

The role of governments

in creating a medical travel destination



By Ilan Geva



Almost every time I hear of governments' decisions about medical tourism, I see extreme opposites.

On one hand, some governments are going out of their way to declare their intent on advancing the cause of medical travel, medical tourism, wellness etc. and attract patients into their country.

On the other hand, I find some countries simply declaring their country as a medical travel destination without doing much about it. Other governments are thrashing about endlessly in trying to ban, delegitimize, outlaw, and tax the industry without much common sense.

I find it odd, to say the least. Among the enthusiastic supporters of medical travel, one can find some of the most advanced as well as the least qualified destinations in the world, yet they all invest, employ research, and create incentives for the trade.

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To build a trusted country brand in this business, and to create value and credibility, one needs a minimal list of present conditions:

1. Existing, world class/sophisticated and reputable medical infrastructure
2. Significant and progressive hospitality industry
3. Easy access by air, sea and land to the destination
4. Developed and comfortable transportation system inland
5. Transparency and reliability at all service levels
6. Safe and welcoming culture, open to all

I believe that the current global number of “Medical Tourism Destinations” exceeds 100 countries easily. That exceeds 50% of the total number of countries on this planet.

I say that with confidence, based on facts gathered within the last 10 years. During that period, I have visited many countries and the hospitals they promote, spoke in many global conferences, conducted workshops and provided consulting services. Obviously, I read and follow many other authors and industry leaders in numerous publications.

Yes, destinations such as Nigeria, where locals flee the country to get proper medical treatment elsewhere are on the list.

I’m sure you heard that Rwanda, Fiji, Peru, and Niue (yes, it’s a destination) joined the list of declared medical travel destinations lately. So did Puerto Rico and Azerbaijan.

While I have no doubt, the above destinations have some great hotels and scenery, I am not so sure about their medical prowess, safety, ease of reach or transparency. In other words, any government of a destination that has very little to offer, and still promotes it as a medical tourism destination, is doing a few wrong things:

- A. It promises deliverables that are simply not there, or have fierce competition elsewhere
- B. It risks the chance that customers will come to seek medical and wellness treatment, and will be thoroughly disappointed
- C. It diminishes the chances of that destination to rebound from bad reviews one day, and become a viable medical treatment destination

Jumping head first into declaring a place as a welcoming medical tourism destination is tricky. A good feasibility study should be performed, but some political authorities are too hasty in

choosing the right supplier for that assignment. A recent feasibility study for the City of Zagreb proved to be a complete “Google search” of readily available facts that any student can find within a week or two. The price? \$50,000. The “recommendations” proved to be useless, since the city is divided in its opinions about how to run things and who should run them. Governing entities should know this before they spend the little money they have.

It is also extremely difficult for a city’s tourism board to try and build a brand or a name for its destination, when the central government ministries of Health, Tourism and Commerce are busy doing their own branding efforts, and fighting over marketing budgets.

The supporting cast of any medical tourism business includes countries and destinations that do whatever it takes to build that industry and build their brand. Malaysia, Thailand, Korea, Turkey, all have invested significant efforts and resources in building the industry and have also included incentives along the way.

The Malaysia Health Travel Council announced that new and existing companies engaged in expansion, modernization and refurbishment of their healthcare facilities be given exemption on income equivalent to Investment Tax Allowance of 100 per cent of qualifying capital expenditure for a period of five years.

That alone can get the suppliers who are behind in terms of customer experience, to boost the missing component, which requires heavy capital investment.

Dubai has done many things to promote its plan to become the center hub of medical tourism in the Middle East.

Let’s not forget that Malaysia has already invested in the fundamental medical infrastructure, which promises equal treatment to ordinary citizens without any preference to medical tourists. The brand of Malaysia Healthcare is quite solid, and doesn’t disappoint, yet the government is investing and coming up with more incentives for the category professionals.

Turkey’s government has funded for long time any hospital or clinic’s participation in international conferences. They have financed expensive sponsorships, booths, hotel accommodations and flying scores of participants to diverse range of locations

around the globe. All that in trying to build the Turkish brand in medical tourism and promote the country as a world-class destination. Turkish Airlines was always there to support the effort, while establishing the fact that you can reach Turkey from any place in the world using their services.

The healthcare sector saw a huge push for both government, university and private hospitals in the last 15 years in Turkey, and without doubt the government was involved in such large-scale projects.

