

Overview of Malaysia's Medical Tourism (Sep 2018)

Global competition has increased the potential for the emergence of newly transformed markets. One such example is medical tourism industry which is a fast-developing global niche market. Medical tourism could be defined as the process of traveling outside the country of residence to receive medical care.

In Asia, the leading medical tourism destinations are Malaysia, Thailand, Singapore, and India. Malaysia is among the most attractive medical tourism destinations in Asia. Malaysia's success as a leading medical tourism hub could be attributed to the significant competitive advantages it has in terms of excellent quality of health care services and a large number of internationally accredited hospitals. Moreover, the Malaysia Healthcare Travel Council (MHTC), an agency under the Ministry of Health, Malaysia has received numerous awards and global recognition from International Medical Travel Journals. Among the awards won by MHTC and Malaysian hospitals are 'Health & Medical Tourism: 'Destination of the Year', International Hospital of the Year, 'International Cosmetic Surgery Clinic of the Year, 'International Dental Clinic of the Year', 'International Fertility of the Year', and 'Best Marketing Initiative of the Year'.

Malaysia's medical tourism industry was able to achieve a remarkable milestone when the International Medical Travel Journal awarded Malaysia the Health & Medical Tourism Destination of the Year for three consecutive years (from 2015-2017), further cementing the country's reputation as the top medical tourism destination in the world. Malaysia was also recently named as one of the four countries with the best healthcare in the world by International Living's Global Retirement Index (2017), which is compiled annually to rank and rate the best retirement havens in the world today.

The Malaysian healthcare system is divided into two sectors namely the public and the private healthcare sectors. The private healthcare sector, which contributes 30% of healthcare services nationally, mainly provides medicinal and rehabilitative services and is financed strictly on a fee-for-service basis. Meanwhile, 70% of the nation's healthcare services are provided by the public sector. It is heavily subsidized by the government and used by the majority of the Malaysian population.

Malaysia began aggressively promoting medical tourism in the aftermath of 1997 financial crisis which has resulted in a sharp fall in revenue for many private hospitals in Malaysia. These hospitals had to attract foreign patients to complement the drastic shortfall of local patients while trying to diversify its healthcare and tourism sectors. By January 1998, the Government of Malaysia established the National Committee for the Promotion of Medical and Health Tourism with the goal to institute necessary policy support in order to grow the industry, there the committee was tasked to identify suitable target countries for promoting health tourism, propose suitable tax incentives; fee packaging as well as outlining accreditation and advertising guidelines. Since then, both public and private sectors have collaborated closely to actively promote Malaysia as medical tourism destinations to boost and diversify its medical tourism industry.

Accordingly, the private sector welcomed the government's initiative, and the number of private healthcare facilities that registered for the promotion of medical tourism has significantly increased from 35 hospitals in 2010 to 76 hospitals in 2017. These facilities currently offer a wide range of medical services which are highly sought after by medical tourists including

cardiology, orthopedics, oncology, neurology, dental treatment, infertility treatment, cosmetic surgery and rehabilitation services.

To date, Malaysia has received more than one million healthcare tourists who were estimated to have contributed more than RM1 billion in hospital revenue in 2016. This remarkable achievement was attributed by several key factors including well-trained medical experts, the availability of state-of-the-art medical technology, more affordable international transport costs and medical treatment, the rise of the internet, the emergence of new companies and agents which serve as intermediaries between international patients and hospital networks, as well as governmental support. Among the factors that contribute to medical tourism industry are namely cost competitiveness, ease of communication due to the presence of multi-lingual health workforce, strong government initiatives, service quality, tourism attraction and essential infrastructure support.

Table 1 indicates that the number of medical tourists travel to Malaysia for healthcare treatment has increased from 2011 until 2016, which revealed that the industry has been experiencing a consistent growth which offers an opportunity for active participation by entrepreneurs in this field:

Table 1: Medical tourist arrivals to Malaysia

Year	Total Healthcare Travellers	Revenue (RM)
2011	643,000	RM537 million
2012	728,000	RM603 million
2013	881,000	RM727 million
2014	882,000	RM777 million
2015	859,000	RM914 million
2016	More than 1,000,000	More than RM1 billion

Source: Ministry of Health, Malaysia

The ongoing phenomenon of globalization has greatly impacted the global medical tourism industry growth, where Malaysia has successfully established itself as one of the major medical tourism destinations in the Southeast Asia region. The prospects of the country's medical tourism industry remain optimistic where strong government initiatives, effective public-private partnerships, aggressive hospitals' marketing efforts and continuous media exposure have successfully propelled the medical tourism industry in Malaysia to a greater height.