POLICY NOTES

Addressing the Gaps: The Philippines as an Emerging Health Tourism Destination

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I. Key Message

The rise of health tourism can bring about considerable benefits to a country's health system. This is mostly shown on how the economic and financial benefits of the industry can bring additional employment opportunities and funding for the national health system. However, it can be difficult to establish and operationalize a national health tourism program, or reap all other opportunities it offers, with little to no policy anchoring and directions, fragmented government actions and initiatives, and other foreseen gaps that hinders the development and promotion of this industry.

II. Objectives

This Policy Note aims to (1) define health tourism in the Philippines, (2) identify its benefits to the Philippines (including its health system), (3) present the current gaps in policies relative to the governance of health tourism and the opportunities in the Philippines, and (4) provide specific policy interventions to address these gaps, particularly in establishing and fully operationalizing a national health tourism program.

III. Overview

A. What is Health Tourism?

Health tourism encompasses several industries such as the medical, wellness, hospitality, transportation and logistics, among others, all of which involves the provision and availment of services to improve the health of individuals who avail such services outside their country.[1] The most notable types of health tourism include:

- *Medical Tourism* **-** availment of medical services by foreign patients. These services include prevention, diagnostic and treatment procedures, cure of diseases, and rehabilitation.[2]
- Wellness Tourism **-** availment of duly approved wellness services by foreign clients. These aimed to improve the physical, mental, emotional, occupational, and intellectual wellbeing of individuals traveling from their country of domicile.[1]

B. Philippines: An Emerging Health Tourism Hub

The Philippines is considered as one of the most popular tourist destinations in general due to its tropical climate[2], fluencies in English, natural beauty, and rich culture[2].This is evident in its rankings in the United Nations World Tourism Organization (UNWTO) wherein it ranked

44th in International Tourist Arrivals, 36th in International Tourist Receipts and 29th in International Tourism Expenditure as of 2020.[3]

Although the national health tourism program is still on its early stage of development, the Philippines has shown a promising future as a health tourism destination country. In fact, it ranked 24th based on the 2020 Medical Tourism Index (MTI) survey out of 46 countries[4], and it is one of the twenty-five (25) Leading Growth Markets for Wellness Tourism Trips from 2015 to 2017 based on the Global Wellness Tourism Economy Report[5]. In addition, the country has strong features that are seen as opportunities for the industry to gain competitive advantage over its regional competitors. These key features include the large pool of English-speaking professionals, its culture of hospitality, the quality of education and skills of health professionals, its young and hospitable workforce, its competitive price advantage for healthcare and other services, and its popularity as a tourist destination in general, among others[6].

IV. The Current Situation of Medical Tourism in the Philippines

The Philippine government has been keen on developing the industry since mid-2000s, several initiatives have been established since then. The most notable initiative is the creation of an inter-agency National Technical Working Group for Philippine Medical Travel and Wellness Tourism Program (NTWG-PMTWTP). This body is expected to streamline government initiatives to further develop the industry. It is currently chaired by the DOT and co-chaired by the DOH. Its members include the Department of Foreign Affairs (DFA), Department of Trade and Industry-Board of Investments (DTI-BOI), Bureau of Immigration (BI), Manila International Airport Authority (MIAA), Philippine Economic Zone Authority (PEZA), and the Tourism Infrastructure and Economic Zone Authority (TIEZA). Since its creation in 2013, the body has taken initiatives in developing the health tourism industry including, but not limited to, *"one-country package"* for foreign medical tourists, Philippine Medical Travel and Wellness Tourism Industry Roadmap and initial efforts to create a National Policy Framework.

Despite these efforts, the Philippines is lagging behind in various measures including the number of internationally-accredited facilities[17], the number of foreign health tourists[3] and the revenue generated by the industry compared to its regional competitors in the Asia-Pacific such as Thailand, Malaysia, South Korea, and Singapore, among others. The Medical Tourism Index, an index measuring the attractiveness of destination countries for medical tourism across forty-one (41) criteria on destination environment, medical tourism industry and quality of facilities and services, from 2014[18] to 2020[4] has shown that the Philippines ranking dropped from 8th to 24th place.[19]

Table 1. Comparison of Medical Tourism Parameters among the Regional Competitors

Medical Tourism Country	Number of JCI - Accredited Facilities[17]	Estimated Number of Foreign Medical Tourists[2] (2016)	Total Revenue Generated[2]
Philippines	5	80,000 to 250,000	200 million to 290 million USD[6]
Malaysia	13	921,000	280 million USD
Singapore	21	900,000	830 million USD
South Korea[20]	12	364,189	790 million USD
Thailand	67	3.2 million	1.2 billion USD

