Medical Tourism in the Caribbean: Fools Gold or Sunken Treasure?
State of the Art and Lessons of Experience

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Overview

This presentation will highlight the potential of the Medical Tourism market and how the Caribbean can become a real competitor in today’s industry.

**Agenda**

- Key takeaways
- Overview of the Medical Tourism
- Current issues in the Caribbean Medical Industry
- Obstacles
- Recommendations for further competition
- References
Medical tourism is a potential $60 billion growing market – US$1 to 2 billion in Region.

Lot of competition for the region... Need to differentiate.

Solid initiatives have been developed in the area but need to scale.

The Caribbean countries have strong potential for expansion but have not capitalized on it.

Promoting, accreditation, facilities and more infrastructure (clusters) is needed to further compete.
OVERVIEW OF THE MEDICAL TOURISM INDUSTRY
Basic Facts on Medical Tourism

Medical Tourism
People traveling to another country for medical care. Medical tourists seek modern health care at affordable prices in countries at variable levels of development.

- Estimates range from 750,000 to 1.2 million US medical tourists. (Deloitte, 2009)
- **Mckinsey estimates show that about 30% of them go to Latin America** (Mckinsey, 2008)
- > 45% go to Asia
- Growth is estimated to be **20-30 percent annually** (KMPG, 2011)
- **Target Market size between US$1 to 2.5 billion per year**
Despite Large Potential... Only Small Share Actually Commit

Almost 39% say they would go abroad for an elective procedure if they could save half the cost and be assured quality was comparable (Deloitte Survey, 2008)

- Would consider going out of my community or local areas to get care/treatment for a condition if I knew the outcomes were better and the costs were no higher there (88%)
- Would consider having an elective procedure in a foreign country if I could save 50% or more and be assured the quality was equal or better than in the U.S. (39%)
- Travel outside my community for treatment (12%)
- May travel outside my community for treatment (38%)
- Traveled outside the U.S. for treatment (3%)
- May travel outside the U.S. for treatment (27%)
Patients consider many factors, not just PRICE

According to the medical tourism survey, there are a variety of factors taken into consideration for a destination choice:

- Commitment to international standards - accreditation
- Government and private sector investment in healthcare infrastructure
- International patient flow
- Potential for cost savings on medical procedures
- Political transparency, security and social stability are key
- Excellent tourism infrastructure
- Availability of internationally-trained, experienced medical staff
- History of healthcare innovation and achievement
- Successful adoption of best practices and state-of-the-art medical technology
- Sustained reputation for clinical excellence

Medical tourism defined

Medical Tourism Facilitators. Jonathan Edelheit,. Medical Tourism Association
Medical Tourism as Revenue Source

60 percent of medical tourists stay in their destination countries for more than 10 nights.

Medical Tourists spend 5-10 times more than traditional tourists.

More than 80 percent of medical tourists who traveled overseas brought a companion.

Medical Tourists spend on average about $3,500 on care + hotel/per diem.

Reasons patients seek care at medical tourism destinations

Medical Tourism Drivers

- Low cost
- Procedure not available in home country
- Avoid waiting lists
- Tourism and vacations
- Privacy and confidentiality

Source: Medical Tourism Facilitators. Jonathan Edelheit. Medical Tourism Association
Expectations of Growth: US Market

If 30% of these patients go to LA = 3 million patients a year. If Caribbean captures 10% of that is 300,000 patients. Above existing capacity in private beds

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Outbound Americas</td>
<td>0.750</td>
<td>7.5</td>
<td>10</td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total to Caribbean</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>Estimated Caribbean</td>
<td>22,500</td>
<td>225,000</td>
<td>312,900</td>
</tr>
<tr>
<td>Patients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Size Estimate</td>
<td>78.7</td>
<td>787</td>
<td>1.1</td>
</tr>
<tr>
<td>(USD bn)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Growth drivers

- Baby Boomers
- Increased demand for outpatient surgery
- Increased sophistication of medical tourism operations
- Increased coverage/demand for dental surgery
- Increased demand for cosmetic surgery
- Increased globalization of the workforce
- Increased access to low-cost global transportation

Source: “Medical Tourism: Updates and Implications”. Deloitte
Medical Tourism Ecosystem

**Internal Components**

**Medical Travelers**
Individuals seeking medical care either contact providers directly or work with intermediaries to identify providers and arrange care.

**Intermediaries**
Medical travel planners, travel agencies or hotel groups help travelers identify destinations, select providers and make arrangements.

**Provider Groups**
Hospitals, clinics, and specialty treatment centers provide care to patients who travel abroad for treatment.

