

## MEDICAL TOURISM IN THE TIME OF COVID-19

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With subsidence of the Covid-19 pandemic to medically acceptable levels, international coordination of health and safety protocols, once agreed and implemented, will be the critical first step to the next phase to the opening of international tourism, more likely well into 2021, and unlikely to be a robust one, if travel is restricted to any agreed ‘quarantine-free corridors. Then there remains the issue of social (physical) distancing and wearing protective masks at airports and onboard planes, and expectation that at destination countries agreed protocols will be respected. One major challenge to medical tourism for the immediate future is travel by the elderly and other vulnerable individuals, for whom travel restrictions may be more stringent.

### Covid-19 Pandemic: scenario

The catastrophe and chaos and disorientation of the unexpected and deadly. Covid-19, a chastening experience for even the most developed of countries, especially those strangely tardy in acting on dire warnings – only last year the US and the UK had been ranked by [Global Health Security Index](#) as the most prepared for epidemics and pandemics, with South Korea far lower, ninth.

From its detection and China’s rapid response and alerts to the World Health Organization (WHO), Covid-19 has wreaked death and destruction and economic chaos throughout most countries of the world.

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And that includes those countries where tourism and travel are significant employment and revenue generators. With most countries closing their borders and restricting travel (air, sea, and land) to even their respective regions and cities, the damage, economic, employment, and financial, would be evident for an industry dependent on the movement and social interaction of people.

As it stands, at the global level there have been in excess of 5.5m cases of Covid-19, with over 350,000 fatalities, and still increasing. And of those cases, and cases which comprise the sample to be analyzed, Turkey has accounted for approximately 3%; India, a little over 2.4%; Mexico, just over 1%; Dominican Republic, almost 0.3%; and Thailand, 0.06%. And in all cases, these countries have had to impose strong health and safety protocols that would adversely affect the economy, employment, and their respective tourism sectors which contribute significantly to employment and the economy, and that extends to the medical sub-sector, increasingly important to many countries.

In its [first issue](#) of World Tourism Barometer for 2020 the United Nations World Tourism Organization (UNWTO) expressed cautious optimism for the global tourism industry. Its forecast for arrivals was between 3-4%, in contrast with the 3.8% of 2019, both years below the 10-year average of 5.1%, and the 5.6% of the previous year. The catastrophic impact of Covid-19 in the health, social, and economic life of countries would be reflected in the organization's May issue. For the first quarter of 2020, with Covid-19 policies in place, by its calculations tourism arrivals had declined by 67 million, resulting in a loss in tourism revenues of an estimated US\$ 80b. Asia accounted for the largest visitor decline for that quarter over its previous year, 35%, followed by Europe with 19%, and the Americas with 15% lower than its figure for the previous year.

In addition, the UNWTO paints grim scenarios for the tourism ecosystem for the current year. Under its three hypothetical scenarios sketched at the time, tourism arrivals are expected to decline in 2020 by between 58 and 78%, putting in jeopardy from 100 to 120 million of those directly employed in tourism, and resulting in a loss of tourism revenues of an amount in excess of US\$ 910b.

All this comes in the context of economic 'red flags' from the International Monetary Fund (IMF) in its World Economic Outlook (WEO). Its Chief Economist only in January had forecasted world annual economic growth at 3.3% for 2020; [a figure now drastically reduced](#), a vertiginous decline, and just a mere few months into the pandemic, to -3.0%, a situation far worse than the decline of -0.1% for the Great Financial Crisis (GFC). A foreboding scenario, with Chief Economist warning of the likelihood of a global recession approaching that of the Great Depression. Yet in the present scenario there are still some glimmers of hope and opportunity.

The impact of the pandemic has been devastating for many countries, and for a host of areas such as the Health Tourism market. Although some health treatments and priorities cannot be postponed and consumers search for less expensive medical treatment, a large segment of the medical tourism market is driven by the demand for cosmetic and elective surgery. Ergo, as a result of Covid-19, many trips to receive medical treatment have been cancelled and many more will be cancelled, or postponed until 2021. Assuming a successful containment of the pandemic, and consistent with a flattening of the Covid-19 curve, the Summer of 2020 will mark the onset of a new normal for medical tourism in both the demand and the supply countries.

