

Health tourism in South Africa: opportunities and possibilities

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Abstract

The tourism industry is one industry that has grown in leaps and bound since the watershed moment in 1994. Mining and manufacturing have declined their share of gross domestic product contribution, whilst tourism has been a perennial growth sector. The growth of tourism has resulted in tourism becoming a priority sector by government and the private sector. Tourism creates jobs, attracts investment, foreign exchange and diversifies the economy. Health tourism can be regarded within the definition of special interest tourism, which is regarded as “new tourism”. The private healthcare system in South Africa is world class, and the growth of tourism has led to synergies being formed for the development of medical tourism in South Africa. The paper reviews health and medical tourism secondary literature to present an argument for the development of the industry, and the identification of obstacles to the growth of health tourism. There is paucity of academic gaze on medical tourism and the secondary research will present certain findings that will be of benefit to the health tourism industry in South Africa.

Keywords: health tourism, abortion, active euthanasia, transplant tourism, dual healthcare



Introduction

The ascent to power of the African National Congress (ANC) after the first democratic elections in 1994 was met by realities of high unemployment, unstable economy and high inequality. Saayman *et al.* (2012) noted that in 1994 58% of the population and 68% of blacks lived in poverty, with a Gini coefficient of 0.56, making it the most unequal society. *The White Paper on the Promotion and Development of Tourism in South Africa* acknowledged that tourism had the potential more than any other industry to create the jobs and growth to meet the objectives of the RDP. Tourism is now integrated in the developmental policies of not only countries but provinces and cities. Tourism is important to both developing nations and developed nations. In South Africa as noted by Nicolaidis (2013) tourism provides 8% of GDP, and employs more than a million people. Giampiccoli & Nauright (2010) noted that tourism accounted for one in eight jobs especially in the informal sector. Internationally, tourism is the world's biggest industry, growing at compound rates of about 4% per annum" Steyn & Spencer (2011:178). Tourism has grabbed the attention of policy makers and a separate Ministry of Tourism was created, indicating the growing political importance of tourism in South Africa.

According to Maharaj & Balkaran (2014) South Africa is putting in place policies and steps to ensure that it is in the top 20 global tourism destinations by 2020. According to Macbeth & Warren (2007) tourism is too often regarded as a panacea- an economic, social and environmental 'cure-all'. This is because tourism is often associated (Maharaj & Balkaran, 2014) job creation, quality work, poverty reduction, and global growth, economic growth and sustainability.

Tourism is not only big business, but tourism consumption according to the European Commission (2010) has been institutionalised as a way of life. As noted by Honkanen & Mustonen (2007), lifestyle is connected to the consumption of tourism. Another advantage is that tourism is a product that has potential to be consumed over the lifetime of an individual as new destinations are visited and old ones are revisited. The institutionalisation of the vacation as a normal part of society as people move up the social strata is imperative as it has increased the number of tourists as many countries have experienced rapid economic growth, wealth and associated normal middle class consumption that includes tourism.

Special Interest Tourism

Special Interest Tourism (SIT) has been closely associated with the growth of a form of "new tourism". "The growth in tourism in South Africa during the past ten years resulted in the development of various types of tourism such as: eco-tourism, cultural tourism, adventure tourism, business tourism, sports tourism and event tourism" Strydom (2006: 87). "South Africa's fast-growing tourism industry also complements a worldwide trend towards alternative tourism" Viljoen & Tlabela (2007:2). Ecotourism, the form of nature-based tourism has been one of the fastest growing in South Africa. Tshipala *et al.* (2014) noted South Africa boasts 3000 kilometres of coastline along with breath taking scenery, diverse terrain, ideal climate for outdoor activities, making a rich play ground for adrenalin seekers. SIT has presented opportunities for especially small businesses to take advantage and establish their own businesses because smaller operators can react more easily to the needs of consumers.

Major sporting events are regarded with the definition of SIT, with South Africa having unrivalled sports tourism infrastructure. According to Giampiccoli & Nauright (2010) the FIFA World Cup in South Africa was used by tourism authorities to improve the overall image of South Africa as a desirable destination for tourism. Cornelissen (2010) noted that sports mega-events involve the representation, branding and Imagineering of cities of nations for local and international consumption under the legitimization of transnational competitiveness. Travel for health and medical reasons has emerged as one of the most prominent forms of SIT. This has led to the opening up of destinations that will cater for health tourists, and effectively create a market for health services to be purchased in the global economy. South Africa has emerged as a "surgery and safari" trip where the aspects of the medical treatment are catered factored in with some adventure in the vast nature reserves in South Africa.

Health Tourism

As noted by Sobo (2009) the growth of outbound health tourism from the USA was as a result of the high costs of healthcare. According to Turner (2007) the escalation of US healthcare costs had led to attempts to control these healthcare related costs by outsourcing the provision of such services. According to LaRocco & Pinchera (2011) the traditional movement in the past has been people travelling from less developed countries to countries that are developed for medicine. The pattern of movement has tended to change in the opposite direction from developed nation to developing nations. The service offering in these developing nations would be superior, offer shorter waiting periods and have international standards. The health tourism market can be categorised into

two categories for "sickness" and for "health care market". Health has become widely accepted as a consumer good and is seen as a contributor to lifestyle according to Hofer *et al.*, (2012) in as much as the (Leahy, 2008) the growth of health tourism appears to be inevitable.

