

Medical Tourism and Investment in Turkey



**2nd Annual Chicago Medical Tourism
Conference on “Globalization and Model
Partnership in Healthcare: United States and
Turkey”**

12 – 13 March 2010



Medical Travel - History



- Personal sojourns searching to cure ailments and ward off disease is documented back to the **Greeks and Romans**
- In the late 19th century international visitors sought out the **rejuvenating spas** throughout the world including of those in Baden-Baden, Bath and Saratoga Springs
- While Grand Tours and Pilgrimages to the great spas of the world were generally **limited to the wealthy** – even ordinary citizens have historically traveled to seek miracle cures for their ailments

Medical Travel - History

- In the late 20th century, medical science **expanded exponentially**, fueled by
- Significant government and corporate research funding
- Scientific collaboration facilitated by economical jet travel, computerization and communications and the internet



Medical Travel - History

- During this era, American medical centers drew the world to its doors with clinical expertise and services not easily found elsewhere
 - Cleveland Clinic,
 - Johns Hopkins
 - Mayo Clinics, and
 - Baylor Medical Center became world icons



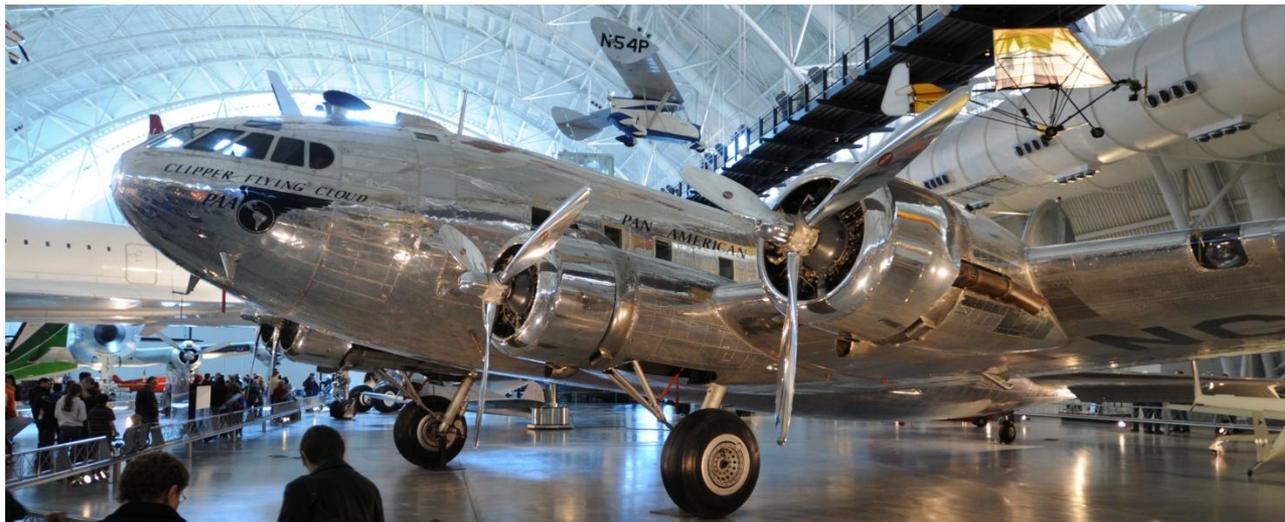
Medical Travel - Today



- At the turn of this century medical centers around the world began developing the same clinical expertise and providing access to technologies and specialists that once required travel to the US. Some of the new names are:
 - Bumrungrad International Hospital, Bangkok Thailand
 - Parkway Health, Singapore
 - Raffles Hospital Private Limited, Singapore
 - Apollo Hospitals, India
 - Tel Aviv Sourasky Medical Center

Medical Travel - Today

- With the **globalization** of medical science, equipment and **low travel costs**, the medical travel industry has gone **beyond the wealthy and desperate**.
- Care is now sought over the borders for:



