Medical tourism: its potential impact on the health workforce and health systems in India

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Globalization of health services

Globally there has been tremendous growth in the health service sector, catalyzed by inadequate national public health services, the spiralling cost of health services and the availability of cheaper alternatives in developing economies. This has led to the globalization of health care worldwide, illustrated by growing cross-border delivery of health services that is estimated to be in excess of US$140 billion (World Trade Organization 2001).

In India, health care is one of the largest sectors, in terms of revenue and employment, and this sector is expanding rapidly. During the 1990s, the Indian health care sector grew at a compound annual rate of 16%. Today the total value of the sector is more than US$34 billion. By 2012, India’s health care sector is projected to grow to nearly US$40 billion (PricewaterhouseCoopers 2007). A major proportion of this growth is predicted to be attributable to the growth in the business of medical tourism.

Medical tourism in India has gained momentum over the past few years. According to the Confederation of Indian Industries (CII), approximately 150,000 patients arrived in India in 2005 from across the globe for medical treatment, and this is expected to increase by 15% each year (Confederation of Indian Industries and McKinsey & Co. 2002). The medical tourism market in India was estimated at US$333 million in 2004 and has grown by about 25%. It is predicted to become a US$2 billion a year business opportunity by 2012 (Ernst & Young 2006).

Expansion of medical tourism in India

There are several characteristics that make India an appealing destination for visitors seeking health services. These include its well-trained health practitioners, a large populace of good English-speaking medical staff, a good mix of allopathic

and alternative systems of medicine, the availability of super-specialty centres, use of technologically advanced diagnostic equipment, and finally and more importantly, the availability of these premium services at competitive cost.

The costs of comparable treatment in India are on average one-eighth to one-fifth of those in the West. For instance, a cardiac procedure that costs anywhere between US$40,000–60,000 in the United States is priced at US$30,000 in Singapore, US$12,000–15,000 in Thailand and only US$3000–6000 in India. Likewise, the associated costs of surgery are also low (Ernst & Young 2006). A study by the India Brand Equity Foundation (IBEF) in 2004 showed that India is more cost-competitive than other leading medical tourism destinations like Thailand (India Brand Equity Foundation 2005).

Health services in India have the additional advantage of providing a good mix of allopathic and alternative systems of medicine. For instance, while New Delhi has emerged as a prime destination for cardiac care, Chennai has established a niche for quality eye care, and Kerala and Karnataka have emerged as hubs for state-of-the-art Ayurvedic healing.

The opportunity for profit in this sector has encouraged several large corporations and several non-resident Indians (NRIs) to invest money in setting up super-specialty hospitals (Ministry of Health and Family Welfare 2005). These facilities now dominate the upper end of the private sector and cater predominantly to medical tourists and affluent sections of the society.

Even the Government of India has responded promptly to tap the potential of this sector. In its effort to capitalize on this opportunity the Government has undertaken measures to promote India as a ‘global health destination’ (Chinai and Goswami 2007). The National Health Policy 2002 strongly encourages medical facilities to provide services to users from overseas (Ministry of Health and Family Welfare 2005). These facilities now dominate the upper end of the private sector and cater predominantly to medical tourists and affluent sections of the society.
are underway to improve the airport infrastructure to ensure smooth arrival and departure of health tourists. A brochure of the ministry predicts a ‘phenomenal expansion’ of the Indian health care industry in the coming years (Chiniai and Goswami 2007).

If the present trend continues, trade in health services will become one of the biggest sectors in India. However, the growth of this sector could pose a potential threat to the already crippled public health system in India.

**Potential threats due to medical tourism**

**Greater inequity in the health system**

The private sector in India has a dominant presence. It accounts for 82% of outpatient visits, 58% of inpatient expenditure, and 40% of births in institutions (Sengupta and Nundy 2005). A study conducted by global accounting and consulting firm Ernst & Young and the Federation of Indian Chamber of Commerce (FICCI) shows that private hospitals in India earned approximately US$15.5 billion in fiscal year 2006 and revenues from the sector are expected to rise to US$32.5 billion in 2012, which represents an annual revenue growth rate of about 19% a year (FICCI and Ernst & Young 2008).

