the other hand, the doctors' association contend that the foreign doctors' training are less rigorous than theirs and are concerned about the potential diminishing of quality of health services if the situation is allowed to persist.

6.1.2. Potential niche market: Ayurveda treatment

While Sri Lanka has strong potential in competing in the global medical tourism market due to cheap medical costs, excellent medical workforce, and attractive tourist destinations, the fact is that the field is quickly getting crowded with more countries, from Latin America to Africa and Asia, trying to enter into the market. The key is to develop a niche in a soon-to-be crowded market in order to be competitive.

One area that holds strong potential is ayurvedic treatment in which Sri Lanka, along with India, holds a strong competitive advantage for holding the traditional knowledge. Ayurveda means the "science of life". It is a system of healing, widely practiced in South Asia, especially in Kerala and Sri Lanka, based on herbs and diet. It is duly recognized by the World Health Organization (WHO) as a complete natural healthcare system. For medical tourism purposes, two "avenues" may be considered in the ayurveda industry. One is relaxation (massage and spa where herbal oils are used); the other is an alternative or complimentary treatment to western medicine.

For the strictly ayurvedic treatment "branch", Sri Lanka has ayurvedic hospitals that are much like any other western type (primary or secondary level) hospitals, except that the treatment used in the facility is based on ayurveda. Some ayurvedic resorts, however, likewise offer ayurvedic treatment and specify the minimum number of stay in the facility (typically, 14 days minimum) for the treatment to have its effect. These facilities reject holiday seekers i.e. those who cannot stay for that long and wish only a short vacation stay. They regulate the length of time the patients (guests) can go out of the facility and discourage eating or drinking anything outside of what they offer at the resort. All these requirements are claimed to be part of the holistic treatment that ayurveda entails.

[53] From meeting with Government Medical Officers Association (GMOA) representatives.

[54] Sri Lankan medical training is patterned after the UK system.In the UK, specialists, after finishing their general medicine degree and passing the board exam, have to go through 4-6 years of specialty training, pass the specialty certificate exams to get their certificate for completion of training.Throughout the training, they have workplace based assessment, i.e. clinical duties where they get formative feedback and show evidence of learning.

For the ayurvedic spa and relaxation "branch", Sri Lanka faces competition all over the world as the technique can be copied anywhere and, in fact, ayurvedic spas are already found in many countries, for example in Malaysia. In Sri Lanka, some resorts allow both holiday seekers i.e. those staying for only 2 or 3 days, as well as those staying longer for a serious ayurveda treatment, hence these facilities straddle both ayurveda as relaxation and ayurveda as treatment and have mixed type of guests. Despite the competition from other countries, Sri Lanka has a natural advantage over many others because of the "authenticity" attached to ayurveda in Sri Lanka, having practiced the treatment for hundreds of years. In fact, Kerala (India) already feels the heat of competition, acknowledging that, since the Sri Lankan civil war ended, about 30-40% of their ayurvedic business has been taken away by Sri Lanka[55].This, despite the fact that, European tourists, especially Germans, have been the only major tourist bloc that go to Sri Lanka to take advantage of its ayurvedic treatment so far. The ayurvedic industry needs to document success stories that can be used for promoting the industry. More awareness and promotion of the usefulness of ayurvedic treatment throughout the world will propel the Sri Lankan medical tourism industry even higher.

Within the ayurvedic spa, establishing minimum standards and creating a system of star-rating can help the domestic industry as a whole by creating greater confidence among tourists. It will also give appropriate choices to tourists according to their willingness to pay[56].The current government system provides a basic minimum requirement or approval process for opening an ayurvedic business - most important of which is the requirement that a licensed ayurvedic doctor be present to take care of the ayurvedic treatment and spa. But to cater to discriminating foreign tourists, domestic accreditation and rating of ayurvedic spas in Sri Lanka can be carried out locally by an independent body, akin to other accreditation bodies for hospitals and other healthcare facilities, or hotels. For example, in Kerala, the Department of Tourism along with the government of Kerala awards accreditation to some ayurvedic centres for outstanding qualities of facilities and services.