Medical Travel - Today

complex and routine service including joint surgeries, TURP, cataract extraction, cardiac surgery, cosmetic surgery, in vitro-fertilization and dentistry



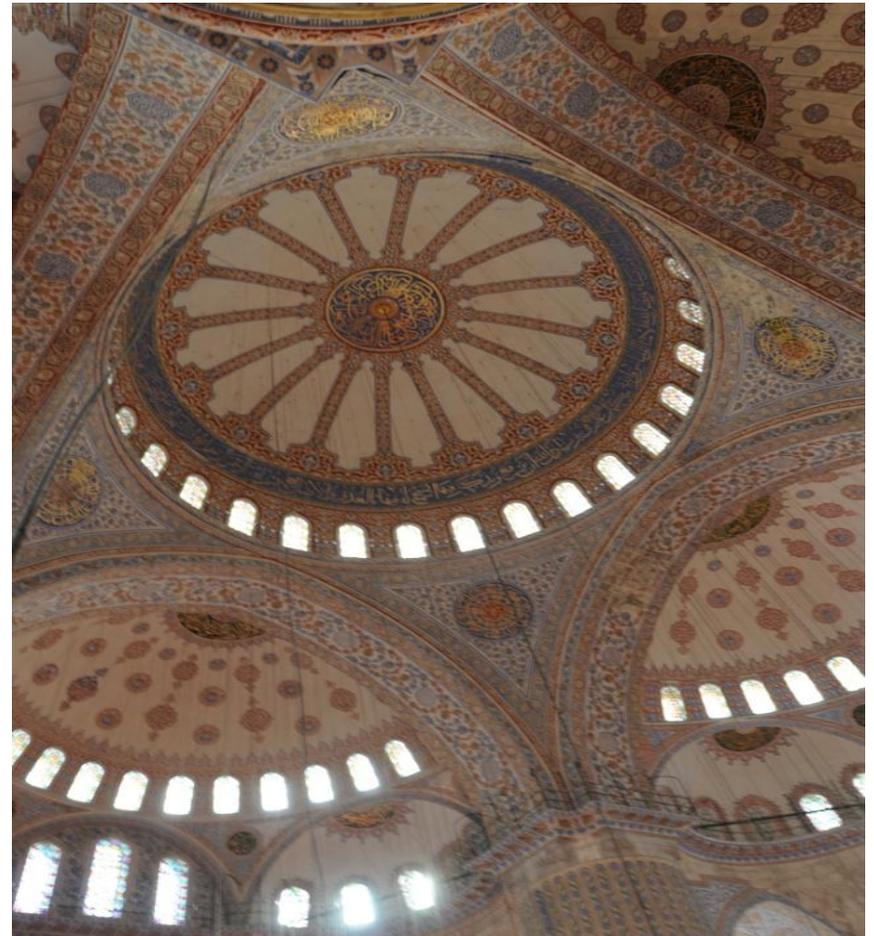
Medical Travel - Today

Highly successful medical procedures not presently approved by the US Federal Drug Administration (and thus not covered under US health insurance plans) such as prostate cancer treatment using high-intensity focused ultrasound (HIFU), stem cell therapies, etc.



Medical Tourism

- Term initially coined by travel agencies and the mass media to describe the rapidly-growing practice of traveling across international borders to obtain healthcare.
- Medical Tourism vs. medical travel includes the leisure aspects typically associated with travel and tourism.



Medical Tourism

- “Mini-vacation” options for patients and their friends and/or families are provided at reduced rates through arrangements with travel agencies and airlines.



