

SAIS | US-KOREA
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Sustaining Medical Tourism in South Korea

By Kristen Handley

I. INTRODUCTION

South Korea's breakthrough in the medical tourism industry launched during 2007 with 16,000 foreign patients. In the year 2010, 60,000 foreign patients are expected to travel to South Korea (ROK) for medical services. Anticipating 100,000 foreign patients by the year 2012, this rapidly growing trend will solidify South Korea's prominent role in the medical tourism industry. Interest in medical tourism has been steadily progressing among patients, particularly with mounting health care costs in countries such as the United States. The global medical tourism industry is expected to gross \$100 billion by 2012. Clearly, there is profit to be made by providing medical care to foreigners. South Korea is cultivating this lucrative business while competing among other Asian nations to further expand its comparative advantages. This paper will explore the origins, development, and current status of Korea's fledgling—but flourishing—medical tourism industry.

Below are some important questions facing South Korea:

- How does the ROK promote medical tourism?
- What government policies are in place that foster the medical tourism industry?
- Who are the medical tourism consumers that the ROK targets?
- What are the ROK's comparative advantages in medical tourism?
- What capabilities does the ROK possess to adequately supply the service of medical tourism?
- What is the impact of medical tourism on Korean society?
- How can the ROK competitively sustain this industry?

This paper will illustrate that although the ROK demonstrates exponential progress in fostering medical tourism, there are challenges that need to be effectively addressed if South Korea is to continue to be competitive in this specialized niche industry.

II. INTRODUCTION: MEDICAL TOURISM OVERVIEW

Medical tourism is loosely defined as travel to receive medical, dental, and surgical care, which also incorporates an extended holiday. The medical tourism industry is rapidly expanding due to high treatment costs and waiting times for procedures in countries with relative wealth, the increasing affordability of international air travel, favorable exchange rates, and aging affluent populations. Further propelling the growing medical tourism industry is the dissemination of information and marketing on the Internet, the incorporation of intermediary companies that broker transactions between international patients and hospitals, and calculated marketing strategies that link health care and tourism. Medical tourism advertisement campaigns tout the use of technology, quality care, and reliability.

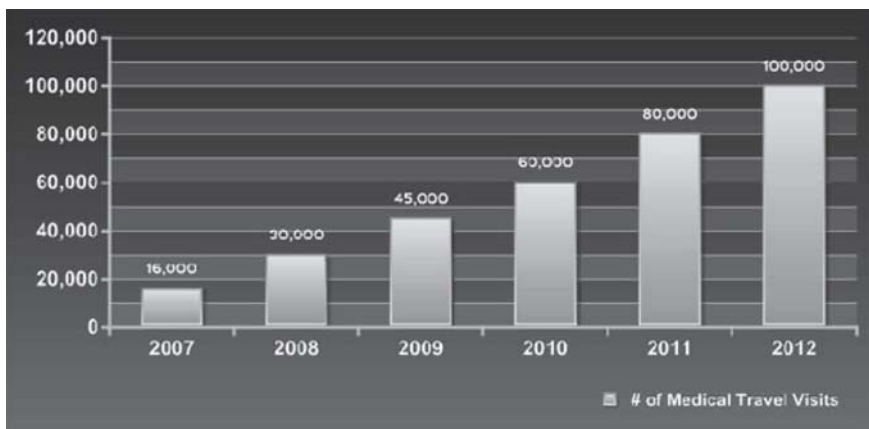
Technology, care, and reliability may contribute to the success rates of medical procedures, but to gain even more traction, there must exist an economic incentive. Economic motives are the main drivers of medical tourism on the part of both patient and host country. The costs of medical care may be relatively high in a medical tourist's country of origin. Depending on the medical diagnosis and indicated procedure, patients will be directed to a specific medical center based on relative cost and expertise. Global differences in cost of medical services are widening, notably in Thailand, Singapore, India, and South Korea, as countries cultivate unique comparative advantages in medical tourism. Some argue that Thailand's health care system is relatively weak and its industry emphasizes standard tourism over medical care. The Korean consulting firm Horwath Choongjung reports that Singapore, in contrast to Thailand, has imported Western-style technology and medical institutions which specialize in medical tourism, which has succeeded in attracting hundreds of thousands of foreign patients every year. India's medical tourism industry is known for relatively low fees and short treatment waiting times. Its system also incorporates *ayurveda*, an alternative system of traditional medicine native to South Asia uniquely applied to treatment of coronary artery disease with respect to coronary artery bypasses grafting (CABG) and cosmetic surgery. India also touts advanced technology as well as competitive physician salaries which draw Indian medical providers to return from overseas and deliver care in this system, according to *Tourism Management*.

South Korea is developing its medical tourism industry by duplicating and expanding upon concepts formulated by its Asian neighbors. Before launching medical tourism, an ROK government-led investigation concluded that investing

in the biotechnology industry would brighten Korea's economic prosperity. The Korean health care system would demand advancement of the biotechnology industry. Furthermore, the Korean university system is structured such that only the most competitive students compete for admission into medical school. A top pool of intellectual talent coupled with an emphasis on the biotechnology industry would ultimately combine to realize Korea's global health care potential, according to a physician at Konkuk University Hospital. From this point, government legislation to legally authorize measures that would further attract foreign patients was subsequently needed.

