

High Care Costs Set Barrier to Medical Tourism

Hong Kong faces significant barriers to development as a medical tourism destination, note the SHTM's Dr Vincent Heung, Dr Deniz Kucukusta and Professor Haiyan Song in a research paper published recently. High medical care costs are a particular deterrent, but lack of government support, lack of capacity and the healthcare needs of the local community are also problematic. Yet, the researchers argue, these barriers can be overcome with dedicated promotional activities, government action to encourage investment and cooperation between the hospitality sector and medical institutions.

Globalised Healthcare and Medical Tourism

The globalisation of healthcare has created increasing demand for medical tourism, whereby people travel abroad to obtain medical, dental and surgical services while vacationing. This is one of the fastest growing tourism markets in the world, according to the researchers, stimulated by "reduced transportation costs, higher incomes, knowledge and technology transfer, and competitive prices". Generating an estimated US\$60 billion in revenue worldwide every year, medical tourism certainly has the potential to provide significant economic benefits for countries that promote it.

In developing countries, medical tourism can help to improve the nature of healthcare services and hospital amenities, with hospitals having "the appearance of high class hotels" and deploying "state-of-the-art medical equipment and techniques". Furthermore, joint partnerships with medical facilities can offer a way for hotels to diversify and "differentiate their services". Yet there can also be negative effects, particularly when there is uncontrolled growth and where funds may be diverted from other areas of the economy to medical tourism.

Although Hong Kong "aims to be a centre for medical expertise in the region", it has not yet become a key player in the medical tourism market. The development of any kind of tourism requires systematic planning, but there are no structures or activities in place to encourage the arrival of medical tourists in Hong Kong.

Given the city's "reputation for healthcare excellence, its peaceful environment, and its high economic and social welfare status" the researchers find this surprising. Hence, they set out to determine why the situation had come about, and "identify the barriers to medical tourism development that exist in Hong Kong".

Medical and Tourism Representatives Interviewed

The researchers conducted in-depth interviews with four representatives from public hospitals, four from private hospitals, one each from the Hong Kong Medical Association and the Federation of Medical Services, and one each from the Hospital Authority and the Hong Kong Tourism Board. Five of the interviewees representing hospitals were chief executives and three were medical specialists. The medical and tourism bodies were represented by a medical doctor, a president and two managers.

The interview questions focused on issues surrounding the development of medical tourism in Hong Kong, including infrastructure, superstructure, promotional activities and medical service quality.

Cost and Capacity Barriers

All of the interviewees indicated that the cost of care was the main barrier to medical tourism in Hong Kong. Although the highly subsidised healthcare system provides free treatment to residents, Hong Kong cannot offer the low healthcare costs that are a major advantage in the promotion of medical tourism. One solution would be to focus on "specialised treatments or complex surgery", with the primary target market being high-income groups from mainland China.

A second major barrier is the insufficient capacity of Hong Kong's public healthcare system, which is already struggling to cater for 7 million residents. This restricts the expansion of medical tourism, argue the researchers, because the Health Authority's main focus "is the needs of the local community". The scarcity and high cost of land also "render the expansion of existing hospitals impossible".

The interviewees thought that the government could do more to encourage medical tourism, such as making more land available and encouraging investment through private-public partnership initiatives. Collaboration between the healthcare and tourism sectors could also help to resolve the inadequate bed capacity in hospitals.

A related problem the researchers identify is the lack of manpower capacity, as “gaining access to superior medical expertise is one motive for medical tourists seeking specialised treatments”. Hong Kong has a shortage of both specialists and high-quality nurses, but current plans to expand the number of training places may help to resolve this situation in the coming years. The interviewees also noted that few medical staff in Hong Kong speak Putonghua adequately. This is definitely an issue that needs addressing if the city is to attract mainland medical tourists.

Regulatory and Private Sector Barriers

According to the interviewees, Hong Kong’s government policies and regulations are not designed to promote medical tourism. Medical practitioners, for instance, are not allowed to advertise to attract more patients: they can only provide details of their basic qualifications on the Internet. Furthermore, in contrast to the situation in many countries where governments actively promote medical tourism, the regulatory restrictions on medical service-related promotional activities in Hong Kong “hinder its development as a medical tourism destination”.

The researchers suggest that the Hong Kong Tourism Board and the Hospital Authority need to support the overseas promotion of medical tourism. This they could do by focusing on the promotion of Hong Kong’s “state-of-the-art medical facilities and services” combined with traditional Chinese medicine and modern medicine as a distinct medical tourism product.

The private sector could also be playing a greater role. In most countries, medical tourism is largely served by private interests, but the researchers note that in Hong Kong they are not actively investing in medical tourism given “the lack of available land, the government’s attitude, and, possibly, general satisfaction with existing business and economic conditions”. The interviewees suggested that partnerships between hotels and hospital investors should

be encouraged, and policies could be introduced to reduce the expense of setting up medical tourism facilities.

Finally, although Hong Kong offers many good hotels, shops and restaurants, it lacks the natural attractions and facilities. This makes it less of an attractive destination for medical tourists seeking a relaxing environment in which to recuperate. The city, write the researchers, “needs to provide facilities and services that provide relaxation and recreation, not only for patients, but also for their companions”.

Market Share Will Follow Action

The researchers conclude that “neither the government nor the private sector has been sufficiently motivated to develop medical tourism in Hong Kong”. Admittedly, the government has gone some way towards addressing this oversight by assigning some land for the development of specialised medical services in recent years. Yet, medical tourism in Asia is expected to generate US\$4.4 billion in income during 2012 alone. More action is needed to gain a greater share of that windfall.

Points to Note

- Hong Kong must overcome significant barriers to benefit more from medical tourism.
- Due to the high cost of healthcare, the focus should be on specialised treatments for high-income mainland visitors.
- Government support is needed to overcome capacity limitations, encourage investment and develop promotional activities.
- The healthcare and tourism sectors should collaborate to serve the needs of medical tourists.

Heung, Vincent C. S., Kucukusta, Deniz, and Song, Haiyan. (2010) “Medical Tourism Development in Hong Kong: An Assessment of the Barriers”, *Tourism Management*, Vol. 32, pp. 995-1005.