The novel Covid-19 compelled governments to impose restrictions on citizens' behavior, requiring locals and tourist alike to wear facemasks in public, to practice physical distancing, establishing curfews, and even imposing lockdowns on citizens and visitors alike. In addition, Covid-19 has resulted in temporary and permanent loss of employment and concomitant earnings, adding stress on assets, savings, and consumption, as a consequence forcing households and businesses alike to resort to seeking government assistance.

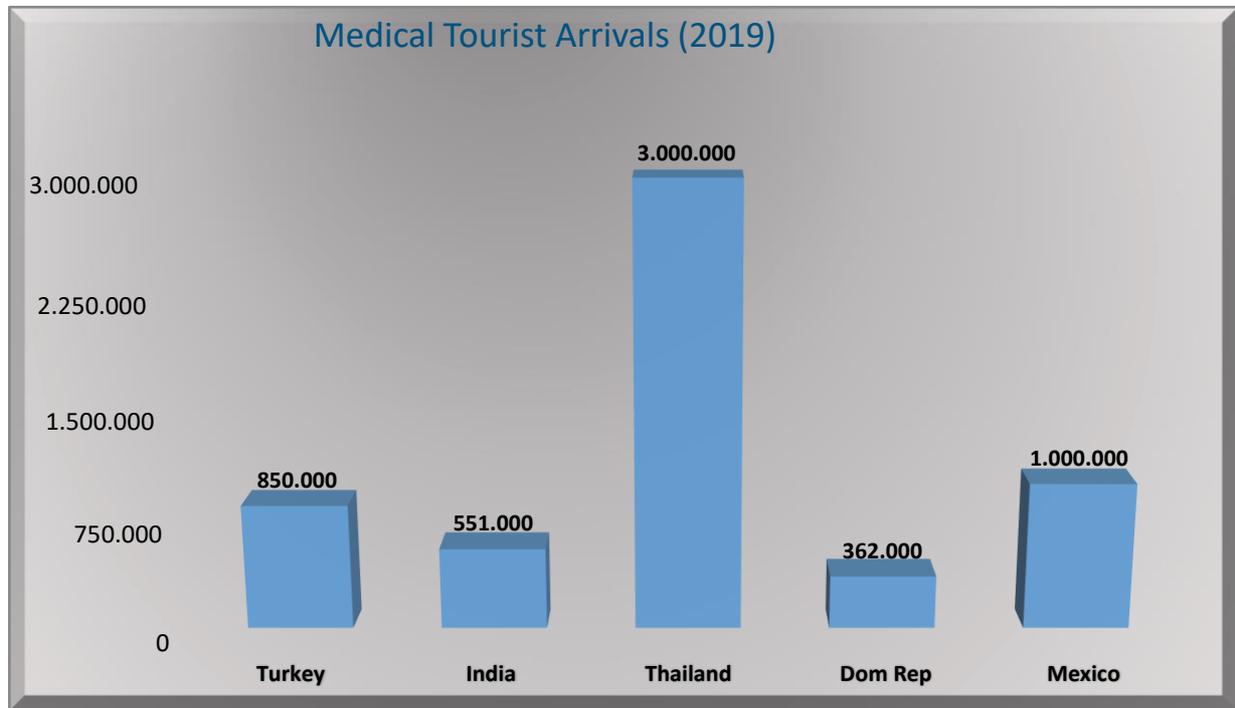
The pandemic has had a sudden, drastic, and dramatic impact on medical tourism. Income allocated to healthcare treatments and travel has had to be suddenly be reallocated to more urgent needs, even survival. Medical Tourism travel plans scheduled for the first six months of 2020 were cancelled, or have been postponed indefinitely.

### **Health tourism overview, a representative sample of countries**

A quick overview of Turkey, India, Thailand, Mexico and the Dominican Republic will provide some insights into the economic importance of medical tourism, in terms of the number of travelers (see graph 1). Clearly, medical tourism is large, in 2019 alone, patients seeking medical services in the five countries of the sample, range from 362 thousand in the Dominican Republic to 3 million in India.



