



Medical Tourism

Industry focus

February 2018

KPMG in Thailand

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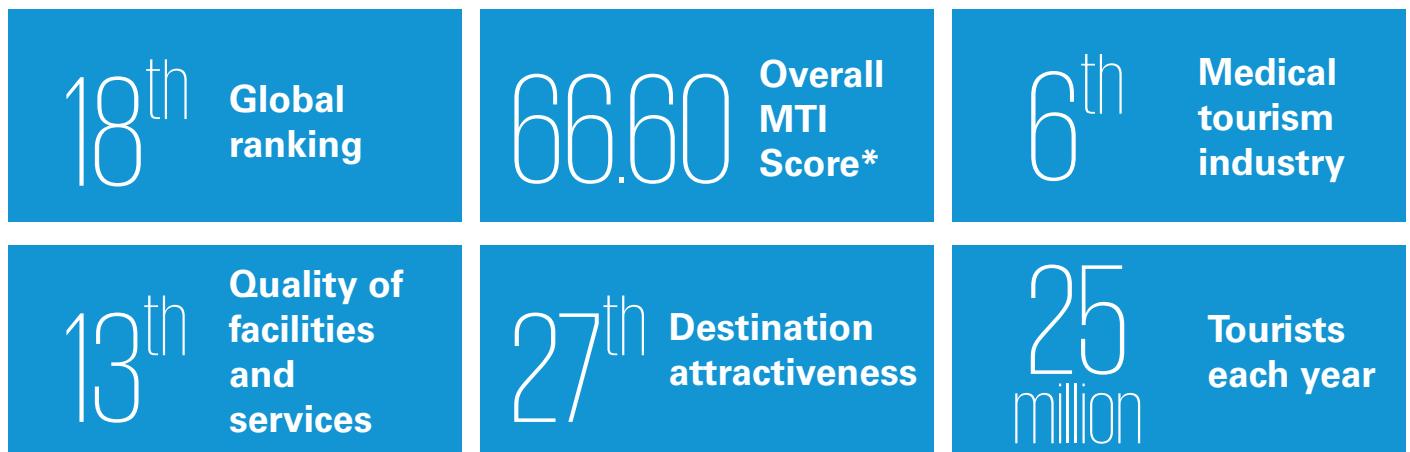


Medical tourism

Thailand to become 'Medical and Wellness' destination

The government has a policy for Thailand to become a 'Medical and Wellness' destination and world-class medical hub. It was forecasted that in 2017 international patients will generate THB 48-49 billion income for private hospitals, representing a 3%-4% growth from the previous year. The number of international patients are expected to increase to 2.4-3.3 million through medical tourism and expats residing in Thailand. Moreover, medical tourism is forecasted to support the growth of the tourism sector at around 16% per year during 2017-2020.

According to the International Healthcare Research Center (IHRC), medical tourism is likely to grow 14% annually, aligning with the yearly 12% growth of international tourist arrivals in Thailand. The growth of medical tourism in Thailand is a combined result of the rising income and the increase of the middle class, leading to higher spending on tourism; people becoming more concerned about their health due to higher prevalence of non-communicable diseases (NCDs) and work stress; and the rising trend of experiential travel. According to the Medical Tourism Index (MTI) conducted by the IHRC, Thailand was ranked 18th as the most popular medical tourism destination in 2016.



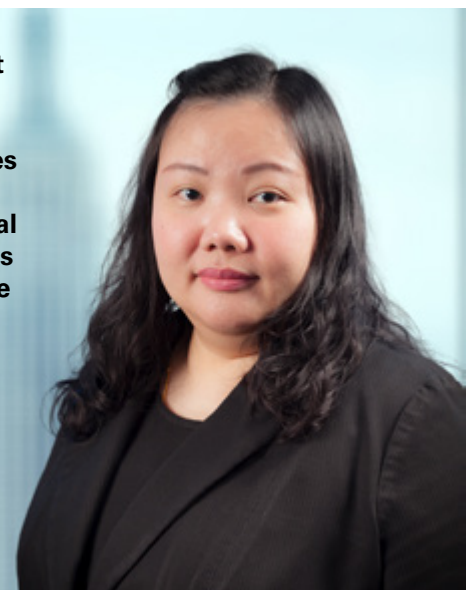
Source: The International Healthcare Research Center (IHRC), Kasikorn Research Center

* The 2016 MTI considers 41 destinations from the Middle East, Asia, Americas, Africa, and Europe. High score of overall Medical Tourism Index (MTI) indicated the high attractiveness of a country as a medical tourist destination. Top MTI score in 2016 is 76.62 for Canada and the average score is 62.42.

