



MEDICAL TOURISM IN ARIZONA



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Medical Tourism Industry Overview

Definition and Market Size

Medical tourism is the process of “leaving home” for treatment and care abroad or elsewhere domestically¹. There are three categories of patients when talking about medical tourism; outbound, inbound, and intra-bound. The scope of this project has been to look at the overall medical tourism industry, studying successful international and domestic medical tourism destinations, and to analyze Arizona’s competitiveness in the market. Our recommendations for the future of Arizona’s medical tourism industry are: to collaborate and coordinate with various industries and organizations, to increase subspecialty care, to engage in intense marketing, to create a neutral entity to lead the medical tourism initiative for Arizona, and finally to focus efforts more broadly to general tourism and economic development, rather than medical tourism in specific.

In 2012, medical tourism became a global industry, with a total predicted market size of \$100 billion². The medical tourism industry is expected to grow between 20-30 percent annually³. This industry drives economic growth by attracting foreign capital and creating local job opportunities. The key drivers attracting medical tourists are quality of treatment, cost of care, and the length of waiting periods. Other supporting drivers are usage of technology, geography, tourism and vacation, visa requirements, and culture.

Drivers for Medical Tourism

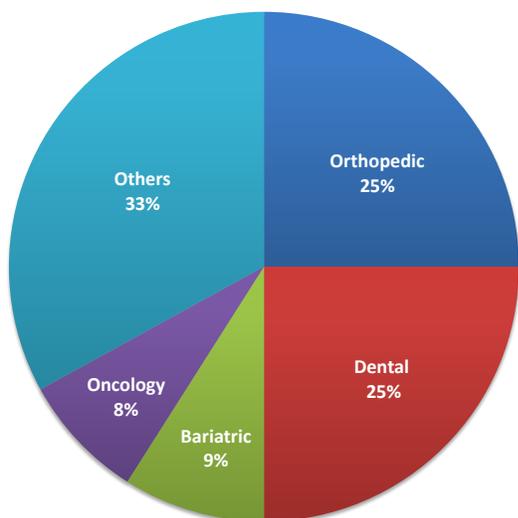


Foreign and Domestic Success Stories

Foreign Destinations

Medical tourism has been on the forefront of many countries' economic development. These countries have been successful in attracting international patients from the West and other parts of the world. Top specialties for medical travelers in these markets are Orthopedic (25%), Dental (25%), Bariatric (9%), Oncology (8%) and others (33%)⁴. The government and private sector provide health-care infrastructure in countries like South Korea, India, Greece, Malaysia, Singapore and Thailand. There are several factors which have led to this development.

Specialties for Medical Travelers



First, the cost of medical treatment in these countries is very low. It is almost 50-80 percent cheaper than what it would cost in the United States (U.S.). Second, the quality of treatment and usage of technology have been very aggressive in these countries. Several hospitals in these countries undergo international hospital accreditation with Joint Commission International (JCI) which helps in promoting healthcare services at these hospitals. Third, a strong initiative to promote medical tourism has resulted in substantial growth in these markets. It has also helped in attracting talented doctors, nurses and other practitioners. Fourth, hospitals at these destinations have made continuous efforts to

build their brands. These hospitals have associated themselves with world class brands like Harvard and Stanford. Countries have been encouraging brand-name academic institutions to build branch campuses and award prestigious degrees to their local students. Johns Hopkins Medicine International has affiliated itself with India's Apollo Hospitals and also operates a clinic in Singapore⁵.

Medical Tourism Destination in the USA

The U.S. medical tourism industry, as mentioned earlier, is driven by the availability of world-class treatment centers providing specialty treatments. Heart disease treatment, cancer treatment and neurosurgery are a few examples where U.S. medical tourism has been flourishing. Texas Medical Center (TMC) in Houston is one of the examples that has been driving this initiative, not only in providing treatment to the U.S. population, but also attracting many international patients. It is home to some of the nation's best hospitals, researchers, physicians, educational institutions and health care providers. As of 2012, TMC had 54 member institutions and almost 7.2 million patient visits in the same year, with more than 16,000 international patients visiting the center in the year 2012. TMC member institutions are comprised of world renowned hospitals, like Texas Heart institute, M.D. Anderson Cancer Center, Texas Children's Hospital and several others that are on the cutting edge in providing specialty treatments⁶.

Various member institutions of TMC have targeted programs for international patients. These services include assistance with identifying hospitals, locating housing and making travel arrangements for the patients. Additionally, participating institutions have developed an exclusive visitor's lounge at Houston's Bush Intercontinental Airport for international patients and their families to utilize during their travels. There are even Special Service Representatives (SSRs) that speak more than 30 languages and can assist in navigating through customs and coordinating transportation from the airport to TMC⁷.