Source: Manila Times, ASEAN-Kenan Foundation, Joint Commission International and Maeil Business Korea

The number of health and wellness tourism establishments in the country is estimated at 7,234 in 2014. Currently, there are twenty-one (21) internationally-accredited health facilities (Table 2) in the Philippines. Garnering an international accreditation from International Society for Quality in Health Care External Evaluation Association (IEEA)-recognized organization such as the Joint Commission International (JCI), Accreditation Canada International (ACI), Temos International Healthcare Accreditation (Temos), National Accreditation Board for Hospitals & Healthcare Providers (NABH), Quality Healthcare Advice UK (QHA Trent), and the Philippine Tripartite Accreditation for Health Facilities (PTAHF), among others, is prescribed for medical tourism facilities based on the global industry practice. This number is dwarfed by neighbors such as Malaysia and Thailand at 79[14] and 118[15], respectively.

Table 2. List of Internationally-Accredited Health Facilities in the Philippines

No.	Health Facility	Location	International Accreditation
1	Asian Eye Institute - Makati	Metro Manila	ACI
2	Asian Eye Institute – Alabang	Metro Manila	ACI
3	Asian Eye Institute – Mall of Asia	Metro Manila	ACI
4	Asian Eye Institute – Trinoma	Metro Manila	ACI
5	Manila Doctors Hospital	Metro Manila	ACI
6	Philippine Heart Center	Metro Manila	ACI
7	Davao Doctors Hospital	Davao	ACI
8	Asian Hospital and Medical Center	Metro Manila	JCI
9	Makati Medical Center	Metro Manila	JCI
10	The Medical City	Metro Manila	JCI
11	St. Luke's Medical Center – Global City	Metro Manila	JCI and Temos
12	St. Luke's Medical Center – Quezon City	Metro Manila	JCI and Temos

13	Cebu Doctors Hospital Inc.	Cebu	QHA TRENT UK
14	Belo Medical Group – Makati	Metro Manila	NABH
15	Belo Medical Group – San Juan	Metro Manila	NABH
16	Belo Medical Group – Quezon City	Metro Manila	NABH
17	Belo Medical Group – Alabang	Metro Manila	NABH
18	St. Frances Cabrini Medical Center	Batangas	NABH
19	FEU-Nicanor Reyes Medical Foundation	Metro Manila	PTAHF
20	Tondo Medical Center	Metro Manila	PTAHF
21	National Children's Hospital	Metro Manila	PTAHF

V. The Benefits of Health Tourism in the Philippines

Health tourism is a high income-generating industry, in which medical tourism is estimated to be worth 104.68 billion USD[7] while wellness tourism is estimated to be worth 639 billion USD[5]. Medical Tourism alone is estimated to reach at 273 billion USD by 2027, registering a Compound Annual Growth Rate (CAGR) of 12.8% from 2019 to 2027[7]. Other estimation in the market size of medical tourism is provided in Table 1 below.

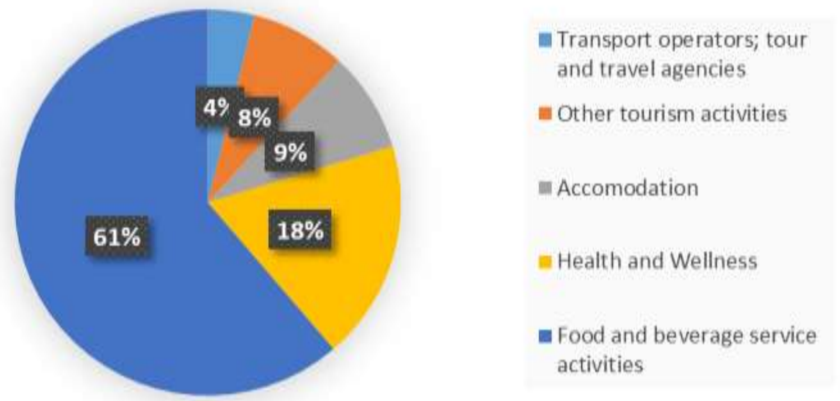
Table 3: Estimated Global Market Size of Medical Tourism

Year	Research Company	Estimates
2019	Allied Market Research	104.68 billion USD, growing at CAGR of 12.8% in 2027[7]
2018	Grand View Research	36.9 billion USD, growing at CAGR of 21.9% in 2019
2017	Zion Market Research	15.5 billion USD and could grow to 28 billion USD by 2024
2016	Medical Tourism Association and Visa report	100 billion USD and could grow to 3 trillion USD by 2025
2015	Allied Market Research	Projected CAGR growth from 2015 of 15.7% to $143.8 billion in 2022

