Medical tourism in Korea: Medical Korean Wave 4.0

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The world is heading to Asia for healthcare

- 45% of North American outbound medical travelers
- 39%, Europeans
- 95%, Africans
- 32%, Middle Easterners
- 99%, Oceanians

head to Asia

and 93% of outbound medical travelers from Asian countries traveled intra-continental

Source: Mckinsey & Company, 2008
1. Global trends in medical tourism

Medical Tourism: It’s growing fast, even faster in Asia

Asian medical tourism market;
- has grown by 25.9% in the last year
- and is expected to grow at a 26.5% rate for the next 3 years

Source: RNCOS
1. Global trends in Medical Tourism

**So why do people travel for healthcare?**

1. **For better or immediate care**
   - People travel seeking quality care and or shortened waiting time (which sometimes include treatments that are unavailable in their home countries)

2. **For cost saving**
   - People find the medical cost overseas more affordable than that of their home, without sacrificing quality

3. **For tourism**
   - All other things being equal, travel/leisure activities are available in other countries before/after treatment

**Why do more and more people travel for healthcare?**
1. Global trends in Medical Tourism

Medical tourism market is growing fast

(1) Growth of global healthcare market
- People care and spend much more for health care than before
- ‘Medical expenditure per GNP’ tends to grow globally
- Development of advanced treatments and aging population raises medical expenditure

(2) Better understanding over the border
- The world is vastly better informed
- Per development of ICT, patients are better informed of what's made available overseas
- The medical providers also reckon the business opportunities of potential medical tourists
- Hence the geographical boundaries are blurred for healthcare
2. Overview of medical tourism in Korea
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Korea, Destination on the rise

- 155,672 medical tourists in 2012
  (# of foreign patients reported by hospitals)

- 36.5% CAGR since 2009
  (while total tourist arrivals grew by 12.5% per year)
2. Overview of medical tourism in Korea

Key markets

- Medical tourists from China, USA, Japan and Russia make up for 73% of the total number
- Medical tourists from China and Russia have been growing dramatically (95% annually, combined)
- Market for CIS(former soviet republics) and Arab states are also emerging
Success Factors behind Korea’s Growth

1. Excellence in medical care & service

- **Top survival rate for cancer**
  Survival rate of cancer patients in Korea ranked the top in the World in terms of five-year relative survival rate for most major cancers

- **Asia’s best international medical journal publication**

- **State-of-the-art medical infrastructure**
  Projects are in progress to export Medical IT to Saudi Arabia over next 10 years

According to a survey;
more than 63% chose Korea to pursue better medical services
(2) Easy Accessibility

- In close proximity to major cities in Asia
  61 cities with over million population are located within 3.5 hours’ distance by flight

- Easy connections to other major cities
  Direct flights are available from major cities in North America and Europe
2. Overview of medical tourism in Korea

Success Factors behind Korea’s Growth

(3) “Hallyu”, Korean Wave

- Influence of K-pop stars and standard of Korean Beauty
  Growing recognition of expertise in the field of cosmetics

- Abundant opportunities for cultural/touristic activities
  49% of Japanese tourists choose Korea as medical tourism destination per its cultural attractions and cutting-edge medical technology and high quality medical services
Success Factors behind Korea’s Growth
(4) Strong support from government

- The government selected ‘medical tourism’ as one of the new economic growth engines

- Legislative and administrative actions for medical tourism
  a. In 2009, legal ground was established to allow activities of promoting and attracting medical tourists
  b. Other deregulations are in progress for medical tourism

- Organizational support
  a. KTO established a department dedicated to the medical tourism sector
  b. Local governments and public organizations such as KHIDI cooperate to boost medical tourism
3. The next step: Creative Solutions
3. The next step: Creative solutions

Problems to be solved

- Competition among nations
  The optimistic future outlook on medical tourism is leading to an excessive boom and a growing competition among Asian countries.

- Side effects of excessive boom
  700+ entities overcrowded medical tourism business as a facilitator in the past 4 years (including minor agencies) and public concerns grew over the possible damage to the nature of medical service.

- Illegal activities
  Many unauthorized agencies are illegally attracting medical tourists; hospitals under-report the revenue from the medical tourist for tax avoidance.
3. The next step: Creative solutions

Solutions(1) : Differentiation with traditional medicine

- Focus on Korean specialty: Traditional Korean Medicine

- Potential for CAM
  Complementary and Alternative Medicine (CAM) is getting more attention due to the aging population and chronic diseases

- High CAM usage in Korea
  Even with the state-of-the-art medical infrastructure available, 69% of Koreans use CAM per its recognized excellence in traditional medicine

- Unique value of Traditional Korean Medicine
  The uniqueness and effectiveness of traditional treatments (ex> remedies for skin care and or weight loss) would differentiate Korea from other destinations
3. The next step: Creative solutions

Solutions(2) : On-line platform for medical tourism

- **Information driven Medical Tourism**
  KTO is working on an on-line platform to leverage ICT of Korea in promoting medical tourism so that the potential medical tourists and the medical providers can easily interact with one another.

- **A platform for reliable information**
  Provide legitimate information for credibility and transparency and undermine the foundation for illegal competitors

- **A platform for more than just information**
  KTO plans to further develop the platform so that the tourists can book and pay for medical tour package with ease using the system.
3. The next step: Creative solutions

A new paradigm: Medical Korean Wave 4.0

- 1.0: Era of epidemic control
- 2.0: Era of disease cure
- 3.0: Era of prevention and management
- 4.0: Era of value-based health care

KTO envisions Korea as a medical tourist destination improving the quality and efficiency of medical care that’s value-based
Thank you