



**Association of Private  
Hospitals of Malaysia**

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Kuala Lumpur, MY**

# **Medical Globalisation: 2nd Stage Medical Tourism**

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PHM International**

# Medical Globalisation

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- Introductions
- History and review
- Development trends
- Formalisation of medical tourism
  - 1st Stage
  - 2nd Stage
- Conclusions

# Introduction

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- PHM International
  - Founded 1997, Miami USA & Poland
  - Insurance consultancy and training firm
  - Product development for hospitals and health insurance companies
  - Knowledge transfer
    - Relationship mapping
    - Product development
    - Market penetration strategies
    - Risk analysis, etc.



# Introduction

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- Sample partners and clients:
  - Neuronate, Haifa Israel
  - Pharma Futures, London UK
  - KMCN, USA
  - Kilimanjaro International, Tanzania
  - Utah Health Informatics, USA
  - Pensioenfonds ABP, Netherlands
- Board member, MKI



# Introduction

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# History and Review



# History & Review

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- Government changes limiting health budgets
- Aging population
- Growth of private health insurance

# History & Review

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- Health care is world's largest service business
- 2010 Private global investment in healthcare = \$4trn vs. \$1.5trn in 1998.<sup>1</sup>
  - 2010, \$750bn in emerging markets

Malaysia?

Vision 2020?





# History & Review

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- 1960 -1997 health care as % of GDP for the 29 members of OECD doubled 3.9% to 7.6%<sup>2</sup>
- 2002, OECD nations:
  - 7.9% for Japan
  - 5.3% for Korea
  - 14.6% for US - 15% in 2004
  - 7.7% for UK<sup>3</sup>

# History & Review

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- Health care growth as % of GDP  
1992 - 2002<sup>3</sup>

Japan	27.40%
Korea	20.45%
US	13.18%

- Each 1% increase in wealth = 1/2%  
increase in health care costs<sup>4</sup>



# History & Review

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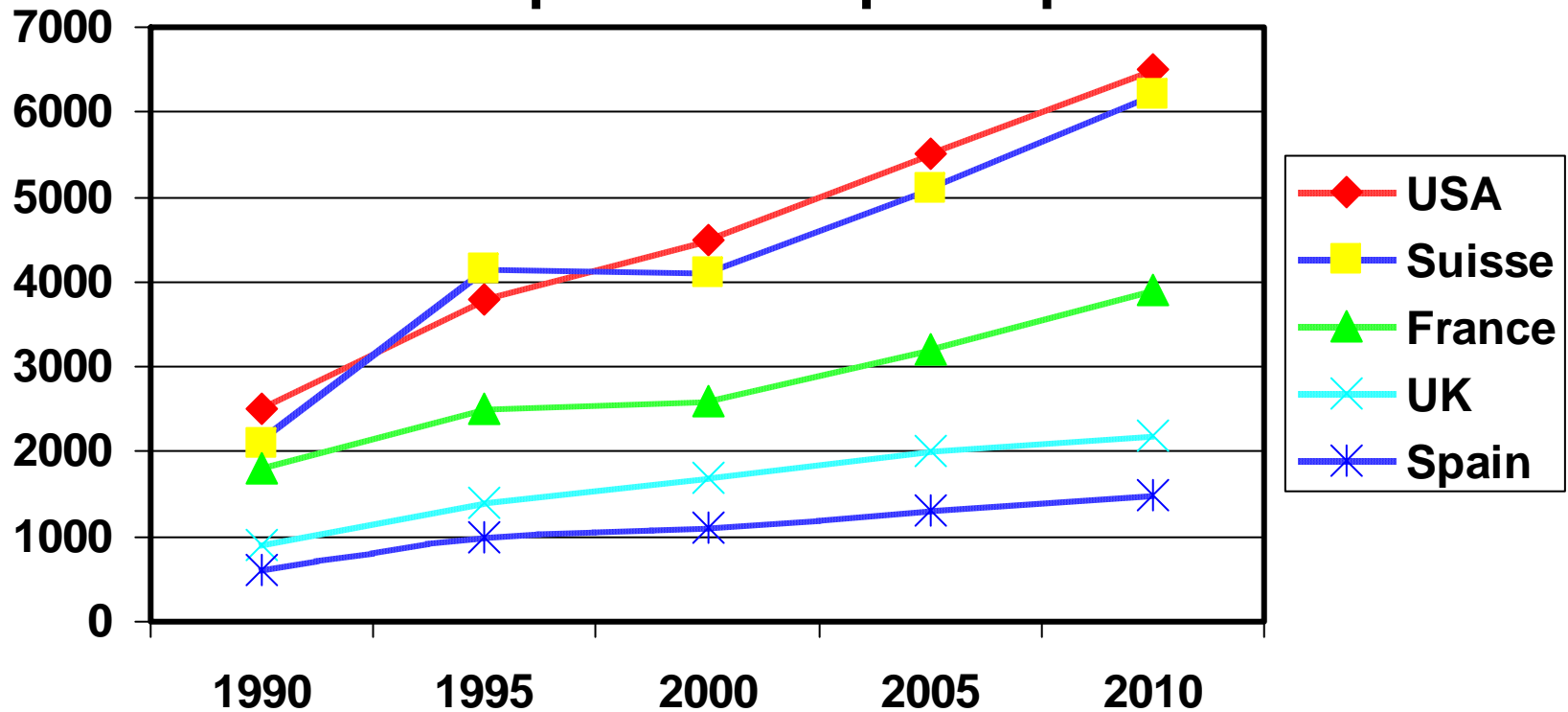
- Health care cost pressures
  - Technology, Medical advances
  - Aging society -Consumerism
    - Combined = 2.5% - 3.5% increase in health care costs<sup>5</sup>
- Increasing health care costs
  - Average hospital daily costs US \$2,364<sup>6</sup> and over \$5,000 in some US states