Source: ASEAN-Kenan Foundation, 2019 and Allied Market Research, 2020

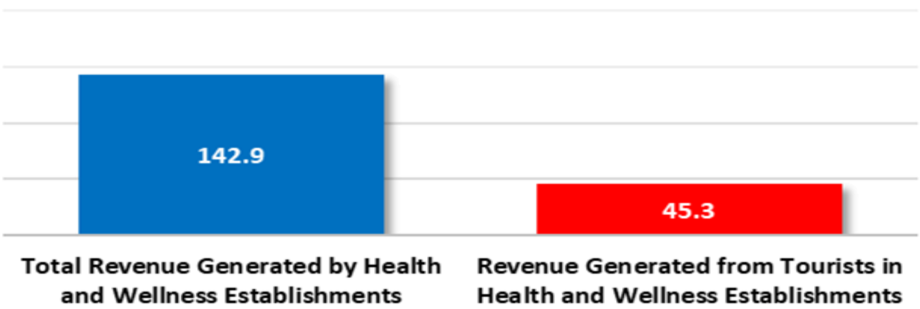
The three market leaders of medical tourism in the ASEAN alone, namely Thailand, Singapore and Malaysia, have accumulated 2.4 billion USD in revenue, with more than 5 million medical tourists in 2016[2]. In the Philippines, the estimates for both medical tourism and wellness tourism are at 1.26 billion USD which corresponds to 1.27% of the country's GDP in 2005[8]. In 2006, it increased to 2.4% (1.69 billion USD) and 8% in 2007 (1.83 billion USD)[9]. Based on the 2014 Survey of Tourism Establishment in the Philippines (STEP) of the Philippine Statistics Authority (PSA), 18.4% of tourism industry establishments in the Philippines are involved in health and wellness activities. This accounts to over 142 billion pesos in revenue for the Philippines. 45.3 billion pesos of which are generated from health and wellness tourism establishments which further accounts to almost one-third of total revenue generated by the industry (Figure 1 & 2).[10]

Figure 1. Percentage Distribution for All Major Tourism Industry Establishments by Tourism Characteristic Industry: Philippines, 2014



Source: PSA, 2017

Figure 2. PERCENTAGE DISTRIBUTION OF REVENUE GENERATED IN HEALTH AND WELLNESS ESTABLISHMENTS IN THE PHILIPPINES, 2014 (IN BILLIONS)



Source: PSA, 2017

With these generated revenues, the industry may provide additional revenue to lessen the financing gap of the Universal Health Care in the country. This may be done through retributive financial policies such as taxation, which will then be cross-subsidized to the public health sector.

Medical tourism may also help in the retention of human resources for health (HRH) thus, reducing the loss of investment in human capital and ensuring the availability of quality care[11]. The growth of the industry may enable facilities to offer better salaries and job opportunities to encourage more health personnel to work in the home country[12]. Such retention may directly contribute in mitigating inter-country migration of HRH. However, it may trigger the outflow of HRH from public health sector to private health sector, and it may directly affect the distribution of HRH in rural and Geographically Isolated and Disadvantaged Areas (GIDAs) since most of the medical tourism facilities are located in the country's major urban areas.

VI. The Gaps in the Development of Medical Tourism in the Philippines

There is fragmented and unconcerted government efforts to develop the health tourism program of the country. Several national government agencies had launched and established their independent initiatives to roll out the medical travel and wellness tourism program for the Philippines. The DOT had established the rules and regulations for the accreditation of tertiary hospitals for medical tourism, and the DOH has its endorsement process for medical tourism facilities. Meanwhile, the provision of incentives that encourages investments to the medical tourism industry such as the granting of tax holidays to qualified medical tourism hospitals and health facilities, and the duty free importation of medical devices and equipment are being administered separately and independently by agencies such as the PEZA, TIEZA and BOI. Hence, the initiatives and efforts of different government agencies has hampered progress due to the overlapping legal mandates of different agencies, and the absence of a solid national policy framework to guide the development direction of this supposed national program.