Graph 1

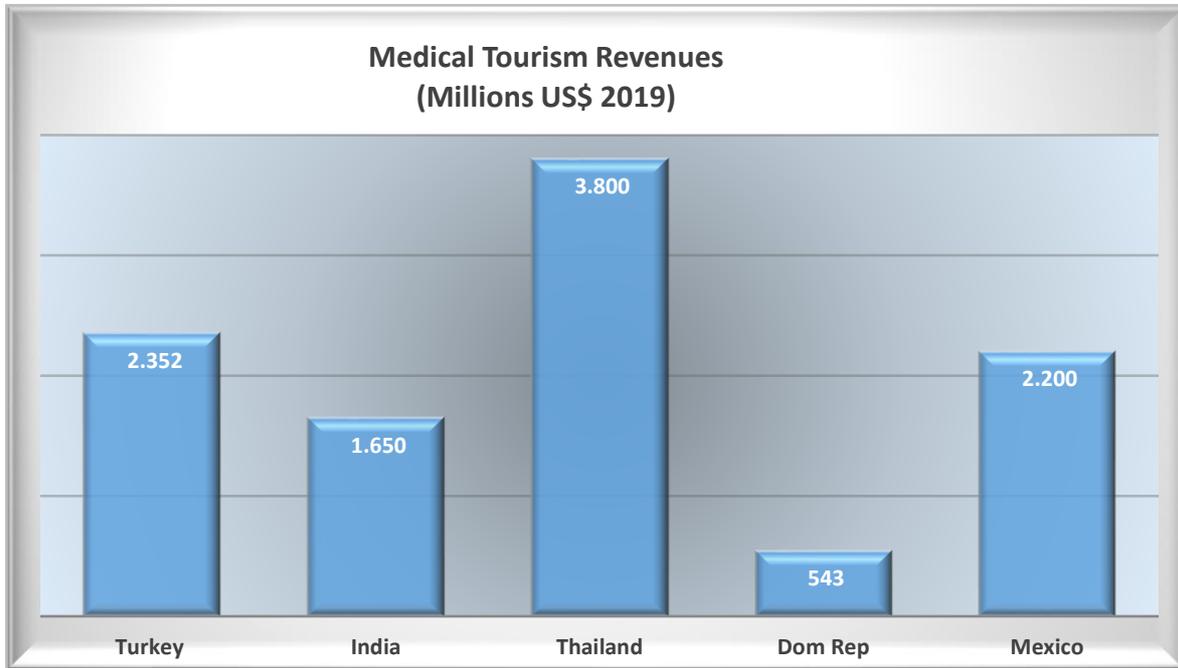


Medical tourism is a growing economic endeavor around the globe thanks to the ability to offer facilities and treatment comparable to that offered by top ranked medical institutions around the world in high-income countries, with up to 90% savings for treatment fees (including medical institution, inpatient treatment, and professional fees).

Estimated revenues from medical tourism (see Graph 2), range from US\$ 543 million for the Dominican Republic to US\$ 3.8 billion for Thailand in the sample countries. One implication is that Med Tourism, notwithstanding the severe crisis, does have solid growth potential.