**External Influencers**

**Governments**
Play active role through legislation and support of development of industry in their region.

**Insurance Companies**
Make decisions about covered procedures and reimbursement for expenses incurred.

Medical Tourism Patient Survey

- The majority of medical tourists travels in company

- Friends are the main way of discovering medical industry

Source: Medical Tourism Association Patient Survey, 2009
• 7 out of 10 medical tourists do other activities such as site seeing, shopping, eating dinner or enjoy the local culture

• 1 in 3 patients has a cosmetic procedure done

Source: Medical Tourism Association Patient Survey, 2009
Internet as a platform of connecting: 80% Medical Tourism researched their information online

Results of Internet Search for Terms Related to Medical Tourism:

<table>
<thead>
<tr>
<th>Search term</th>
<th>Number of websites identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>“medical tourism”</td>
<td>777,000</td>
</tr>
<tr>
<td>“medical tourism” + surgery</td>
<td>239,000</td>
</tr>
<tr>
<td>“medical tourism” + heart</td>
<td>169,000</td>
</tr>
<tr>
<td>“medical tourism” + heart + surgery</td>
<td>111,000</td>
</tr>
<tr>
<td>“medical tourism” + cardiac + surgery</td>
<td>121,000</td>
</tr>
<tr>
<td>“medical tourism” + transplantation</td>
<td>81,900</td>
</tr>
<tr>
<td>“medical tourism” + cancer</td>
<td>152,000</td>
</tr>
<tr>
<td>“medical tourism” + obesity</td>
<td>85,400</td>
</tr>
<tr>
<td>“medical tourism” + bariatric</td>
<td>24,600</td>
</tr>
<tr>
<td>“medical tourism” + joint</td>
<td>86,700</td>
</tr>
<tr>
<td>“medical tourism” + hip</td>
<td>79,200</td>
</tr>
<tr>
<td>“medical tourism” + prostate</td>
<td>62,400</td>
</tr>
<tr>
<td>“medical tourism” + cosmetic</td>
<td>123,000</td>
</tr>
<tr>
<td>“medical tourism” + plastic + surgery</td>
<td>136,000</td>
</tr>
</tbody>
</table>

Source: “Medical Tourism – Health Care in the Global Economy” Michael D. Horowitz, Jeffrey A. Rosensweig
### Countries with the highest patient flows

#### Medical tourism destinations

<table>
<thead>
<tr>
<th>Region</th>
<th>The Americas</th>
<th>Europe</th>
<th>Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>China</td>
<td>Argentina</td>
<td>Belgium</td>
</tr>
<tr>
<td>The Americas</td>
<td>India</td>
<td>Bolivia</td>
<td>Germany</td>
</tr>
<tr>
<td>Europe</td>
<td>Israel</td>
<td>Brazil</td>
<td>Hungary</td>
</tr>
<tr>
<td>Africa</td>
<td>Jordan</td>
<td>Colombia</td>
<td>Lithuania</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>Costa Rica</td>
<td>Poland</td>
</tr>
<tr>
<td></td>
<td>Malaysia</td>
<td>Cuba</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Philippines</td>
<td>Jamaica</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United Arab Emirates</td>
<td>Mexico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Offer is diverse and spreads throughout the world

Definition: Medical Tourism
Medical tourism refers to the act of traveling to another country to seek specialized or economical medical care, wellness and recuperation of acceptable quality with the help of a support system.

Market Drivers for Medical Tourism
- Cost savings
- Comparable or better quality care
- Shorter waiting periods, thus quicker access to care

Global Market for Medical Tourism
- World medical tourism market is estimated to be around $60 billion currently; it is expected to grow to $100 billion by 2010 (estimates vary)
- Over 500,000 Americans traveled abroad for medical procedures in 2005
- Over 35 countries are serving around a million+ medical tourists annually

Hungary
- Cost: 40%-50% of U.S.
- Mainly used by Europeans
- Reliable dental and cosmetic surgery
- No JCI accreditation

Gulf States
- Healthcare City designed to provide advanced healthcare services
- 38 JCI accreditations total; with 17 in Saudi Arabia

India
- 450,000 tourists in 2007
- Cost: Avg. 20% of U.S.
- 10 JCI accreditations

Mexico
- Cost: 25%-35%of U.S.
- High volume of U.S. visitors due to proximity
- Mainly dental and cosmetic surgery
- 3 JCI accreditation

Costa Rica
- Cost: 30%-40% of U.S.
- Mainly dental and cosmetic due to proximity to U.S.
- 1 JCI accreditation

Thailand
- 1.2 million tourists in 2006
- Cost: Avg. 30% of U.S.
- 4 JCI accreditations