Policies identifying the strategies, including niche services and branding for the country's health tourism program are also not yet established. Unlike its competitors, such as Malaysia, Thailand, and Singapore, the Philippines has yet to determine its niche services and branding for medical tourism that would differentiate it from other destination countries. The table below shows the medical tourism niches of ASEAN countries and their top medical tourists.[2]

Table 4. Medical Niche Services in the ASEAN

Countries	Medical Niches	Top Medical Tourists
Thailand	Cosmetic Surgery, Sex Change and Stem-Cell Therapy	Middle East, Indochina, China, Japan, US, UK
Malaysia	Cardiac Surgery	Indonesia, Singapore, Middle East
Singapore	Cardiac Surgery, Neuro-surgery, Liver Transplant, Cancer	Indonesia, Philippines, Australia
Vietnam	In-vitro fertilization, Kidney transplant	Cambodia

Source: ASEAN-Kenan Foundation, 2019

The lack of concrete and reliable data on medical travel and wellness tourism also seems to affect the development of policies related to the industry as data is a fundamental guide for policy-making. In addition, the lack of uniform definition and categorization regarding medical travel and wellness tourism might affect the collection of data, in such a way that it might lead to a huge disparity between policy and reality. The term *"medical tourism"* has been treated as a *"one size fits all the category"* without distinguishing *"medical traveler"* or foreign nationals who primarily intends to avail medical services in the Philippines against *"medical tourist"* whose main purpose is not to avail medical services, but opted to receive such services during their stay in the country. Without a uniform definition and clear distinction of the above-mentioned terms, it will be a challenge to collect reliable data on the industry. More efficient data collection with a clear categorization of foreign patients, and detailed information on the profile of the foreign clients, including their country of origin, types of services they availed, and revenue generated from the availment of such services, must be collected.[6]

The regulation of wellness tourism establishments is not within the purview of the DOH. The registration of similar establishments, such as massage clinics and sauna baths, is delegated to the Local Government Units (LGUs) through the implementing rules and regulations of Presidential Decree No. 856 or the Code of Sanitation of the Philippines. With the limited scope of identified services in the Code, it poses restriction to the number of wellness services that can be offered in the country through wellness tourism. Consequently, the absence of standards and regulatory mechanisms may in turn put our reputation as a medical travel and wellness tourism destination at risk. Hence, there is a need to develop national standards that will ensure the safety and quality of services being provided by such facilities.

The promotion and marketing of local health services to global clientele also presents potential issues in the local health system such as internal brain drain of health professionals from rural and GIDA to major urban areas or from public health sector to private health sector, and the impact of adding to the demand versus the current supply of hospital beds in the country.[16] Both shall impact the equitable and affordable access of Filipinos to health services. This indicates that promoting government health facilities as part of the Program must require deeper analysis to circumvent equity issues.

VII. National Policy Framework: A Necessity

In order to address these gaps of operationalizing a national medical travel and wellness tourism program in the country, the development of a national policy framework is crucial. This will guide the government body that would steer the development of this national program. This national policy framework shall also provide clarity on the various program governance issues such as the identification and harmonization of the different and overlapping roles and responsibilities of different government agencies, the allocation of budgetary resources to operate the program, and most importantly the establishment of a governance framework to run this inter-agency body. It will address the cross-cutting issues of the industry such as the absence of baseline data, human resource for health-related concerns, identification of niche services, branding and competitiveness of the country in quality of health facilities and services, insurance portability, and the health care costing for medical travel and wellness tourism services. A Joint Administrative Order (JAO) would be the most feasible policy instrument to address the identified gaps of the country's medical travel and wellness tourism industry. The JAO is expected to delineate the contributions and accountabilities of each agency. It shall also ensure a multi-sectoral approach in the development of the country's medical travel and wellness tourism program.

VIII. Recommendations

Provided with the upfront advantages, the Philippines is well positioned to establish a national health tourism program to reap the benefits offered by the industry. The magnitude of the additional revenues that can be generated out of this industry is hard to neglect. However, the present gaps in policy and governance has hampered the growth of the industry.

Therefore, the formulation of a national policy framework, through a JAO, among concerned government agencies is of paramount importance to address the governance issues of operationalizing a national medical travel and wellness tourism program. Such issuance must highlight the following concerns: (a) the roles and responsibilities of agencies involved in the industry; (b) the formulation and implementation of policies, plans and strategies that would guide the development and promotion of Philippine Medical Travel and Wellness Tourism Program; (c) the process of facility certification, accreditation and grant of incentives for medical travel and wellness tourism in the country; (d) the selection of niche services and development of an effective branding strategy; (e) establishment of a database for the sector, operationalization of an efficient tour package; (f) development of a legislative agenda; and (g) development of a monitoring and evaluation mechanism to ensure the sustainability of the industry. The JAO can launch the Philippines towards reaping the full benefits of this low-hanging fruit in the coming years.

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