RM 18,750



# History & Review

## Health expenditures per capita



OECD, 1998. \$US Exchange Rate



# History & Review

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- Governments increasingly looking to private health insurance companies to control and decrease costs
  - EU - the Maastricht Treaty
  - OECD - Belgium
  - Asia - India, Australia, China - Malaysia?
  - Poland, Slovakia - EU entry

# History & Review

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- Health Insurance

- Europe has 5-7% growth in PRIVATE health insurance<sup>7</sup>
  - Growing dissatisfaction with state plans
  - Use of private insurance to support employees
- Netherlands reducing number of sickness funds
- Singapore uses 3 Ms system to increase patient pay
- Turkey: 10%market penetration<sup>8</sup>



# History & Review

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- Governments increasingly looking to private insurance companies to support societal wealth through use of *life* insurance
  - Privatization
  - Removal foreign ownership restrictions
  - Removing price controls
    - Egypt
    - India
    - China



# History & Review

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- Societal
  - Consumerism
    - Increased knowledge, information access
    - Direct to consumer advertising
    - Increased use of personal resources
      - \$21.2 US billion in US on alternative care, 1997<sup>9</sup>
  - Aging population
    - Worldwide growth of middle age group
    - Baby boomers, Parents of baby boomers
    - Malaysia...

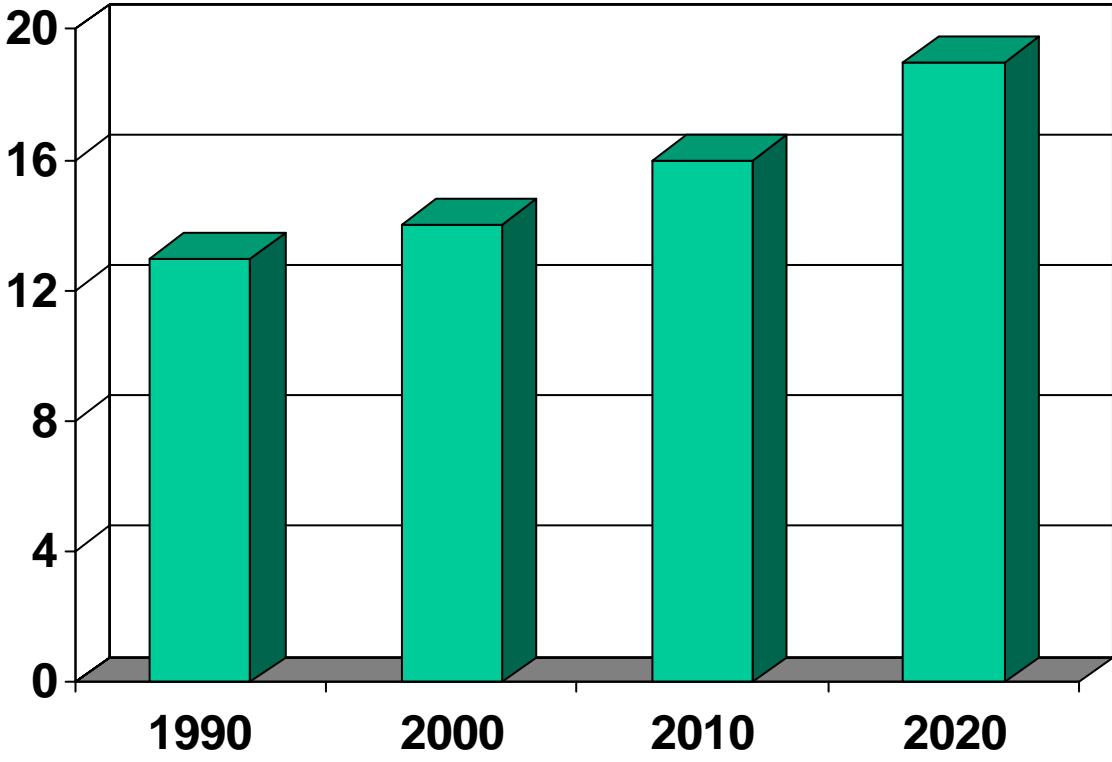




# History & Review

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Percent of population 65+ years old



UN 1999



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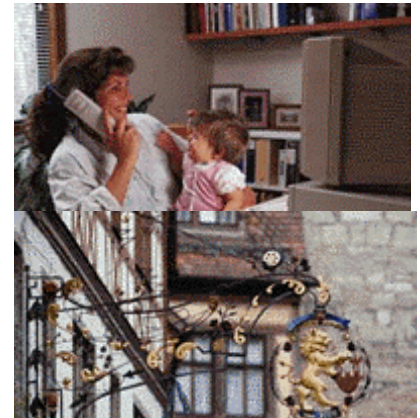
# Development Trends



# Development Trends

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- Internet & Telemedicine
  - Hospitals
  - Insurance
  - Providers - Doctors, Equipment
  - Consumers
- Biotechnology - Genomics
  - Health risks
  - Prevention
  - Transplants



# Development Trends

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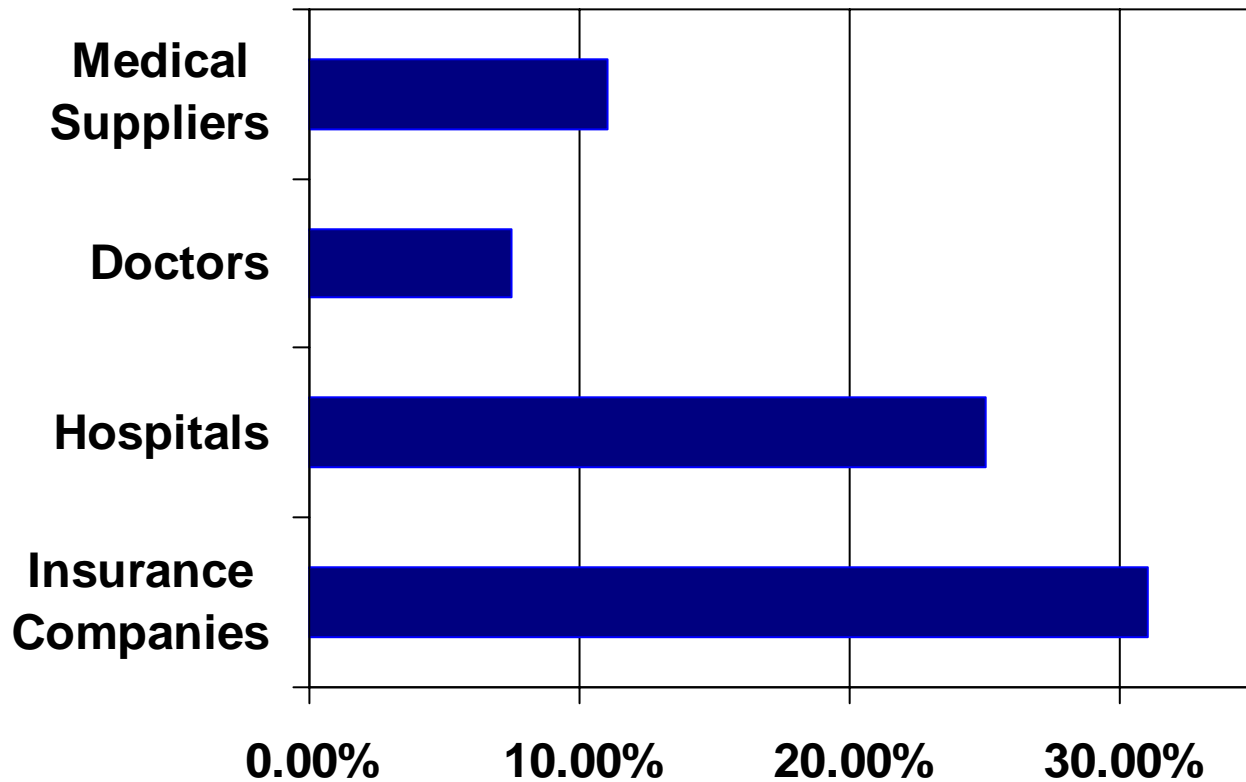
- Internet

