

Medical Tourism Overview & Possible Cooperation with Canada

Selectively presented
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Agenda for Medical Tourism Overview

1. Genesis - Medical Tourism Genesis and Internationalization (Int'l)
2. Medical Tourism - Thailand & Asia Growth Story
3. Bumrungrad Hospital Case Study
4. Medical Tourism as Credence Goods
5. Takeaway Message

Medical Tourism Genesis

- Medical Tourism- *Patients going to a different country for either urgent or elective medical procedures*
 - WHO defines it as
 - Medical care
 - Sickness & well-being
 - Rehabilitation & recuperation
 - Is fast becoming a worldwide, billion dollar industry
 - Low cost travel has taken the industry beyond the wealthy and desperate

This is not a recent phenomenon, people have been traveling to far off lands to improve their health for centuries

Traditional Healthcare

- Patients don't go far
 - Clinic next door, hospital in city
 - Big hospital in big city
- Medical professionals manage healthcare
 - Referrals
 - Self-regulated
 - Status quo
- Go West for the best
 - Clinical services
 - Clinical research
 - Medical technology
- Closed systems
 - Second class mentality

International Trends

- Internet mindset, global markets
- Easier (and harder) international travel
- Greater awareness of standards, options
- Greater ability to compare prices
- Greater awareness of population differences
- Packaging of medical care with tourism or "medical tourism"
- Improving healthcare IT
- Internationalisation of healthcare services

Internationalisation of Healthcare Services

- Local international patients (*expatriates*)
- Inbound international patients
- Healthcare manpower development (training) and supply
- Healthcare consultancy and investment
- Healthcare facilities development and management
- National and community healthcare policy

Internal Factors for Internationalisation

- Natural extension of medical community
- Revenue from “medical tourism”
- Revenue from overseas ventures
- Healthcare economies
- Healthcare services to own population
 - Critical mass
 - Sub-specialisation
 - Affordability of technology

Healthcare Is A Little Different

- **Patients**
 - Not “customers” but patients
 - *Caveat emptor* does not apply
 - Higher duty of care
- **Professionals**
 - Traditions
 - Standards
 - Protectionism
- **Political**
 - Emotional issue for patients
 - Pressure on government
 - Also for professionals

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Medical Tourism, Asia's Growth Industry

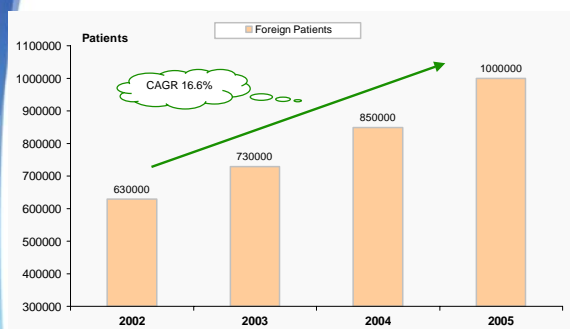
- 1 million tourists & 23 billion bahts for Thailand in '05
- More than 1.3 million tourists in around Asia...
- Average Medical tourist spends USD362 per day, compared to the typical tourist of USD144 per day
- While long haul business like Canada, US, UK and Europe is important, much of the business is intra-Asia and Middle-East (after 9/11)
- The main Attractions are low-cost, high quality healthcare in Asia, specifically
 - Serviced oriented Doctors & Nurses
 - Lower Billing Cost.

Source: HotelMarketing.com April 06

Thailand's Success Story

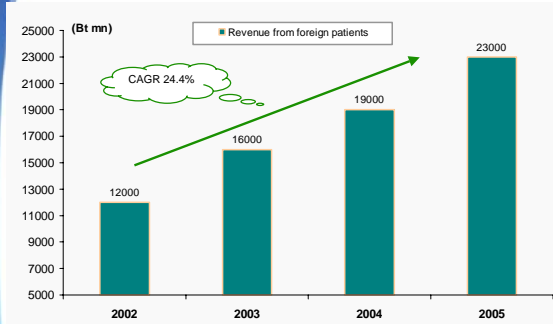
- Thailand
 - Attracts maximum Americans & western expatriates across South East Asia
 - Bangkok, a center for medical tourism
 - Its International Medical Center offers services in 26 languages and recognizes cultural & religious dietary restrictions
 - The medical tour companies that serve Thailand often put emphasis on the vacation aspects
 - Offering post recovery resort stays
 - Is successful in tapping the health tourism market
 - Good infrastructure
 - Aggressive international marketing in conjunction with tourism authority