Another successful example, pertaining to a branch in Arizona, is Mayo Clinic. Mayo Clinic is



Collaboration and Partnership Lead to Success

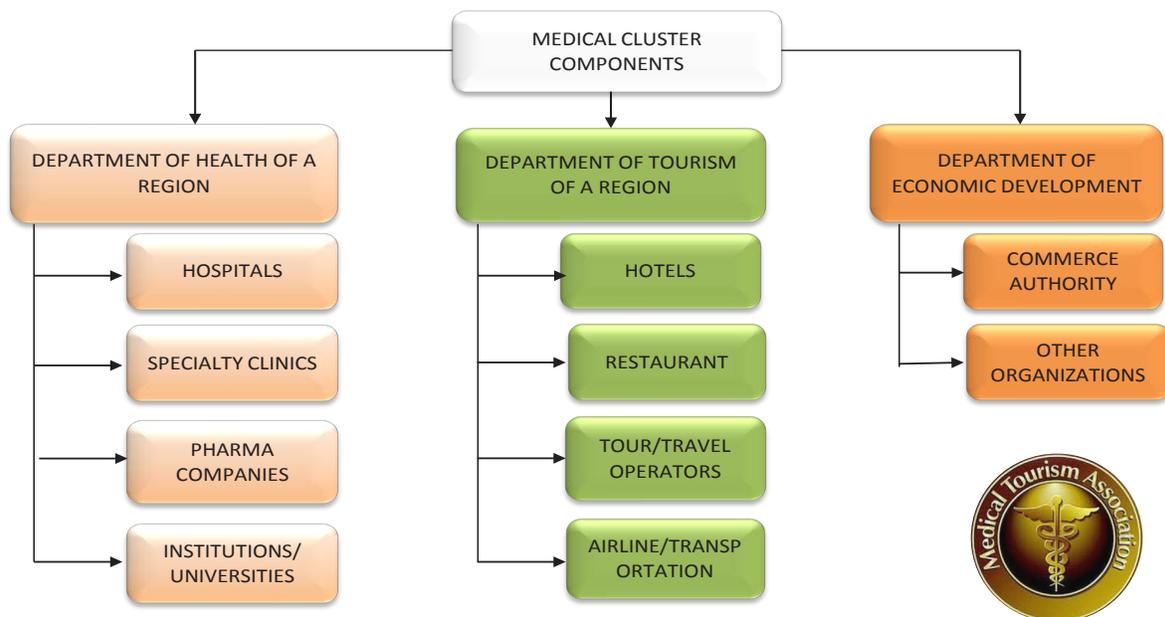
Medical Cluster: Definition and Benefits

One of the most common factors for success of a medical tourism destination is the formation of a “Medical Cluster.” A medical tourism cluster is formed when participants from industries like healthcare, tourism and economic development come together to work toward a single goal of developing and encouraging medical tourism in a region⁹. Several successful medical tourism destinations have strategically started this initiative of promoting medical tourism, and the very first step they took was the creation of a medical cluster.

There are several benefits of a medical cluster formation. For example, a medical cluster can assist in a centralized budget allocation resulting in contributions from all participating members. A centralized control over quality and reputation can be kept, which also helps in enhancing credibility. One of the most important benefits of a medical cluster formation is in gaining assistance from all entities in marketing initiatives. Because a consistent marketing message (price, place, promotion, people and product) plays a very important role in the success of medical tourism, a collaborative effort toward marketing significantly increases success.

a good example of a hospital organization that saw the importance of international medical tourism, particularly south of the border. Since William Mayo, founder of Mayo Clinic, first noted the importance of working with Mexico as a partner in medical care nearly 100 years ago, Mayo Clinic has continued to expand its role there and in other countries. According to the International Relations Consultant at Mayo Clinic, many steps have been taken to increase Mayo Clinic’s image around the world⁸:

- 1) Health information is provided by Mayo Clinic in 17 different languages through online and print media.
- 2) 2,000 Mayo Clinic trained alumni from over 80 countries work around the world.
- 3) Physicians cumulatively speak 22 foreign languages.
- 4) Of the total 3,700 physicians, 200 speak Spanish.



Source: Medical Tourism Association

Medical Tourism Association

The Medical Tourism Association (MTA) is an international organization, which plays a very important role in putting any player on the map of international medical tourism. MTA provides services by creating medical tourism destination guides that have details about the hospitals, tourism places, concierge services, and other necessary details patients look for before making a decision on the healthcare provider. MTA also organizes an annual Medical Tourism World Congress. Many hospitals and tourism providers from Thailand, India, Singapore and several from the U.S. have been participating in this annual event. Such an event provides enormous opportunity for networking among several participants such as doctors, concierge service providers, hospitals, and pharmaceutical companies, and also increases one's own promotion opportunities.

