

Turkish government drives medical tourism

The Turkish government sees medical tourism as a key source of foreign exchange and has put in place measures to support the industry. Revenue from the sector is expected to contribute \$20bn per year under the government's 2023 vision, which marks 100 years since the birth of the Turkish state. Healthcare Europa ask what this means for the industry and who can be expected to benefit.

Medical tourism as a key export

In 2011 the Turkish current account deficit hit 10%, highlighting the scale of its economic difficulties. Tighter American monetary policy has heaped pressure on emerging market currencies and made sustaining the deficit even harder. Aided by tumbling oil prices, it has since narrowed to 5%, but it remains a concern for the conservative Justice and Development Party government. A plunging Lira, however, is a boon for the tourism industry. Other exports are suffering from political turmoil in key Middle Eastern markets. Already the world's sixth most popular tourist destination, the government is keen to build on this comparative advantage to source foreign exchange.

Turkey's attraction as a tourist destination is well known, but why medical tourism?

"Turkey has some key advantages in the sector", says Pinar Lembet, partner at consultancy ValueHealth. "The level of infrastructure is very high: it has 51 JCI accredited hospitals. When you take the turmoil in neighbouring countries into account, the relative level of investment in healthcare is even more pronounced. There is also the ambition to serve the customer. The operators understand the importance of service in this industry".

Competitive prices have been helped by the Lira falling in value by 30% against the Euro over the last five years. Group Florence Nightingale (GFN), a network of four hospitals in Istanbul, say rhinoplasties are a third of the UK price, tonsillectomies a half and hair transplants 5-7 times cheaper.

Language and culture play their part. Turkic peoples from Asia Minor are known to favour Turkish healthcare as an alternative to their own failing public systems.

"Turkic people are more comfortable in Turkey than in the rest of Europe", says Efsane Askin, international business coordinator at GFN. Sitting in GFN's waiting room surrounded by Turkish speakers, the importance of another key clientele – the Turkish diaspora – is more than evident. In 2012, 43,000 German patients visited Turkey, a country with a large Turkish ethnic community. Narrowly followed by Libya, 39,000, and Russia, 27,000.

These advantages ebb and flow, but geography is fixed. Turkey is ideally placed to serve markets across Europe, Asia Minor, Africa and the Middle East. Its flagship carrier, Turkish Airlines, flies to more countries than any other. And competitors in South-East Asia are inconvenient and expensive for Europeans.

While other European countries struggle to offer the same combination of quality and price.

"There has been a strong focus on medical education and health tourism", says Renée-Marie Stephano, president of the Medical Tourism Association. "The quality of care is very good. The question marks were over the delivery of patient experience and Turkey's reputation as a destination. Medical tourism is primarily publicised through word of mouth and the message takes a while to filter through". But Stephano believes the government has addressed these issues and Turkey is now one of the fastest growing markets.

The Support Package

Government support comes through three main routes according to Lembet. Firstly, the Ministry of the Economy

treats tourism as an export and supports it as such. A support package for overseas promotion grants hospital groups \$300,000 per hospital for marketing and opening overseas centres to generate referrals. This covers everything from foreign language TV adverts to billboards. GFN, for example, told us the government subsidises the rent for its international patient centre on Harley Street.

The Ministry of Finance is the second source. "Revenue sourced from medical tourists is tax deductible, up to 50% of total after tax earnings", explained Lembet.

The government also has an agreement in place with Turkish Airlines to subsidise tickets for medical tourists. Between February and June this year up to 50% of the ticket price will be covered by the state.

Finally, the Ministry of Health sponsors the annual Istanbul Medical Tourism Fair, an important B2B marketing platform.

But it's not all roses. "The government support is significant but not all programmes are working well," said a source. "The government wanted to create tax-free zones for healthcare providers, for example, but there have been obstacles and I don't expect them to come into existence for some time".

Marketing has also been problematic. "In Turkey we can't advertise pricing. This is very limiting although we are more free abroad", explained Askin. Stephano also suggested Turkey has failed to centralise its efforts in advertising, which hinders its ability to broadcast a clear message. Being known as a tourist destination does not necessarily transfer into medical tourism especially for complex, invasive procedures. Turkey must push its brand as a country, not just its hospitals and doctors.

