

An Assessment of Medical Tourism Development Potential in Mainland China

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Abstract

Medical tourism is an emerging form of tourism, which has been developing, rapidly in the past decade. Medical tourism has gradually become an important sector that generates revenues for many countries and regions around the world (e.g., India, Thailand and Singapore). China has the potential to develop medical tourism. Traditional Chinese medicines and therapies (e.g., acupuncture, cupping) have a long history and have become a popular form of alternative medicine/treatment in many countries (e.g., U.S.). Nevertheless, China has not yet fully leveraged its resources and lacks behind its Southeast Asian counterparts in terms of medical tourism development. The current paper aims to evaluate the resource that China possesses for medical tourism, analyze its strengths and weaknesses, and offer policy implications for all stakeholders concerned.

Keywords: medical tourism, China, traditional Chinese medicine, strength, weakness

Medical Tourism

Medical tourism has gained increasing popularity in recent years. It is a term to describe the phenomenon that people travel across international borders to obtain health care (Ye *et al.*, 2011). Medical tourism has been developing rapidly in many countries and regions such as India, Thailand, Singapore, and Taiwan. For example, there are approximately 500,000 medical tourists visiting Thailand in 2011, growing by 16% annually (Eden, 2012). India has attracted 850,000 medical tourists in 2011, and the number of its foreign patients is expected to reach 3,200,000 by 2015 (Hassan, 2013). In 2008, the number of medical tourists in Singapore has reached 370,000, together with 230,000 accompanied friend or relatives, which generated around 1.5 billion U.S. dollar (Singapore Tourism Board, 2009). In 2008, India, Thailand and Singapore occupied approximately 90% of the Asian medical tourism market (NaRanong and NaRanong, 2011). Accordingly to KPMG (Klynveld Peat Marwick Goerdeler), which is one of the largest professional services companies in the world, the global medical tourism market experienced an annual growth rate of 20%-30% in recent years and the market is expected to reach 100 billion US dollar by 2012. As compared with the fast growth in many east-Asian medical tourism destinations, China is lacking behind in its

development. According to a recent nation-wide in-bound tourist research on travel motivation, sight-seeing (41.1%) and enjoying leisure holidays (23.3%) are the major motivation for their visit to China, while other motivations such as for medical reason remain occupy trivial proportion (Xu and Liu, 2011).

China has the potential to become the regional medical tourism destination. First, traditional Chinese medicines and therapies (e.g., acupuncture, cupping) have a long history and have become a popular form of alternative medicine/treatment in China and many other countries (e.g., U.S.). Second, China also has abundant natural and cultural resources for tourism which can enrich tourist experiences during their journey (Kucukusta and Heung, 2012). Third, the medical tourism expenditure in China is rather low as compared with developed countries. Despite of the aforementioned advantages, China has not yet fully leveraged its resources and its medical tourism development is in infant stage.

By far, there have been some cities (e.g., Sanya, Shanghai) that launched medical tourism by offering particular medical service (e.g., traditional Chinese medicine) to overseas patients and some provinces and cities (e.g. Hainan province) have implemented strategic plans to develop themselves into medical tourism hub. For example, Hainan province plans to establish "Boao Lecheng" medical tourism centre, covering services such as elderly care, cosmetic and plastic surgery, traditional Chinese medicine, chronic diseases rehabilitation and sub-health sanatorium. The State Council of China has implemented a series of favourable policies for the centre. These policies, specifically designed for such a special zone, cover tax reduction for imported medical facilities and medicines, approval of foreign capital investment in hospitals, speeding up procedures for importing medical facilities and medicines, extended foreign medical professionals' working period in the zone to 3 years, and approval of state-of-the-art research on stem cell technology and so on (People.com, 2013). Guangdong province, under the "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)", allows Hong Kong service suppliers to set up on the Mainland, wholly-owned medical institutions or medical institutions in the form of equity joint venture or contractual joint venture with Mainland medical institutions, companies, enterprises and other economic organizations (CEPA Supplement IX). Such policies encourage foreign capitals and professionals to enter into Mainland market and boost medical tourism development. In fact, the first wholly owned hospital of Hong Kong opened in Shenzhen, Guangdong in 2013, receiving both mainlander patients and medical tourists from Hong Kong. By far, there have been 22 medical institutions in Hong Kong established outpatient departments in Guangdong province according to Guangdong health care administration. It is expected that the scope of the policy will expand to other provinces and capital cities in China.