Why US Citizens are considering Medical Travel / Tourism



- **Rising personal cost of US healthcare**
 - 47 million Americans have **no** health insurance
 - Only 60% of US employers with fewer than 200 workers offer any type of health insurance
 - A fact which is **driving the uninsured and under insured** to seek less expensive treatment overseas.
- **Reducing out of pocket expenses for**
 - **Non-covered insurance expenses** such as cosmetic surgeries, dental implant, Lasik, infertility procedures, weight loss, etc, and
 - **Restrictions on prescriptions**, pre-existing conditions, post-operative care and congenital disorders.
 - **High Deductable Health Insurance Policies**

The impact on US Citizens behavior



- Due to these reasons, many Americans like others around the world are **flying abroad** to have their treatments done at a **fraction of the cost** when compared to US
- Depending upon the type of treatment and the country of choice, the uninsured, the underinsured, and elective care patients can **save up to 70% over the cost in US.**

The impact on US Citizens behavior



- A new survey funded by Your Surgery Abroad, an online directory of medical tourism, found that more than 60 percent of Americans are willing to leave the country for cheaper medical services.
- While more elective procedures like rhinoplasty and face-lifts used to attract consumers to exotic lands, a growing number of Americans are now traveling abroad for essential procedures like cardiology and cancer treatments.

Why US Corporations consider Medical Travel



- **Rising Employer cost of US healthcare**

“... a growing number of insurers such as Aetna, Blue Cross & Blue Shield of South Carolina and Anaheim (California) Blue Cross & Blue Shield and employers such as Hannaford Bros. Co., Maine, Serigraph, Wisconsin (and many others) are **seriously worried about the rising cost of health insurance and their inability to remain competitive**. These companies are a part of a rapidly growing list of insurers and employers encouraging employees to seek treatment overseas and even paying for their employee’s travel expenses.”

Wall Street Journal Article, “Paying Workers To Go Abroad For Health Care”
dated September 30, 2008

Many US Corporations are already encouraging it



- In January 2008, **Hannaford Bros.**, a supermarket chain based in Maine, began paying the entire medical bill for employees to travel to Singapore for hip and knee replacements, including travel for the patient and companion
- In 2000 **Blue Shield of California** began the United States' first cross border health plan. Patients in California could travel to one of the three certified hospitals in Mexico for treatment under California Blue Shield
- In 2007, a subsidiary of BlueCross BlueShield of South Carolina, **Companion Global Healthcare**, teamed up with hospitals in Thailand, Singapore, Turkey, Ireland, Costa Rica and India.

Cost increases for US Corporations will drive further expansion



- Health Insurance Costs to Skyrocket by 10% in U.S. in 2010
- A recent national healthcare trend survey from Buck Consultants projected double-digit rate increases for health insurance in the U.S. ...
 - health insurance plans are supposed to increase 11.1%
 - Preferred Provider Organizations (PPOs) 11.1%,
 - Point-of-service (POS) health plans, 10.9%
 - HMOs 10.3%
 - High Deductible Consumer Driven Health Plans. 10.3%

Cost increases for US Corporations will drive further expansion



- In 2009 average cost of health insurance for an individual in the US was \$4,824, and for a family **\$13,375**.
- With an average of over 10% rate increases per year by 2020 this means the cost of health insurance per year could be as high as or higher than \$13,763 for an individual and **\$38,160** for a family per year.

Cost increases for US Corporations will drive further expansion

- Now that healthcare reform has faltered, US health insurance carriers and **employers are going to turn faster to medical tourism as a solution to reduce healthcare costs** as the US healthcare crisis continues to worsen.



The implications for US Medical Travel



“In 2007, an estimated 750,000 Americans traveled overseas for medical care and that number is estimated to increase as high as **20 million in the next 5 years** with spending on foreign medical treatment expected to increase from US\$ 4.4 billion (current 2009 estimate) to **US\$ 40.4 billion in 2015.**”

“Medical Tourism Report” produced by Deloitte Center for Health Solutions, 2008

Buying Criteria for US Medical Travel



- The **cost** of care
 - The all-inclusive cost must be significantly lower in absolute dollars to make the travel worth the effort
- The perception of the **quality** of care
 - US consumers need to be comfortable that they will receive equal or better care
- Ease of **access**
 - The process of getting to, moving through, and returning home must be simple and convenient.
- **Speed** of access
 - The lead time required will determine the types of cases and the eventual size of the market.
- **Continuity of care**
 - It will be important to seamlessly connect intervention with the pre-hospital and post-hospital care of the patient.