In other words, the health tourism market is not limited to people travelling for medical procedures but increasingly people travelling for procedures that seeks to increase their beauty. According to Hofer *et al.*, (2012) there is no uniform definition available for the health care market. "Travel to spas, resorts, hot springs and healing retreats is often characterised as "health tourism", "wellness tourism, and "spa tourism"" Turner (2011:2). Medical or health tourism is also just but one of the tourism related activities faced with defining what medical or health tourism is. According to Kohler (2009) medical or health tourism is travel across international boundaries to obtain healthcare. As Turner (2011) pointed out medical travel can involve travel within the borders of the country inhabited by the patient. According to Cohen (2011:7) "health tourism falls into three categories: (1) medical tourism for services that are illegal in both the patient's home and destination country (such as organ purchase); (2) medical tourism for services that are illegal or unapproved in the patients' home country but legal in the destination country; and (3) medical tourism for services legal in both the home and destination country.

Benefits of Health Tourism

Health tourism has huge potential as one of the fastest growing sub-sections of the tourism industry. According to Bundhun (2009) the worldwide health tourism industry is worth about US\$60 billion. However, globalisation and its associated influence neoliberalism have ensured the

pursuit of higher profits by exploiting lower input costs in developing countries, and offering lower prices. On the other hand, because of the need to attract the “new development panacea tourism” governments would give concessions such as tax incentives to attract any tourism markets. In the case of Europe (Turner, 2010) noted that European seeking inexpensive medical care travel from Western Europe to countries such as Poland, Hungary and the Czech Republic.

There are three active consumers of health tourism:

- **The tourist paying out of pocket:** this represents by far the bulk of the market for medical/health tourism as they may be either underinsured or not have medical insurance at all. They may look for destinations that will give them health procedures at affordable prices. According to Turner (2010) in the USA, over 47 million American lack health insurance.
- **The medical insurance company:** they can pre-arrange the journey to a foreign destination with a database of hospitals, services and health care professionals. They can get costs saving on their medical bills by using an overseas provider, thereby saving on benefits on the medical aid.
- According to Cohen (2011) **government prompted medical tourism** is the last category where European Commission members face obligations to reimburse citizens for medical treatments attained in other member countries.

The key selling point of health tourism include amongst others:

- The lower costs of service overseas (Hofer *et al.*, 2012). According to Bundhund (2009) the costs of some procedures can be 50 per cent cheaper in Dubai compared to clinics in the United States. The lower costs can be attributed to lower input costs such as low wages and low currencies. Even with return cost of airfare, the costs of doing a medical condition overseas is cheaper than in the United States and the United Kingdom according to Connell (2006).
- Patients from more wealth countries that don't have medical insurance or those that have depleted their benefits. This means that they can still get procedures at affordable prices in overseas countries.
- As noted by Alsharif *et al.*, (2010) cost, physician and family reputation and hospital accreditation were ranked as the most important factors in choosing out-of-country care. The incorporating of cutting edge technology, new facilities and doctors trained overseas are some of the aspects marketed to medical tourists.
- The confidentiality and anonymity that comes with doing a medical procedure overseas is one of the benefits of medical tourism.
- Medical tourists importing countries receive the foreign exchange in addition to creating the incentive for retaining skilled health staff against brain drain.
- Long waiting lists at the TPA can initiate travel to get procedures elsewhere (Hofer *et al.*, 2012)
- Lack of accessibility in a home country of a medical/health tourist

according to Johnston *et al.*, (2010)

- The growth of medical tourism has also been facilitated by the emergence of brokers between international patients and hospital network according to Connell (2006).
- The customer base for medical tourism where from affluent countries such as the United States, Canada, Britain, and Australia according to Hadi (2009). Their hard currencies are of greater value considering the considerable deterioration of the South African Rand (ZAR) in value against major economic currencies.
- Medical tourism creates opportunities for the hotels and accommodation providers to create new revenue streams from medical tourists. According to Hume & Demicco (2007) luxury hotels are best placed to cater for the needs of the medical tourists than economy hotels due to limited services than luxury hotels. Divisekera (2010) noted that accommodation accounted for 30% of the total tourist budget.

Negative Effects of Health Tourism

Some of the negative impacts of health tourism include:

- **Transplant tourism:** In research conducted by Gill *et al.*, (2008) for citizens of the United States, they undertook transplantation in countries such as China, Iran, Pakistan, Thailand, Singapore, Peru, Egypt, Turkey and Mexico with the majority of them were living-donour transplants.
- **Dual system of healthcare:** has been noted by Alvarez *et al.*,(2011)

the pursuit of health tourism risks creating a two-tier system with foreign patients receiving better healthcare than domestic patients. This results in the destination country (Hadi, 2009) subsidising the costs for healthcare for patients coming from rich countries.