There were a few legislative talks regarding tax free zones for medical tourism practitioners, and as far as I know those discussions are still alive and well.

No doubt, Turkey has enjoyed long government support in promoting both its tourism and medical tourism sectors, and the large numbers of visitors to Turkey proves the effort was successful. That entire effort is in jeopardy due to political realities and geo political conditions in the immediate region.

The Korean based Asiana Airlines teamed with Yonsei University Healthcare System in a promotion that opens a new frontier in this competitive field.





The airline will offer discounts to those visiting Yonsei University Healthcare System for health-care services. In return, the hospital plans to make it more affordable for Asiana passengers to use its medical services.

In the U.S., The State of Florida has invested \$5 million to promote itself as a destination for overseas visitors seeking treatment, and it is not clear how that money will be spent.

Las Vegas is trying desperately to promote itself as a medical tourism destination by having politicians and community activists declaring it, but without significant support system behind the declaration.

In terms of brand perception, neither Florida nor Las Vegas have what it takes to become a leading medical tourism brand. Florida's brand is still perceived primarily as "the retirement state", with good weather (between Hurricanes), and Las Vegas is a strong brand for "What happens in Vegas, stays in Vegas", and I hope they don't mean it in medical terms, that will not be funny.

Somehow, the politicians behind these moves failed to understand that.

Israel is an example where politicians fail to see many things, when it comes to medical tourism. It is one of the most blatant examples of how a government decision can destroy a vital micro economy created by entrepreneurs, one that benefited the entire nation.

Overall, government owned National airlines are slow to see the opportunities in promoting their country to medical tourists with travel incentives.

Private Airlines have joined the game by offering incentives to potential medical patients who might consider visiting the airline home base.

The current statistics of medical visitors to Israel point to a decline from 40,000- 50,000 patients annually in 2014 to just 20,000 in 2018. Almost all from Russia and past USSR nations.

1. The Ministry of Health is a weak entity that is controlled by a religious fanatic trying to push his agenda



2. Legislation concerning medical travel in Israel is constantly encountering negative attitude and hostile environment

The short story there is that Israeli doctors are wonderful. However, the domestic market doesn't enjoy a high level of medical services in public hospitals, if the government will continue to funnel all decisions about medical travel via the health ministry, that sector is doomed.

The damage could be long term, and irreparable.

Governments that consider milking the medical travel sector have to ask themselves a few questions:

- If I tax today, will the new price be competitive?
- What is the net gain from a significant tax in a category that is looking for more reasonable pricing globally?
- Will current customers be able to absorb the price hike?
- Will they find an easy alternative?



- Will they ever come back?

Unless the intention is to simply destroy this business category, such government should also ask itself the following:

- What will a future health minister have to do to resurrect this industry?
 - What will be the cost to start from scratch?
 - What damage has been done to the brand in the past?
 - Will the reversal of the decision be irrelevant to customers, who long ago abandoned that market?
- Another puzzling decision was made in Canada, where the Ontario Government banned or restricted formalized international patient programs and medical tourism in the province.

As we often hear, the treatment of international patients results in Ontario residents waiting longer for care. In other words, there is no equality in the service a medical tourist gets VS. the treatment for a citizen covered by a government-sponsored coverage.

Not surprising, Canada is the most popular medical treatment destination among Americans, according to some sources, scoring highest for both environment and cost.

Obviously, Canada has also the other brand touchpoints that help it be a great medical tourism destination, proximity, and ease of reach, great

doctors, hospitals, cultural similarities and great hospitality plus transparency.

Such a pity that one local government's decision can simply wipe it out in one political move.

So, as we see, governments can be a tremendous supporting force to medical tourism sectors around the world. And at the same time be a destructive factor.

When starting to think of the role a government plays in promoting medical travel services, the following should be considered:

1. What is the main objective of this activity, to generate revenue stream for the country, or to increase travel and visits to the destination?
2. Which government ministries and agencies will be responsible for the task.
3. Who are the stakeholders in this effort, and what specific roles do they play
4. What effect will medical travelers have on the treatment of the domestic population
5. Can government sponsor the effort?
6. Can government legislate favorable terms for this industry?

And at the end of the day, lets not forget that most politicians are not governing whole life terms. That means that a following government may cancel everything the previous one did. Will it help your country's medical travel policy?