Singapore
- 410,000 tourists in 2006
- Cost: Avg. 35% of U.S.
- 13 JCI accreditations

Brazil
- Cost: 40%-50% of U.S.
- Proximity makes it attractive for U.S. patients
- Reliable cosmetic surgeries
- 12 JCI accreditations

South Africa
- Cost: 30% to 40% of U.S.
- Suitable for cosmetic surgery
- No JCI accreditation

Malaysia
- 300,000 tourists in 2006
- Cost: Avg. 25% of U.S.
- Mainly cosmetic surgery and alternative medicine
- 1 JCI accreditation

Source: “Medical Tourism: Consumers in Search of Value”. Deloitte
Considerable differences in cost are present between the US and destination countries.
Country prices compared to US base

Percentage lower of costs compared to the US

What are the top specialties for medical travelers?

1. Cosmetic surgery
2. Dentistry (general, restorative, cosmetic)
3. Cardiovascular (angioplasty, CABG, transplants)
4. Orthopedics (joint and spine; sports medicine)
5. Cancer (often high-acuity or last resort)
6. Reproductive (fertility, women's health)
7. Weight loss (LAP-BAND, gastric bypass)
8. Scans, tests, health screenings and second opinions.

Technology is reducing search costs and introduces new opportunities...

MEDICAL TOURISM GUIDEBOOK  DESTINATIONS  PROCEDURES  CONTACT US

Compare Cost

Prices are as of 2011

Prices are approximate and not actual prices and include estimated airfare for patient and companion. Prices will vary based upon many factors including hospital, doctor’s experience, accreditation, currency exchange rates and more. Not included are costs for meals, miscellaneous expenses and any hotel costs or tourism costs.

Would you like an instant price quote for a specific medical procedure or destination not listed below? Please click here

<table>
<thead>
<tr>
<th>Medical Procedure</th>
<th>USA</th>
<th>Colombia</th>
<th>Costa Rica</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart Bypass</td>
<td>$144,000</td>
<td>$14,802</td>
<td>$25,000</td>
</tr>
<tr>
<td>Angioplasty</td>
<td>$57,000</td>
<td>$4,500</td>
<td>$13,000</td>
</tr>
<tr>
<td>Heart Valve Replacement</td>
<td>$170,000</td>
<td>$18,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Hip Replacement</td>
<td>$50,000</td>
<td>$6,500</td>
<td>$12,500</td>
</tr>
<tr>
<td>Hip Resurfacing</td>
<td>$50,000</td>
<td>$10,500</td>
<td>$12,500</td>
</tr>
<tr>
<td>Knee Replacement</td>
<td>$50,000</td>
<td>$6,500</td>
<td>$11,500</td>
</tr>
<tr>
<td>Spinal Fusion</td>
<td>$100,000</td>
<td>N/A</td>
<td>$11,500</td>
</tr>
<tr>
<td>Dental Implant</td>
<td>$2,800</td>
<td>$1,750</td>
<td>$900</td>
</tr>
<tr>
<td>Lap Band</td>
<td>$30,000</td>
<td>$9,900</td>
<td>$8,500</td>
</tr>
<tr>
<td>Breast Implants</td>
<td>$10,000</td>
<td>$2,500</td>
<td>$3,800</td>
</tr>
<tr>
<td>Rhinoplasty</td>
<td>$8,000</td>
<td>$2,500</td>
<td>$4,500</td>
</tr>
<tr>
<td>Face Lift</td>
<td>$15,000</td>
<td>$5,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>Hysterectomy</td>
<td>$15,000</td>
<td>N/A</td>
<td>$5,700</td>
</tr>
</tbody>
</table>

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* indicates required fields

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Email:*  
Subject:*  

Type above Code:*  

Message Text:*  

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MEDICAL TOURISM IN THE CARIBBEAN
Three Levels of Drivers in the Region

Staff Credentials
Int’l Accreditation
Language
Referrals

Industry Tie-ups
Regional Centers of Excellence
Access to innovation (stem cells)

Insurance liberalization
Value driven purchasing of Employer Plans
Pricing & Success stories
Competitive Costs

Cost comparison of sample medical tourism package (USD)

<table>
<thead>
<tr>
<th>Region</th>
<th>Hip Replacement Surgery</th>
<th>Flight Cost</th>
<th>Accommodation (7 nights, 3 stars)</th>
<th>Daily In site transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caribbean</td>
<td>8,000</td>
<td>4,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: “Health & Wellness Tourism”. Caribbean Export Development Agency
“Facts about Medical Tourism” Global Benefit Options
“Cheapest Caribbean Islands: 32 destinations by price” Price of Travel
“Money & costs: India” Lonely Planet
“Money & costs: Caribbean Islands” Lonely Planet
Drivers for Medical Tourism in the Caribbean (cont.)