Government support for medical tourism is indicative of the growing importance attached to healthcare by the Turkish state. A \$10bn construction programme of new PPP hospitals, the largest in the world, is underway. "Turkey has truly evolved in terms of bringing together public and private organisations to work together in healthcare", says Stephano. This has furthered the rise of medical tourism in the country. But not all operators have been equally successful in attracting foreign patients.

Winners and losers

Turkey is doing well in cosmetics and minor elective procedures and there are a number of operators tapping into this market. It is already the world's most popular destination for hair transplants. GFN confirmed it has had great success in selling hair transplants and cosmetic surgery in the UK. But even a group like GFN, with almost 1,000 beds, struggles to attract patients for more complex procedures.

"In the UK growth for medical patients has been much slower, but in large part it depends on the NHS", said Askin. "For a liver transplant, for example, in Turkey they will accept donors who are related up to the fourth degree. In the UK only first-degree relatives qualify. Tonsillectomies can also be postponed for a year on the NHS and many people prefer not to wait. So these procedures have been fairly popular".

GFN told us 25-30% of its patients come from abroad, which is around 35% of sales.

"Having an international centre is a big advantage for us. We can do the first consultations and all of the post-op care here, saving patients multiple trips". One might expect the really big players to do even better.

"Not all hospitals have the capability and the reputation to sell more complex medical procedures to the international market", said a reliable source. "Some are doing well; they are growing revenue from medical tourism at 30% per year. But this is not widespread, it is just the large hospital groups".

There is something of a dilemma to be faced when marketing to medical tourists: how do you provide quality and specialisation, whilst minimising travel and inconvenience to the patient?

"Patients want a one-stop shop, so you have to be able to do everything under one roof. But they also want a highly specialised hospital!" says Stephano. If you are going all the way to Turkey for hair transplants, why not have laser eye surgery while you're there?

This can be seen in the global rise of medical campuses with an array of sub-specialities within close vicinity – a huge infrastructure investment that is needed to compete in an international marketplace. Currently the most popular hospital with medical tourists is the full-continuum Anadolu Health Centre with over 12,000 international patients a year.

It is worth repeating that Acibadem, Medicana and the rest are competing not just with each other, but also with Fortis, Aster DM and Harley Street. This would be bad news for specialist hospitals like Dünyagöz, which has built its business around ophthalmology. We heard they attract just 6,000 patients a year from Germany, a disappointing figure for that country.

A bright future?

Turkey is serious about medical tourism and appears to be making substantial efforts to promote the industry. But it is not without competition. Jordan is another Middle-Eastern country looking to make inroads. USAid is even supporting a programme in the country, which aims to grow the market as an important source of employment and exports.

However, when people can afford it they are still drawn to Western Europe. We heard that prices are similar in Germany and it is a big draw for wealthy residents of post-Soviet countries. Most Arabs would also rather go to London. Why would Germans of any origin come to Turkey when they possess a comprehensive healthcare system with statutory health insurance?

One possible explanation is that they aren't. Keith Pollard, managing editor of the International Medical Tourism Journal, is skeptical of the figures covering medical tourism in Turkey and believes more patients are coming from countries like Libya and Afghanistan with failing public systems. "Libya used to send its patients to Jordan", he said. "But then it stopped paying. The next country on the list is Turkey!"

Medical tourism has a divergent appeal for different patients in different markets and it would not be a surprise if wealthy Turks were also frequenting German hospitals. "It is wrong to characterise medical tourism as a form of tourism", says Pollard. "People are not going for a holiday they are going for an operation, so Turkey's credentials as a destination for tourists are irrelevant. If it wants to sell itself as a medical destination it has to put in place a real plan, and this hasn't happened yet. A lot of the money going into promoting the industry is being wasted".

The wellness market is one area where sun, sand and sea can appeal. The German statutory insurer, for one, will pay for patients to rehabilitate abroad. We heard from a reliable source that the Turkish government is interested in wellness, rehab and long-term care.

Attracting \$20bn and two million patients by 2023 is a huge and some might say unrealistic target. The figure for 2013 was just \$2.5bn. Reaching 20bn in 10 years will require a compound annual growth rate above 23%. Turkey hopes to achieve this by selling complex and lucrative procedures to more and more patients. But it appears that Turkey is placing a heavy bet on failing public health systems and outcompeting a growing list of competitors.

claude@healthcarebusinessinternational.com