The prospects of medical tourism have stimulated further growth in this sector by introducing an increasing number of joint ventures and collaborative endeavours. In India, several specialty corporate hospitals are being built in collaboration between Indian and foreign companies, including a US$40 million cardiac centre, set up under a consortium including Australia, Canada and India. On the positive side, such partnerships and collaborations have helped to improve service facilities and introduce superior management techniques and information systems (Chanda 2002).

However, the potential for earning revenue through medical tourism could become an important argument for private hospitals to demand greater subsidies from the government in the long run. This could potentially lead to a situation where specialty corporate hospitals are established using public funds and subsidies, thus diverting resources from the public health system and exacerbating the disparities in a two-tiered health system with a corporate segment and a public-sector segment, the former concentrating on high-level technology and services which do not address broader social needs.

The two-tiered system may also cause ‘cream skimming’, whereby those who need less but can pay more are served at the expense of the poor and more deserving (Chanda 2002).

**Increased shortages of skilled health professionals**

An important reason for poor service delivery in the public sector is the shortage of trained and skilled health personnel. According to the recently released Planning Commission report, India is short of a phenomenal 600,000 doctors, 1 million nurses and 200,000 dental surgeons (Planning Commission, Government of India 2008).

The availability of medical specialists in local Community Health Centres (CHCs), compared with the number of approved posts, is also worrying. The existing CHCs have a high shortfall of specialist manpower, such as obstetricians and gynaecologists (56%), paediatricians (67%), surgeons (56%) and medical specialists (59%) (Satpathy and Venkatesh 2006).

While the public sector is encumbered with staff and resource shortages, it has been estimated that over 75% of the human resources and advanced medical technology, 68% of the estimated 15,097 hospitals and 37% of 623,819 total beds in the country are in the private sector (Ministry of Health and Family Welfare 2005). These figures suggest that the private sector is the prime employer of health personnel predominantly trained in public health institutes. Further growth in this sector due to medical tourism could aggravate the internal ‘brain drain’, as better-quality health care professionals flow from the public health care segment to the corporate segment, with its better pay and superior infrastructure (Chanda 2002).

**Quality of care and accreditation issues**

Medical tourism has raised concerns regarding the quality of care in destination countries and this is one of the main arguments of the opponents of medical tourism. To counter this, several initiatives have been taken by the private sector in India with support from the government. The Government and CII have taken the lead in the process of national accreditation and licensing for the private sector. The Joint Commission International (JCI) has accredited 13 institutions in India, all of them being in the private sector.

In contrast, even though quality of health services is an important cause of under-utilization of public health facilities, it remains inadequately addressed. As per estimates by the National Sample Survey Organization (NSSO), between 1995–96 and 2004 the utilization of government sources of treatment increased from 19% to 22% in rural India but declined from 20% to 19% in urban India. For in-patient hospital treatment, the decline in utilization of government sources was from 43.8% to 41.7% in rural areas and from 43% to 38.2% in urban areas (NSSO 2006). Considering these trends, if remedial steps are not taken by the government to improve the quality of services in the resource-starved public health facilities, further declines in utilization can be expected and further disparities in a two-tiered health system.

**Unregulated growth of the private sector**

The government is expected to play an important role in regulating the private sector. However, in India, state interventions have been minimal (Bhat 1999). There is no policy framework to have a common set of regulations for the private health care sector. The implementation and enforcement of the existing regulations has been weak, and many of these regulations have not been updated and hence have lost their relevance. There are no institutional mechanisms within the government to address private sector issues. Moreover, there has been considerable resistance from various constituents of the private health care sector to accept in principle the applicability of certain regulations to their profession (Bhat 1999).

In India, the private sector has already received considerable subsidies in the form of land, reduced import duties for medical equipment, etc. Medical tourism could further legitimize their demands and put pressure on the government to subsidize...
them even more. This is worrying because the scarce resources available for health will go into subsidizing the private sector.

