



A Study on Competitiveness of the State of Gujarat as Medical Tourism Destination

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Abstract:

In last five years there are many changes that healthcare sector in Gujarat had witnessed, but the word that made a buzz in the medical fraternity of Gujarat as the prospective and potential segment to look upon is Medical Tourism. During the last decade, the State of Gujarat has witnessed enormous growth of high-quality health care delivery facilities in both types of hospitals: public and private. Gujarat's Healthcare sector has made impressive strides in recent times and is surging ahead with new facilities and technology. Gujarat has the State-of-the-art technology and the skilled super specialists. This, coupled with excellent infrastructure and professional management, nurses and paramedical staff – essential Human Resources, can take on international competition for providing a range of services and treatments at a fraction of prevailing costs in international markets with comparable success rates and services levels directly in proportion to the high value system and natural caring that comes with its unique cultural heritage. Exploiting the religious, cultural and wildlife tourism potential of the State and collaboration with the tourism industry can complement the growth of medical tourism. To ensure that health care industry in the State of Gujarat reap the benefits of this promising development, it is imperative that the State Government evolves a coordinated strategy, which could promote the all-round growth of all systems of medicine to match the requirements and expectation of international medical tourists in the State.

As the medical tourism sector in India is expected to grow at annual growth rate of 30 percent and would reach to Rs.9500 crore by 2015 (ASSOCHAM: January 2009), can be poised as an integrated service industry to reap the competitive benefits out of it. These projections were also made in 2004-05 on the same frequency, by CII-McKinsey, which estimated the industry to reach US\$ 2 billion by 2012. As per the recent information, about 1.8 lakhs foreigners visited India as Medical Tourists in first eight and half months of the current fiscal year. And this is expected to grow at 22-25 percent annually for the next 6 years. All these indicated figures have made Medical Tourism as an attractive industry. Apart from the Government, many specialty and multi-specialty private hospitals have already started putting their efforts to grab this potential.

Gujarat is contributing 25-31% of medical tourism to India. It has some of the added advantages for this sector like increasing super specialty and multi specialty hospitals in its four major cities like Ahmedabad, Vadodara, Surat and Rajkot; 6 million Gujarati spread across the world constituting 32% of total NRIs; frequent visits of NRGs (Non Resident Gujarati) to native due to religious rituals and festivals; increasing number of doctors studied in US – UK universities; a comfortable and versatile tourist spots for vacation etc.

The purpose of this study is to identify the key drivers for the enormous growth of medical tourism industry in India, and to check the impact of these factors at Gujarat level. This study is also aimed to focus on the identification of needs of medical tourists and feasibility to fulfill the same. The main

path line during the study is to find out the framework to build the strong brand name of Gujarat on the world map as a preferred health destination. This paper tries to bring in the light; some of the major areas need to be focused to tap the opportunities in this sector.

For this study, 30 doctors selected as respondents using judgement method of nonprobability sampling method. Respondents have been selected considering the parameters like their experience and expertise of the profession, attachment with specialty and multi specialty hospitals. As this study is in process of data collection stage, doctors are being contacted face to face and over telephone for interview. The findings of this paper through content analysis will develop a proposed framework for the development of medical tourism industry in Gujarat.

Keywords: Medical Tourism, Global Competition, Healthcare industry, Country Branding.

1. Introduction

One single as well as simple word comprises of multi-step; multi-level processes which facilitate you to envision the world at your doorstep and gave us the feeling of “the world is not enough” is probably- Globalization. It has given the fair chance to all the countries of the world to shake the hands which each other to form the synergistic marketplace. As a product of globalization, global competition is emerging in today’s health care industry. In the earlier days, wealthy patients from developing countries have long traveled to developed countries for high quality medical care. Now this trend has been reversed like growing numbers of patients from developed countries are traveling for medical reasons to regions once characterized as “third world”. Many of these “medical tourists” are not wealthy but are seeking high quality medical care at affordable prices. To meet the demand, entrepreneurs are building technologically advanced facilities, and are hiring physicians, technicians and nurses trained to global standards, and where qualified personnel are not available locally, they are recruiting expatriates too.

According to World Tourism Organization (WTO), “Tourism associated with travel to health spas or resort destinations where the primary purpose is to improve the traveler’s physical well being through a process comprising physical exercises and therapy, dietary control, and medical services relevant to health maintenance” is defined as Medical Tourism. However, “Medical Tourism” and “Healthcare Tourism” are interchangeably used.