- 98% of homes in Singapore have broadband, Singapore ONE internet access<sup>10</sup>
- Electronic prescription programs in UK & Netherlands
- Smart card technology projects:
  - 40 million in France
  - Germany, Czech, Russia
  - Spain using biometrics to scan fingerprints
  - Malaysia



# Development Trends

Segments with greatest opportunity for success in e-business



# Development Trends

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- Telemedicine advantages
  - Rural & remote access
  - Cost effectiveness
  - Reduction in hospital visits
  - Reduction in mis-diagnosis
  - Continuing medical education
- Telemedicine challenges
  - Telephone lines
  - Costs



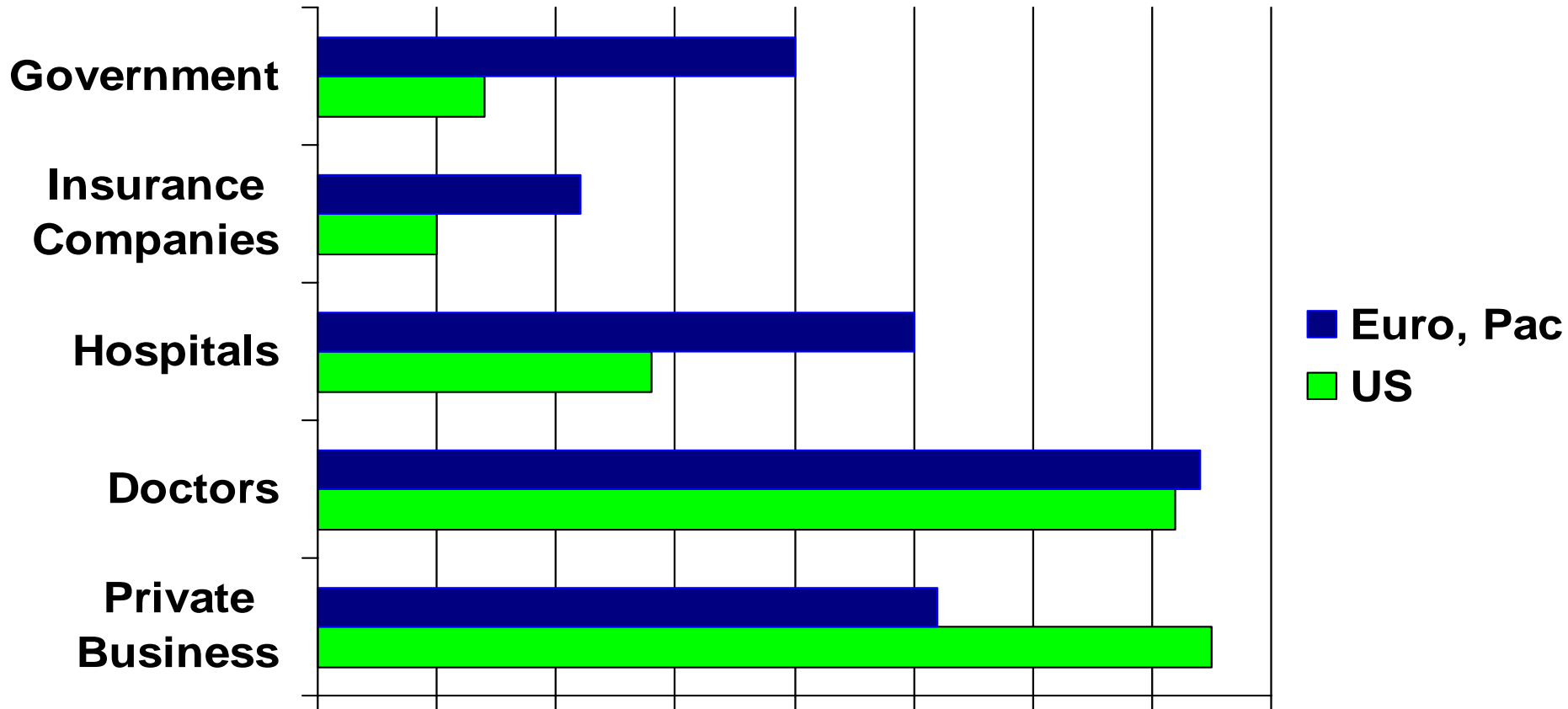
# Development Trends

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- Pharmacogenetics: use of individualized drug treatments matched to individual genetic profile
  - Global patient communities via Internet to support research
  - Image technology advances
  - Biomaterials & tissue generation
  - Transplantation advances

# Development Trends

## Most likely source for genetic maps





# Development Trends

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- Internet applications in health care - Insurance Winners
  - Electronic medical records
  - CRM - customer relations management
  - Electronic prescriptions
  - Telemedicine



# Development Trends

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2010 Private global investment in healthcare = \$4trn vs. \$1.5trn in 1999.

– 2010, \$750bn in emerging markets

- Emerging markets

– Hospital and clinic development, laboratories, specialty care



# Development Trends

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- Developed markets

Smaller facilities

Hospital days per capita:<sup>12</sup>

1.1 in US

2.6 in France

4.0 in Japan

Bedside computers - 80% reduction in medical errors<sup>13</sup>



# Development Trends

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- Insurance companies and support services
  - Global orientation
  - Internet focus for processing
  - Internet compliment for consumers
  - Emerging markets
    - Higher risks due to government changes
  - Mature markets
    - Market segmentation



