LEAVING A MARK

Unrest left a dent in the medical tourism market this year, but Thailand still possesses the ingredients to rebound. By Nanchanok Wongsamuth

A s healthcare is a basic human necessity, the sector usually sees double-digit growth in Thailand each year. But the recent political unrest has taken a toll on medical tourism in 2014.

Various factors are still driving healthcare treatment growth, such as climate change, which could make it easier for infectious diseases to spread, as well as increased health awareness among Thais, said Att Thongtang, chief executive of the Phyahtai Hospital Group and Paolo Memorial Hospital Group. Government programmes and companies that sponsor health checkups also lead to a wellness ethos that raises hospital demand.

"All these factors will keep the healthcare sector growing, but you will see slower growth with the political unrest," said Mr Att.

The latest political unrest at times physically prevented people from travelling to hospitals, including Phyahtai, where foreign patients constitute 15% of total patients.

Phyahtai Hospital’s outpatient department serves 1.5 million patients per year, with foreign patients coming mostly from the Middle East and Asean. The top countries for patients in the Middle East include Oman, the United Arab Emirates and Kuwait.

In Asia, it is Cambodia and Malaysia.

Mr Att admitted there was a low expectation for overall revenue growth this year. The group adopted a new strategy in line with economists’ projections of lower middle-class purchasing power. Paolo Hospital cut its package prices by 10-20% starting in the fourth quarter last year, and Phyahtai looks to follow the same model. The group is also trying to lower energy costs and raise synergy within the group to record lower clinical supply and medicine costs.

Elsewhere, the number of foreign patients at Bangkok Hospital dropped by 15%, mostly fly-in patients. The hospital treated more than 200,000 foreign patients last year, contributing some 40% of the hospital’s revenue.

Bumrungrad Hospital, which treats up to 1.1 million patients each year of whom 500,000 are foreigners, was also affected by the political crisis. The top country for foreign patients at Bumrungrad last year was the United Arab Emirates, followed by Myanmar.

In the first quarter this year, international arrivals fell 5.85% year-on-year to 6.6 million, while tourism revenue declined by 4.02% to 31.1 billion baht, according to the Tourism Department. The Tourism Authority of Thailand cut its foreign arrival target to 26-27 million and its revenue target to 1.2 trillion baht, down from an earlier projection of 28 million visitors and 1.3 trillion baht in revenue.

Kenneth Mays, senior director of hospital marketing and business development at Bumrungrad Hospital, said there has been a 15% drop in the volume of fly-in patients in the first quarter as some foreign patients were worried and postponed their trips to Thailand, though the number started to rebound in March.

As many as one-third of Bumrungrad’s patients are fly-in patients (non-residents) who are not intentional medical tourists.

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“They come as tourists, and 1-2% of tourists need medical care while they’re here, such as when they fall off motorcycles or trip,” said Mr Mays. “So if the overall number of tourists goes down, it affects that segment – ‘unintentional medical tourists’ – which we don’t actively market to but do serve.”

Since many patients cancel rather than postpone their trips, Mr Mays said there was a possibility of higher-than-average volume after the unrest is over.

“The unrest affects volume more than revenue because people with more serious conditions are more likely to come despite the risk,” he said.

Bumrungrad kept its website updated with advice about the political situation. On May 28, six days after the coup, it reported that it was operating as usual, as were local hotels, restaurants, businesses and public services. Ambulances, taxis and other transport were available even during curfew hours for transfers to and from the airport, it noted.

Even in a bad economic year, the healthcare industry often grows by over 10%, compared to a typical 12-13%.

Boon Vanasin, chairman of Thonburi Hospital, said the political situation would affect hospitals serving a large amount of foreign patients, lowering revenue growth by as much as half. But the government’s free universal healthcare programme has led to an increase in demand for private hospitals, as public hospitals cannot keep up with the patient overload.

“Those who visit private hospitals usually don’t go back to government hospitals because the former provides more convenient services,” said Dr Boon of the spillover to private hospitals.

Surapong Ambhanwong, chief medical and international business officer at the Phyahtai Group of Hospitals, warned other Asean countries could become the medical tourism hub for the region if Thailand does not improve its

WHO ARE THE CUSTOMERS?

Top 5 patient markets for Thailand’s medical tourism

1. East Asia and Asean
2. Middle East (UAE, Oman, Qatar, Kuwait and Bahrain in that order)
3. Asean
4. European Union countries
5. North and South America, Africa

Source: Phyahtai Hospital

human resources and remains saddled with internal squabbling.

Thailand is the top medical destination in Asean by volume, with government figures showing medical tourist arrivals increasing from 500,000 in 2001 to 2.03 million in 2012. East Asia, Asean and the Middle East are the top regions for medical treatment, with conditions ranging from heart and vascular diseases, brain and spinal cord-related diseases, cancer and digestive system diseases.

Singapore has stable politics and advanced human resources, making it a formidable player in the global healthcare arena, said Dr Surapong.

“When we talk about development we always focus on production, such as the food, jewellery, apparel and automobile sectors, but we never talk about developing people. And people are the key to everything,” he said.

“Whether it is positive or negative, people drive everything.”