



## RESEARCH ARTICLE

**Boon or Bane of Medical Tourism: A Malaysian Perspective**Wong Chee Hoo<sup>1</sup>, Jayaraman, Munusamy<sup>2</sup>, Tharmarajah Nagalingam<sup>3</sup>, Christian Wiradendi Wolor<sup>4\*</sup>, Manoch Prompanyo<sup>5</sup><sup>1</sup> Faculty of Business and Communications, INTI International University, Malaysia<sup>2</sup> Prosght Solutions Sdn Bhd, Malaysia<sup>3</sup> Centre for Postgraduate Studies, ASIA Metropolitan University, Malaysia<sup>4</sup> Faculty of Economics, Universitas Negeri Jakarta, Indonesia<sup>5</sup> Manoch Prompanyo Lecturer, Faculty of Management Shinawatra University, Thailand**ARTICLE INFO****ABSTRACT**

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The medical tourists are those who travel from their home countries to the host countries for the purpose of medical treatment. The medical tourists who sought treatment in Malaysia are nationalities who come from the Southeast Asian region, the Middle East, and the Western countries. In recent years, the costs of medical treatment were found to be on the rising trend. The medical tourists found that the high costs of medical treatment were no longer attractive, and they were sorting for other options. The plight of these medical tourists, especially from the middle-income category was kept silent despite rising costs in treatment. The silent suffering of this category of medical tourists is highlighted in this study. This study employed primary research whereby interviews were conducted among the medical tourists especially from the middle-income category on the rising costs of treatment in Malaysia. The respondents were selected from medical centres in Klang Valley. Content analysis was deployed to generate the findings and identify the research issues to propose for future research directions. The economy slump had an impact on the service sectors whereby the price of all goods escalated due to increased cost of production and services. The companies especially the medical centres, lay off employees to sustain the operation costs. Therefore, the medical tourists had to pay up or to look for an alternative and cheaper services from other countries. According to the selected medical tourists who were interviewed, the slump in economy is a global phenomenon, even they themselves as medical tourists are not spared. Their income in their respective countries also affected. Their budget for seeking health services also reduced. They are now comparing the healthcare services with workable cost of treatment especially in developing countries. The plight for affordable treatment in Malaysia is no more a reality. The tapping of the affluent market of medical tourist is already saturated as there are intense competition among players in this segment. Therefore, the untapped market of medical tourists that still widely open is the middle-income group of medical tourists. The actions implemented by the Malaysian government and various government linked agencies to make the medical tourism a success will become meaningless if the rising costs of medical treatment is unchecked. In this case study the existence of middle-class medical tourists and their plight became known, and these medical tourists have the right to seek medical treatment at the right price. Therefore, to cater for this group of medical tourists, it was recommended that if the medical costs are reviewed to attract the middle-class medical tourists around the globe which is fast growing.

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## INTRODUCTION

A medical tourist is defined as those who travel outside of his or her own country for a medical or surgical treatment or elective treatment for his or her medical condition or conditions (Medical Tourism Association, 2019). There are numerous definitions and terminology on medical tourism to date, however a narrow definition of medical tourists are those patients who seek medical or surgical treatment from other country and which do not include the dental tourists, cosmetic surgery tourists, spa and wellness travelers, "accidental" medical tourists (business travelers and holiday makers who became ill and admitted in a hospital of that respective country), and finally those expatriates who entitled for healthcare in a host country.

A patient who traveled out of his or her place of origin to another country for medical care was on his/her freewill and choice. Medical tourists who were not in critical medical conditions will have the option to seek medical treatment of their choices. They have certain criteria to fulfill in order to choose their country of choice and their respective medical center as well. These criteria vary from person to person, however in previous literatures the most important and their first choice is affordability. The affordability would be their primary gauge in selecting the country of their choice for treatment, however, cheap treatment without quality not an acceptable reason.