**Increased cost of medical treatment**

In India, currently over 80% of health care expenditure is borne by patients through out-of-pocket expenditure. It has been predicted that one effect of the increase in medical tourists would be a rise in the overall cost of health care in the country (Ministry of Health and Family Welfare 2005). In recent years, several studies have indicated the rising nature of medical costs. According to NSSO survey estimates, between 1995–6 and 2004 medical costs increased by 55.67 and 77.28%, respectively, for government and private sources in rural India. In urban India, the corresponding increases were, respectively, 76.6 and 116.2% (NSSO 2006).

In India, the private sector caters for 80% of the health needs of the population. The establishment of state of the art health facilities within this sector, combined with increased disparity in the quality of services provided in the two sectors, will further increase the dependence on the private sector and hence expenditure on medical treatment.

**The way ahead**

The current demand for health and wellness services has generated a global market in health services. In India, the private sector has responded promptly to this demand, which is evident from the recent increase in the number of super-specialty centres offering services to medical tourists. Even the government has initiated measures to encourage the growth of medical tourism but these have mainly benefitted the private sector.

There are several factors that have favoured India as a hub for health-related services. However, as outlined above, this growth could pose a potential threat to the public health system in India. To counteract this threat and to ensure that medical tourism has a favourable impact on the public health system, certain measures will need to be taken.

**Equitable growth of public and private sectors**

At present the gains from trade in health services have been restricted to the private sector. Within this sector, this has led to increased investments resulting in improved health care infrastructure and technologies, and provision of expensive and specialized services. At present, the benefits from this growth have bypassed the public health sector. As stated above, there are sufficient reasons to believe that if the present trend continues the services within the public health sector could deteriorate further.

To ensure a more equitable distribution of the gains, investments in the public health system will have to be increased. The government will have to undertake initiatives to improve the infrastructure, quality and efficiency of the public health sector. The initiatives and budgetary reallocation under the aegis of the National Rural Health Mission (NRHM) is a step in the right direction. There is also a need to regulate the growth within the private sector. This will not only help to maintain a standardized quality of services but also ensure maximum utilization of the scarce resources available for health.

It will also be worthwhile to consider mechanisms to divert revenue generated from trade in health services to develop the public health care sector. Taxes collected from foreign-owned commercial hospitals, for example, could be reinvested in the public health system (Chanda 2002).

**Address the availability of skilled health professionals**

The mal-distribution of human resources between private and public sectors is a concern. In order to overcome this, the root causes have to be addressed. The public sector will have to resolve issues related to employee dissatisfaction and provide better incentives to retain staff by improving working conditions and facilities and by providing opportunities for professional development. Further, capacity has to be built to increase the number of trained health professionals.

**Reduce variation or gaps in quality of care provided in public and private sectors**

There is a need to institute a common minimum standard of care for both the public and private sectors. This will help improve the uptake of services in the public sector and reduce dependence on the private sector. The formulation of Indian Public Health Standards under the NRHM is laudable. However, to achieve the established standards, there is a need to increase the availability and quality of human and physical resources by increasing expenditure on health care and allocating it efficiently.

The country also needs to develop and implement a system of national accreditation and licensing for both public and private sector health facilities. In this regard, the Indian Medical Association and Medical Council of India could play a pivotal role, working in conjunction with the Joint Commission International (JCI).

**Establish links between the public and private sectors**

Efforts will have to be made to establish, reactivate or strengthen mechanisms that can facilitate linkages between the public and private sectors. It is important to establish these linkages, since this could potentially help augment the financial capacity of the public health sector, improve the overall availability and quality of services for the public at large, and reduce the disparity in standards and working conditions between the two segments. The linkages could be established through professional exchanges; cooperation in training; use of facilities; telemedicine; sharing of information and research; and by providing complementary or specialized treatments (Chanda 2002).

Another means of forming linkages would be to cross-subsidize the public and private health care sectors, by transferring tax revenues from the latter or by providing some services free or at subsidized rates in high-quality corporate hospitals. Such provisions, however, would need to be monitored (Chanda 2002).
Thus, India has the potential to become a ‘global health destination’. However, this status will only be meaningful if the opportunities provided by medical tourism can also be utilized to improve the access, delivery and quality of services in the public health system.

Endnote


References

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