

# Hub of Medical Tourism: A Case Study on Appolo Hospital, Chennai

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**Abstract**—*Medical Tourism in Asia is estimated as worth \$ 4 billion during the year 2012. Patients from developed world are now seeking care in countries where hi-tech is available and inexpensive. Huge cost differentials (Asian countries charging 20% of the cost of US and UK), cheaper airfare, 'world class' hi-tech medical care today offers business opportunities for corporate hospitals in Asian countries.*

*Medical Tourism (MT) in India can be traced to the increasing numbers of corporate hospitals in the metropolitan cities. Health Bill and the 12th Five year Plan of India emphasised the role of private sector in medical care.*

*This paper analyses the opportunities, challenges and obstacles of Medical tourism in Chennai, the health capital of India with special reference to Appolo Hospitals Chennai. The research would also focus on the recent Health Care Reforms and their implications on Medical Tourism Industry.*

**Keywords:** *Medical Tourism, Health Care Reforms, Global healthcare, Medical tourism provider*

## 1. INTRODUCTION

Medical tourism or health tourism is the travel of people to another country for the purpose of obtaining medical treatment in that country. Traditionally, people would travel from less-developed countries to major medical centers in highly developed countries for medical treatment that was unavailable in their own communities; the recent trend is for people to travel from developed countries to third-world countries for medical treatments because of cost consideration. The top destinations for medical tourism are Costa Rica, India, Israel, Malaysia, Mexico, Singapore, South Korea, Taiwan, Thailand, Turkey, United States.

## 2. MEDICAL TOURISM IN INDIA

The health care sector in India has witnessed an enormous growth in infrastructure in the private and voluntary sector. The private sector, which was very modest in the early stages, has now become a flourishing industry equipped with the most modern state-of-the-art technology at its disposal. It is estimated that 75-80% of health care

services and investments in India are now provided by the private sector. An added plus had been that India has one of

the largest pharmaceutical industries in the world. It is self sufficient in drug production and exports drugs to more than 180 countries.

Advantages for medical treatment in India include reduced costs, the availability of latest medical technologies, and a growing compliance on international quality standards, as well as the fact that foreigners are less likely to face a language barrier in India. The Indian government is taking steps to address infrastructure issues that hinder the country's growth in medical tourism. The government has removed visa restrictions on tourist visas that required a two-month gap between consecutive visits for people from Gulf countries which is likely to boost medical tourism.

## A Hub for Medical tourism

The city of Chennai has been termed **India's health capital**. With people from across the country and abroad preferring to get treated in city hospitals, Chennai is increasingly becoming a hub of medical tourism. Chennai attracts about 40% of the country's medical tourists and more than six lakh tourists visit the state every year, according to a study by Confederation of Indian Industries (CII). The inflow of medical tourists to India has increased by 23%, with Chennai continuing to be the favourite destination, according to CII officials.

Multi- and super-specialty hospitals across the city bring in an estimated 200 international patients every day. The state produces the maximum number of doctors and paramedics in the country. The city has an estimated 12,500 hospital beds, of which only half is used by the city's population with the rest being shared by patients from other states of the country and foreigners.

## 3. METHODOLOGY

### Objectives

To identify the drivers and deterrents of demand in medical tourism at Appolo Hospitals, Chennai.

- To analyze the impact of recent Health Care reforms on medical tourism marketplace

## Research Method

Case Study approach has been used to study the opportunities, challenges and obstacles of Medical tourism in Chennai, the health capital of India with special reference to Apollo Hospital, Chennai. This paper utilises the factors in Porter's Five Forces Model of national competitive advantage to evaluate, analyse and discuss the growth and development of medical tourism.