## LITERATURE REVIEW

Medical tourism has grown into a lucrative business in recent years owing to the growing number of medical tourists from home countries travelling to host countries for medical treatment. The Malaysian government started to promote medical tourism since 1998 as a result of the Asian Financial Crisis which affected the Malaysian economy (Moghavveni et. al. 2017). Since then, governmental and private sector have sought to attract neighboring Indonesians and medical tourists from South and Southeast Asian countries, Middle Eastern countries and the Europeans and Americans. (Ormond, Wong, & Chan, 2014). Malaysia is top five medical tourism destinations among medical tourists based on quality of services and its affordability in medical treatments. Ministry of Health Malaysia has selected 35 private hospitals to promote Malaysia as a medical tourism destination, these hospitals are the members of the Association of Private Hospitals of Malaysia and have been awarded for internationally recognized standards such as quality in health, ISO 9001 etc. Among these 35 hospitals, 26 of them are located in Kuala Lumpur, Penang and Melaka (Kumar and Hussain, 2016).

In 2009 the Malaysian Healthcare Travel Council (MHTC) was formed to facilitate and implement promotions for the growth of medical tourism and to liaise with Medical Centers in Malaysia. This industry further grew on 2010 onwards with several perks from the government of Malaysia. However, a downturn of this industry was noticed in 2015 onwards as the number of the medical tourists started to drop. Recently study by Tee, Chaw and Khan (2023) disclosed that green entrepreneurial intention was not mediated by green entrepreneurial knowledge. Liu et al. (2024) work managed to close the current gaps in the body of knowledge on smart hotels.

### Cost of procedures

**Table 1: Prices of selected medical intervention**

Procedure	Average price (USD)	RM
Heart bypass	9 000	30 500
Heart valve replacement	9 000	30 500
Hip replacement	10 000	34 000
Knee replacement	8 000	27 200
Spinal fusion	6 000	20 400

Source: Woodman (2007) in Malaysia Healthcare Travel Council 2012, as cited in Penang Monthly: Statistics-February 2013.

In Malaysia, hospital services are delivered through public and private hospitals, the prices. of the procedures were increasing yearly basis since 2013.

**Table 2: Cost of heart bypass in Malaysia**

Procedure	Minimum price	Maximum price
Heart Bypass	RM 45,000	RM 80,000

Source: <https://www.health-tourism.com/bypass-surgery/malaysia>, 2016.(Conversion rate US\$1 to RM4.30).

The price for the surgical procedures has been escalating to about 50% from year 2013. The increment in the cost of treatment was due to weakening of the Malaysian currency and sluggish economy. However, those medical tourists from affluent countries able to absorb the cost increment. Unfortunately, the middle-income group of medical tourists have difficulty in absorbing the cost. Therefore, due to steep price increase, these medical tourists look for other countries offering a better price for their treatment.

Indeed, these are the problems being neglected and the repercussion would be in the economy whereby the middle-income group of medical tourists will shy away from this country. Owing to this middle-income group of medical tourists who are majority numbers around the globe will opt for an alternative country.

### Boon of medical tourism

The Malaysian Medical Tourism Industry which started as early in 2000, was a fast-booming industry due to healthy economy and strong local currency. The medical tourists travelled from neighboring countries such as Indonesia, Thailand, and others sought and successfully completed their treatment in Malaysia. Their positive feedback had rose and the influx of more and more medical tourists and the industry began to grow.

According to the medical tourists about six years ago, the treatment offered by the Medical Centers are far much more affordable than the present cost for the same treatment. Currently the same medical tourists have difficulty in coping up with exorbitant costs. However, currently the medical centers have incorporated additional services such as outbound logistics, language translators and special meals to cater individual taste buds. The waves of change nowadays adapted by the Medical Centers are more towards the elite environment fit for the affluent patient community who are willing to pay.

### Economy slow down affected medical tourism

**Table 3: Number of medical tourists**

Year	Number of Medical tourists	Percentage (%)
2011	643 000	NA
2012	728 000	13.2
2013	881 000	21.0
2014	882 000	0.11
2015	859 000	2.60
2016	921,000	7.22
2017	1,050,000	14.0
2018	1,200,000	14.3
Total	7,164,000	100.0

Source: Malaysia Healthcare Travel Council (MHTC) 2019, as cited in MHTC website 2019

The economy of a country does not rely upon the solely on the raw materials but however on the competitiveness of the business sector particularly in generating income for the country.

Indeed, slump of economy will be prolonged and detrimental if major players of the manufacturer of good and services unable to cope up the financial constraints. The larger medical services provider will take over the smaller ones. The smaller ones will close shop. The problem to cater to the needs of the middle-class tourists remains unanswered.