International accreditation body for spa and wellness likewise exists, and in fact, one Sri Lankan ayurvedic spa near Kandy has obtained a "Quality Spa Certification" from one such international accrediting body *(See Box 2 for an example).*

Box 2. International Accreditation of Ayurvedic Spa

Just like medical facilities, spa and wellness facilities are also rated and accredited by some international accreditation bodies. One example is the European Audit Institute Wellness and Spa (EAWS) which evaluates various spa and wellness centres, including ayurvedic spas. Hotels and spa facilities can apply for EAWS Europe Certificate by sending an application. Once application has been accepted, the spa facility fills out a pre-assessment survey, and if judged positively, an on-site audit (mystery check) can take place; else, the applying spa is advised to first strengthen the identified weaknesses before any physical audit proceeds. The mystery check is carried out by EAWS auditors visiting the facility on an anonymous basis via regular booking to check the day-to-day standard of the facility and its services.

If the audit is successful, the spa is given one of three possible ratings: Leading, Premium, or Quality, depending on the accumulated score it obtained from 850 single criteria covering external presentation, front office, housekeeping, food and beverage, safety and wellness. In addition to EAWS' Basic Criteria[57] for spa, it has a separate criteria for ayurvedic spa. The EAWS website indicates the following additional criteria specifically for ayurvedic spas:

[55] "Kerala's ayurvedic industry challenged by Sri Lanka", news360.lk, http://www.news360.lk/tourism/news-herbal-29-04-2013-kerala%E2%80%99s-ayurvedic-industry-challenged-by-sri-lanka-778651. April 29, 2013.

[56] Interestingly, one Sri Lankan ayurvedic spa obtained an Ayurveda Spa Europe Certificate (Quality Spa Selection).

[57] The EAWS Basic Criteria for spas in general are the following:

1. A fundamental and integrated spa concept must exist throughout the entire facility.
2. The establishment as well as its environment offers a feel-good ambiance with extraordinary guest orientation and high service quality form check-in to check-out and beyond.

Authentic ambience and natural atmosphere and surrounding, clean, not close to industry parks or factories with high pollution emissions;

Therapies have to be applied by qualified specialists, with a clear therapy goal, and under the supervision of a medical doctor;

The ayurvedic doctor must be a university graduate and the therapist has to have appropriate training and education;

The treatment includes physical examination by a certified doctor, identification of individual treatment, feedback discussion of results, and proposals for sustainability upon return home;

A certified resort or hotel with a quality Ayurveda Spa Center should offer a noticeable health promoting concept within the venue, which includes treatments and services according to scientific research and standards, quality vital nutrition offerings, along with the highest standards in guest-orientation and service quality among the employees.

Has to have documented safety and hygiene standards

Source: http://www.wellness-audits.eu

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6.1.3. Other high-potential: ayurveda-linked exports

Besides attracting more medical travellers to try ayurvedic spa and treatment, Sri Lanka also has strong prospects in exporting ayurvedic products. As more countries become better aware of the benefits of ayurveda, there will be increased demand for ayurvedic products such as ointment, oil, tea, and ayurvedic herbal medicines. This, however, requires upping standards to address TBT and SPS concerns in most developed country markets. Adoption of good manufacturing practices (GMP) would help, as well as bilateral agreements on conformity assessment for TBT and SPS.