“One up and coming area in the healthcare market, which is of interest to real estate and hospitality developers, is the expected increase in demand for senior and assisted living facilities. Foreigners, as well as locals, are the target customers. Senior and assisted living facilities will play an important role in promoting medical tourism in Thailand. This type of business model requires a combination of expertise in real estate development and healthcare services. Therefore, when it comes to accounting treatments, there must be a clear separation of revenue recognition for both.”

Nawarat Nitikeatipong

Director, Audit
Healthcare
KPMG in Thailand



Thailand’s measures on medical and wellness tourism

As part of the strategic plan to become a Medical Hub (2017-2026), the cabinet has approved, in principle, the extended permission-to-stay for citizens of 19 countries identified as potential sources of medical tourists, and the smart visa campaign:

Government measures	Details
Visa extension	<ul style="list-style-type: none"> The Thai government extended the stay for medical tourists from China and the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam) from the previous 30 days to 90 days. The extended stay will also be applicable for up to four companions per patient. Citizens from Australia, Canada, Denmark, Germany, Finland, France, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the United States can apply for the long-stay visa of up to 10 years. The permit would also be applicable for their spouses and children up to 20 years of age. Permission will initially be extended for five years, and an additional five years can be added for those who meets the criteria and conditions.
Smart visa	<ul style="list-style-type: none"> In January 2018, the Thai government launched a ‘Smart Visa’ scheme which grants a four-year stay to investors and highly skilled professionals working in 10 specialized fields identified by the government as part of its technology push under the Thailand 4.0 plan. The fields include automotive, electronics, food technology, digital technology, robotics, aviation and logistics, etc. The Smart Visa scheme is targeted at entrepreneurs investing in new businesses; highly-skilled professionals; high-level executives; and start-up business owners. The Smart Visa will provide the following benefits and privileges: <ol style="list-style-type: none"> 1) Four-year visa 2) No work permit is required 3) Dependents (spouse and children) will also be entitled to the same privilege 4) Annual notification reporting instead of the usual 90-day reporting

Source: KPMG Tax & Legal News Flash Issue 31 (Thailand – Smart visa – four years permission), Tourism Authority of Thailand (TAT)

“Most of Thailand’s large-scale private hospitals are accredited by the Joint Commission International (JCI) and are ready to cater to the medical tourism industry with their highly-skilled doctors and healthcare personnel. There is high demand from medical tourists from Middle East and CLMV. Due to the combination of government policies, the future connectivity of the East-West Corridor and the Road & Belt projects, and Thailand’s aging society, the healthcare sector is one of key growth sectors in Thailand.”

Tanate Kasemsarn

Head of Infrastructure,
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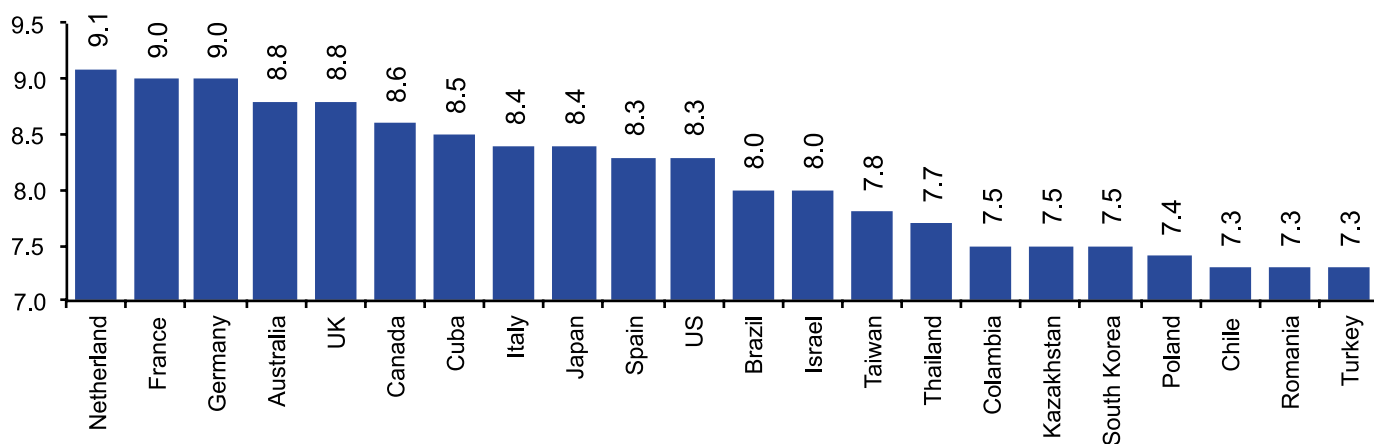