Although China has initiated some strategic plans and formulated favourable policies at the provincial level in recent years, medical tourism development of China is still lacking behind as compared with its Southeast Asian counterparts. The current paper aims to evaluate the resources that China possesses for medical tourism, analyze

strengths and weaknesses, and offer policy implications for parties concerned.

Assessment of China's Medical Tourism: its Strengths and Weaknesses

Strength 1: Uniqueness of traditional Chinese medicines and therapies

Chinese people have been using Traditional Chinese Medicines (TCM) and therapies for more than two thousand years (Li, 2009). TCM encompasses herbal medicines and a variety of practices, ranging from acupuncture, cupping to massage ("tui na"), tai chi, qi gong. TCM is a unique system to diagnose and cure illness. Although it is generally criticized that TCM lacks scientific proof and clinical validation, the effectiveness of TCM in curing some diseases was noticeable and there has been a growing number of scientific research revealing its active components (Chan, 1995; Efferth *et al.*, 2002; Efferth *et al.*, 2007; Konkimalla and Efferth, 2008; Yuan and Lin, 2000). As compared to western medicines, TCM applies a holistic approach, viewing the mind and body as a whole system, and aims to restore a harmonious equilibrium (Chan *et al.*, 2002). For example, cited by the World Health Organization (WHO) to treat more than 40 conditions and recognized as Intangible Cultural Heritage, acupuncture has gained its popularity as an alternative form of treatment in many countries (e.g., U.S.), with a number of training centres established (Accreditation Commission for Acupuncture and Oriental Medicine, 2013). Many foreigners even visit China to learn it and the principles about TCM. According to the latest research by the World Federation of Acupuncture-Moxibustion Societies, acupuncture and moxibustion of traditional Chinese medicine has been widely applied in 183 countries, including all the countries in Asia and South America (Liu, 2013). It has been reported that foreign patients who could not cure their diseases with conventional western medicines or treatments will turn to TCM for alternative treatment (Sina, 2010). In addition, TCM places much emphasis on disease prevention. With its uniqueness of TCM, China may differentiate from other competitors, gaining much room for growth.

Strength 2: Low medical care cost and availability of certain procedures

Like many other east-Asian counterparts, China has relatively low medical care cost. For example, heart surgeries cost around one tenth of the price in US and hip or knee replacements in Shanghai are less than 30% that of the US prices (Songwanich, 2013). For meson knife in the treatment of tumor, the price in Shanghai is around one sixth of the US prices (Sina.com, 2010). The price difference of various procedures was denoted in Table 1. As can be seen, the prices of many procedures in Shanghai, China were even lower than its east-Asian competitors. Hence, China gains competitive advantage in terms of medical care cost. Most importantly, medical tourists can undertake some procedures that are illegal or prohibited in their home countries (e.g., stem cells technology) and some procedures that are no longer available in their home countries (e.g., industrial pneumoconiosis). It has been reported that many medical tourists in China sought medical procedures that not available in their countries (Sina.com, 2010).

Table 1: Price Comparison of Different Medical Procedures in Some Countries

Surgery	USA	India	Thailand	Singapore	China
Heart Bypass	\$130,000	\$10,000	\$11,000	\$18,500	\$10,500
Heart Valve Replacement	\$140,000	\$9,500	\$25,000	\$22,000	\$10,000
Angioplasty	\$57,000	\$11,000	\$13,000	\$13,000	\$11,500
Hip Replacement	\$43,000	\$9,000	\$12,000	\$12,000	\$10,000
Knee Replacement	\$40,000	\$8,500	\$10,000	\$13,000	\$10,400
Spinal Fusion	\$62,000	\$5,500	\$7,000	\$9,000	\$6,500
Dental Implant	\$2,200	\$600	\$2,150	\$2,500	\$1,500
Breast Implants	\$10,000	\$2,600	\$2,700	\$8,000	\$3,500
Rhinoplasty	\$8,000	\$2,000	\$5,300	\$2,000	\$2,500
Face Lift	\$15,000	\$4,800	\$5,000	\$7,500	\$5,000
Hysterectomy	\$20,000	\$3,000	\$4,500	\$6,000	\$4,000
Gastric Bypass	\$28,000	\$11,000	\$15,000	\$15,000	\$12,000
Prostate Surgery	\$16,000	\$3,600	\$4,400	\$5,300	\$3,000

Note: These costs are an average and may not be the actual cost to be incurred. The price of medical procedures in China was represented by the prices in Shanghai.

