

## **MEDICAL TOURISM AND ITS CONTRIBUTION TO THE DEVELOPMENT OF ECONOMY**

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### **Abstract**

*The access to health represents a fundamental right of people and everyone benefits by it depending on the level of development of the country of residence. Concomitantly with the evolution, expectations have increased too, especially in the field of health, considering the high rate of disease worldwide. Thus, people started to look for the benefits of the newest technologies in this field, resulting in the spread of medical tourism. The increasing flow of this type of tourists is a global phenomenon, related to the progress of technology and to the level of education, evolution of science and economic development. Being on an ascending scale, the phenomenon does not limit only to travelling for baths in thermal or mineral springs, but also includes types of diversified services, however with the same goal, offering new opportunities of economic, social, cultural and environmental development, with patrimonial value, which generates prosperity worldwide.*

**Keywords:** medical tourism, economy, development, services, health

**JEL classification:** A10, I15, Z32

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### **1. Introduction**

Medical tourism does not represent a new concept, this phenomenon being practiced for thousands of years. The history of medical tourism dates back to Antiquity, and multiple studies about the antique cultures describe a strong connection between religion and medical care, most of civilizations at the time strongly believing in the therapeutic effects of thermal and mineral springs and of temples.

The term describes this rapidly growing practice of traveling away from one's hometown, where the de novo departure is often but not always across international borders, and made for the specific reason of obtaining necessary or elective health treatment, diagnosis, wellness services, medical

spa services, participation in clinical drug therapy or treatment trials, avoiding long waits to access care or services in one's hometown, seeking care under cover of privacy and anonymity, and sometimes simply just a second opinion from key opinion leaders (KOLs) of world renown.

Nowadays, the development of medical tourism is due both to the increasing demand and to the generous offer of advanced medical services. Therefore, globalization has transformed tourism from a seasonal activity intended for relaxation to an activity aiming at satisfying certain needs. In this industry, medical or health tourism represents only a niche within a complex of possible voyages. Thus, hundreds of thousands of people travel to look for less costly medical care services or for some innovative services in this field.

Medical tourism is a form of planned voyage intended for people who want to benefit by medical services with a low level of emergency. The increasing flow of medical tourists is a global phenomenon related to the progress of technology and to the level of education, evolution of science and economic development, which generates the increase of incomes and therefore an increased interest for this type of tourism.

As people want to benefit by the newest discoveries in the field of healthcare to simplify their lives in this way, also giving effect to the pleasure of visiting new places, the role of medical tourism becomes more and more significant, as an engine of the economic development and cultural sharing. In the long run, we anticipate ascension of the field, as the increase of the life expectancy is primary for all nations, and investments in the development of the field take place in an open and lasting manner.

## **2. Literature Review**

The first historical attestation of medical tourism dates back around 2000 BC, when Hippocrates visited Epidaurus in Ancient Greece, more precisely the Sanctuary of the God of Health, Asclepius, son of Apollo. Until 300 BC, therapeutic temples have arisen in Greece. One of these, called Epidaurus, was the most famous and consisted of a farm, a temple and thermal baths. Also, temples that included thermal springs too were the Sanctuary of Zeus at Olympia and the Temple at Delphi. (Olkiewicz, M., 2016, p. 110).

In 1326, a region known as Ville d'Eaux or the City of Water, became famous in the entire Europe when iron hot springs were discovered. The name of „spa” is a term derived from the word „espa”, which has its origin in 1326, when Commander Collin le Loup pretended that the water of those iron water

springs is a cure, naming it „espa”, which means „fountain”. (Olkiewicz, M., 2016, p. 2).

In 1600, the city Tunbridge Wells of Kent, located in the North West England, became famous for having a spa center. Then, the phenomenon extended. In 1720, Bath became the first city in England benefiting by a sewage system; furthermore, it also had technological, financial and social benefits. Roads were paved, streets lighted, hotels and restaurants embellished, all these in order to increase the already-developed medical tourism. (Cruz, Z., L., 2006, pp. 18- 19).