Figure 1: Foreign patients using Thai private hospitals



Source: Department of export promotion

Figure 2: Revenue from foreign patients in Thai private hospitals



Source : Department of export promotion

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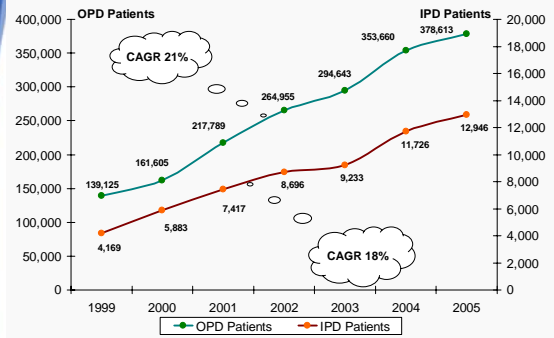
Example: Bumrungrad Hospital, Bangkok



- Bumrungrad has more than 700 internationally-trained and board-certified doctors and a complete range of healthcare services and facilities.
- Bumrungrad International Hospital, which offers a full spectrum of services from executive health tests to cardiac packages, cancer therapy, eye surgery, liposuction and other cosmetic options.

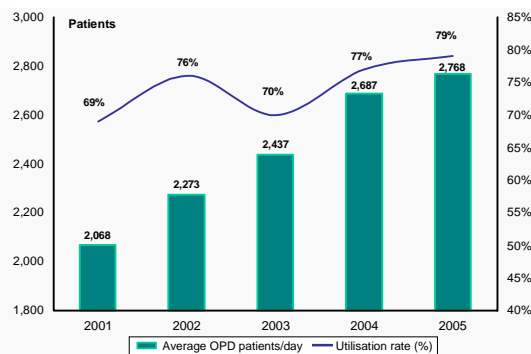
Source: HotelMarketing.com April 06

Figure 3: The growth in foreign patients for Bumrungrad Hospital (BH) Thailand



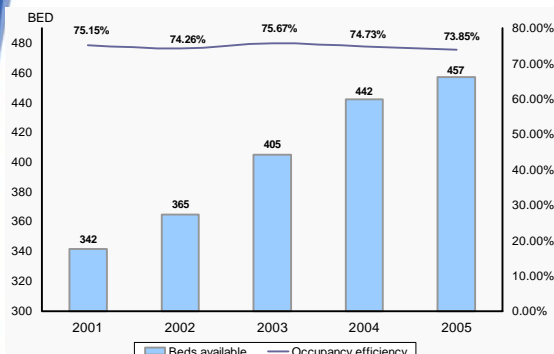
Source : Bumrungrad Hospital July 07

Figure 4: Average OPD patients/day and occupancy rate

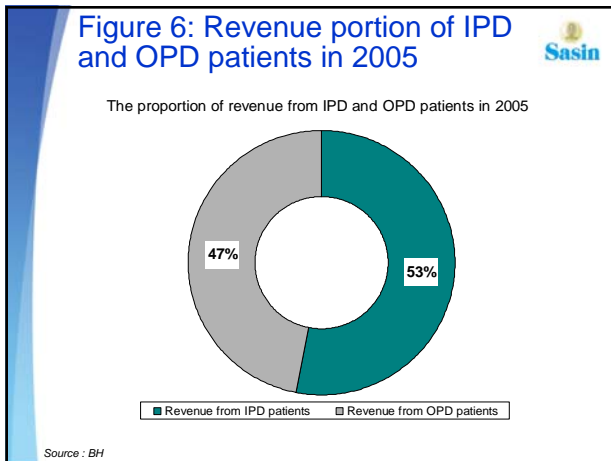


Source : BH

Figure 5: Beds available and occupancy efficiency for IPD patients



Source : BH

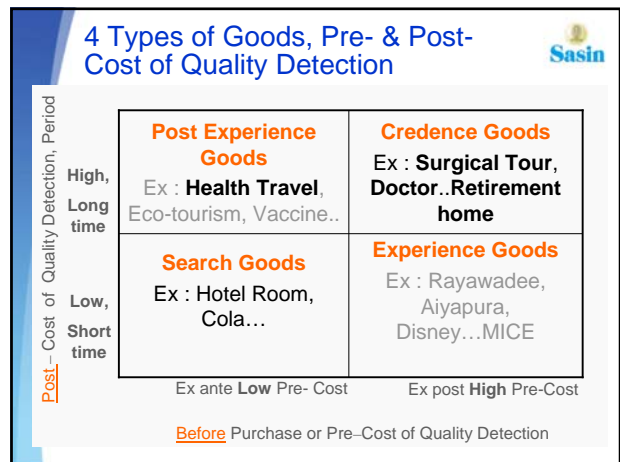


Selected health care stocks

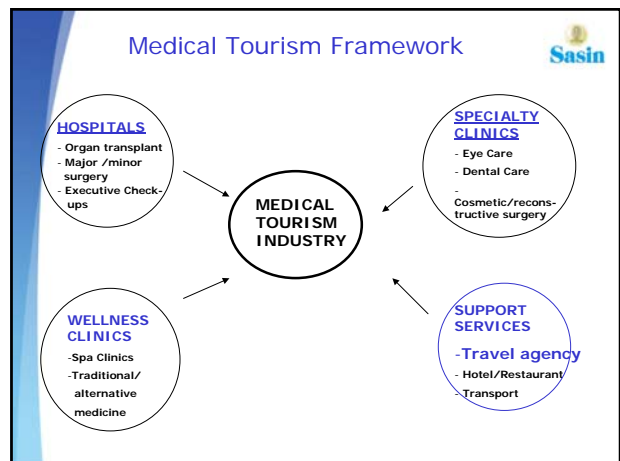
	BGH	BH	KH
Share price (Bt)	16.70	16.80	2.88
# shares in issue (m sh)	1,163	727	950
Mkt cap (Btm.)	19,429	12,220	2,736
FY2004			
Revenue from hospital services (Btm)	5,274	5,686	2,342
Recurrin rofit Btm	814	863	272
