

Medical tourism in Iran: Issues and challenges

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ABSTRACT

Introduction: Medical tourism is rapidly becoming a worldwide, multibillion-dollar industry. Iran has a high potential for this industry. The purpose of this study was to examine the medical tourism cluster, using Diamond Analysis tool. **Materials and Methods:** This study is a descriptive, analytical and qualitative one. Thirty professionals and researchers in this field were interviewed and official documents belonging to the Health ministry as well as tourism organization and finally related literature were examined. The data was analyzed using content analysis method. **Results:** Positive and negative parts of the medical tourism industry of Iran were determined according to diamond of advantage. **Conclusion:** The strategic issues were identified and a number of possible solutions for addressing them were recommended. More and effective public-private participations, aggressive marketing, improving infrastructures, and international accreditation of health care facilities and human resources development could improve medical tourism industry in the country.

Key Words: Cluster study, diamond analysis, iran, medical tourism

INTRODUCTION

Traveling overseas to receive health care services is not a new phenomenon for the elites in the developing countries. For this social group, the consumption of health care services overseas is part of a general pattern of consumption of foreign goods and services, which can neither be found nor are deemed of lower quality in their home countries. In recent times, the privilege of

traveling to another country for health care services has become accessible to the middle classes. Destination countries are not only necessarily developed countries, but also developing countries that have positioned themselves to take advantage of this new market. In addition, a fairly new phenomenon may be observed, that is, people traveling from developed countries to developing countries to seek medical care.^[1]

In many instances, these new international flows of patients have risen in response to the emergence of 'medical tourism' as a deliberate marketing strategy, not only of hospitals, but also of the governments of these countries. In Southeast Asia, the countries that have developed this strategy include Singapore, Malaysia, and Thailand. In Malaysia and Thailand, these developments took off in a particularly big way following the 1997 Asian Financial Crisis.^[2]

In Medical tourism is where "tourists" primarily seek medical treatment abroad and are encouraged to experience tourism activities.^[3] In the past decades, several Asian countries have been dominating this industry, but most countries have sought to enter the market.^[4]

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The reasons patients travel for treatment vary. Many medical tourists from the United States are seeking treatment at the cost of four to ten times lower than what they would have to pay in the own country. In Canada, people are frustrated by long waiting lines. In Great Britain, patients cannot wait for treatment by the National Health Service; nor can they afford to see a physician in private practice. For other nationalities, becoming a medical tourist is a chance to combine a tropical vacation with elective or plastic surgery.^[5]

Medical tourism in Asia is, however, relatively new, brought in following the aftermath of the Asian Financial Crisis that first led private hospitals in some countries to seek alternative revenue sources.^[6] There is no definitive information about how many patients receive health care services in the medical tourism destinations. A major difficulty in determining the magnitude of medical tourism is the fact that the reported numbers may include expatriates from other nations, business travelers and tourists who require medical care while they are in these destinations for other purposes. Also, Ayurveda and wellness services such as yoga and massage at medi-spa resorts may be included in the tally of foreigners receiving health care services. Finally, the accuracy of reported information cannot be validated. Despite these limitations, it is clear that a substantial number of patients participate in medical tourism.^[7]

In 2003, approximately 350,000 patients from industrialized nations traveled to a variety of less developed countries to receive health care services.^[8] It is projected that 750,000 Americans will go offshore for medical care in 2007, with this number increasing to six million in 2010.^[9] In 2004, 1.18 million patients from all over the world traveled to India for health care services, and Thailand cared for approximately 1.1 million medical tourists from a large number of countries in Asia, Europe and North America.^[10] Asia's burgeoning medical tourism industry, expected to be worth at least U.S.\$4 billion by 2012, is providing a windfall for the travel and hospitality sector.^[11]

Nowadays, many Asian countries such as Iran, with a high potential for attracting medical tourism have sought to enter the market.

Study methods

The present study was conducted as a descriptive case study and the current state of medical tourism in Iran is depicted. Thirty professionals and researchers in this field were interviewed via semi-structured questionnaire and official documents belonging to the Health ministry as well as tourism organization and finally related literature were examined. The data was analyzed using content analysis method.

RESULTS

Iran offers a wide range of state-of-the-art treatment, through

an extensive network of highly-equipped hospitals, around 850 hospitals, and rehabilitation centers at reasonable costs. An analysis of the costs of the various procedures shows that treatment costs in Iran are much lower as compared to the developed countries. Iran is also very cost competitive as compared to its regional competitors, including Jordan, Turkey, UAE, Saudi Arabia, and Bahrain as well as southeast Asian countries such as Thailand, Singapore, Malaysia, Philippines, and India.

The unique combination of experience, facilities and natural resources is the key to success of the Iranian health care system. Apart from these, Iran also enjoys a unique range of competent medical staff. Medical specialists and sub-specialists in the country are highly-qualified professionals and are supported by well-trained paramedics and sophisticated medical equipment. The nursing service in Iran is also highly qualified. Further, the Iranian health care system is constantly supported by extensive medical research.