# Development Trends

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- Global migration and travel
  - France 70 million
  - US 63 million
  - Spain 46 million
- Visitors to US pay 40+% more for health care than US citizens
- 50% increase in international travel growth by 2010
  - pre 9 September 2001



# Development Trends

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- Adaptation to technology
- Standardization of health processes & infrastructure
- Health insurance global growth

# Development Trends

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**Death of Distance**

**=**

**New Markets**

**Global Markets**



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# Medical Tourism





# Medical Tourism

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- Informal stage....
  - Private hospitals and clinics
  - Wealthy nationals
  - Self-pay patients

# Medical Tourism

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## Informal stage

### Medical Providers

Private hospitals & clinics  
Remote diagnostics  
24 Hour nursing  
Health & Travel information



### Patients as Consumers

52 weeks per year  
Socio/Econ level  
Migration  
Employment benefits



# Medical Tourism

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- First stage
  - Brand awareness - marketing
  - Association and accreditation
  - Out of country advertising
  - Fee schedules
  - Informal links to organisations

# Global Health Access® Development Model

## First Stage - Medical Tourism

### International Health Insurers

Managed Access - Global Focus  
Expanding Markets

### Medical Providers

Private hospitals & clinics  
Remote diagnostics  
24 Hour nursing  
Health & Travel information

### Patients as Consumers

52 weeks per year  
Socio/Econ level  
Migration  
Employment benefits



# Medical Tourism

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- First stage
  - Global Health Access® questionnaire



# Medical Tourism

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- Second stage - globalisation...
  - Attitudinal assessment
  - Market positioning
  - Center(s) of excellence
  - Clinical uniformity and education
  - Formal structure and agreements
  - Organisational leadership