On this point, it is worth noting that Kerala had advanced in seeking to validate ayurveda through a rigorous, scientific process based on US Food and Drug Administration (FDA) norms[58].Academic faculties, such as the Faculty of Ayurveda, Institute of Medical Sciences in Banaras Hindu University (BHU), are being involved to undertake research and development in areas like geriatric care, cancer, and other

3. Provable quality specialist qualification.
4. Well-structured variety of well-balanced healthy Food & Beverage products (fresh, fully-fledged, delicious, ideally organic food).
5. Variety of wellness concepts and offerings in the fields of exercise, relaxation, recreation, nutrition and/or health promoting activities and information for sustainable health in daily life.
6. Optional nature experiences and/or cultural events available within the hotel and/or in the surrounding area.
7. The spa area and the environment within the hotel comply with modern standards of today´s wellness guests and offers high quality and up-to-date interior and equipment.
8. A quiet and inspiring relaxation area is obligatory
9. The spa area promotes ease and vigour-stimulating ambience.
10. This includes (only for mixed wellness concepts): Indoor-pool, sauna, steam-bath, fitness- and treatment rooms (in size and number adequate to hotel size); additional relaxation/recreation rooms or lounges with exceptional feel-good-ambience.
11. The public wellness area (pool, sauna, fitness room) is available daily for all wellness guests for at least 10 hours.
12. Additionally offered spa treatments should be available for the wellness guest in convenient number and at adequate price level.
13. Spa offers must be reasonable, transparent and with an adequate price-performance level.
14. Smoking is only allowed in completely separate rooms. The wellness guest must not come in any contact with smoke at any time

[58] See, for example, http://www.keralaayurveda.biz/htmls/rd.html, for news articles on various public-private sector initiatives to develop ayurveda products.

diseases. The venture also aims to standardize classical ayurvedic drugs for purity, safety, and efficacy. Other initiatives like joint partnerships with private businesses also seek to explore the development of beverage and food products and recipes that are ayurveda-inspired. For example, Tata Global Beverage has formed tie ups with the Board of Kerala Ayurveda Ltd to explore product development. In Sri Lanka, the government's 2013 budget announcement allocating Rs300 million for the development of indigenous medicinal systems and another Rs250 million to support research of university academics and medical professionals[59] can be seen as also a boost to ayurveda research and hence a step in the right direction. With the aim of documenting the scientific process behind ayurveda's effectiveness, the government's research fund can eventually help increase its exports of ayurveda wellness products and herbal tablets as well as open the possibility of exporting 'hard or curative drugs' based on ayurveda which as yet is barred from being imported into developed country markets.

Another export opportunity that can be drawn from Sri Lankan advantage in ayurveda is education services, i.e. training of foreign students/ doctors/ therapists who might be interested in learning ayurvedic treatment. Online courses, masters programs or specialists' courses can be offered from Sri Lankans far, the research team found one Sri Lankan resort near Kandy which offers precisely this training for foreign guests that are interested in ayurvedic therapy, albeit the training appears to be small scale and not as rigorous as those for ayurvedic doctors. The training is merely part of a few days hotel stay package and does not seem to be a serious training program with accredited certificates and proofs of training.

[59] See http://www.asiantribune.com/news/2012/11/08/sri-lanka-budget-2013

7. Role for ITC

7.1. Some proposed interventions for countries seeking entrance into the health tourism market

Tourism and in particular Medical/Wellness Tourism is one of the 3 clusters of services industries (together with Transport/Logistics/Distribution and IT-enabled Business Services) upon which the new ITC Trade in Services Programme is focusing since its inception in 2013. As mentioned, medical/wellness tourism is an increasing phenomenon, but studies on its potential with respect to poverty reduction are still lacking.

ITC's offer to countries in terms of health tourism can be built upon ITC's corporate business lines (Institutional strengthening, trade intelligence, exporter competitiveness, business and trade policy, export strategy) and, above all, upon its new Trade in Services Programme's objectives.

Based on the above, ITC could offer the following:

7.1.1. Designing a National Health Tourism Export Strategy

The development of a sector strategy will require a broad approach based on an active stakeholder (from both the public and private sector) consultative process. Through a value chain analysis, challenges and opportunities faced by the health tourism industry will be identified and analysed. Based on the outcome of this analysis, a comprehensive Action plan with be recommended with concrete initiatives to be undertaken within a specific timeframe.