### Variations in cost among medical centers

**Table 4: Cost of heart bypass in medical centers**

Cost of Heart Bypass in Malaysia	Average price (RM)
Medical Center A	38 000.00 (upon request)
Medical Center B	53 000.00 (upon request)
Medical Center C	72 000.00 (upon request)

Source: <https://www.health-tourism.com/bypass-surgery/malaysia> (2016)

The variations of the cost of same procedures vary from one medical center to another. The discrepancies are due to the associated services such as prolonged ward stay, exclusive ward with larger space and others which come with a price tag. The freewill to choose among the medical tourists was not an option as the marketing strategies by these individual medical centers to monopolize their market share. These marketing strategies were implemented and the costs were channeled to the end user as such medical tourists.

The cost sometimes determined by the nature of the illness as well, those whose chronic needs prolong hospital stay and the cost also increase as well. Therefore, the most of the physicians hesitate to put a price for their service as the cost are worked up on the severity of their illness. Therefore, the discrepancies of the cost of treatment from one medical center to another were partly due to state-of-the-art facility or the chronicity of their illness as well. Therefore, the discrepancies of the cost of treatment remain a question mark. The lower and higher costs were subject for changes in the event of severity of illness or high-risk patient and not an option of cheaper and expensive treatment.

### Medical tourists' preferences

The medical tourists composed of various categories and affordability. Their preferences also vary according to their affordability. The ultimate aim is to obtain an optimized treatment for their illness and recover soon. Every patient's dream to lead a healthy life after the treatment. The treatment is the most valuable service which was sold for a price. Though ethically inappropriate but the argument would be commercialization of the healthcare industry. The healthcare industry becomes a competitive industry among most countries around the globe. The premise of health equals to wealth had become the motto for every healthcare facility to promote health. Therefore, the wealth become the measure of how much health one can afford. The majority of the medical tourists agreed to the fact that health is important however healthcare do not belong only to the wealthy.

### Bane of medical tourism

The economy slump had an impact on the service sectors whereby the price of all goods escalated due to increase in cost of production. The companies lay-off employees to sustain the operation costs. Therefore, the consumers in terms of the medical tourists had to pay up or to look for an alternative and cheaper services from other countries.

According to the selected medical tourists who were interviewed, the slump in economy is a global phenomenon, even they themselves as medical tourists are not spared. Their income in their respective countries also affected. Their budget for seeking health services also reduced. They are now comparing the healthcare services with workable cost of treatment especially in developing countries. The plight for affordable treatment in Malaysia is no more a reality.

**Table 5: Some common medical procedure costs (Every 5 years)**

Type of Procedures	2015	% Increase	2010	% Increase	2005	% Increase	2000
<b>Open Heart Surgery X3 GRAFT</b>	62,000	19	52,000	30	40,000	33	30,000
<b>Neuro Surgery (Craniotomy)</b>	50,000	16	43,000	16	37,000	16	32,000
<b>Total Knee Replacement Single</b>	25,000	25	20,000	11	18,000	29	14,000
<b>Bilateral</b>	45,000	18	38,000	27	30,000	15	26,000
<b>Total Hip Replacement</b>	32,000	23	26,000	18	22,000	22	18,000
<b>Spine Surgery</b>	45,000	50	30,000	15	26,000	18	22,000
<b>Angiogram (1 Level)</b>	10,000	67	6,000	20	5,000	25	4,000
<b>Angioplasty (1 STENT)</b>	25,000	25	20,000	18	17,000	13	15,000
<b>Appendectomy (Laparoscopic)</b>	14,000	40	10,000	25	8,000	100	4,000
<b>Overall Increase Every Five Years</b>		32		20		32	

Source: <https://howtofinancemoney.com/cost-medical-procedures-2015>

As Malaysia progresses towards becoming a high-income status nation by the year 2020, the cost of living in the country inevitably increase exponentially and the cost of medical procedures also rose in tandem. Medical inflation in Malaysia has been estimated to increase to about 10 to 15 percent annually and based on statistics from the past 15 years, the medical inflation rate has increased by a whopping 107 percent. Over the course of 15 years, the cost of medical procedures has almost doubled. The above table shows that an open-heart surgery used to cost only RM 30,000 in 2000, but in 2015, its cost has more than doubled to RM 62,000. Similarly, the cost of a single total knee replacement surgery was only RM 14,000 in 2000, but has increased to RM 25,000 in 2015. A craniotomy, meanwhile, used to cost RM 32,000 in 2000 but has increased to RM 50,000 now. Angiograms and one-stent angioplasties used to cost RM 4,000 and RM 15,000 respectively back in 2000. Now, the price of these procedures has risen significantly to RM 10,000 and RM 25,000 respectively.