Iran has a unique combination of healthy and pleasant climate, wonderful scenery, magnificent historical and cultural monuments as well as cutting edge technology and sophisticated medical equipment.

Before the advent of medical tourism, as we know it today, Iran was known as a destination for treatment of Muslims, attracting thousands of visitors from Persian Gulf countries. In 2004, the government, realizing the potential of medical tourism, passed a law in the parliament as article 87 within the 4th Social, Economic, and Cultural Development Plan.

Today, medical tourism in Iran is an emerging cluster aiming to provide world-class medical facilities by public-private partnership. While historical data on medical tourism is limited, according to the government, in 2007, there were over 50,000 non-resident patients (S. Sadri, personal communication, November 10, 2008).

Cluster diamond analysis

Factor (Input) conditions

Iran has been assembling the various factor inputs necessary for thriving medical tourism cluster. Such factors can be broadly classified as: (1) suitable infrastructure, (2) nice environment, people and culture, and (3) government's key policy.

Infrastructure

In terms of human resources, Iran has highly competent medical practitioners. The country now has over 850 hospitals nationwide. Hospitals in Iran utilize modern technology. However, the use of modern medical technology, especially high-tech medical equipment, is centered primarily in big cities and private hospitals. Public hospitals do not get involved in medical tourism. In terms of international airports, further investments are needed to improve the quality of infrastructure.

Environment, people and culture

Iran has a healthy and pleasant climate, wonderful scenery, and unrivaled historical and cultural monuments. The country is rich in natural resources of spas and hot springs in different cities. This is complemented by internationally recognized warm hospitality of the Iranian people.

Government's key policy

The Iranian government plans to develop its health care system as a medical treatment hub in the region. However, there are some limitations, including: administrative "red tape" in issuing practicing licenses, very limited malpractice insurance and a lack of proficiency in English or other languages in the country.

Demand conditions

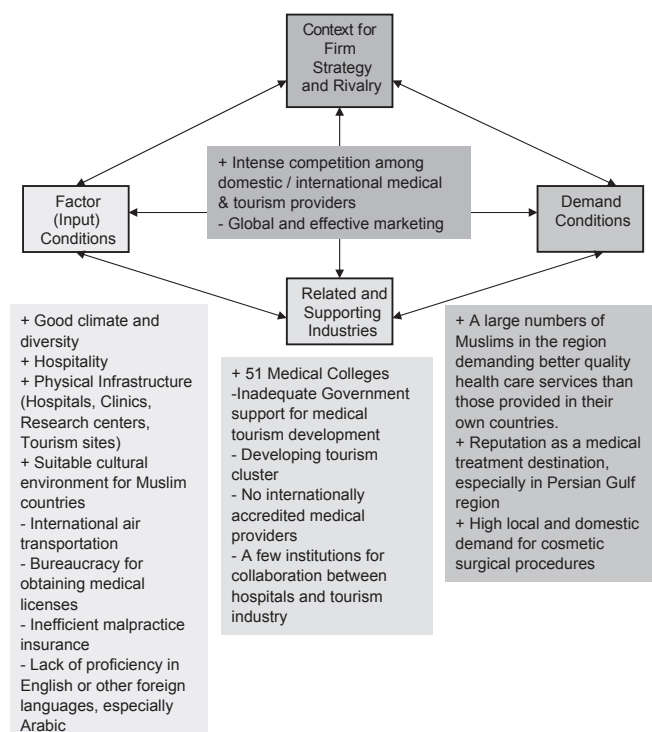
There are three key sources of demand for medical tourism in Iran: (1) Iran has to provide comparable quality of health care for Muslim countries in the region as a medical hub, (2) Iran has strong demand for cosmetic surgical procedures, and (3) Iran has been enjoying a good reputation as a prime medical destination for many countries in the region.

Related and supporting industries

The country has 51 medical schools training approximately 3000 doctors annually.

Context for firm strategy and rivalry

There is intense competition among domestic and international medical and tourism providers. In south-east Asia, Singapore, India, and Thailand are three major competitors as well as Turkey, UAE, Saudi Arabia, and



Iran Medical tourism cluster diamond analysis

Jordan in the region. If Iran's position is limited to a pure cost advantages without any unique strength or value added, these countries, especially Turkey and UAE, will capture Iran's market share in the near future.

Iran has no internationally accredited hospitals. Figure 1 show that all the above-mentioned countries, have taken an aggressive stance to obtain international accreditation for their hospitals. In 2008, 24 Turkish hospitals met international standards.

Challenges facing the cluster

The World Bank paper mentioned four major impediments hindering future growth of medical tourism.^[12] First, the insurers, concern about the quality of overseas providers and malpractice law, which may lead to an increased cost if the treatment worsens the patient's health conditions rather than correct it. Second, insurers may face high costs of monitoring care received overseas. Third, public health care schemes, such as Medicare and Medicaid, do not usually allow patients to undergo medical procedures abroad under the Social Security Act. Finally, there is no strong incentive to cover services abroad in a highly oligopoly insurance market. These issues will be hurdles hindering the future expansion of the medical tourism market, specifically for Iran, which is facing several key challenges.