The term medical tourism has emerged from the practice of citizens of developed countries travelling to developing countries around the world, to receive a variety of medical services, mainly due to continually rising costs of the same services and complicated procedures to avail such medical services in their home countries. Thus, medical tourism can be defined as provision of ‘cost effective’ private medical care in collaboration with the tourism industry for patients needing surgical and other forms of specialized treatment. Thus, patients going to another country for either urgent or elective medical procedures could be defined as medical tourists. This process is being facilitated by the corporate sector involved in medical care as well as the tourism industry - both private and public.

Medical tourism has many distinguishing features like it is not an impulsive activity, another feature is that it is not associated with the attribute of willingness to spend. This feature would bring in travelers who may not be willing to spend, but their health conditions drive them to travel and spend. Healthcare tourism is also non-seasonal.

2. Potential of Indian Medical Tourism

The midas touch of outsourcing has changed the booming Indian economy. Whether it’s the information technology services or the investment consultancy, outsourcing is prevalent in majority of the industries. Medical treatment has also not been left far beyond in the race. Entry of private healthcare companies and emphasis on quality treatment has overhauled the state of medical industry

in India. Additionally, implementation of basic infrastructure and adapting to technological sophistication has further improved the healthcare services. Indian pharmaceuticals also meet the stringent requirements of the USFDA. As a result, India is suddenly looked upon as the medical tourism hub of the world. Large numbers of foreign tourists, especially from countries like the US and Europe prefer to undergo medical treatment in India rather than their home country.

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has predicted that medical tourism from 2009-10 would grow at annual rate of 30% and reach a size of Rs.95 billion by 2015 and enhance health sector contribution to national GDP at over 8% (ASSOCHAM: January 2009). Currently, the size of medical tourism in India is measured at Rs.15 billion with health sector contribution to national GDP close to 6%. The ASSOCHAM estimates that since India is poised to become an epicenter for medical tourism from throughout the world, its contribution to national GDP will rise by at least 2% and this is how the health sector share to national GDP would increase from 6% to over 8%. These projections were also made in 2004-05 on the same frequency, by CII-McKinsey, which estimated the industry to reach US\$ 2 billion by 2012. A forecast by Deloitte Consulting in August 2008 projected that an estimated 7, 50,000 Americans went abroad for healthcare in 2007 and estimated a One and half million would seek healthcare outside the USA. As per the recent information, about 1.8 lakhs foreigners visited India as Medical Tourists in first eight and half months of the current fiscal year. And this is expected to grow at 22-25 percent annually for the next 6 years. All these indicated figures have made Medical Tourism as an attractive industry.

At the micro level also this trend has been observed as there are many changes that healthcare sector in Gujarat had witnessed, but the word that made a buzz in the medical fraternity of Gujarat in last five years as the prospective and potential segment to look upon is Medical Tourism. During the last decade, the State of Gujarat has witnessed enormous growth of high-quality health care delivery facilities in both types of hospitals, public and private. Gujarat's healthcare sector has made impressive strides in recent times and is surging ahead with new facilities and technology. Gujarat has the State-of -the- art technology and the skilled super specialists. This, coupled with excellent infrastructure and professional management, nurses and paramedical staff – essential Human Resources, can take on international competition for providing a range of services and treatments at a fraction of prevailing costs in international markets with comparable success rates and services levels directly in proportion to the high value system and natural caring that comes with its unique cultural heritage. Exploiting the religious, cultural and wildlife tourism potential of the State and collaboration with the tourism industry can complement the growth of medical tourism. To ensure that health care industry in the State of Gujarat reap the benefits of this promising development, it is imperative that the State Government evolves a coordinated strategy, which could promote the all-round growth of all systems of medicine to match the requirements and expectation of international medical tourists in the State.

Gujarat's medical expertise and the strength of its facilities are better than those of some of the South East Asian Nations, and Gujarat hospitals are trying to do a lot harder selling abroad. They are seeking to achieve this by measures such as

- Creating centre of excellence in respective fields
- Developing a network
- Customized packages available
- Quality stamp through accreditation from global certification agencies such as JCI and National Accreditation Board for Hospitals and Healthcare Providers (NABH).

