Medical tourism in Lebanon

Are we there yet?

hodema Consulting Services' production manager-offshore section, **Elissar Saddy** takes a look at how medical tourism became a global trend and what this means for the region, specifically the Lebanese market

According to the World Franchise Associates, the tourism industry contributed approximately 35.7% to GDP in 2009, ranking Lebanon's tourism sector as one of the best in the Levant.

Among lifestyle, nautical, religious, culinary, walking tours and other forms of tourism, Lebanon is now under the spotlight aiming to gain market share in the regional medical tourism industry.

With 11,505 physicians and 170 hospitals in 2008, the country wants to increase the number of inbound patients with the ambition to become the "hospital of the East". Hence many hotels are welcoming medical tourists; for example Le Royal Beirut Hotel has made partnerships with clinics, travel agencies and airlines to offer all inclusive packages for inbound patients. Wellness and plastic surgeries packages are scoring the highest number targeting Arab travelers. Unfortunately, catching the attention of European medical tourists remains a difficult task, because of the political instability in the country.

Comparative costs

Country	Average cost in each country as a percentage compared to cost in USA
Lebanon	4.75% - 23%
India	6% - 21%
Thailand	6% - 28%
Singapore	8% - 33%
Malaysia	6% - 23%

The Lebanese people are the main assets for this sector due to their linguistic skills and hospitable nature. At the same time, Lebanese doctors' reputation tops high worldwide, as almost half of them have studied in the best medical universities in Europe and the States. According to the World Franchise Associates, tourism was responsible for 36% of the total workforce in 2009, and this number could soar if medical tourism was to be introduced in a more serious way.

One of the most important strategies a government should formulate in order to boost a sector is to optimize all its available resources; if the Lebanese government would like to exploit medical tourism more, a vigorous plan including the right people has to be put in place. So far, we are on the right track, but the question is how long will it take?

Number of beds available

Private sector	Public sector
127 short-stay hospitals (9,516 beds) including 101 internationally accredited hospitals (8,801 beds)	24 (around 2,000 beds)
19 long stay hospitals (3,456 beds) not subject to the international accreditation system	
Total: 146 (12,972 beds)	Total: 24 (around 2,000 beds)
Total: 170 hospitals	

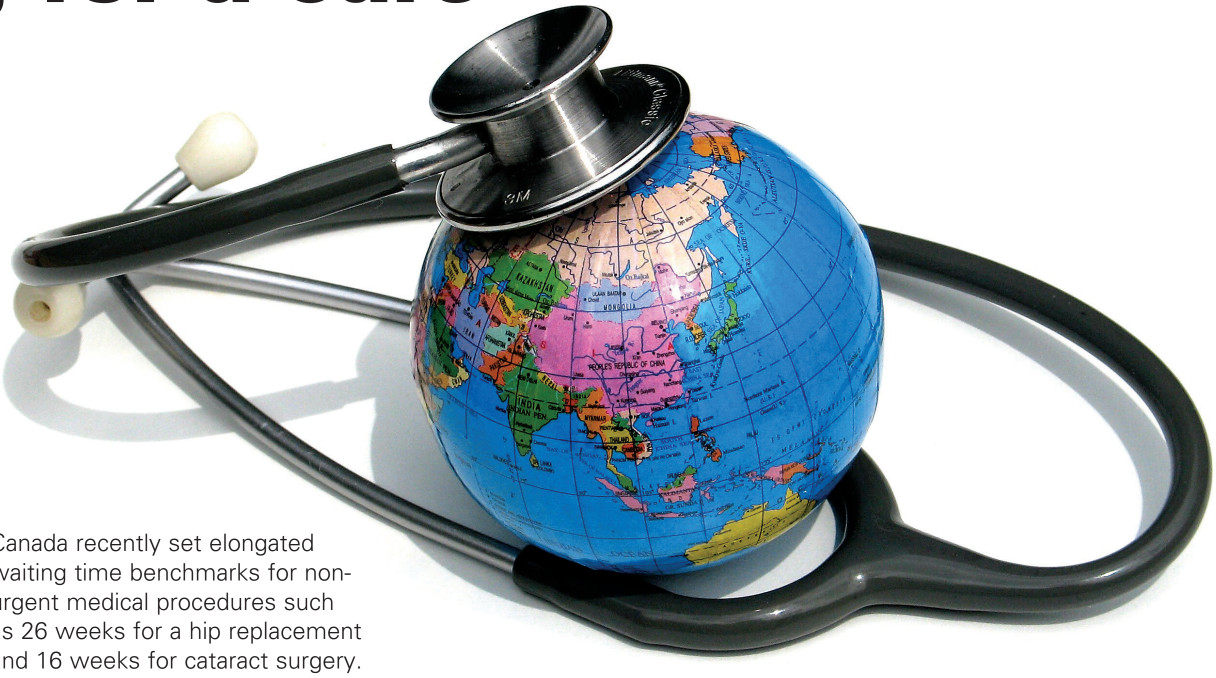
Breakdown of doctors

Number of doctors	11,505
Doctors	85% with a specialization 15% with more than one specialization 37% graduates from European universities 11% graduates from North American universities 35% graduates from Lebanese universities
Number of doctors per citizen	322
Number of female and male nurses	4,175

Source of all tables: Syndicate of hospitals in Lebanon & Ministry of Health 2008

Traveling for a cure

Medical tourism, or global healthcare as it is increasingly called, involves individuals traveling to a foreign country for medical care purposes



The notion of medical tourism is not new and the first traces of such services date back a few thousand years to when Greek pilgrims traveled to a region called Epidauria, the sanctuary of Asklepios, the god of healing.