### A Case Study of Apollo Hospital, Chennai

The flagship hospital of the Apollo Group is Apollo Hospital Chennai, established in the year 1983. Today it is one of the most well-known hospitals, worldwide. The patients, both from the country and the world (medical tourism) come to this hospital to get rid of their medical troubles. Specializing in various medical processes such as Robotic surgeries, Heart Disease Treatments, Oncology (Cancer Treatments), Neurology & Neurosurgery, Cosmetic and Reconstructive Surgery, Gastroenterology, Nephrology and Urology, Dentistry, Orthopedics, Spine Surgery and so on, it has more than 60 departments which are headed by internationally trained doctors.

### Case Analysis using Porters Model

Porters Five Forces Model of national competitive advantage is a modern international trade theory (Porter, 1990). It is used to conceptualise the five conditions that are important when conducting international business. The model comprises of elements that are essential for the strategic decision-making of a firm intending to conduct international business. The five main components included in this model are factor conditions, demand conditions, related and supporting industries, firm strategy, structure and rivals / competitors.

### Supply/Factor conditions

The basic factors such as ideal climatic conditions, natural resources and geographic location, are essential and an advantage for medical tourism especially for those visitors from colder climates. Other factors like medical tourism services offered by hospitals and governments, well-qualified trained doctors & hospital staff, utilisation of the world-wide web resources for the communication and marketing of the medical tourism product internationally are also considered important.

Apollo hospital, Chennai has more than 60 departments which are headed by internationally trained doctors.

As labour, in Chennai, is relatively cheap, many of the activities involved in financing a hospital can be managed at a cheaper cost because salaries are generally lower and, in turn, the savings are passed along to the patient who pays much less for the same healthcare service than that found in their home country.

## Demand conditions

As the western countries experience increase in ageing population, there is increasing demand for medical services, and, quite often, this demand is not met in many western countries by their public healthcare service. For much of the population in developed countries, private healthcare is too expensive and so patients are placed onto public waiting lists for medical treatment.

Apollo Hospital, Chennai is the first hospital in South India to be accredited by the Joint Commission International, USA. Its the first Indian hospital to be awarded the ISO 9002 and ISO 14001 Certifications. This has enhanced reliability amongst patients, which has expanded the scope for medical tourism in the state and the most sought-after destination for health tourism.

## Related and supporting industries

As medical tourism involves a form of travel to a foreign location, there is demand for accommodation in the hospital or in a hotel and also for local travel at the destination. Well-coordinated efforts among the travel, the hospitality, and the healthcare trade are imperative for the sustainable growth of this business. 'International Patient Care' is already a seamless process, with the guests buying inclusive arrangements that feature air travel, local transportation, translation services, air-conditioned five-star accommodation, together with their personalized choice of global cuisine. The flow of patients for reliable treatment at Apollo hospitals has caused many tour operators and hotels to spring up in the near-by locations.

There is already a high concentration of expatriate Indian medical staff working in the US and UK, as well as many other countries. This gives patients confidence in the healthcare offered by India generally as they are already used to the expertise and professionalism of Indian medical staff. Hence government should encourage medical tourism by allowing visas to be easily obtained and so do not hinder the process.

### Company strategy and structure

It is the country's first ISO certified healthcare provider which is counted amongst the top most medical organizations offering various kinds of medical services. It is well-equipped with all kinds of modern-day technology, maintain international standards and has a patient-friendly environment. It offers some cutting-edge oncology treatments such as Cyberknife and Novalis. It was recently awarded the NABH accreditation, the Indian gold standard for healthcare quality.

At micro level, the future of hospitals participating in medical tourism will be dependent on their strategy and structure. Hence governments, hospitals and other tourism business operators should provide quality service and maintain a good

customer satisfaction rating, to sustain in the competitive market environment.

### **Rivalry / Competition**

As medical tourism becomes more attractive to many countries, there will be much more international competition and rivalry. Therefore, with medical treatment being equal across many countries, the tourist would begin to select their target destination based on other reasons.