3. Literature Review

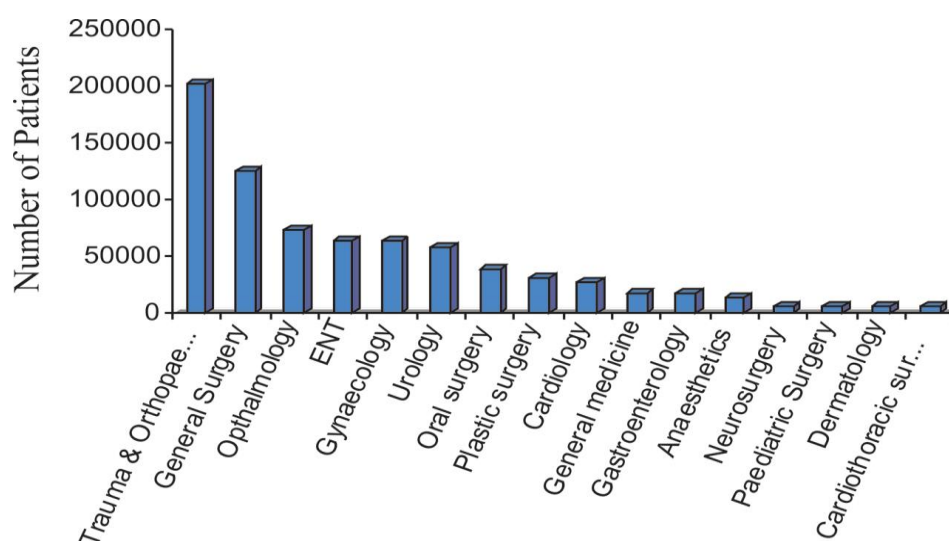
As cited in the work of Herrick, Devon M. (NCPA Policy Report No.304, November 2007, p. 4): "Residents of countries with national health insurance, including Canada and the United Kingdom, often travel to other countries, including the United States, because they lack timely access to elective procedures due to rationing. In Canada, physicians cannot privately treat their fellow Canadians if

those treatments are covered by the government health plan (Medicare). Also, national health systems sometimes deny treatment to particular patients (for example, because of age or physical condition), and some treatments may not be available to any patients (for example, because of cost).”

According to Deloitte Consulting Pte Ltd. (2008) the rising affluence of the citizens of the western as well as Asian countries, easy access to reach and avail medical treatment, and increased aging population are fueling the medical tourism. While in many developed European countries, the lack of access in constrained healthcare systems is resulting in long waiting times for the procedures. This is driving the patients for the treatment in overseas.

Box 1:

**Number of Patients Waiting in England for Various Treatments
(As of October 27, 2006)**

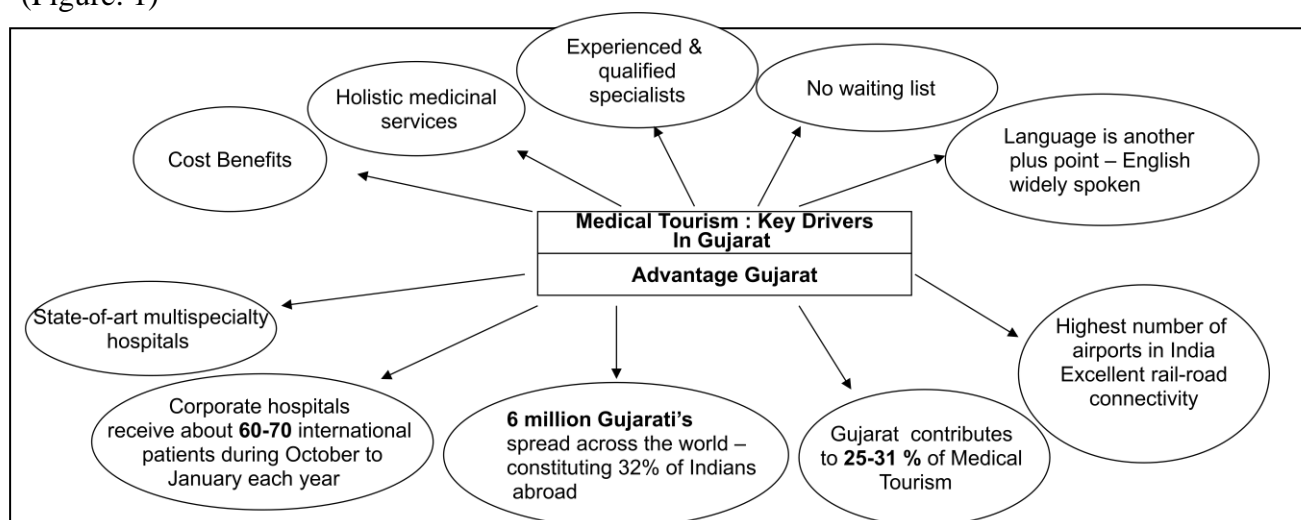


(Source: Provider Based Hospital Waiting List Statistics, Department of Health, UK;
[http://www.performance.doh.gov.uk/waiting times/2006](http://www.performance.doh.gov.uk/waiting%20times/2006))

