

MEDICAL TOURISM EXPORTS: THE CURRENT POSITION & OPPORTUNITIES FOR AUSTRALIA

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Medical Tourism today: A snapshot

- Who's doing medical tourism today?
- What's Australia doing?
- What segments are being offered?
- What is the market opportunity?
- Who are the competitors and what do they offer?
- What is the existing regulatory environment?



Alternative theme of Myth-busting

- Myth 1: *Australia is not a country for medical tourism*
- Myth 2: *Medical tourism is a dirty phrase*
- Myth 3: *No arrangements are in place for medical tourism*
- Myth 4: *Public patients need to suffer*
- Myth 5: *Nothing is happening*



Health services exports: a maze without end?

- The ABS defines services trade as comprising services provided between Australian residents and non- residents¹.
- Services trade is classified by type of activity covering
 - *Manufacturing services on physical inputs owned by others, Maintenance & repair, Transport, **Travel**, Construction, Insurance & pension, Financial, Intellectual property charges, Telecommunications, computer & information, **Other business, Personal, cultural & recreational** and Government services.*
- No reference to *Health services: some under Travel and Other*
- Different modes add more complexity and confusion



Modes

- Services exports and imports covers a number of FOUR modes of supply or delivery notably:
 - **Mode 1:** services provided across the border (from one country to another country);
 - **Mode 2:** services consumed abroad (such as foreign students studying in Australia); and
 - **Mode 4:** services delivered by the movement of a service supplier as a natural person from one country to another country (for example, an IT consultant from country A travels to country B to fulfil a contract).
- But services delivered to non-residents through a foreign subsidiary, e.g. services by a branch office of an Australian health firm in China, are not defined as an export/import of a service. This mode (known as **Mode 3** commercial presence or foreign affiliates trade) accounts for around two-thirds of the total Australian services provided to the rest of the world.



Who's doing medical tourism today?

- Globally, demand for healthcare services is surging off the back of development and economic growth in recent decades. 2016 Report by VISA and Oxford Economics
- **Global medical tourism industry was valued at US\$100 billion.**
 - Projected growth rate of 25% year-over-year for the next 10 years
 - 3-4 % of the world's population will travel internationally for healthcare and health-related treatment.
 - Growth of “enablers” – eg 340 new international airports over the next decade.
- **Medical travel market could reach US\$3 trillion by 2025.**
 - In 2017 estimated 1.4 million Americans travelled abroad for health purposes
 - Approx 16 million international patients worldwide (up from an estimated 13 million)



Who's doing medical tourism today?

In APAC region, growth is particularly strong and across all segments.

- Perception that it is focused on cosmetic treatment is out of date.
- APAC governments taking steps to future proof health care systems
- Some countries, led by Singapore and Thailand, are seeing the value of medical tourism – or inbound visitation – as a means of subsidising domestic health care, and generating sizeable export revenue.

In 2016, top 41 destinations for those seeking value-added services and high quality of healthcare across the globe.

- US - leads in terms of market share of healthcare travel spending
- Canada and the UK were ranked first and second, followed by Israel, Singapore and India.
- Thailand, Singapore and South Korea continue to thrive
- Strikingly, Australia did not even rank in the ratings.

Medical Tourism Index 2016



How does Australia perform?

- Global growth surging... Australia's exports of health services not clear, but most global reports indicate our position is small.
- Australia's competitive positioning affected by several factors:
- Price competitiveness – Australia's medical tourism services are not price competitive against main competitors in the industry (India, Thailand, and Singapore) but ranks similar to countries where the majority of inbound medical tourism patients come from.
- Quality of healthcare – Australia ranks very highly against competitors for quality healthcare and has a well-established reputation internationally from both a source and competitor perspective.
- Government support – very limited, especially in comparison to countries where medical tourism (both inbound and outbound) is significant. Specific Medical Treatment Visa, (subclass 602), administered by the Australian Department of Home Affairs in place.



Australia's future capacity for building a viable medical tourism industry will depend on:

- Capital (in terms of 'bed capacity') in Australia's hospitals and medical centres
- Ensuring there is a sufficiently skilled workforce to meet the demands of an influx of overseas patients
- Commercial gaps that fail to take account of capacity
- Bridging regulatory gaps through greater attention and support by federal and state governments
- Addressing market failures, e.g. in the insurance sector



Medical or Health Tourism: Australia's Strategic Risk Profile

STRENGTHS

- World-class institutions and hospitals
- Goodwill and strong reputation – academia / clinical /research
- Strong patient/user orientation
- Robust regulatory regime and standards
- History of adapting to new opportunities in strategy and structure e.g. education services exports
- Comparative openness to change
- Attractive tourism destination and offerings
- Positive, can-do attitude of some institutions
- Innovation track record, IP protection

OPPORTUNITIES

- Global increased demand for health services
- Changing regional demographics favour increased awareness of health and managing/mitigating disability
- Geographic proximity to fastest growing region
- Clean and safe environment
- Other resources on offer (e.g. four new Health and medical precincts in NSW, new Northern Beaches hospital)
- NDIS changes prompting greater client focus
- Some partnerships btw major corporates and organisations in place
- Few regulatory barriers – but policy vacuum around inbound international healthcare
- Untapped potential for service provision in regional Australia