Sustainability Issue

Can the medical tourism cluster have sustainable growth? It depends on the medical resources that individual nations have available. If Iran fails to meet the demand of its population for quality health care services, the country will face serious social and political challenges. Its citizens will question why the best doctors, the best medical devices, and the best services are at the service of foreigners instead of the Iranian citizens.

Operational issue

Little attention is paid by the hospitals to the medical tourism cluster. At the moment, almost all hospitals handle medical tourism requests. In fact they lack a dedicated division to handle their medical tourism business. Not having a committed

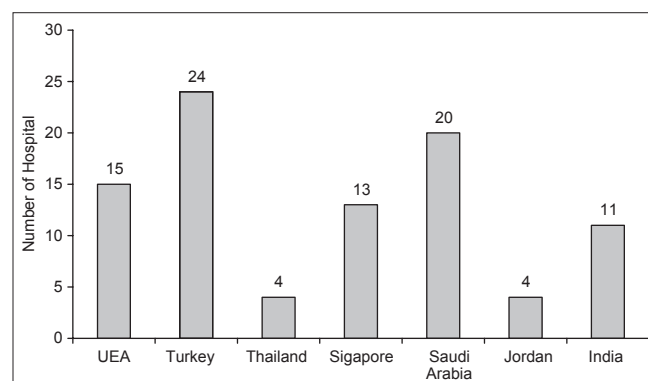


Figure 1: Hospital accredited by JCI Source: Joint Commission International (JCI) Accredited Organizations. <http://www.jointcommissioninternational.org/23218/ior/tiz>. Lasted visited on October 13th, 2008.

contact person to coordinate activities and an executive to make pricing decisions on medical costs makes it difficult for a potential patient, who does not speak Farsi and lives in a different country, to establish contact and make follow up inquiries. The lengthy processes to respond to inquiries, a lack of transparency of the services to the patients, difficulty in communication and inefficient processing of administrative tasks are problems stifling the growth of this cluster.

Insurance package issue

Medical services carry high risks, as they may impact human life and well being. When this service is provided by a foreign practitioner in a foreign country, usually the perceived risk is even greater. This is one concern that could negatively impact the growth of medical tourism, because there are no sophisticated cross-country insurance packages available, which could protect the interests of both patients and doctors.

DISCUSSION

Iran still enjoys the benefit of being the first mover in medical tourism in the region with strong Factor and Demand Conditions. However, it needs to improve the context for Firm Strategy and Rivalry and also to strengthen the Related and Supporting Industries. The Iranian government has the great vision of being both the medical treatment hub and the tourism capital in the region by achieving 20 million international tourists arrival by 2024 (The vision of Iran for 1404). Although, the concept of medical tourism is perfectly aligned with those dreams, the government has not taken an active stance to develop this nascent cluster and integrate it into the two visions. After (The vision of Iran for 1404).^[13]

From the perspective of the cluster, there are a few things that should be done to improve the competitiveness of the cluster: 1) To enhance the capacity of medical service providers by getting international accreditation and increased affiliation for both hospitals and medical professionals, 2) To perform annual benchmarking analysis against other international players, 3) To reach out and cooperate with travel agencies, hospitals, and insurance companies more aggressively in its target markets, 4) To develop medical tourism IFCs (Institutes for Collaboration) in Iran, and 5) To build a follow-up system for post-treatment monitoring and evaluation of patient satisfaction.

From the point of view of the Iranian government, there are also a few steps that need to be taken:

1) To encourage and support medical service providers and doctors to get international accreditation and affiliations, not only to promote its brand internationally, but also to enhance transparency and win customers' trust, 2) To promote Iran as the leader in the region in medical tourism more aggressively, and to improve Iran's image as a clean, healthy and safe travel destination, 3) To play a leading role in developing medical tourism IFCs to allow cooperation and coordination between the public and private sector, 4) To collect and set up a

thorough database to monitor the progress of the cluster and improve its transparency and creditability, and 5) To establish a special insurance system for medical tourism, with a special focus on malpractice. If the Iranian government can negotiate for a cross-border insurance package with the patients' home countries, this would increase Iran's credibility as a medical tourism destination.

Porter *et al.*,^[14] Harryono *et al.*,^[15] and Ministry of Planning and International Cooperation of Jordan^[16] emphasized the study results.

CONCLUSION

Finally, the study found that medical tourism in Iran is a rapidly growing cluster with governmental support. However, it is still lagging behind regional rivals such as Jordan and Turkey. To tap into its growth potential, by especially attracting valued customers from rich countries, the government needs to improve its business environment and infrastructure and provide an enabling political, legal and social environment. Vigorous cluster-based efforts should also be made to encourage the linkage among the health care industry, the tourism sector, and supporting industries such as telecommunications and advertising in terms of packaging products, coordinating marketing and upgrading of the cluster.

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