As quoted by Jagyasi, Prem (Medical Tourism Magazine, Issue 6, 2008, p. 9-10): When a person travels across the border and outside their usual environment, to seek medical service, the travel portion of the trip travel is called “medical travel”, and upon arrival, such person is called “medical tourist”, and such activities which includes utilization of medical services by the medical tourist, be it direct or indirect - hospitality, cultural exposure or site-seeing, is called “Medical Tourism”. Hence, Medical Tourism could be defined as “The Medical Tourism is the set of activities in which a person travels often long distance or across the border, to avail medical services with direct or indirect engagement in leisure, business or other purposes.”

Box 2: Benchmark Wait Time in Canada		
Ailment	Treatment	Wait time Benchmark
Cancer	Curative Radiotherapy	Within 4 weeks
Cardiac	Coronary Artery Bypass Graft	Level 1 – within 2 weeks Level 2 – within 6 weeks Level 3 – within 26 weeks
Sight restoration	Cataract	Within 10 weeks for patients who are at high risk
Hips & Knees	Fixation of hip fractures Hip replacement Knee replacement	Within 48 hours Within 26 weeks Within 26 weeks
Diagnostic services	Mammograms Cervical screening	Women aged 50-69 every two years Woman starting at 18 years old every three years to age 69 after two normal pap smears
Source: Report of the Federal Advisor on Wait Times, Health Canada Authority, Ministry of Health, June 2006		

As per the Industry analysis of Gujarat Infrastructure Development Board (GIDB, 2005) the key drivers for the growth of medical tourism in Gujarat as well as the advantages for Gujarat had been presented in structural form as below:
(Figure: 1)



Source: Industry Analysis, Gujarat Infrastructure Development Board (GIDB), Govt. of Gujarat.

As medical treatment costs in the developed world balloon out of proportion, with the United States leading the way, more and more Westerners are finding the prospect of international travel for medical care increasingly appealing. An estimated 150,000 of these travel to India for low-priced healthcare procedures every year (Medical Tourism Magazine, Issue 2, February 2008, p. 22).

Table 1. The Cost of Medical Procedures in Selected Countries (in U.S. dollars)

Procedure	U.S. Retail Price*	U.S. Insurers' cost*	India**	Thailand**	Singapore**
Angioplasty	\$98,618	\$44,268	\$11,000	\$13,000	\$13,000
Heart bypass	\$210,842	\$94,277	\$10,000	\$12,000	\$20,000
Heart-valve replacement	\$274,395	\$122,969	\$9,500	\$10,500	\$13,000
Hip replacement	\$75,399	\$31,485	\$9,000	\$12,000	\$12,000
Knee replacement	\$69,991	\$30,358	\$8,500	\$10,000	\$13,000
Gastric bypass	\$82,646	\$47,735	\$11,000	\$15,000	\$15,000
Spinal fusion	\$108,127	\$43,576	\$5,500	\$7,000	\$9,000
Mastectomy	\$40,832	\$16,833	\$7,500	\$9,000	\$12,400

* Retail price and insurers' costs represent the mid-point between low and high ranges.

** U.S. rates include at least one day of hospitalization; international rates include airfare, hospital and hotel.

(Adopted from: Herrick, Devon M., Medical Tourism: Global Competition in Health Care, NCPA report no. 304, November 2007, p. 11)

4. Objectives of the study

This study has been carried out with the prime objective of preparing the framework to build the strong brand name of Gujarat on the world map as a preferred health destination. Though this study has been conducted and considered as a required preliminary work in the field of medical tourism at Gujarat level. Other subsets of objectives which are also aimed by this study are as follows:

- To identify the key drivers for the enormous growth of medical tourism industry in India, and to check the impact of these factors at Gujarat level.
- To focus on the identification of needs of medical tourists and feasibility to fulfill the same.
- This paper tries to bring in the light; some of the major areas need to be focused to tap the opportunities in this sector.

5. Research Methodology

As this study has been conducted in very niche segment, the respondents' selection plays an important role in achieving the objectives of the research.