India has become the main competitor to Malaysia in terms of price differences. India provides low medical costs, low cost medical insurance and good medical insurance system to the medical tourists and also the Indian doctors are well experienced with vast proven record in effective medical treatment. There is an increasing trend that the middle-income tourists are moving towards the Indian sub-continent for medical treatment. Several foreign and domestic tourist patients prefer Indian states of Maharashtra, Goa, Kerala, Karnataka and Gujarat for taking medical treatment along with tourism. (Amiri and Safariolyaei. (2017).

## RESEARCH METHODOLOGY

This study employs a qualitative approach by utilizing case study. This approach enables the assessment of the healthcare costs complexities and the exploration of how time shapes the medical costs uptrends in the private health sector. Data was gathered from interviews with the middle-income medical tourists whereby focus group discussions, observations and personal communications to elicit their opinion. Creswell (2014) argues that the idea behind qualitative

research is to purposively select participants or sites that will best help the researcher to understand the problem and answer the research questions. In this context, Kuala Lumpur has been purposively selected for the study area which has the highest density of private hospitals. Content analysis was deployed to generate the findings as it permits the analysis of larger amounts of textual information to systematically identify properties, which include words, concepts, characters, themes or sentences (Myers, 2013).

## **FINDINGS**

### **Silent suffering among the medical tourists**

The middle class among the medical tourists makes the volume of patient seeking treatment abroad as the affluent class have the choice of selection regardless of the cost. Therefore, cost of the treatment is the paramount factor that controls the influx of these medical tourists. According to the medical tourist interviewed, they have been to Malaysia several times, and as they have compared the price of 6 years ago and now, found drastic changes in costs of medical treatment. As middle-class medical tourists, they have to fork out additional amount, by applying for loans and with help of their friends and relatives. Currently they are looking for alternative plan such as turning to a different country which offer better price. This action may influence other medical tourists who may wanted to seek treatment elsewhere. Therefore, there is a need for a price control in this country for medical treatments.

### **Long-term effect**

Take it or leave it policy would lead to detrimental effects eventually. The healthcare industry is for all regardless of race, creed and nationality. The policy of offering treatment covers all patients and medical tourists, however if the segregation and policy only for the affluent category will taint the image at the global arena. Once damage have been done, no matter how much effort to erase the notion of negative perception among the medical tourists would be impossible. The long-term effect on generalization of treatment regardless of the social standing have a significant impact in the near future. Therefore, the middle class among the medical tourist needs to be addressed by the medical center and the affiliated agency for a better and caring community not only local but abroad as well.

## **CONCLUSION AND RECOMMENDATION**

The tapping of the affluent market of medical tourist is already saturated as there are intense competition among players in this segment. Therefore, the untapped market of medical tourist that still widely open is the middle-income group of medical tourists. However, the players are not keen to indulge in this segment. The actions implemented by the Malaysian government and various government linked agencies to make the medical tourism a success will become meaningless if they produce poor results and the medical tourism sector may need to be shelved. However, in this case study the existence of middle-class medical tourists became known and their silent suffering was better understood. This category of middle-class medical tourists has the right to seek medical treatment if the price is right. Therefore, to cater for this group of medical tourists, it would be an uphill task and it may burden the medical centers in terms of resources. The market of middle-class medical tourist around the globe is keep growing and the premise of supply and demand will answer the phenomena. From the perspective of the middle-income medical tourists should note that the key product solution for their healthcare protection is the medical insurance coverage. While medical tourists are generally encouraged to start protecting their health at an early age, it is never too late to start tending to their well-being. But medical tourists should not wait till they are sick as medical insurance is only available to those who are in good health because insurance company is required to underwrite one's risk. Also, the older they get, the more insurance is likely to cost. The Malaysian government especially the Ministry of Health should monitor the current costs escalation and set recommended price structures for various procedures at affordable levels. Lastly, the medical centres should review their costs from time to time by streamlining their service processes and supply chain network to reduce wastages and bottlenecks which can result in significant cost savings which can be passed to the middle-income medical tourists without sacrificing the profitability of the service providers.

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