Sources: Shanghai Medical Tourism Products & Promotion Platform
<http://www.shmtppp.com/cost>

Strength 3: Abundant cultural and natural resources

One important facilitator for medical tourism development is the tourism resource of destinations. Although it is not advisable to travel after the medical procedures for some treatments, many medical tourists can enjoy their trips before the treatments by participating into a variety of tourism activities (e.g., sightseeing, shopping etc.). China possesses various landscapes ranging from coastlines, lakes, and rivers to mountains and valleys. China is also rich in its diversified ethnic cultures (i.e., 56 ethnic groups) and more than 4000 years' history. At present, China has 31 world cultural heritages and 10 world natural heritages, ranked number two in the world. Accordingly to the forecast of the world tourism organization, China will become the first tourist country by 2020, with 130 million arrivals (UNWTO: Tourism 2020 Vision). The rich cultural and natural resources of China serve as great attractions to medical tourists. In fact, Hainan province, which features its comfortable weather and world-class scenic resorts along the coastlines, has already positioned itself as the best place for medical tourism. A large project named "Boao Lecheng" was in progress, with an aim to develop into a globally renowned medical tourism destination (Ho *et al.*, 2011).

Weakness 1: Language and cultural barriers

Unlike many other Asian medical practitioners who receive education in English and are more proficient in English (e.g., India, Thailand, Singapore), many Chinese medical practitioners lack English proficiency. It was revealed that differences in languages create communication barriers during medical service, which in turn, affects the service quality (Ye *et al.*, 2012). Trust with the medical practitioners has been found

to influence medical tourists' intention to engage in medical tourism (Han, 2013). If medical tourists and medical practitioners cannot communicate in an efficient manner, the former will perceive greater risk and have less trust with medical providers. In addition, it would be difficult for Chinese medical practitioners to communicate with medical tourists, particularly westerners, the mechanism of TCM which has its roots in Chinese cultural (e.g., Taoism). Hence, it takes time and effort to convince medical tourists about the mechanism and efficacy of TCM.

Weakness 2: Lack of international accreditation

Quality and safety are major concerns for medical tourists. One of the crucial ways to ensure quality and safety, and establish a positive image of medical tourism is to gain international accreditation of medical service. Joint Commission International (JCI) accreditation, whose checklist includes over 350 standards ranging from surgical hygiene to credential medical staff and nurses, was an important and popular channel where hospitals gain international prominence. After several rounds of accreditation surveys (e.g., interviews with staff and patients, on-site observations), hospitals that demonstrate acceptable compliance with all standards will be granted accreditation. Although China has been developing very rapidly since the economic reform in the late 1970s, the overall health care service image of China is not comparable with those of the economically developed countries. The numbers of hospitals in China, which obtain international accreditation such as JCI, are scant. At present, there are only 23 hospitals in China are JCI Accredited Organizations (Taiwan 10, Singapore 14, Thailand 27, India 19). It would be a major barrier for medical tourism to go international if there were not enough accredited medical service providers.

Weakness 3: Inadequate policy support

Medical tourism development requires support from the government to coordinate efforts from different stakeholders such as hospitals, travel agents, medical service agents, and tourism board and health authority. Many countries have established offices and formulated policies that facilitate medical tourism development. For example, Thailand formulated a goal to become a Health Care Tourism Hub in Asia. Singapore aims to develop into medical hub in Asia. Singapore has implemented a policy called "Medical Hub in Asia", which includes seven policy recommendations as the policy framework. These policies range from brand establishment (i.e., SingaporeMedicine), simplified the immigration procedures, supported clinical research in health care institutions, to encouraging greater transparency on pricing and clinical practice norms. India has established association of medical tourism of India and formulated a series of regulations, policies and plans that facilitate medical tourism development. While the east-Asian counterparts received substantial government support in terms of policy formulation and establishment of medical tourism office, China does not have adequate support from the central government (Kucukusta and Heung, 2012). At present, only a few provinces or cities have formulated strategic plans and policies that guide medical tourism development (e.g., Hainan province). However, such favourable policies are confined to this special zone and not yet implemented to the provincial level and

country level. Still, there seems to be lack of coordination among medical service providers, tourism service providers and different level of governments.