7.1.2. Developing/Strengthening of the institutional framework for the development and promotion of health tourism

The creation of a National Council on Health Tourism Development and Export will help to better establish synergies between institutions involved in health tourism related issues and will contribute to efficiently position the sector at the country level.

7.1.3. Strengthening and formalizing National Public/Private Dialogue on health tourism in order to improve the business environment in the health tourism industry.

It is important for public stakeholders (policy-makers and regulators) to take into account the voice of the private sector (private hospitals, clinics, ayurvedic centres, tour operators, hotels, resturants, local communities that provide goods and services to tourists...) in order to improve the business environment at country level.

7.1.4. Mainstreaming health tourism into national development plans

Health tourism is not just a business for of hospitals, clinics, hotels or tour operators. The industry provides a country with an opportunity to develop a wide range of micro, small and medium sized enterprises and to create new jobs.

7.1.5. Organizing a national awareness campaign to sensitize on the importance of the health tourism industry for the economy

The content of the campaign will depend upon the resources available but would stress key statistics, benefits (actual and potential) of the sector to the economy and encourage political and policy prioritisation.

7.1.6. Supporting entities involved in the health tourism industry in meeting the accreditation process requirements for health tourism export (for instance the quality accreditation process established by the US Joint Commission International)

Provide direct technical assistance support (through training, mentoring or coaching) to operators involved in the health tourism business industry (hospitals, hotels, restaurants, tour operators, transport companies, distribution shops, souvenir markets) in identifying the adequate certification scheme, and assist them to implement it and get certified. Assistance could also be given to build the national capacity to audit these facilities.

7.1.7. Assisting countries in the establishment of a National Standard Accrediation Process to be followed by ayurvedic practitionners (for wellness tourism)

7.1.8. Developing a country brand as a high quality and affordable healthcare service provider as well as an attractive touristic destination for both medical and wellness tourism and deploy a multiyear marketing and business-development campaign for selected target markets

Develop a brand name through a consultative process and undertake promotional activities for selected products and services e.g. participation in trade fairs, organizing cultural events, branding exercise, etc.

7.1.9. Strengthening existing trade support institutions capacity to foster an enabling business environment for the development of health tourism activities

7.1.10. Organizing study tours for selected institutions involved in the development and promotion of health tourism to countries with high potential for know-how transfer on medical tourism or wellness tourism promotion.

7.1.11. Conducting a needs assessment to assess the supply-side capacity of health tourism service providers and identify products and services required by the industry as for example food supply and leisure and wellness services.

7.1.12. Building the capacity of local producers and service providers to meet market requirements

Training could be on quality, marketing, pricing, packaging and labelling (for agriculture and handicraft products), client relation management (for service providers), partnerships' development.

Other training sessions that could be useful to offer to local communities are on cooperatives building and management, access to finance (through micro-finance institutions or commercial banks).

7.2. How will ITC's technical assistance will be delivered?

ITC's TA will be delivered through:

- Technical inputs through concrete recommendations for the creation and operationalization of a National Council on health tourism or the organization of public private dialogues on health tourism related issues.

- Technical inputs for the production of trade intelligence on heath tourism (market profiles, case strudies, briefs, statistics compilation), the preparation of newsletters, the development of communication resources (health tourism web portal, promotional brochures …).
- Training sessions for hotels, tours operators, transportation companies and restaurants on quality requirements and on various accreditation processes.
- Tranfer of methodologies for the preparation and participation to health tourism fairs and events.
- Upgrade skills of local communities in providing products and services that meet tourist expectations.
- Sensitization/Awareness raising sessions for health tourism stakeholders on best practices on medical tourism
- Health tourism trade fairs /study, communication campaigns
- Webinars to showcase health services export offering

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