Operating margin (%)	13.9%	17.8%	20.8%
Effective tax rate (%)	29.9%	12.9%	18.8%
Net margin (%)	15.4%	15.2%	11.6%
EPS - weighted average (Bt)	0.93	1.26	0.38
PE - weighted average (x)	18.0	13.3	7.7
EPS - fully diluted (Bt)	0.70	1.00	0.29
PE - fully diluted (x)	23.9	16.9	10.1
BVPS (Bt)	6.5	2.8	2.2
P/BV (x)	2.6	5.9	1.3
ROE (%)	11%	42%	13%
DPS (Bt)	0.50	0.70	0.00
Dividend yield (%)	3.0%	4.2%	0.0%

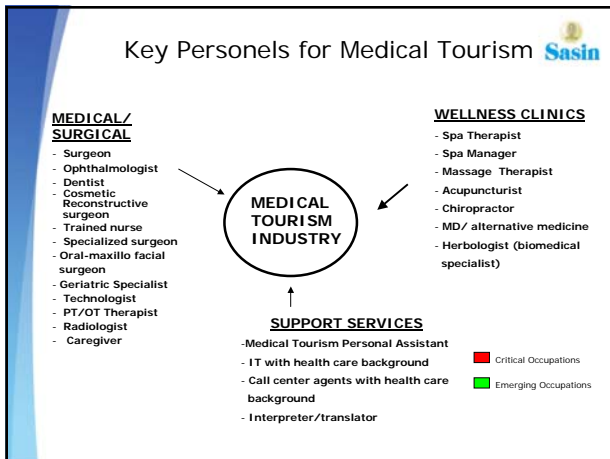
BGH acquired SVH plus two other hospitals in Dec 04, so its FY2004 statements did not yet reflect FY consolidation
Source: Companies and Finans Securities

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- ### Take Away Messages
- Healthcare is changing too
 - Closed systems are opening up
 - Patients, expertise and establishments are crossing international borders
 - Gaps in standards are closing
 - We should cooperate, not just compete
 - To improve clinical services everywhere
 - To open up healthcare economies
 - To put patients first

- ### Discussion - Health Care Tourism First for Canada
- Thailand is like Florida, only better value
- Adding medical services to usual tourism
 - Sun, sea, sand & a head-to-toe checkup
 - Spending their time not only receiving care at clean and modern medical facilities but also visit scenic destinations.

END

A full paper can be downloaded freely at www.Pongsak.Hoontrakul.com.
Please, send me comments or advises to Pongsak@Hoontrakul.com.