5.1 Sampling method

For the purpose of the primary study, we have used nonprobability sampling method. Respondents have been selected considering the parameters like their experience and expertise of the profession, attachment with specialty and multi specialty hospitals.

5.2 Sample size and profile

We have contacted 30 respondents from four major cities of Gujarat state i.e. Ahmedabad, Baroda, Surat and Rajkot for our study. All of our respondents are physicians by profession, having their clinical practice at private multi-specialty hospitals (3 respondents), private single specialty hospitals (12 respondents), corporate hospitals (10 respondents) and government institutions (5 respondents).

The total respondents are comprising from various specializations like cardiology (6 respondents), orthopedics (3 respondents), gynecology (3 respondents), ophthalmology (4 respondents), nephrology (3 respondents), dentistry (4 respondents), oncology (4 respondents), and dermatology (3 respondents).

5.3 Data collection method

For the collection of the data, the self-administered questionnaire has been used, as the respondents are well qualified and can respond accordingly. The questionnaire consists of all the close ended questions including preference as well as dichotomous questions. We have also used the Likert scale as well as rank order scale to record the opinion of respondents for various factors.

5.4 Analysis

The primary data has been collected at four major cities of Gujarat state i.e. Ahmedabad, Baroda, Surat and Rajkot. Total size of 30 respondents have been selected and contacted personally as well as over the telephone. The data collected through the close ended questionnaire. The factor analysis has been done for the collected data with the help of SPSS version 17. The result of the factor analysis is as follows:

- The value for the KMO sample adequacy test has been found 0.694, so according to the KMO test; the sample size of the study is adequate.
- Factor analysis matrix has given interesting results. The factor analysis, for the influencing attributes (constructs) for the development of medical tourism in Gujarat state, divide and group 14 attributes into 3 influencing components namely core competencies, value added facilities and infrastructure expertise. (Refer Table: 2)

Table: 2. Factor analysis for influencing attributes for development of medical tourism in Gujarat

Factor 1 Core competencies		Factor 2 Value added Facilities		Factor 3 Infrastructure expertise	
Construct	Factor loading	Construct	Factor loading	Construct	Factor loading
Fixed pricing for the treatments	0.655	Easy availability of all type of food	0.660	Highly skilled doctors	0.845
Easy-to-reach travelling facilities	0.588	Trained and caring paramedical staff	0.832	High success rates of treatments	0.712
Widely spoken english language	0.783	Availability of star hotels / resorts at tourist spots	0.611	Early adoption of advanced technology	0.628
Large no. of NRI / NRG population across the world	0.864	Good tourist spots	0.874	Capabilities of anytime treatment	0.707
				Availability of latest medical instruments / equipments mostly same as used in US / UK.	0.693
				Increase in low cost domestic airlines	0.712

(Source: Primary data analysis)

Where factor 1: core competencies comprises of 4 constructs i.e. fixed pricing for the treatment, easy to reach travelling facilities, widely spoken English language, and large no. of NRI / NRG population

across the world. These four attributes are the core advantages of Gujarat state. As the 6 million NRGs spread across the world is main customer segment as well as source for word of mouth publicity for other foreigners too. Travelling facilities has been improved in Gujarat as it has airports at all the major cities which are well connected to international airports across the country. As the pricing of the medical treatment being the most important concern for the patients, the fixed pricing and accurate quotation offered in Gujarat remains the primary benefit.

While factor 2: value added facilities includes 4 constructs i.e. easy availability of all type of food, trained and caring paramedical staff, availability of star hotels / resorts at tourist spots and good tourist spots. These attributes generally not considered as mandatory but can enhance the customer value if delivered. Gujarat has all these facilities which delight the customer experience and can generate the base of delighted and loyal customers.

Factor 3: infrastructure expertise comprises 6 constructs i.e. highly skilled doctors, high success rates of treatments, early adoption of advanced technology, capabilities of anytime treatment, availability of latest medical equipments / instruments mostly same as used in US / UK, and increase in low cost domestic airlines. These attributes are merely tangible and can be evaluated easily, these shows the improvement in facilities up to global standards. These can be considered as essential requirements for global competition.

-We have also identified six important parameters of framework to position Gujarat as global destination for medical tourism, and collected responses for that on 5 point likert scale (where 5 = highly agree to 1 = highly disagree). The mean score for these parameters is as shown in Table: 3 conclude that public – private partnership in all round development (mean score 4.33) is must and of high priority for enhancing the competitiveness. The need of exclusive tourism cell for medical tourists (mean score 4.14) is also on the priority list as per the result.