The success rate of Appolo hospital, Chennai has been commendable which surpasses its rivals – they are

- Leaders in Birmingham Hip Resurfacing Treatment in India.
- Pioneers of multi-organ and cord blood transplants in India.
- The Apollo Centre for Liver Disease and Transplantation, Chennai has conducted over 100 Liver Transplantations till June 2011, in just 3 years since its inauguration.
- A healthy 70% success rate in Bone Marrow Transplant.
- They are the first Indian hospital to launch landmark techniques in stereotactic radiotherapy, coronary angioplasty and radio-surgery for brain tumors.

With the medical tourism facilities increasing in demand over time, as with other international business operations, there is room for multinational enterprises that can offer such healthcare services internationally. With a multinational enterprise comprising staff that is recruited internationally, there are facilities within the structure of the firm to enable these enterprises to expatriate medical staff to manage future subsidiaries around the world. Thus, it will not be unusual in the near future to have different forms of entry modes in medical tourism, such as with franchising agreements or joint ventures.

## **4. RECOMMENDATION**

The study using Portors model has helped in identifying opportunities and challenges posed for medical tourism.

### **Opportunities**

Medical tourism is a booming industrial segment which provides abundant scope for entrepreneurial and job opportunities, such as

### **Specialized Travel Agencies**

There exists abundant scope for emergence of dedicated travel agents and tour operators who could do a detailed market research on the medical tourist segments design, develop, and sell products and services that best cater to the needs of those segments.

### **Travel Desk in Hospitals:**

Such a travel desk should act as a comprehensive marketing arm of the hospital w.r.t medical tourism. It shall coordinate the in-house services as well as services provided by other players like local tour operators. It can also provide services like ticketing, visa-extension assistance, foreign exchange, etc.

### **Medical Tourist Management Software Developers**

Demand for customized software solutions could be created to be used by hospitals and travel agents. Software could be developed for online booking, for automating the hospital administration, etc.

### **Medical Tourism Consultants**

Medical tourism is relatively a new industry, where many problems are not well defined and answers not readily available. Thus, it requires trouble-shooters to deal and create unique ideas.

### **Starting Alternative Medical Care/Rejuvenation Centres**

In a country like India well known world for its range of alternative therapies, such as; Ayurvedic health centres, Yoga, Homoeopathy, Yunani, Siddha, etc. There is scope for attracting tourist for treatment and wellness packages.

### **Medical tourism brokers**

Private health care services could create need for medical brokers, who specialize in helping patients jump the queue by negotiating reduced rates for elective surgeries. They get a big commission, which they partially pass on, to the customer who is also benefited thus.

### **Challenges**

- Hospitals in India should aim benchmark themselves for international quality accreditation standards.
- Healthcare facilities need to be upgraded. Hospital infrastructure to be improved by acquiring latest machines.
- The number and competencies of the specialists and super-specialists and so also the para-medical staffs have to be increased.
- Simplify the procedures for cross border travel. Special medical tourist visa could be initiated.
- The Indian legal infrastructure to be geared up to handle healthcare specific litigations in a speedy manner, such as medical insurance related cases.

## **5. CONCLUSION**

Medical tourism in India despite being a relatively a new phenomenon is almost certainly to be a major source of earnings in years to come. India's healthcare industry is

already growing at 30 per cent annually. Patients, especially from the United States and European countries, are now keenly looking towards India for treatment plus combining the same with short holidays.

The government policy of merging medical expansion and tourism was announced by Finance minister in his 2003 annual budget speech, where he called for 'India becoming a global health destination'. Thus chains of such institutions and medi-cities got underway. India's XIth Plan mentions a list of corporate hospitals, which provide high-end health care services through business process outsourcing and the XII Plan depends heavily on the public private partnerships in financing of tertiary care as a way to handle the financial challenge. Confederation of Indian Industry (CII) and Indian Health Care Federation (IHCF) wants to establish an Indian health care brand synonymous with 'safety, trust, and excellence'. The assumption behind these policies is that the revenue thus, generated will add to the economic growth that is the basis of welfare.

A sincere commitment to these coordinated moves allows each stakeholder to focus on his own competencies and may even alleviate the level of competition – allowing for better long run revenues throughout the entire sector.

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