EDITORIAL

Medical tourism in India: winners and losers

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Promoted by the government and fuelled by the corporate boom in medical care, India is increasingly seen as the favoured destination of "medical tourists" who cross national boundaries to seek treatment that is cheaper than in their home countries. Medical tourism is a multi-billion dollar industry promoted by governments and the medical and tourism industries.

Patients who travel abroad for medical treatment do so for a variety of reasons. The elite from developing countries seek treatments not available in their own countries. Thus private hospitals in India are seeing an influx of patients from Bangladesh and the Gulf. Patients from the United States seek treatments that cost five to 10 times in their own country. And, as public-funded health insurance is unable to cope with the rising demands of an increasingly aging population, patients from countries such as the United Kingdom and Canada travel to India to beat the huge waiting period for many routine procedures.

The key selling points of the Indian medical tourism industry are the combination of high quality facilities, competent, English-speaking medical professionals, "cost effectiveness" and the attractions of tourism. The cost differential is huge: Open-heart surgery costs up to $70,000 in Britain and $150,000 in the US; in India's best hospitals it could cost between $3,000 and $10,000. Knee surgery costs Rs. 3.5 lakh ($7,700) in India; in Britain it costs $16,950 (1). Dental, eye and cosmetic surgeries in western countries cost three to four times as much as in India. Medical tourists usually get a package deal that includes flights, hotels, treatment and, often, a post-operative vacation.

Two other major factors are the sustained growth of corporate hospitals and hospital chains across India and government patronage and promotion of medical tourism as part of public policy.

Promoted by government policies

While the private sector has always been prominent as a source of medical care, since 1991 neoliberal government policies supporting the private sector have created conditions for its rapid growth.

Public expenditure on health in India has hovered around 0.9 per cent of gross domestic product (GDP) in the past decade, down from 1.3 per cent (also meagre) in 1991 (2). Worldwide it is ahead of only five countries - Burundi, Myanmar, Pakistan, Sudan, and Cambodia. At the same time India ranks among the top 20 countries in terms of private expenditure on health in per cent GDP terms - around 4.5-5 per cent of GDP.

A large proportion of this private expenditure is by the elite who have prospered as a result of the same neoliberal policies. This elite, while constituting less than 10 per cent of the population, is larger in absolute numbers than the elite in most rich countries. Thus the conditions for the development of a private medical sector that caters to a large enough population who can pay have been created over the past decade and a half. This has also led to a shift in the high end segment of private medical care, and the corporate sector has moved in to take advantage of its high growth potential.

Indian medical care: a study in contrasts

Medical care in India is today a study in contrasts, typical of countries that have promoted segmentation in healthcare: expensive private care catering to the elite and poor quality public-funded care for the poor. When the poor are forced to seek private medical services they face pauperisation: more than 40 per cent of patients admitted to hospitals borrow money or sell assets and 25 per cent of peasant families with a member needing in-patient care are driven below the poverty line (3).

Globalisation has also fostered a consumerist culture and the medical industry is sustained by this culture. It serves the fraction of the population that can pay the rates charged by the high end private medical sector.

Corporate style functioning in medical care has also introduced the need to maximise profits and expand coverage - as in the case of any commercial venture. Thus, while neoliberal policies have opened the way for the penetration of the corporate sector in medical care, the industry now needs further avenues for its continued growth as the domestic market gets saturated. An obvious target is the global healthcare industry - the world's largest industry after armaments - valued at US$2.8 trillion in 2005.

Government patronage and subsidy

The National Health Policy, 2002, makes it clear that government policy supports medical tourism: *"To capitalize on the comparative cost advantage enjoyed by domestic health facilities in the secondary and tertiary sector, the policy will encourage the supply of services to patients of foreign origin on* *payment. The rendering of such services on payment in foreign exchange will be treated as 'deemed exports' and will be made eligible for all fiscal incentives extended to export earnings. "* (2) Interestingly, this formulation draws from recommendations in the *Policy framework for reforms in health care,* drafted by the Prime Minister's Advisory Council on Trade and Industry headed by Mukesh Ambani and Kumaramangalam Birla.

According to industry estimates, the medical tourism market in India was valued at over $310 million in 2005-06 with 1 million foreign medical tourists visiting the country every year. The market is predicted to grow to $2 billion by 2012. These figures are significant when seen in the context of the total healthcare expenditure in the country today - $10 billion in the public sector and $50 billion in the private sector (calculated as approximately one per cent and five per cent of the country's current GDP respectively). Visitors from 55 countries come to India for treatment but the biggest growth in business is from the UK and the US. The Taj Medical Group receives 200 inquiries a day from around the world and arranges packages for 20-40 Britons a month to have operations in India. It also offers follow-up appointments with a consultant in the UK. Apollo Hospital Enterprises treated an estimated 60,000 patients between 2001 and 2004. Apollo now has 46 hospitals with over 7,000 beds and is in partnership with hospitals in Kuwait, Sri Lanka and Nigeria. The government predicts that India's healthcare industry could grow 13 per cent in each of the next six years, boosted by medical tourism which, industry watchers say, is growing at 30 per cent annually (4). Since 2006, the government has also started issuing M (medical) visas to patients and MX visas to the accompanying spouse.

In order to allay suspicions regarding the quality of care in a developing country, Indian corporate hospitals are getting certified by international accreditation schemes. Corporate chains such as Apollo Hospitals and Wockhardt Hospitals Group are working through agencies like IndUShealth, PlanetHospital and the Medical Tourist Company in Britain to build business across the West. The industry is also promoting the National Accreditation Board for Hospitals and has started the process of granting accreditation to about 70 hospitals across the country.

A win-win situation?

This is a winning ticket for the corporate medical sector and for a section of medical professionals in the country. However, if we look at the public health implications, we see an entirely different picture. The government would have us believe that revenues earned by the industry will strengthen healthcare in the country. But we do not see any mechanism by which this can happen. On the contrary, corporate hospitals have repeatedly dishonoured the conditions for receiving government subsidies by refusing to treat poor patients free of cost - and they have got away without punishment. Moreover, reserving a few beds for the poor in elite institutions does not address the necessity to increase public investment in health to three to five times the present level.

The extra revenue from medical tourism could benefit healthcare in India if it were taxed adequately to support public health. Instead the medical tourism industry is provided tax concessions; the government gives private hospitals treating foreign patients benefits such as lower import duties and an increased rate of depreciation (from 25 per cent to 40 per cent) for life-saving medical equipment. Prime land is provided at subsidised rates. The industry also gets a pool of medical professionals who train in public institutions for fees of Rs 500 a month and then move to work in private hospitals - an internal brain drain, and an indirect subsidy for the private sector of an estimated Rs 500 crore per year (5). Thus, the price advantage of the medical tourism industry is paid for by Indian tax payers who receive nothing in return.

Let us end with a contrast. Cuba has been a pioneer in medical tourism for almost four decades. It has hospitals for Cuban residents and others for foreigners and diplomats. Both kinds are run by the government. Cubans receive free healthcare for life while tourists have to pay for it.

The Cuban government has developed medical tourism to generate income which is ploughed back to benefit its country's citizens. The Cuban example shows that there are ways to use medical tourism to really benefit our people. But we are then talking about entirely different systems and underlying philosophies.

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