- **Medical malpractice:** health tourism is also its worst enemy as noted by Leahy (2008) as it ignores the traditional values of patient care that include patient audit and continuity of care. Therefore, policy interventions to address the development and growth of medical tourism in South Africa, according to Siegal (2012) provisions must be made to protect the wellbeing (safety) and the legal rights (legal protection to address redress in case of an adverse outcome). South Africa already has an independent judiciary that performs well in a constitutional democracy.

Conclusion and Recommendations

South Africa must ensure that it concentrates on ensuring that it attains maximum benefit from health tourism whilst minimising the negative impacts of health tourism at the destination area. Health tourism will naturally benefit the private healthcare system in South Africa which is concentrated in urban areas, which means that medical tourism in South Africa will basically be an extension of urban tourism. To ensure shared growth, peripheral areas to urban centres that cater for the health tourists can benefit from recuperation excursions by medical tourists before they fly back from their destination countries. Health tourism product offerings can be routed with the

immense scenic beauty of South Africa, great climate, cultural richness, wildlife and game parks. Because the primary reason may be for health reasons for medical tourism, then this may result in their patterns of holidays being outside of the main season thereby reducing the seasonality that adversely affects the tourism industry. In addition because this is a niche market, this will decrease the unhealthy reliance of South Africa on the mass tourism markets that are primarily sea, sand and sun tourism and the wildlife-gazing tourists. Health tourists can diversify the tourism markets serviced by destinations that take advantage of medical tourism opportunities.

According to Turner (2010) no country has a monopoly on the 'best health-care providers' and 'top medical facilities' in the world. This means that there is room and scope for new destinations to gain a foot in the growing medical/health tourism sector an opportunity for South Africa to grow its stake. South Africa will have to choose the health tourism market niche that it will seek to develop against established competition. Having the best standards, enforced by statutory bodies and having highly skilled staff and the best facilities should be the hallmarks of medical tourism in South Africa. Undercutting competition cannot be regarded as a sustainable strategy for the development of this market, rather increasing investments in infrastructure and research. The bulk of the health tourists may be coming from countries in the developed world, requiring travel to the developing countries especially by air. Therefore, air connections are necessary to facilitate easy and efficient air travel and visa requirements must be lifted if not abolished. South Africa would have to identify the countries that it seeks to create visa free travel in order to promote medical tourism specifically and tourism

growth in general. Considering that South Africa is a member of BRICS, with fast growing economies and an increase in outbound tourists, reciprocal visa free regiments are important to facilitate tourism growth between the BRICS countries. The down side is that visa facilitation must be accompanied by more state capacity in clamping down on those overstaying their visas or those that transgress the strict visa requirements.

The adoption of the Special Economic Zones (SEZ) in South Africa can boost private investments in healthcare, if South Africa designated a SEZ specifically for healthcare. In the case of Dubai, according to Alsharif *et al.*, (2010) a US\$500 million 'Healthcare City' was developed for the exclusive use by foreign medical/health tourists, developed as a SEZ. Abortion can be promoted as a health tourism procedure more aggressively to attract more health tourists to South Africa. The Choice on Termination of Pregnancy Act of 1996 was signed into law in 1996 and it changed South Africa and health issue related to women. There are many other countries that do not offer the option of abortion, and this can be a key selling point that can be promoted to attract tourists to South Africa. South Africa must consider following the Iranian model of having the organ procurement using 'willing-seller and willing-buyer' principle, which will be a win-win for all actors. South Africa must consider running a public relations programme to win public support to introduce active euthanasia for foreign tourists. Switzerland is already one of the few countries that offer it. Fortunately in 2014 one Member of Parliament committed suicide after a long battle with cancer and this means that the environment is fertile for a debate on legalising active euthanasia. The bulk of the health tourists may be coming from

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Health tourism source markets are similar to the international source markets for South Africa. South Africa must follow the lead of Jordan by also establishing a Health Tourism Directorate. This can be located for jurisdictional purposes under the Ministry of Health with inter-departmental contact with the Department of Tourism, and Department of Trade and Industry (DTI). Health tourism remains can only increase its political importance backed by detailed statistics, researchers producing detailed empirical data and serious lobbying by the industry. Academic institutions must invest more heavily in conducting descriptive and casual research into the medical tourism market, trends and characteristics to unpack detailed information for decision making by tourism authorities and entrepreneurs. According to Brakke (2004) the data for tourism are often insufficient for rigorous economic analysis. The challenge is that tourism is an intangible service as compared to physical products in manufacturing and mining, as a result tourism attains a lower political clout than mining and manufacturing. The challenge is that the tourism industry in general and medical tourism specifically have invested little in empirical marketing research that would have been used to lobby the ANC in general and the Department of Health specifically in promoting medical tourism in South Africa. Medical tourism remains can only increase its political importance backed by detailed statistics, researchers producing detailed empirical data and serious lobbying by the industry.

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