Global medical tourism trends

It is estimated that the global medical tourism industry will grow at a compound annual growth rate of 17.9% in 2013-2019, reaching USD32.5 billion in 2019. Medical tourism comprises of two different segments. One segment comprises of people who travel to other countries for rejuvenation purposes and the other comprises of people who travel for curative care that is not available in their own countries. While the former group is a luxury segment, the latter is an economic segment. Overall, the global demand for healthcare services is on the rise, driven by demographic factors such as increased longevity and rising birth rates. The Organization for Economic Co-operation and Development (OECD) estimates that the percentage of those aged 80 and above will more than double; from 4% in 2010 to nearly 10% by 2050.

Based on the *2017 Global Access to Healthcare Index* by the Economist Intelligence Unit, several developing countries are ranked highly and ahead of some developed countries, including Cuba (7th), Brazil (joint 12th), Thailand (15th), Colombia (joint 16th) and Kazakhstan (joint 16th).

Top-performing countries in 2017 Global Access to Healthcare Index



Source: KPMG Publication; *Medical value travel in India*, The Economist Intelligence Unit





Factors that make medical tourism attractive and efficient

The growth of medical tourism is likely to promote the expansion and modernization of health facilities in developing countries. Medical tourists can access specific procedures such as complex surgeries, specialized treatments for chronic diseases, and other methods of focused care. With growing concerns for rising medical costs, the aging population, the increase in lifestyle-related diseases, coupled with factors such as increasing healthcare awareness among the public, medical tourism can help reduce burdens of disease considerably and help people receive timely and appropriate care. According to the KPMG Medical Value Travel in India publication, the factors that help promote medical tourism includes:

1. **Affordability and cost effectiveness** – Cost can be a benefit received by people travelling across borders for medical treatments.
2. **High-quality healthcare** – Medical services will typically be provided by internationally accredited hospitals and specialized doctors.
3. **Immediate service** – Possibility of immediate access to health services, especially for patients that require urgent care.
4. **Anonymity** – Individuals can travel for their medical treatment and avoid questions from friends and relatives about the details of the treatment.
5. **Improved communication** – Patients can schedule surgery procedures and seek consultation from doctors via the internet or over the phone.
6. **Travel opportunities** – Medical tourists; especially those seeking dental care, cosmetic care, etc., can enjoy the opportunity to visit new countries.
7. **Affluent patients** – Affluent patients demand technically advanced treatment options that are not available in their own countries. These requirements are fulfilled with medical tourism.

Source: KPMG Publication; Medical value travel in India

“The combination of quality care and low service cost makes Thailand very competitive in attracting overseas travelers for medical check-ups, cosmetic services and dental services, with an increasing focus on health and wellness. While other regional leaders like Singapore and South Korea are competing for many of the same visitors with high quality care, medical tourists also value the unique attractiveness of Thailand’s low priced hotels, culture, shopping and service-minded tourism industry. Continued promotion by the Tourism Authority of Thailand and visa extension schemes will be important to attract more international tourists as competition intensifies.”

Douglas Webb

Partner, Advisory
KPMG in Thailand



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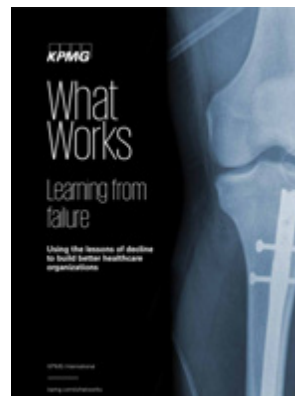
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Medical value travel in India

Globally, medical value travel (MVT) is a USD10.5 billion industry and is estimated to grow to USD32.5 billion over the next five years at CAGR of 17.9%. The increasing numbers of aging and uninsured population worldwide is struggling against the challenges of cost, quality and access to healthcare.

Click on the links above to access the publications.

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