Medical Tourism in Arizona

Why is it important?

The focus of this project has been to understand medical tourism; not just from an Arizona standpoint, but a global standpoint. Many efforts have been made and substantial amounts of information have been obtained. After understanding both the global and the U.S. national landscape, a key question must be answered: Why is medical tourism important for Arizona and how can it benefit the state? Research has shown that 99 percent of healthcare is performed on a local level. The remaining one percent of patients actually travel for healthcare related matters, such as diseases or treatments pertaining to subspecialty care¹⁰. In addition, most healthcare experiences are not planned. As a Mayo Clinic International Marketing Director explained, most of their international or out of state patients that they have seen over the past few years, both in Arizona and in Rochester, MN, were traveling for vacation purposes or for business purposes and just happened to need medical assistance while away from their home state or country. Medical tourism is not different from general tourism, and thus the focus should actually not be on how to improve medical tourism, but rather tourism

in general along with economic growth and development¹¹. Medical tourism is a piece of this broader package, which will only improve when these other larger components improve.

An exception to this is evident when a nationally recognized hospital offers a specific subspecialty care. In Arizona's case, this may refer to St. Joseph's Medical Center-Barrow Neurological Institute. Barrow has many of the best neurological specialists in the world. As a result, it saw 50 actual international surgeries from July 2012 to July 2013¹². These international surgeries help in a number of different areas, including aiding the building of the brand and reputation of Barrow Neurological Institute.

Competitive Landscape

With the Greater Phoenix area being the sixth largest city in the United States, and healthcare as one of the state's leading industries, one might believe that the state is positioned well for success in attracting patients from other states and countries. Arizona has a number of benefits, including year round sunshine, more than 300 golf courses, spas, national parks, and arts and entertainment venues. Despite this, the weight that amenities have in the ultimate decision making process of where a patient will go to receive treatment is minimal. These amenities, along with economic growth, drive general tourism, which is seen to greatly benefit hospitals, more than the tourists that travel for medical related purposes¹³.



The Dean of the University of Arizona Medical School, Dr. Stuart Flynn, mentioned that roughly 80 percent of all medical advancements occur within a 25-mile radius of an academic medical center. Research shows a common trend that strong research institutions, commitment to cutting edge technology, reputable medical school programs, and partnerships/collaborations among hospitals and state/city governments, all lead to the creation of an elite brand recognized for its specialized healthcare treatment and procedures¹⁴. These factors not only attract patients from out of state and out of the country, but they also entice doctors with various backgrounds and skills in specialized medicine to move to a certain state. There are positive partnerships being created in Arizona as well as nationally recognized clinics with highly ranked subspecialty care, such as the decision to move The University of Arizona Medical School to downtown Phoenix to support and create the Phoenix biomedical campus, and the partnership of Mayo Clinic's Medical School with Arizona State University. In addition, Saint Joseph's Medical Center-Barrow Neurological Institute is highly ranked and recognized in subspecialty care.

Downtown Phoenix Biomedical Campus



The four other national rankings, Mayo Clinic, Phoenix Children's Hospital, The University of Arizona Medical Center and Scottsdale Healthcare Shea Medical Center that Arizona has are also positives for contributing to Arizona's recognition. The recent merger of Scottsdale Healthcare and John C. Lincoln hospital is additionally positive. However, generally speaking, this merger and these additional national rankings do not distinguish Arizona from other states, nor do they offer the kind of subspecialty care needed for bringing consistent patient flow from other states or countries¹⁵.

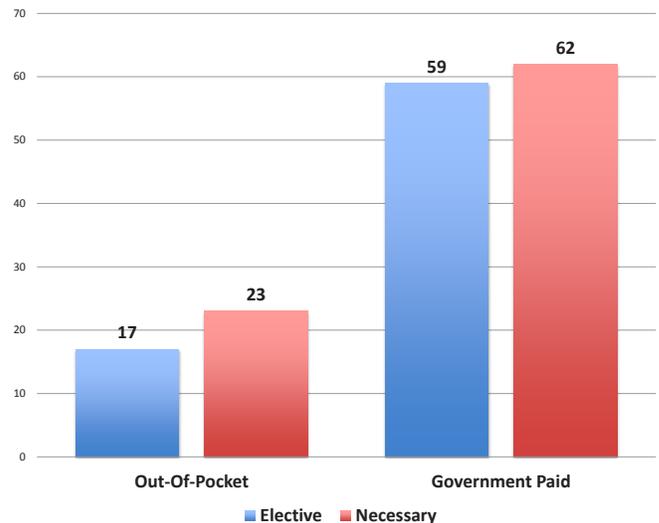
Canada and Mexico: Potential International Medical Tourists for Arizona

With the medical treatments that are available it is important to look at what markets are most accessible to Arizona. Arizona is most well-known to Canadians (due to the large number who stay here in the winters) and Mexicans (due to the proximity to the border). These were the primary markets researched during the study.