Inadequate policy support for quality assurance and dispute resolutions system is also a barrier for medical tourism development in China. There have been some malpractices in medical tourism such as non-medical institutions or unlicensed practitioners offering traditional Chinese therapies (People.cn, 2012). In the past decade, the medical disputes in China have also received increasing media exposure, and some of the disputes turned into violence in the hospitals, which we termed "yi nao (medical disturbance)". In 2010, the total number of medical disturbance increased by 5000 to 17243 cases within 5 years (People.cn, 2012). One of the plausible reasons is that the patients did not trust the service providers and allegedly challenge the reliability of the medical verification system. The media coverage of medical disputes has undoubtedly affected the overall image of medical tourism in China.

Weakness 4: Low brand awareness

Unlike cosmetic surgery in Korea, heart surgeries in India, and trans-gender procedures in Thailand, China currently does not have some featured medical treatments that are popular among medical tourists. Hence, the brand awareness of medical tourism in China is rather low. The medical tourism development in China is in its infancy stage, without offering a wide range of products that cater to tourists' need. Although TCM gains its popularity among some western countries, negative publicity and scientific evidences regarding toxic substances contained in TCM (Lv *et al.*, 2012) have undoubtedly worsen the image of medical tourism in China. Therefore, visiting China to obtain medical care is still not a preferred option for many medical tourists. This was reflected by the phenomenon that the majority of medical tourists visiting Hainan province are domestic tourists (Ho *et al.*, 2011). As aforementioned, Hainan province plans to develop into a medical tourism hub. Without adequate awareness from the international medical tourists, it is difficult to achieve such a strategic goal.

Policy Implications

Based on the above discussion, there seems to be a long way to for the medical tourism development in China. To sharpen its competitive edge and accelerate development, the practitioners and the Chinese government should put much effort on the following areas:

Gaining more international accreditation

To gain brand awareness and build up trust among potential medical tourists, it is a prerequisite for medical service providers gain international accreditation. The Chinese health care department should offer some necessary guidance and support for some hospitals, which aim to attract medical tourists to obtain JCI. Particularly, for some cities or provinces that aim to develop medical tourism (e.g., Shanghai, Beijing, Guangzhou, Hainan), the government should consider offer some financial support or incentives for the hospitals, which possess adequate resources and facilities to pursue

JCI. Particularly, accredited hospitals should be encouraged to exchange their experiences to obtain JCI and other accreditation.

Establishment of medical tourism office and association

The Chinese government should consider establish offices responsible for coordinating different departments such as tourism association and health authority. Particularly, a medical tourism office under China National Tourism Administration (CNTA) and a medical tourism association should be established. The proposed medical tourism office under CNTA mainly deals with policy formulation and strategic planning that guide development. The association should facilitate cooperation between medical service providers and travel agent that jointly promote and offer medical tourism products.

Formulation of regulations

Regulating the medical tourism market is crucial for sustainable development. The government should formulate entry requirements, quality control system, and other policies to regulate the market and build up customer confidence. For example, the government may consider emulate India's practice to establish a star-rating system based on each hospital's service quality.

In addition, the medical dispute system should be reviewed and improved. Safety is a major consideration for medical tourists. Medical tourists hope to have a pleasant and safe medical trip. Whenever there are medical accidents or medical dispute, medical tourists want to have a fair resolution system. Therefore, the central government should consider formulate new policy to ensure a transparent and credible system to ensure any disputes regarding medical tourism be resolved properly.

Enhancement of promotions

Although the number of overseas tourists keeps mounting, little is known about medical tourism in China. Currently, there are only a few official platforms that promote medical tourism in China and publicity of medical tourism by hospitals is even scarcer. Hence, a joint marketing campaign incorporating inputs from both medical and tourism sector should be considered. The promotions may first feature unique characteristics of China such as acupuncture, cupping and tui na with which medical tourists may be more familiar and acceptable, followed by traditional regimen, traditional Chinese medicine and its underling mechanism, so that medical tourists recognize and establish faith with medical tourism in China in a progressive manner. The promotion may also focus on the-state-of-the-art technologies (e.g., meson knife in the treatment of tumor) with a much lower cost in China, while simultaneously enjoying the holidays in beautiful scenic resorts.

Conclusion

Medical tourism in China is at its infancy stage, with only a few medical service providers attempting to enter into the market. With its immense developmental

potentials, China could leverage its unique resources and advantages such as low cost to compete in the market. For the Chinese government, it is necessary to establish a medical tourism office that responsible for international promotion, regulating practices, and coordinating efforts from different sectors. It is a tedious task but with a promising future.

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