A significant increase of the interest for medical tourism occurred starting with the 90’s, in the 20<sup>th</sup> century. Although voyages aiming at looking for medical services have been known for many years, the term of „medical tourism” spread in that period as an element of a certain novelty. (Olkiewicz, M., 2016, p. 110).

**Table 1: The typology of definitions for medical tourism**

|  |  |
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| Guyer, F., E.,<br>1963, p. 19                          | The practice of leaving home to obtain care or treatment or to visit a thermal water spa.  |
| Goodrich, J., N.;<br>Goodrich, G., E.,<br>1987, p. 217 | Vertical development of travel products by care travelers also includes health services.   |
| Connell, J., 2006,<br>p. 1093                          | Patients going abroad for surgical medical treatment.  |
| Lee, C.; Spisto,<br>M., 2007, p. 4                     | Tourism activity involving a medical procedure combined with activities that promote tourist welfare.  |
| Whittaker, A.,<br>2008, p. 272                         | Incorrect term, because the connotation of pleasure is not always associated with this type of travel.   |
| Smith, M.;<br>Puczkó, L., 2009,<br>p. 60               | Multi-dimensional concept which incorporates aspects of both physical and mental health, as well as environmental and social factors.            |
| Reddy, S., G., et<br>al., 2010, p. 510                 | Medical tourism is the act of travelling abroad for health care.   |
| Lunt, N., et al.,<br>2011, p. 9                        | As a concept it conveys both the willingness to travel and willingness to treat as core processes within the new global market of health travel. |

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|--------------------------------------|---|
| Todd, K., M.,<br>2012, p. 3          | Medical tourism (also called medical travel, health tourism, health travel, and global healthcare, among other terms) is a term attributed to the popular news media, and some travel agencies that package wellness and medical spa vacations and holidays, primarily throughout Europe. |
| Botterill, D., et<br>al., 2013, p. 2 | A „touristification” of health care emerging through the adoption of tourism practices but still, of course, dependent on science and technology medical expert treatment.  |
| Speier, A., 2016,<br>p. 21           | Medical tourism reflects a strengthening of the global, neoliberal model of consumer health care, the way patients make the decision to travel abroad for health care.  |
| Khan, M., A,<br>2017, p. 4           | Medical tourism is one of the hottest niche markets in the hospitality and travel industries, where Hospitality and Healthcare services working in harmony and cadence.   |

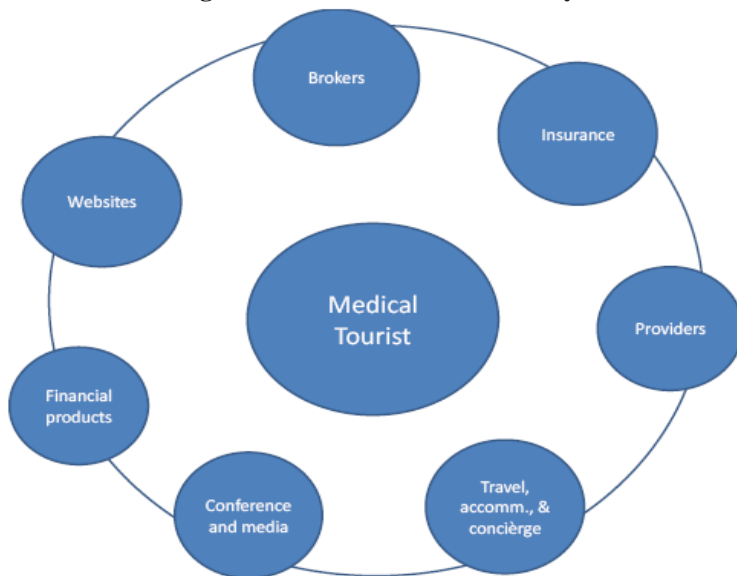
Source: Table made by the author

### **3. Medical tourism industry**

One of the oldest examples in which medical tourism significantly contributes to the economic development dates back to the 1720s, when the aristocrats from Europe discovered the therapeutic healing at the thermal springs from the city of Bath. Therefore, the city became the first in England having benefited by a sewage system; moreover, it had technological, financial and social benefits, being more developed than London for a long time. Roads were paved, streets lighted, hotels and restaurants embellished, all these in order to increase the already-developed medical tourism. (Cruz, Z., L., 2006, pp. 18- 19).