Why Canada?

Money is a clear factor when Canadians look at healthcare. Canada consists of 10 provinces, all of which provide public healthcare to their citizens. Each province also provides care for emergencies or necessary treatments outside of Canada. Though the compensation for treatment provided outside of Canada is limited and varies (inpatient care outside of Canada is compensated between \$75 to \$525 Canadian dollars, or CDN, per day, whereas outpatient care is usually compensated up to \$50 CDN per day) all provinces provide full coverage if a treatment is not available in Canada or the wait time is considered too long¹⁶. To get this coverage, Canadian citizens must get approval from the provincial government and a doctor is recommendation before

Canadians' Willingness to Go Abroad for Surgery



Source: Deloitte, *Evolving Medical Tourism in Canada*

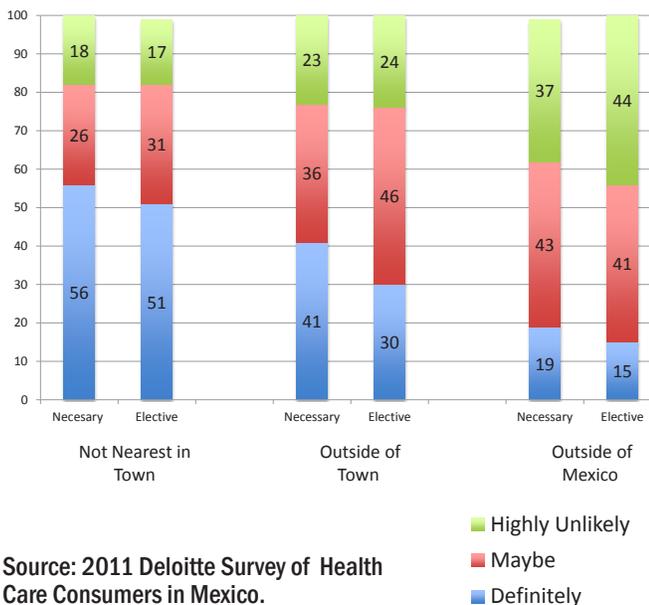
going abroad for treatment. A recent Deloitte study (2011), has found that 23 percent of Canadians interviewed said they would still go abroad for necessary treatment even if their government offered no compensation. That number of willing medical tourists nearly triples to 62 percent if the government is willing to pay for their costs¹⁷.

Why Mexico?

In Mexico, various government funded health insurance programs exist, but none offer any financial compensation outside of Mexico. In a study on Mexicans' likelihood to travel farther for healthcare, it was found that though 40 percent of Mexicans were willing to travel outside of their town for healthcare if they believed that care was available, only 19 percent were willing to travel out of country. How can Arizona get access to this limited number and possibly attract the people who are unwilling to travel abroad? Arizona's closeness to Mexico, the large amount of Hispanic residents present in Arizona, and the fact that some of the wealthiest members of the Mexican population live along the border with Arizona¹⁸, all give Arizona an advantage over many competitor states and hospitals located farther from Mexico.

Mexicans' Willingness to Travel for Medical Care

Market Analysis for AZ/Mexico: Distance from Hospital



Source: 2011 Deloitte Survey of Health Care Consumers in Mexico.

Conclusion

To summarize, Arizona has many advantages when it comes to medical tourism. Its geographic location makes it an easy destination for Mexicans and an attractive destination for Canadians. Arizona also has many attractive amenities, as mentioned earlier, that make it enjoyable for the whole family to come and visit. However, the medical component of medical tourism is not quite as strong. The state has one nationally recognized subspecialty (Barrow Neurological Institute), but to be competitive with the other key healthcare centers within the U.S., it must have two to three subspecialties.¹⁹ There is a great amount of inner state competition among hospitals (which is understood to be common for every state), and the collaboration that exists between the state and local governments, the medical schools and hospitals, research institutions and amenity related organizations (such as hotels) is not where it must be. Specifically, the support and collaboration among the state and local governments must be greatly improved for stronger advancements to be realized²⁰.

Recommendations

The following are a few recommendations to move Arizona forward as it tries to compete in the international medical tourism industry:

- Identify neutral entity to take the lead in promoting medical tourism.
- Recognize that focus must be on general tourism and economic development.
- Develop collaboration among hospitals, research institutions, medical schools, and state/city governments.
- Identify markets (Canada, Mexico, etc.) to attract to Arizona.
- Increase national recognition of subspecialty care available in Arizona.
- Associate with Medical Tourism Association (MTA).
- Increase marketing initiatives and advertisements.
- Organize symposiums to increase networking and referral opportunities.

Endnotes

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