Over the last few years, medical tourism has become an industry on its own worth USD 78.5 billion in 2010 according to Frost and Sullivan, a business research and consulting firm. Medical tourism has been growing rapidly over recent years as more and more people are seeking faster and cheaper alternatives to the healthcare offered in their own countries. It is forecast to reach USD100 billion by end of 2012 according to a report issued by McKinsey & Company.

Popular medical travel destinations include Cuba, Hong Kong, Hungary, India, Jordan, Lithuania, Malaysia, the Philippines, Singapore, South Africa, Thailand, and recently Saudi Arabia and UAE. Poland, Slovakia, and Ukraine are also breaking into the business. Thailand and Malaysia come close behind India, which is taking the lead with an annual industry growth of 30%, due to a belligerent marketing plan that focuses on all-inclusive packages.

These countries are actively promoting their services through competitive prices, internationally trained personnel and 5-star facilities. South Africa is currently advertising its medical safaris, a firm differentiation point.

Key industry drivers

Basically, medical tourism came into sight in response to the irrationally high costs of undertaking most medical procedures in countries like Britain, Japan and the United States. In response, some developed countries filled a precious niche market that is desperately needed where certain healthcare is unaffordable or involves a long wait. For instance, Canada recently set elongated waiting time benchmarks for non-urgent medical procedures such as 26 weeks for a hip replacement and 16 weeks for cataract surgery.

Major industry downturns

Over 50 countries around the world have recognized medical tourism as a national industry. Nonetheless, accreditation such as JCI (Joint commission International) and other quality parameters fluctuate globally and some medical tourism destinations may be risky and not necessarily a rosy experience for some travelers.

Accreditations and standards are a must when it comes to a medical tourism experience. Missing room amenities will lead to complaints that will fade one hour later; however, an unsuccessful transplant will lead to a grievance that will never be forgotten. Because standards are major when it comes to health care, there are corresponding debates around medical tourism, international healthcare accreditation, adequate medicine values and quality pledge.

Should problems arise, patients might not be covered by adequate personal insurance or might be unable to seek compensation via unprofessional conduct lawsuits. In addition, ethical issues may arise such as the illegal purchase of organs and tissues for transplantation. Seeking out medical care from unknown sources can be highly risky.

Reaching the target

While reviewing their options to meet soaring healthcare demands, governments may push companies to consider offering accredited overseas medical care for their employees. This could reduce fixed costs by up to 70% in some cases. Hence, some employers in the United States have begun looking for medical travel programs as a way to cut employees' health care costs.

These suggestions have not necessarily pleased most of their human capital and related trade unions have described this solution as an outrageous approach. Also, there is no assurance that the medical care provided is trustworthy and costs should not come at the expense of employees' health. Plus the issues of legal liability need to be considered in case the medical procedure ends badly.

In wealthy and developed nations, the increase in the cost of health care has outpaced GDP growth for the past 50 years by about 2% per annum, according to an article published by McKinsey & Co. If costs were to continue to ascend at this speed, health care would consume 70 to 90% of the GDP of the wealthy nations by 2100.

Strategic thinking

Medical tourism facts indicate a dazzling future; however these will likely cost health care providers in developed countries, billions of dollars in lost revenue. Medical care institutions should seize the opportunity and initiate strategic partnerships with hospitals and medical care centers located in developed countries.

By adopting this path, they could limit their loss of global market share whilst charging higher fees in the targeted countries and benefiting from their brand equity, accreditations and standards. For instance, Harvard medicine has developed more than fifty programs in over thirty countries across five continents.

International institutions should not raise their arms up when competition increases, but promote their businesses and adapt to the changing market. New initiatives in any industry can be shocking, but the way it is put into place and implemented is the key for success. And only the fittest business initiatives will survive.

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Comparative costs

	Procedure cost (USD)					Cost at % to US			
Procedure	US	India	Thailand	Singapore	Malaysia	India	Thailand	Singapore	Malaysia
Heart bypass	130,000	10,000	11,000	18,500	9,000	8%	8%	14%	7%
Heart valve replacement	160,000	9,000	10,000	12,500	9,000	6%	6%	8%	6%
Angioplasty	57,000	11,000	13,000	13,000	11,000	19%	23%	23%	19%
Hip replacement	43,000	9,000	12,000	12,000	10,000	21%	28%	28%	23%
Hysterectomy	20,000	3,000	4,500	6,000	3,000	15%	23%	30%	15%
Knee replacement	40,000	8,500	10,000	13,000	8,000	21%	25%	33%	20%
Spinal fusion	60,000	5,500	7,000	9,000	6,000	9%	12%	15%	10%
Average	*72,857*	*8,000*	*9,643*	*12,000*	*8,000*	*14%*	*18%*	*21%*	*14%*

Source: "Patient Beyond Border" by Josef Woodman published 2008