

South Africa, a medical tourism destination not fully realised

Medical tourism has been in existence for centuries. With the advancement of healthcare, its complexity has evolved over the years; people are no longer only travelling to access lifesaving treatment but are now also choosing to travel to other countries in order to access wellness and cosmetic treatments that are not available or are too expensive in their country of origin.



Image source: Gallo/Getty

Reasons why people choose to travel to other countries for healthcare services include:

- Poor domestic healthcare infrastructure and poor standards of healthcare professionals,
- An expensive healthcare sector,
- Long waiting times for approval of medical procedures, and
- Specific medical and cosmetic treatments not being available or are illegal,
- The need for anonymity and
- The desire to experience another (usually exotic) destination while they recover from their treatment.

Globally, the medical tourism industry is valued at \$100bn (and is projected to continue growing at 25% year-on-year) with Nigerians spending more than \$200m on medical tourism to India.

Overall, it is estimated that Africa could be losing up to \$1bn on imported medical treatment annually, presenting a substantial economic loss to the continent.

Of the 9.5 million foreign visitors to South Africa in 2008, an estimated 4.3% were medical tourists and in 2015, foreign spending on medical care in South Africa was valued at R961m.

South Africa is well positioned as an ideal medical tourism destination in that it boasts the following characteristics:

- World-class healthcare sector.
- Under-utilised private healthcare sector (catering for only 16% of SA's total population).
- World-renowned doctors who are international thought leaders.
- The South African medical industry has pioneered many ground-breaking surgeries and medical research, including the world's first heart and penile transplants and more recently the world's first transplant of middle-ear bones using 3D printed components.
- Well-priced healthcare sector vs the USA and Europe.
- Shorter waiting times for surgeries (in the private sector).
- Highly rated tourism destination that caters to all tourists.
- English-speaking country (therefore communication is easier for the bulk of international visitors).
- Favourable currency (vs US Dollar and Euro).

How did Asian countries build a successful medical tourism industry?

India is an important role player in the field of medical tourism. The Government of India (GoI) has established medical tourism as a strategic economic growth pillar. As such, it allocates hundreds of acres of land and tax concessions for the building of hospitals and medical centres of excellence that offer world-class treatment to foreign patients.

This enables Indian healthcare facilities to offer excellent medical packages to international patients at highly affordable prices. Furthermore, India has an added advantage in that it has a long history of alternative or Ayurvedic medicine, which is a popular attraction for many post-operative patients who seek to indulge in this by visiting a variety of Ayurveda retreat centres.



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13 Mar 2019



Similarly, the cost of medical treatments in Thailand is appreciably lower when compared to similar treatments in developed countries. The Thai Public Health Ministry has developed a five-year strategic plan to double the revenue generated from medical service businesses thus making Thailand medically attractive and a world-class spa destination. Its average annual revenue reached through medical tourism in the last three years was US \$8bn, making medical tourism one of the fastest growing markets in Asia.

So what is holding South Africa back?

Medical tourism in South Africa is somewhat obstructed by the Departments of Health and Tourism. According to Nomfundo Khabela, CEO and Founder of Med-Afrique Medical Tours, a Johannesburg-based medical tourism facilitation agency: "The Departments of Health and Tourism have taken a neutral stance on medical tourism, intentionally not promoting or endorsing it, sighting the potential challenges medical tourism could bring to the South African health system.

"They list these challenges as a widening of disparities due to unequal distribution of health care, unintended subsidisation for healthcare costs for foreign patients, the potential redirection of resources from priority local medical needs to that of foreign patients and the risk of medico-legal litigation for failed treatment or post-treatment complications."

Khabela believes that the South African government's trepidation regarding medical tourism is largely hypothetical.

The tourism sector has been cited as a major contributor to South Africa's economic growth. Interestingly, where the medical tourism industry is actively promoted, it has been shown to decrease the seasonality and cyclicity of mainstream tourism, therefore, it could potentially speed up South Africa's economic recovery.

Moreover, medical tourism could play a significant role in growing the revenues collected by state facilities, where foreign patients would pay a premium for treatment versus the subsidised South African patients. These additional revenue inflows could be used to fund the imminent National Health Insurance as well as other healthcare expenses.

As a way of avoiding the unintended redirection of resources to foreign patients, the South African government should consider public-private partnerships with existing and new hospital groups in repurposing abandoned hospital buildings for the treatment of foreign patients.



Tapping into medical tourism

15 Jan 2018



These would be serviced by the healthcare professionals that are employed in the private sector. The revenues generated from these partnerships would mean better salaries for state healthcare employees (thus making the state healthcare sector a more attractive employer), an increase in the funds available to employ more healthcare professionals and more money available to procure much-needed medical equipment and life-saving medicines and build new hospitals.

In the African continent, Tunisia is taking the lead, looking to leverage its close geographic proximity to Europe and North Africa and become a regional medical hub, in order to attract investors and medical tourists.

Following India's example, the government of Tunisia has introduced incentives, including "tax exoneration on medical equipment and devices and a 50% tax break on all investments related to medical institutions and infrastructure."

The Tunisian government also has undertaken the construction of a \$50bn-dollar Tunisia Economic City, a mega-project devoted to the building of hospitals, clinics, research institutions and other health and wellness facilities.

Ultimately, with approximately current approximately 500,000 foreign patients annually accessing healthcare

services in South Africa, it is already, to an extent, a competitive medical tourism destination as many patients from countries such as the USA, Britain, Western Europe and the Middle East are travelling to the country seeking treatment for a wide range of diseases.

As global national healthcare systems become overburdened by an ageing population, as a result, South Africa will experience a surge in medical tourists.

If South Africa looks to India and other countries in the Far East (who face similar socio-economic challenges) for examples of how medical tourism can occur successfully, medical tourism is expected to make a significant contribution to job creation and the growth of the South African economy.

The neutral position the country took over a decade ago on the medical tourism issue needs to be reviewed, more so in light of the current ailing economy.

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