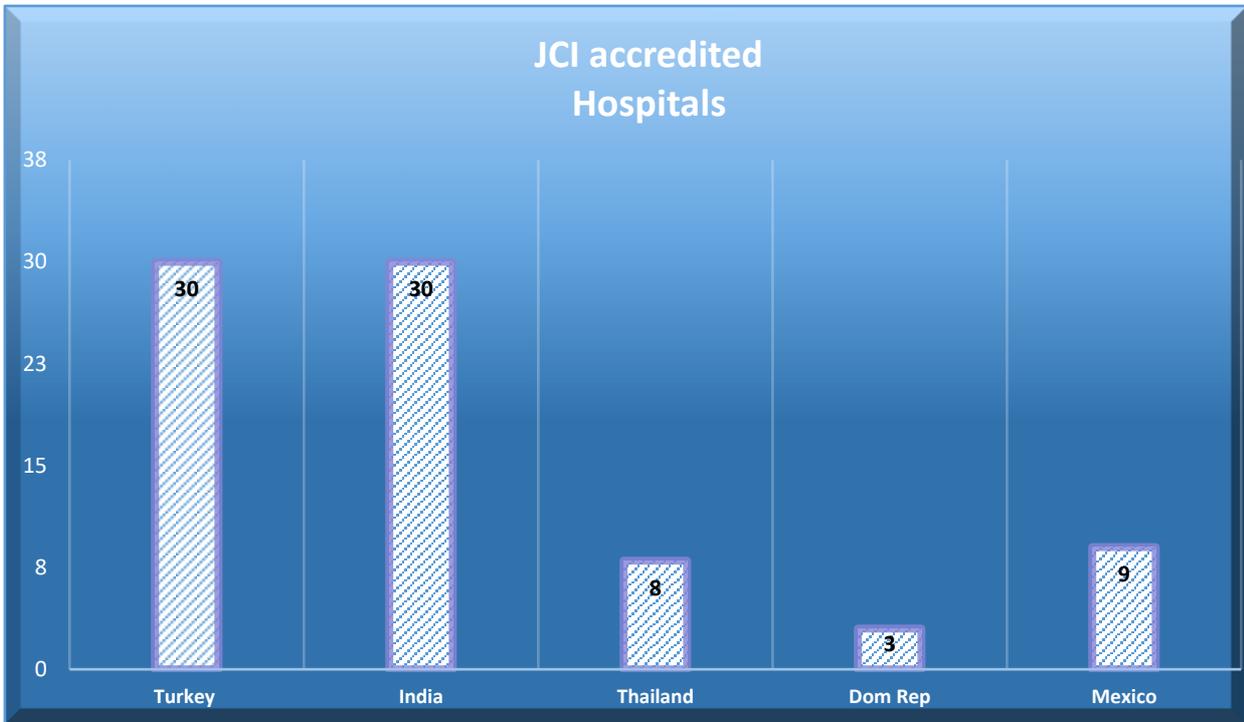


Graph 2



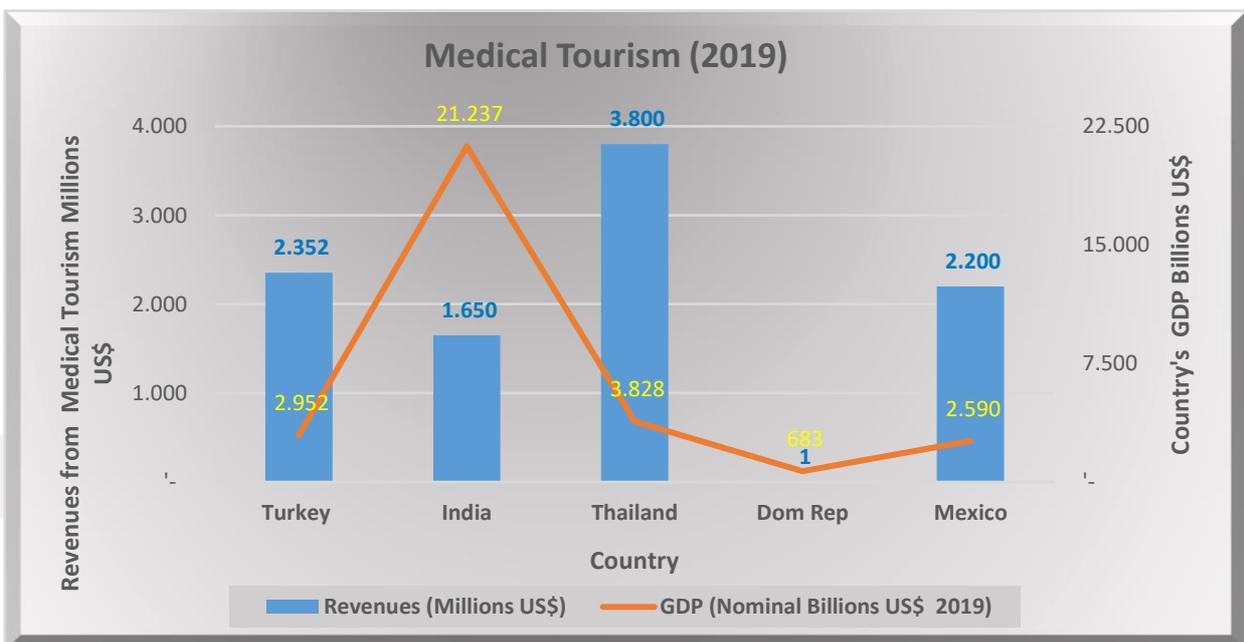
Regardless of its size, or growth rate, it is evident that medical tourism in 2021 will be different from the paradigm we knew in 2019. Post-pandemic travelers seeking surgical procedures and other medical treatments, will, most assuredly, be more demanding, will seek more reassurance, more personal recommendations, and more information on the risk to health and safety. Medical tourists' search for high quality but price-competitive treatments will be accommodated by medical patronizing institutions accredited by the Joint Commission International (JCI). As of 2019, the number of accredited institutions is quite small in each of the sample-countries (see Graph 3). As a result of the pandemic, the number of JCI accredited institutions is expected to surge in all countries.