WEAKNESSES

- Lack of organisational experience in aspects of service delivery in the international healthcare sector
- Complex health regime (federal, state, local)
- Lack of focus: International elements not wholly connected
- Limited knowledge of market demand/ client expectations
- Uncertainty regarding sources of funding
- No strong buy-in from government
- Lack of public awareness: no coordinated advocacy
- Poor data

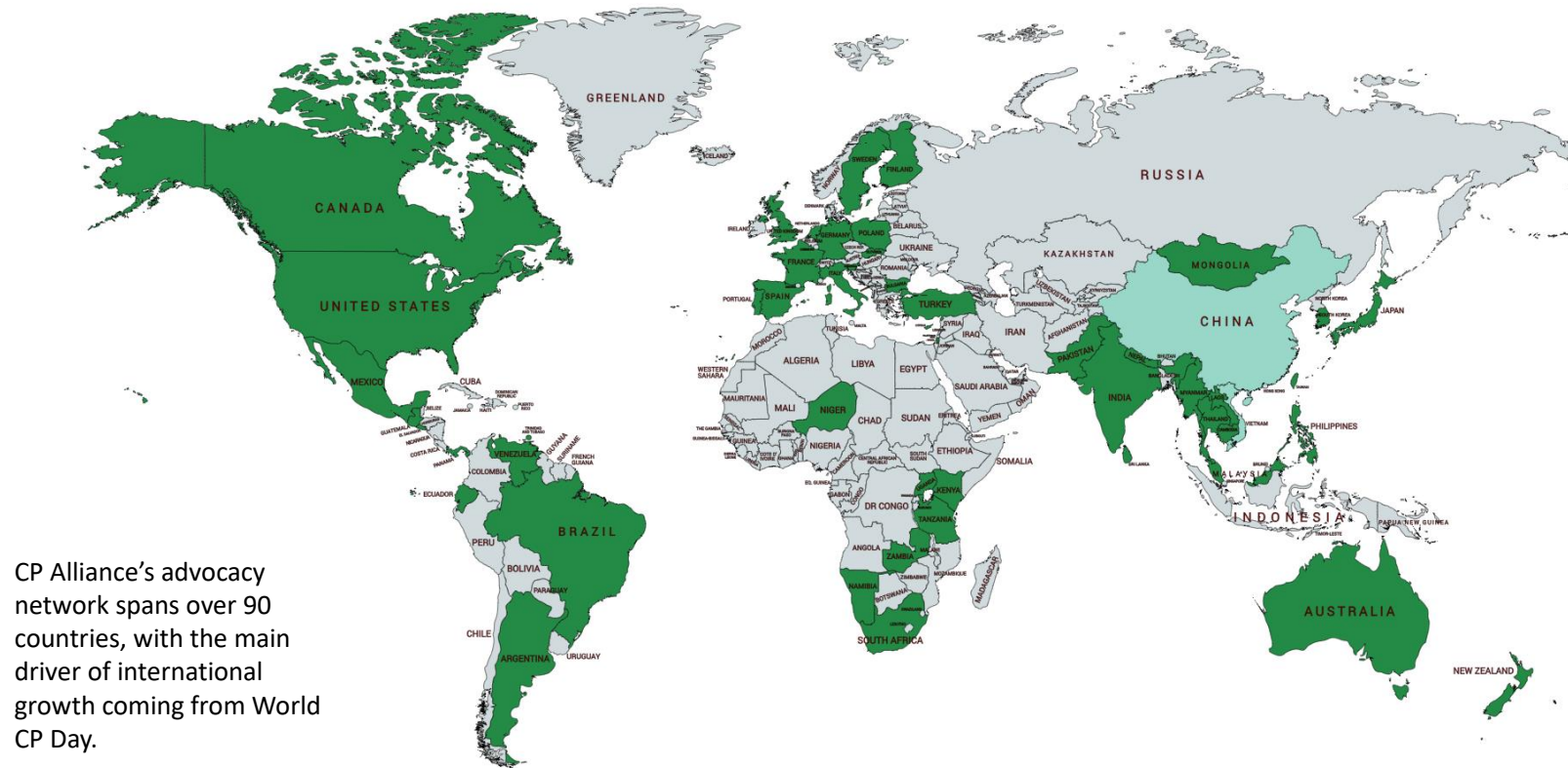
RISKS

- Negative perceptions in the sector around the medical tourism stigma, largely associated with cosmetic procedures and perceptions of unreliability and/or excessive commercialism
- Perception of public patient risks: community backlash
- Social licence: Risk of “over-tourism”
- Unilateral regulation of medical tourism by countries
- Policy changes in Australia e.g. re visas
- Workforce sustainability
- Commercialisation and IP risks
- Planning not connected to international positioning
- Some confusion in cross-jurisdictional recognition/approach



However, opportunities are being pursued by Australian companies and organisations

Case study: Cerebral Palsy Alliance



CP Alliance's advocacy network spans over 90 countries, with the main driver of international growth coming from World CP Day.



Opportunities for Australia



Possible next steps

- Statistical data – build the evidence-base
- Research – industry analysis? 2011 Deloitte study dated
- Learnings and lessons from other service sectors - tourism and education in particular
- Industry collaboration
- Partnership with government: DFAT, Austrade, Department of Health, state governments
- Potential for 2030: Tourism, education, agriculture - **why not health services?**

Inertia can bring the greatest risks....