Nowadays, medical tourism is an emergent global industry, with a wide range of accessory services, including brokers, providers of medical services, providers of insurance services, providers of websites and conference and mass-media services. This multitude of services with commercial interests has the role of supporting medical tourists in order to get the most efficient results. (Lunt, N., et al., 2011, p. 18).

**Figure 1: Medical tourism industry**



Source: Lunt, N., et al., 2011, p. 18

The United Nations Organization designated 2017 as the international year of sustainability of development by tourism. Tourism, in all its forms, represents one of the largest economic sectors worldwide, which handles exports, creates jobs, offering opportunities of economic, social, cultural and environmental development, with patrimonial value, which generates prosperity worldwide.

In spite of the bigger and bigger and unpredictable challenges, such as terrorist attacks, political instability, health viruses and natural disasters, the World Travel and Tourism Council (WTTC) mentioned that tourism generated in 2016, 7.6 trillion USD (10.2% of the global GDP) and 292 million jobs, equivalent to 1 of 10 jobs in global economy. The sector represented 6.6% of the total of global exports and almost 30% of the total of exports of global services. In 2016, the direct increase of the GDP in tourism exceeded the performance of economic growth registered in 116 of the 185 countries concerned by the annual economy, related to the great tourism targets, such as Australia, Canada, Thailand, Turkey, Israel, France, China, India, Mexico and South Africa. (Travel & Tourism Global Economic Impact & Issues 2017, pp.

3- 7, available at <https://www.wttc.org/-/media/files/reports/economic-impact-research/2017-documents/global-economic-impact-and-issues-2017.pdf>).

Some of these countries, designated with the highest tourism potential, are recognized as having some of the most well-known medical centers worldwide, according to a hierarchy made by Medical Travel Quality Alliance (MTQUA).

**Table 2: The most well-known medical centers worldwide**

|    | <b>Country</b> | <b>City</b>  | <b>Medical center</b>                     |
|----|----------------|--------------|---|
| 1  | Germany        | Hamburg      | Asklepios Klinik Barmbek                  |
| 2  | Lebanon        | Beirut       | Clemenceau Medical Center                 |
| 3  | India          | Bangalore    | Fortis Hospital Bannerghatta              |
| 4  | Singapore      |              | Gleneagles Hospital                       |
| 5  | Malaysia       | Kuala Lumpur | Prince Court Medical Center               |
| 6  | Canada         | Toronto      | Shouldice Hospital                        |
| 7  | Jordan         | Amman        | The Specialty Hospital                    |
| 8  | Thailand       | Bangkok      | Samitivej Hospital                        |
| 9  | Mexico         | Monterrey    | ChristusMuguerza Super Specialty Hospital |
| 10 | Turkey         | Istanbul     | Anadolu Medical Center                    |

Source: Table made by the author, based on data available at <https://www.mtqua.org/worlds-best-hospitals-2/>

Furthermore, among the countries with the highest tourist attraction, we also encounter a top 10 best countries for medical tourism in 2016, hierarchy presented by The International Healthcare Research Center (IHRC), a research center with the headquarters in the United States, focused on conducting research at global level in the field of medical tourism and globalization of medical care.

**Table 3: Top 10 best countries for medical tourism in 2017**

|   | <b>Country</b> | <b>Region</b> |
|---|----------------|---------------|
| 1 | Canada         | America       |
| 2 | UK             | Europe        |
| 3 | Israel         | Middle East   |
| 4 | Singapore      | Asia          |
| 5 | India          | Asia          |
| 6 | Germany        | Europe        |
| 7 | France         | Europe        |

|    |             |         |
|----|-------------|---------|
| 8  | South Korea | Asia    |
| 9  | Italy       | Europe  |
| 10 | Colombia    | America |

Source: Table made by the author, based on data available at <http://www.healthcareresearchcenter.org/medical-tourism-index/>

**Figure 2. Distribution of medical tourism flows**



Source: Ehrbeck, T.; Guevara, C.; Mango, D., P., 2008, p. 5

The market of wellness and health tourism is experiencing constant growth. Both Western and Eastern Europe have registered market increases. In 2018, the Western European health and wellness market is expected to reach a figure of €146,407.5 million. The Eastern European market is expected to reach numbers of about €27,698.4 million. Since 2012, the Western European health and wellness market has grown by about €16 million from €130,746.6 million to the number mentioned above. Meanwhile the Eastern European market has risen by approximately €7 million from €20,948.8 million in 2012.