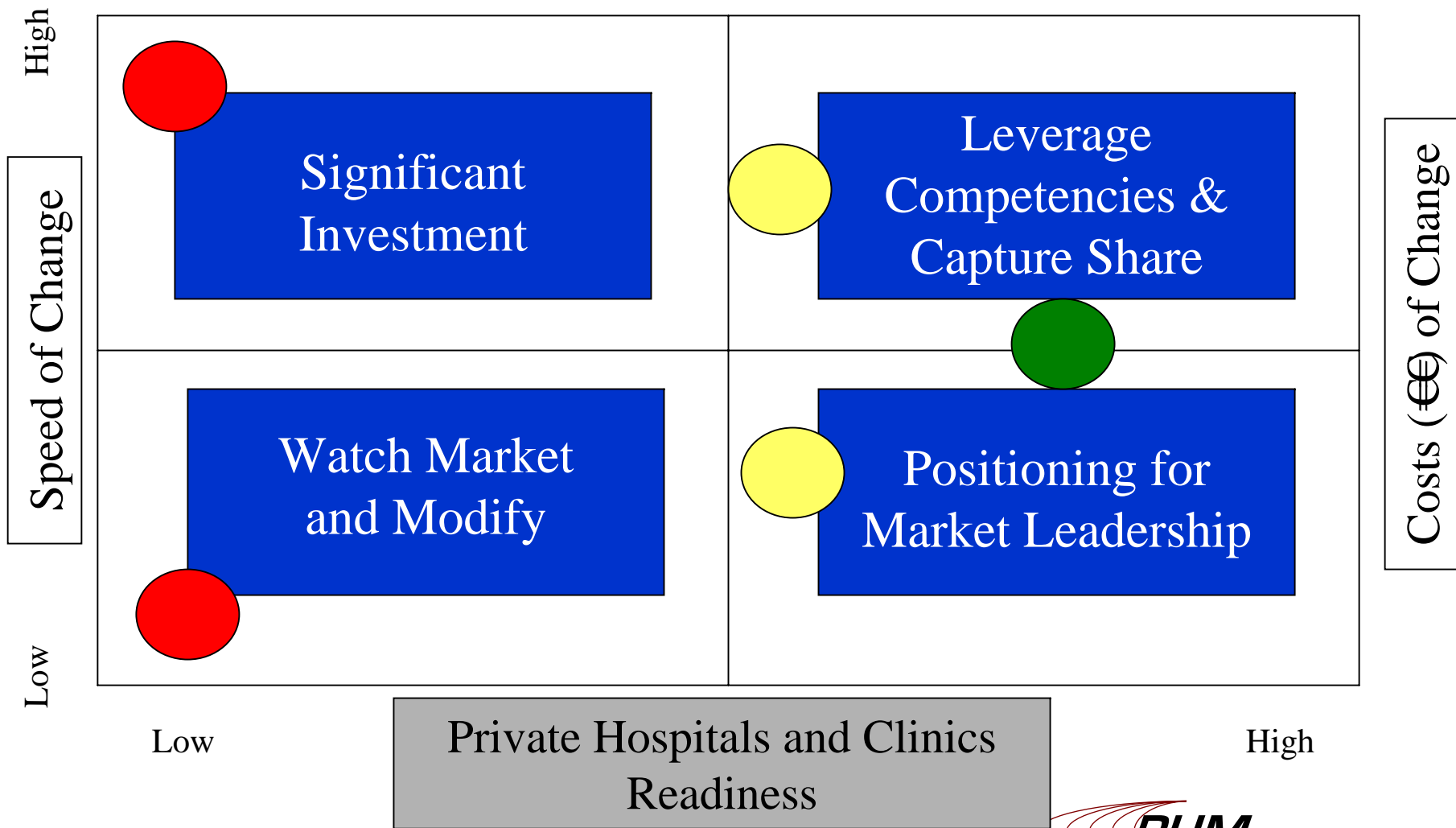
# Medical Tourism

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- Second stage - globalisation...
  - Administrative training
  - Financial commitment
    - Clinical and administrative excellence
  - Formal strategic plan