**Graph 3**



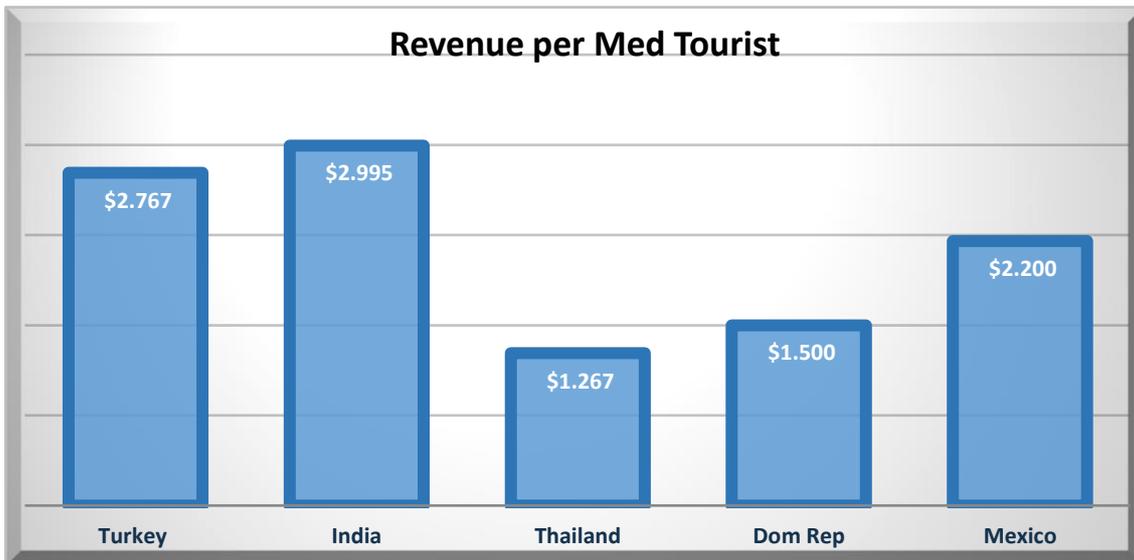
Medical tourism is still in its infancy and its contribution to GDP is relatively low (see Graph 4). Thus, with income differentials among countries, with favorable exchange rates, and with comparable quality of service, the future of medical tourism is likely to overcome the Covid-19 pandemic, albeit with lower than current growth rates.

**Graph 4**



The medical tourism market is driven by a competitive environment where quality of service is comparable to that of very high-income countries, but costs provide a huge comparative advantage for countries such as the five in the sample. This advantage is likely to persist, and even favor a market boom, post Covid-19. Currently, the average revenue for treatment received by medical tourists is relatively low compared to costs in other competitor countries. That is a good omen favoring a market boom post Covid-19. The analysis for the five countries in the sample show that average revenue for treatment by medical tourists in 2019 was less than US\$ 3000 per arrival (see Graph 5). However, if tourist-treatment costs rise narrowing the cost-gap, the market potential may reverse its current trend.

**Graph 5**



### Impact on medical travel events

Given that many major medical tourism source and destination countries have been adversely affected by Covid-19, most sector experts are pessimistic about the future even as borders are slowly opening and under safety protocols of varying intensity.

At the time of writing (mid-May 2020) many governments are announcing pandemic-exit strategies starting over the course of May, and some are even revising dates on recent plans; not to be overlooked is any requirement at the destination of self-isolation, usually 14 days. However, in the case of medical travel events, many especially those scheduled for the first six months of 2020 have had to be cancelled or moved to a future date.

Some have remained unchanged, for example, Medical Travel Summit 2020, which remains scheduled for September 22<sup>nd</sup> - 24<sup>th</sup>, 2020 in Madrid, which to date is not among those Spanish regional governments allowed to advance from current lockdown to the next, more relaxed phase.

In general, seasoned event organizers have downsized their events (reducing expenses in the process) by booking smaller facilities and catering for fewer delegates, rather than withdrawing from the market entirely, because in several countries nation-wide restrictions on public gatherings continue in force. Sponsoring medical Travel Exhibitions have been a more serious challenge, even unfeasible, in light of the necessary numbers of visitors. That contrasts with Medical Conferences, where information technology allows the flexibility and ‘virtual presence’ to compensate for traditional conferences.