Table: 3. Mean score of identified parameters

Parameters of frame work to position Gujarat as global destination for medical tourism	Mean score
Public - Private partnership in all round development	4.33
To develop exclusive “Tourism Cell” for medical tourists	4.14
To inspire more private practitioners for medical tourism	3.43
Establishing exclusive hospitals for foreign patients	3.37
Promotion of medical tourism during various foreign social events	3.17
Medical tourists’ help centers at major cities	3.01

(Source: Primary data analysis)

Suggested Framework for Competitiveness of the State of Gujarat as Medical Tourism Destination

From the available literature review as well as primary data analysis, we here by propose the necessary step wise action for creating the visibility of Gujarat as a medical tourism hub on the world map.

- *Step 1: Building Infrastructure:*

1) **Corporate Institutions:** Though the number of corporate hospitals has been increased in last five years in the state, but to attract the customers from across the borders we need to offer more options to them. As the more choices are available, probabilities of selection will increase.

2) **Public-Private Partnership:** Government of Gujarat (GoG) must invite more private practitioners for targeting the foreign patients. As the high capital investment is the main constraint for private practitioners, there is a need for building the center of excellence (high standard multi-specialty hospitals) in four major cities of the state i.e. Ahmedabad, Baroda, Surat and Rajkot. At these centers,

Govt. should initiate the practice of “Share & Care” (where private practitioners can share (avail) the facilities of the center for taking care (treat) of their own foreign patients).

3) **Private Multi-specialty / Super-specialty Hospitals:** The increasing number of private multi-specialty and super-specialty hospitals in the state is a sign of improved standardization in the field of health care. These hospitals must be promoted as core competent center in the respected field.

- *Step 2: Building Networks:*

1) **Synergic networking of medical sector with tourism sector:** To gain the synergic benefits from medical tourists, medical as well as tourism sector in the state must start a collaborative approach for the promotion of Gujarat on the global platform. There are many initiatives required for this i.e. Medical Tourist counseling center, Hospitality center, Post treatment follow up centers at star hotels / resorts etc.

2) **Networking of care centers in foreign countries:** Govt. must initiate the collaboration with foreign medical institutions, which can serve as the care centers for prospective medical tourists as well as can function for post treatment follow ups.

3) **Networking with private health care provider agents:** With the boom in medical tourism, there are many firms have been operating in US & UK who work as the agent for the medical tourists. They guide, help and influence the medical tourists for selecting the best destinations, Gujarat need to be listed and associated with leading firms of this field.

- *Step 3: Exploring Customers:*

1) **Non-Resident Gujarati (NRGs):** It has been found from the primary data analysis that NRGs constitutes 50-60 % of total foreign patients in Gujarat, and they are the influencing source of information to medical tourists. As 6 million Gujarati spread across the world constituting 32% of total NRIs, there is a need to promote medical tourism in this target segment. It is also the easiest accessible group of customers as NRGs are visiting frequently to native due to social responsibilities, religious rituals, and festivals.

2) **Non-Resident Indians (NRIs – other than NRGs):** This segment can be targeted easily as they are already aware about the local culture and background. For this group, the state govt. should participate in various functions of NRIs and promote the medical tourism.

3) **Foreign origin patients:** The easiest way to target them is to reach them virtually. A well updated, authentic & content rich website can be useful tool to target this group. Also, it can be targeted by promotion at various foreign exhibitions and trade fairs.

- *Step 4: Satisfying the customers' needs:*

1) **Low & Transparent Costing:** Costing is very important factor in the medical tourism. As the customers are not aware about the different components of medical cost, the service providers must keep the transparency in costing. It has been seen that if quoted costs meet the actual, customers feel satisfied and be loyal.

2) **Easy travelling & immigration procedures:** Travelling across the borders and immigration formalities of destination country is pain feeling exercise. So, it has to be assisted or handled by the skilled support staff of the medical service providers.

3) **Planning and arranging for vacationing:** according to the need of the patients, depend on the type of medical treatment; doctor should advice the destinations and type of vacationing. Tourism department must take the responsibilities of planning and arranging for vacationing.

4) **Comfortable stay at hospital / hotel:** During their stay at hospital or hotel, medical tourists need to feel all-round comfort i.e. caring staff, hygienic food, easy communication, less post treatment follow ups, post treatment check up at hotel / resort etc.

5) **High standard treatment:** Gujarat is having the medical facilities at par with global standards with latest technology based equipments and instruments, advancement in treatments and high treatment success ratio.

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