**Diasporic tourism:** Strong basis for medical tourism

**Transportation costs:** Airfares / cruises cheaper due to proximity to US

**Natural wonders:** Caribbean beauty has drawn people for decades

**Prices:** Main driver for medical tourism, and must stay competitive

**Improve infrastructure:** Medical tourism must come with developments in infrastructure - roads, airports, accommodation, telecommunication
Price Point

• Surveys show that savings of more than 50% leads to higher likelihood of travel for care.
• Significant inter-Caribbean tourism possible through centers of excellence.
• Savings of at least $10,000 per case for surgery must be achieved to drive demand.
Big revenue is at stake

- Some countries like Trinidad and Tobago have made estimations of the future market value:

Specific targets by end of 3 years:

<table>
<thead>
<tr>
<th>Increasing number of foreign patients</th>
<th>Foreign Patients</th>
<th>Contribution to the Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Medical Tourists</td>
<td>1,500</td>
<td>US$15 million</td>
</tr>
<tr>
<td>Diaspora Medical Tourists</td>
<td>4,000</td>
<td>US$20 million</td>
</tr>
<tr>
<td>Vacation Medical Tourists</td>
<td>1,000</td>
<td>US$2 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,500</strong></td>
<td><strong>US$37 million</strong></td>
</tr>
</tbody>
</table>

Examples of Progress

Health City Cayman Islands

• Health City is one of largest private investment project in the Caribbean region aimed to provide care to international patients.
• It is the largest private nonprofit health network in the U.S. The 140-bed hospital, with a price tag of $50 million, will initially offer cardiac, cardiologic and orthopedic services.
• The goal is for the hospital to grow into a 2,000-bed facility with all major specialties.
• A medical school is also planned to be built on the site.

Source: “The promise of medical tourism in the Caribbean” Patrick Brendel, The Cayman Islands Journal
Obstacles to overcome

- **Government regulation**
  - Strict government regulation of the sector is critical to ensure compliance with international best practices in quality assurance and safety

- **Concerns about inequities in access to health**
  - Concerns about potential inequities developing in access and the quality of healthcare available to tourists versus what is available to locals

- **Deterioration of public health systems**
  - Some foresee the private centers to cater mainly to travelers, with the public health-care systems, on the other hand, being neglected

- **Developing a strong customer base**
  - Medical tourism destinations are substantially boosted by word of mouth (Merritt, 2012) and that takes time to develop.

- **Solid competition**
  - Caribbean countries face strong competition from established regional players, where costs are generally lower, since some economies of scale are possible

- **International accreditation**
  - Only five schools out of 27 in the English-speaking are accredited by the Caribbean Accreditation Authority (CAAM-HP)
  - **ONLY** Bahamas, Barbados and Bermuda have JCI accredited facilities

Source: “Medical Tourism in the Caribbean Islands: A Cure for Economies in Crisis?”. Patrick Brendel, The Cayman Islands Journal
A FEW PARTING THOUGHTS...
Strategic goals to achieve targets

- Develop Competitive Prices
- Improve Image/Quality
- Build Regional Med Tourism
- Differentiate products (stem cells/HIFU)
Essentials to become competitive

1. Bundling prices
2. Provide Specialty procedures
3. Develop Marketing strategies
4. Seek International accreditation
5. Sufficient investments in other infrastructure
6. Maintain competitive prices
7. Creating a Medical Tourism council/board
8. Define Industry Objectives

Competitiveness
Best Practices

Countries like Costa Rica have developed International Councils, such as PROMED, that coordinates the efforts to ensure the quality provided by the private health industry and their promotion.

Others like India issue a special visa for medical tourism while Malaysia and UAE as well as many other destinations facilitate visa application for medical tourism.

International medical tourism destination such as India, Turkey, UAE and Jordan have attracted international affiliations and partnerships with Harvard Medical International, the Mayo Clinic, Johns Hopkins, Cleveland Medical Centre and St. Thomas Hospitals in UK for quality assurance and marketing.

Regional Model: Building Blocks

Caribbean Health Tourism

Accreditation (Quality Health Service)

Marketing

Hotel Service

Transport Systems

Telecommunications

Health Providers

Management

Infrastructure

Training

Source: “Health Tourism and Related Services: Caribbean Development and International Trade”. (Gonzales, et. al.)
Thank you for your patience...

jcercone@sanigest.com
www.sanigest.com
References


- *Medical Tourism Facilitators.* Jonathan Edelheit,. Medical Tourism Association
