THE PHILIPPINE MEDICAL TOURISM COMPENDIUM

(Facts, Figures & Strategies)

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HealthCORE

The Center for Global Healthcare Management and
Medical Tourism Research and Communications in the Philippines

EXECUTIVE SUMMARY

The global medical tourism market has become one of the fastest growing sectors in the world economy, with revenues standing at approximately US$40 billion in 2010. Reflective of its explosive expansion, the industry is projected to grow to US$70 billion by 2013. Some earlier reports even estimated the total market size for both medical and wellness tourism to stand at US$3 trillion.

Given the industry's potential in contributing to the national economy and its rich resource of medical professionals, the Philippines recognized the bright prospects of this industry as early as 2004. The question that this study wanted to determine is how successful was the country in putting in place the hospitals, healthcare and wellness facilities and infrastructure to enable it to significantly grab a piece of this global market. How does the Philippines rank today when we talk about medical tourism? What is the country doing in order to get a bigger share of the revenue?

Our Asian neighbours – India, Thailand, Malaysia and Singapore–have made purposive and decisive moves to create the necessary infrastructure and policy and incentive framework for attracting visitors to come to their respective countries for medical and wellness services.

As early as 2004, the Philippine government under the administration of President Gloria Macapagal Arroyo created the Philippine Medical Tourism Program (PMTP), a Public-Private Partnership Task Force for formulating and implementing development strategies that will help make the Philippines a hub of health and wellness tourism in Asia. The PMTP sought to enable the Philippines to earn an estimated US$2 billion annual revenues from the global medical tourism.

Looking at what has been accomplished, there was obviously a failure to sustain and effectively capitalize on the momentum of the PMTP. This has resulted in a huge loss of opportunities in billions of dollars in potential revenues through the years, not to mention thousands of needed jobs for the health, wellness and tourism sectors.

A serious reassessment of the situation and the formulation of remedies and measures to revitalize the PMTP and to make it more relevant and viable in the context of the current trends in medical tourism worldwide are necessary to enable the Philippines to get a significant share of the rapidly growing international market for medical tourism, which is projected to grow at an average annual growth rate of 19% over the next three years.

This study determined that the Philippines is still poised to gain a significant share of the worldwide market. It indicated that the country can capitalize on its competitive advantage that consists of two market determinants in the international medical and wellness market–key medical service activities and market segmentation.

Based on comparative cost analysis, the country does not only possess competency strengths in the medical and wellness markets, but also the competitive advantage to compete head-on and acquire a significant share in specific service segments:

- Elective Surgery (specifically cardiovascular care, joint replacement, and eye care)
- Aesthetic Services (dermatologic, plastic and reconstructive surgery, and dental care)
- Wellness Treatments and Alternative Medicine (including spas, executive check-up and diagnostic procedures, and alternative therapies such as stem cell or regenerative medicine)

On the other hand, the study also established that the primary target for Philippine health services principally should be segmented into two key market clusters: the Filipino *Balikbayan* market which comprises Filipino immigrants and those of Filipino descent who are permanent residents in the US, Australia, Canada and other countries. The number of *Balikbayans* runs up to close to 10 million around the world, and many remain in constant communication with close relatives at home.

The second market consists of foreign nationals who look for more economical medical, healthcare and wellness services. The study determined the push factors that favour a decision by foreign patients to seek medical and healthcare treatment and procedures abroad, in particular in the Philippines because of its competitive advantage in the three service healthcare segments mentioned above. Because of the sheer size, they constitute a primary market and it is anticipated that arrivals of foreign medical patients should accelerate if the proper programs are put in place by the government and the industry.

Lastly, the study has determined that a Philippine Medical Tourism Roadmap is necessary to install concrete policies and administrative foundations across broad-ranging areas to facilitate the in-bound entry of medical tourists, to make medical tourism a preferred investment area, to install accreditation and certification quality systems and support protocols to enhance the acceptability of the Philippines as a medical tourism destination. Likewise, the medical tourism system across the value-chain should reconfigure its marketing approaches and service offerings accordingly to enable the country to achieve higher revenue targets and thus turn it into the country's next sunrise industry.

There continues to be good reason to be optimistic about the Philippines' chances—if it acts soon enough and it mobilizes the collective support of all stakeholders in government and the private sector towards a coherent effort to build the country into a preferred hub in the global healthcare market.

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