The Case for Turkey

- Quality
- Cost
- Convenience
- And of course the hospitality of the Turkish people!



Case for Turkey – Quality



- Turkey has the **highest number** of **Joint Commission International** accredited healthcare institutions in the world (31 as of 2008)
- **Affiliations** with some of the world's leading institutions – Sloan-Kettering, Mayo Clinic, Johns Hopkins, Cleveland Clinic, MD Anderson, Harvard, and more
- The Turkish Accredited Hospital Association is working for a more **consistent approach to medical travel**
- Kızılay (the Turkish Red Crescent) provides a reliably **safe blood supply**
- **Well-trained and accredited physicians** deliver world-class medicine

Case for Turkey – Cost



- Turkish **prices** for medical procedures are very competitive
 - **70-90% less than the price for those same procedures in the US**
 - Approximately the same as those in Taiwan and Singapore
- While Turkish prices are up to 30% more expensive than those in India, **the travel cost and distance from the US makes Turkey competitive** here as well

Case for Turkey - Convenience



- Direct flights from many international cities
- Roughly half the distance to travel when compared to lower priced Indian healthcare organizations
- Very attractive tourist destination

Implications for Turkish Healthcare

Potential Medical Travel Cases Coming to Turkey Annually

		Turkey's Market Share of US Medical Travel				
		1%	5%	10%	20%	25%
Millions of US Citizens Traveling Abroad for Healthcare	1	10,000	50,000	100,000	200,000	250,000
	5	50,000	250,000	500,000	1,000,000	1,250,000
	10	100,000	500,000	1,000,000	2,000,000	2,500,000
	15	150,000	750,000	1,500,000	3,000,000	3,750,000
	20	200,000	1,000,000	2,000,000	4,000,000	5,000,000
	25	250,000	1,250,000	2,500,000	5,000,000	6,250,000
	30	300,000	1,500,000	3,000,000	6,000,000	7,500,000

Potential Medical Travel Beds Required*

		Turkey's Market Share of US Medical Travel				
		1%	5%	10%	20%	25%
Millions of US Citizens Traveling Abroad for Healthcare	1	30,000	150,000	300,000	600,000	750,000
	5	150,000	750,000	1,500,000	3,000,000	3,750,000
	10	300,000	1,500,000	3,000,000	6,000,000	7,500,000
	15	450,000	2,250,000	4,500,000	9,000,000	11,250,000
	20	600,000	3,000,000	6,000,000	12,000,000	15,000,000
	25	750,000	3,750,000	7,500,000	15,000,000	18,750,000
	30	900,000	4,500,000	9,000,000	18,000,000	22,500,000

* Assuming an average 3 day length of stay in hospital

Even very conservative estimates of the growth of US Medical Travel and Turkey's market share will create tremendous new volume

Implications for Turkish Healthcare



- Even conservative estimates of new volume may take 10% of existing bed capacity capable of serving the demand
 - Accredited Hospital Association of Turkey has capacity of approximately 6,000 beds
 - There were 22,000 rooms with private baths in the entire system (Health Transformation in Turkey Report, June 2007)
- Without a timely **commitment to increased appropriate capacity**, Turkey maybe excluded from the growth in the US medical travel market a major player

In Conclusion...



- Americas inability to control its healthcare cost will drive more than just the retired fixed income to seek comparable care wherever it is available
- The globalization of commerce is broadening the average Americans understanding of the world and willingness to travel outside the US
- Globalization of science and communication will exponentially accelerate knowledge in the comparability of care, the capabilities of alternate delivery locations and therapies accelerating the demand
- The trend of medical travel will begin to actually re-balance with more people leaving the US than arriving