Globally speaking, the size of the global wellness market is also expanding. For 2018, it is expected that this market will reach about \$678.5 billion, according to elaborations based on the Global Spa Summit. This is a significant increase from the \$438.6 billion in 2012. In terms of wellness tourism arrivals from 2013 to 2017, Germany is the leader with 12.7 million

tourists. The Western European country is followed by Russia (8.5 million) and France (8.3 million). (Tourism Review, available at <https://www.tourism-review.com/health-tourism-spreading-globally-news5383>).

#### **4. Types of medical tourism**

The bases of medical tourism reside around thermal springs discovered in antiquity and which represented among the only sources of health at the time. Along with the evolution, the concept has spread and medical tourism does not limit any longer to travelling for baths in thermal or mineral springs, but also includes types of diversified services, which have the same purpose.

Therefore, nowadays, the field of activity of medical tourism may include the following spectrum, by the Khan, M., A., 2017, p. 29

- **Treatment of affections, or what we call medical tourism**, involves for the most part a recommendation from a specialist. In most of the cases, this type of services is not discounted by the Health Insurance Fund and therefore it falls on the patient to make the necessary operations in another country, taking into consideration a series of determinative factors in this respect. The treatment of affections consists in admission in a specialty clinic, where the patient undergoes investigations, treatments with medical drugs and/or surgical treatments for the improvement and/or treatment of that affection. The time spent in the hospital depends on the patient's budget and on the severity of the affection.

- **Physical improvement or cosmetic surgery** also represents a form of medical tourism, which may be divided at its turn into necessary cosmetic surgery and minor cosmetic surgery. In many countries, the necessary cosmetic surgery, such as breast reconstruction after the extirpation of mammary cancer is discounted by the state. Still, depending on different factors such as the personal budget, the confidence in the system, the waiting lists, patients may choose to undergo this type of intervention in another country.

**At the opposite pole is the minor cosmetic surgery.** The concepts of the necessity of a beautiful body became global, being promoted both by the young and the elderly. The higher and higher expectations from the technology in the field of medical care and having possibilities to travel, the demands for this type of services are increasing. Cosmetic surgery is known since the oldest times, when women from tribes were looking for different



forms of makeover, and continues to increase, changing the direction from personal care for physical and mental welfare to the change of physical contour. (Connell, J., 2011, p. 35).

- **Health tourism, prevailingly aiming at spa or alternative therapy centers**, refers to periods of relaxation, with the aim of treating certain types of minor affections that do not require treatment with medical drugs or surgical interventions. Medical tourism of spa type is undoubtedly the oldest and the most accessed form of tourism, defined by “places dedicated to the improvement of general welfare through a diversity of professional services that support relaxation of the mind, body and spirit. In spa centers, benefits are given by mineral water, that must have the minimum quantity of dissolved mineral content of 500 mg / l or 1000 mg / l and thermal water, which is natural water with a temperature of at least 30 °C or 32 °C to the source, but it may vary from a country to another. (Smith, M., Puczkó, L., 2009, pp. 85- 86).

- **Tourism for reproduction, fertility**, is a relatively new form of medical tourism, which offers the people the possibility to become parents. This form of tourism is practiced especially by women, for reasons such as the advanced technology existing in other states or the religious constraint, which does not allow them to undergo certain types of interventions in their countries. The European reproductive medical industry oriented towards foreign patients is expanding, and more European countries appeared recently on this global market, some of them without having any legal regulation in this respect. These new entities have spread since 2006, offering “fertility vacations”, through which they attract thousands of tourists in the countries where these activate. (Speier, A., 2016, pp. 6-7).