Medical event planners do have the flexibility, during the pandemic and otherwise, with options such as live streaming, e.g., Zoom, and use of other networking technology for medical travel events. The crisis has stimulated greater creativity in the use of information technology in staging events.

For medical tourism, especially in the post-pandemic world, in “the new normal”, potential patients for treatment and services will find greater concern for and attentiveness to their welfare in an even more stringent health and safety environment at their likely destinations.

### **Potential transformation in health tourism**

Delayed treatments may be in the priority list of hospitals. In addition, a shortage of hospital beds may increase the demand for hotel accommodation. The first medical travelers after Covid-19 are likely to enjoy their treatment-journey at very affordable prices and with little waiting time, with use of visas as Visa and assuming the criteria for personal and public safety have been met.

‘Staycation’ can become a more attractive option for some patients concerned about flare-ups of the Covid-19 pandemic. Medical tourists will be likely be more concerned about how ‘medically safe’ a country ranks, and be more amenable to paying a premium for reassurances about public health in the destination markets.

Medical tourists may find new visa requirements such as vaccination certificates, and may be subject to contact tracing already made available by smartphone. In addition, Med Tourists with pre-existing some countries may be denied visas (or entry into a country).



## Impact on wellness sector

This unprecedented moment in time has significantly transformed the health and wellness industry. As an unintended but beneficial consequence of the novel coronavirus pandemic, people have had the time to reflect and turn their focus on the health and well-being of not just themselves but of their community, prompting a product response from the industry.

In fact, one can expect interest in wellness tourism to grow, more so as a response to the general sense of isolation, and loss of social interaction, experienced by so many millions worldwide. Early indicators of such increase in demand should follow, and within the constraints of travel. Robust growth, unlikely this year is bound to return in a couple of years when Covid-19 recedes in the memory of medical tourists, and when the world economy recuperates from the stress caused by the pandemic.

The wellness sector may see a market segmentation with the creation of Gla-Med Tourism (glamour medical tourism). The Gla-Med tourist will be price insensitive, willing to pay premium prices for luxury treatment and accommodations.

## Concluding Thoughts

From our overview of the medical tourism sub-sector of tourism travel, we present some of the key conclusions. For this year, 2020, it is very unlikely that international tourism will stage a recovery other than a tepid one – and that would be optimistic. This is obvious from the economic and financial damage the pandemic has inflicted on most sectors of the economy in countries across the globe. In the case of travel, especially airline and cruise-ship, and hotel and other accommodation the evidence is abundant. Yet as restrictions enforced for individual and public safety undergo phased relaxation, first intra-region and then intra-country, opportunities may well arise for the medical and health tourism sub-sector (intra-region) from those whose period of involuntary confinement (e.g., social distancing and lockdown) may inspire therapeutic escapes to physical and spiritual rejuvenation as offered in health and medical sites, as a modest start.

With subsidence of the Covid-19 pandemic to medically acceptable levels, international coordination of health and safety protocols, once agreed and implemented, will be the critical first step to the next phase to the opening of international tourism, more likely well into 2021, and unlikely to be a robust one, if travel is restricted to any agreed 'quarantine-free corridors. Then there remains the issue of social (physical) distancing and wearing protective masks at airports and onboard planes, and expectation that at destination countries agreed protocols will be respected. One major challenge to medical tourism for the immediate future is travel by the elderly and other vulnerable individuals, for whom travel restrictions may be more stringent.



Of the countries sampled, the opportunity for recovery is strongest in Thailand, with an economy already weakened and the most dependent on medical tourism of the group, with China (the most successful in constraining the virus) and the most significant contributor to Thailand's revenues from MedTour. Turkey's opportunity for recovery is second in the sample group; the size of the country, the standard of living, the quality of its health industry (hospitals, procedures, and practitioner-skill) and proximity to North American and other European countries are likely to assuage the impact of the pandemic. In contrast, Mexico, Dominican Republic, and India still confront the virus of differing intensity within their respective borders, with Mexico the most besieged of the group.

Yet, in the present stark reality, initiatives such as those explored above may well provide sparks, albeit small yet sufficient, to resuscitate a truly bleak economic landscape, a resuscitation akin to Phoenix arising from its ashes.

## Global Political Trends Center

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