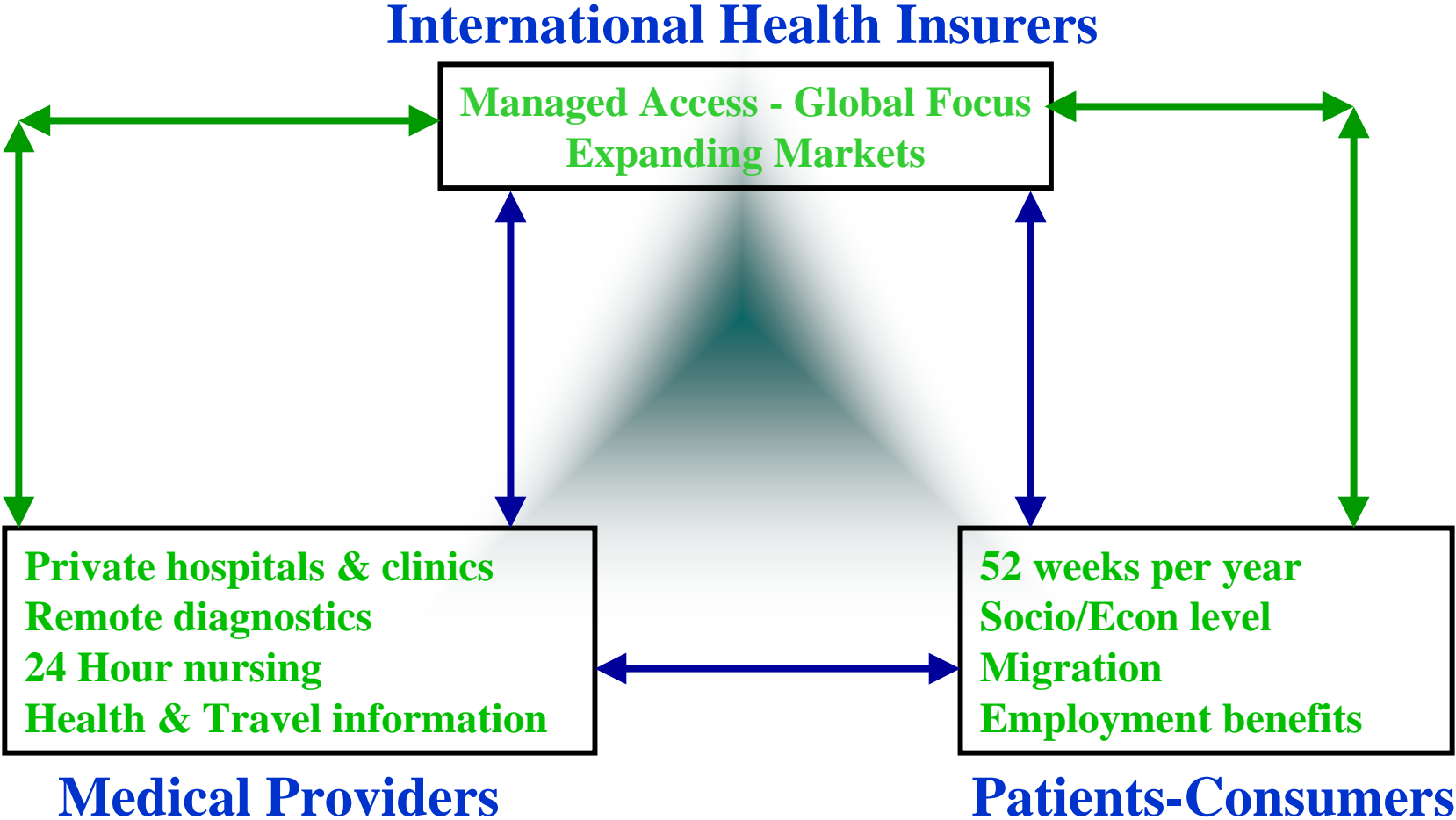
# Global Health Access® Development Model: Preliminary Second Stage - Medical Globalisation





# Global Health Access® Development Model

## Second Stage - Medical Globalisation



# Medical Tourism

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- Global Health Access®
  - Enterprise wide process development
    - change & integration
  - Borderless care
  - New markets and new segments
  - Measurable results
    - patient census
    - quality indicators
    - positive impact on turnover



# Conclusions

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- 2nd Stage Medical Globalisation driven by a convergence of:
  - Government transitions & budget constraints
  - Consumer & societal oriented health care
  - Technology: Internet, IT, Genomics
  - Maturing infrastructure
  - Financing expansion - private insurance
- Market leaders will be market winners



# Medical Knowledge Institute

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- Based in the Netherlands
- Clinical education foundation
- 70+ faculty: workshops & trade missions
- Project oriented
- “ClipFinder” distribution to
  - hospitals
  - medical schools
  - libraries



# Medical Knowledge Institute

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- Project oriented
  - Cancer mapping
  - HIV/AIDS transmission
    - With midwives associations
    - Train the trainer
    - [Video](#)

# Contact

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# Presentation Footnotes

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- 4 "Health and Wealth: An International Study on Health Spending," J. Maxwell. 1981 and "Escalation of Healthcare Costs: How do we get there," B. Abel-Smith. OECD-Healthcare, Paris, 1996.
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- 13 "Healthcast 2010 Survey," PriceWaterhouseCoopers, 2001.
- 14 Global Health Access, LLC Plan, 2001.