### **5. Determinative economic factors of medical tourism**

Poor health is among the biggest problems in developing countries, while medical tourism could be one of the solutions. Poor health is detrimental to economic growth, while medical tourism contributes to economic growth. Thus, health care is at once both the problem and the solution. It is through the redistributive functions of macroeconomic policy that medical tourism can contribute to the solution of health problems in developing countries. Indeed, medical tourism can be taxed for the benefit of primary health care that reaches the poor and the needy. Public policy can redirect income from hospitals catering to foreign patients to facilities catering to the local population. Thus, it is argued in this book that medical tourism can lead to

improved public health. In other words, medical tourism for paying foreign patients can exist side by side with improvements in basic health care. It is not an either/or proposition, but rather, both are possible and, in fact, may even reinforce each other. (Bookman, M., Z; Bookman, K., R., 2007, p. 7).

Taking into consideration the tendency of population ageing, as well as the increased level of the disease rate worldwide, the increase of life expectancy represents a priority. Therefore, the determinative factors for this type of tourism are:

- availability and accessibility of medical care services, which show a superior quality compared to the patients' country of residence; it is known the fact that the qualitative level of health services varies from a country to another, depending on its level of development;
- the increased expectations of the population from this system, correlated with the availability to travel; the technological evolution, as well as the investment in the system represent determinative elements in this respect;
- the waiting lists from the country of residence, which mean time lost against health; in the public sector of this system, in many of the developing countries, the access to certain types of interventions requires a waiting period. For example, for a knee reconstruction surgery, patients wait on average 18 months in Great Britain and over 2 years in Australia and Canada, while in Thailand and India, the surgical intervention is almost instantaneous. In India, most of the procedures may be completed within one week from arrival and patients are sent home after 10 more days, if they don't stay as tourists. (Connell, J., 2011, p. 43).
- the high costs of health insurances in the USA determines people with average incomes to go and treat in other countries, with lower costs;
- procedures that are not recognized by governments as primary may not be covered by the mandatory health insurance; excepting the USA, this aspect may represent the most influencing factor;
- the increase of the degree of awareness related to the need of a healthy lifestyle, correlated with the increase of incomes;
- electronic communication, the possibility to access information quickly by internet, as well as the promotion of different types of medical services by this means and sharing experiences;

- the existence of tourism agencies that took into consideration this niche of the market and promote medical tourism, the existence of translators;
- personal budget, which on the one hand may determine the search of certain less costly procedures in another country than the country of origin and on the other hand, may offer the patients the possibility to treat from minor affections in another country;
- the private sector of the sanitary environment, which offers advanced technology and which dominates costs, tends to be one of the key factors determining medical tourism;
- the climatic medical benefits for rheumatoid affections such as arthritis, for example, for Norwegian patients undergoing treatment in Spain, have been important; (Connell, J., 2011, pp. 44- 46).

## **6. Conclusions**

The medical tourism market is growing constantly, which is a positive fact, in particular for the economy of developing countries. Also, medical tourism comes to support patients suffering from different affections that cannot be treated or even reduced in their country of residence.

Medical tourism has become a necessity, considering the alarming increase of cardiovascular diseases, morbid obesity, as well as malignant tumors, but other affections too, whose treatment require investments in research and technology, that a country with a poor economy does not afford. The determinative economic aspects of this type of tourism consist in the significant differences of costs for medical procedures in different countries, and the domination of the quality-price ratio by the private sector, especially in the developed countries, tends to be the key factor in this respect.

Most of the countries that promote and get involved to take care of medical tourists have as main goals the increase of the level of direct incomes and in this respect, they offer different types of facilities, although the possibility that resources could be embezzled from the internal population and invested in private hospitals and far from the rural areas remains a potentially dysfunctional result.

Considering its positive and negative effects on the health systems, medical tourism remains an extremely significant and questioned phenomenon, due to the potential to serve as a strong force for the unrighteous supply of healthcare services worldwide.

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