The number of foreigners traveling to South Korea for medical care remains a fraction compared to Thailand, Singapore, and India. Nevertheless, Korean clinics, hospitals, and entire towns exclusively dedicated to health care, known as "health towns," are dynamically implementing new policies and marketing strategies to attract more tourists, reports Choe Sang Hun in the *New York Times*. Medical tourists and their families generate much-needed revenue for hospitals and stimulate the economy by lengthening their stay to shop and sightsee after a medical procedure. The South Korean government continues to revise visitation and visa policies to permit patients and their families to extend their stay. As of 2009, Asia Pacific Biotech News cited policy changes that included extension of medical visas and permission granted to local hospitals to form joint business ventures with foreign hospitals.

The following chart from the Korea International Medical Association (KIMA) illustrates that the number of medical tourists expected to visit South Korea is significant.



The economic benefits to both the patients and South Korea are apparent, and the industry's trajectory is promising. This is chiefly a result of sustained ROK government involvement across a number of dimensions.

III. ROK NATIONAL GOVERNMENT PROMOTION OF MEDICAL TOURISM

Legislation

The medical tourism industry has been identified by President Lee Myung-bak as one of the ROK's growth engines over the next several years. South Korea aims to attract 100,000 foreign medical tourists by 2012. Although reliable data detailing the profit made in Korea's medical tourism industry was not found or not available, the Korea Health Industry Development Institute (KHIDI) reports that the medical tourism industry generated the equivalent of \$33,570,000 in revenue in 2009. The industry will likely continue on a trajectory of growth and expansion in the coming years. The national government has adopted a national strategy to attract and multilaterally develop its medical tourism industry. The national strategy, according to the Gangwon Development Research Institute, will focus on increasing demand for foreign medical tourists, publicity, and implementation of advanced technology. The ROK has inaugurated a series of laws to implement the national strategy. These laws are generated from a variety of ministries and range from the establishment of free economic zones (FEZs) to modifications to existing visa requirements for foreigners. A synopsis of some recent legislation passed by the National Assembly includes:

- *Amendment to the Medical Services Act (passed January 8, 2009)* The original law prohibited hospitals from actively recruiting domestic and foreign patients. This law was seen as disadvantageous to Korea's national medical competitiveness. The amendment permits medical institutions that report to the Minister of Health, Welfare, and Family Affairs to actively seek out foreign patients living overseas to receive medical care in Korea. Limitations to this law are directed at insurance companies, which are restricted in permissible outreach to foreigners. Furthermore, general hospitals may allocate five percent of hospital beds of the 44 large-scale medical centers (of a total of 2,046 beds) for hospitalized foreign patients.
- *Amendment to the Tourism Promotion Act (passed March 2, 2009)* This amendment is designed to: 1) create legal grounds designed specifically

to support a burgeoning medical tourism industry; 2) establish first-rate accommodation facilities; 3) institute a system to enforce travel contracts and ensure patient/tourist safety; and 4) promote travel agents' hire of licensed tour interpreters. Under this amendment, auxiliary organizations within the medical tourism industry will benefit from the formation of the tourism and development fund. Under the contract enforcement provision, travel agents are required to provide safety information corresponding to a traveler's/patient's destination. Travel agents are also required to receive traveler/patient approval if there is a change in a travel itinerary.

- *Amendment to the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International Cities (passed March 3, 2009)* This amendment will: 1) establish a support system to cultivate the medical, tourism, and education industries of the Jeju self-governing province (most of the authority of the culture, sports, tourism, broadcasting, and communications minister allocated in the Tourism Promotion Act will be transferred to the provincial governor); 2) form a unique tourism promotion fund for Jeju; and 3) permit the government of Jeju to install an area within its administration as an English education city, including the organization of international elementary, middle, and high schools. Jeju's unique delegation of authority allows its legislature to distinctively tailor economic and commercial activities to its culture and geography.

Other Legislation

Visa waivers or relaxed visa requirements facilitate travel for patients. While patients originating from the United States do not require a visa or special permission for a stay up to three months, the ROK government has revised immigration laws to permit other foreign patients and their families to receive long-term medical visas. Chinese patients, for example, must substantiate the need for medical treatment with a document signed by a physician. Formerly the G-1 visa needed for foreigners to stay longer than thirty days was issued only under strict standards. A 2007 *Korea Times* article indicated this law has since been revised in Jeju to allow medical tourists and their families may stay up to four years to receive medical treatment.

Laws have also been amended to allow local hospitals to form joint ventures with foreign hospitals and clinics. Partnerships maintained by Korean health

care providers in the United States include the Hollywood Presbyterian Medical Center (located in California), the Jaseng Center for Alternative Medicine (which has facilities in California, New York, New Jersey, and Illinois), and the G Laser and Aesthetic Institution (located in California). Korean hospitals may also maintain liaison offices abroad, such as the Seoul National University Hospital liaison office (located in California). Korean hospitals also cultivate relationships with health care providers beyond the United States. Konkuk University Hospital, for example, maintains a partnership with Jiangsu Province People's Hospital and Tianjin First Hospital in China.

Central government promotion of the medical tourism industry, though, is not limited to legislation. Other measures employed to cultivate this industry include:

- *Korea International Medical Association (KIMA)* The acting body designed to implement government policy is a joint public-private enterprise designed to promote Korean health care abroad and enforce a safe, reliable, and transparent health care system within Korea. Supported by the Ministry of Health, Welfare, and Family Affairs, KIMA was founded in 2007 to promote Korean health care through advertising and publications, as well as hosting and participating in international health conferences. KIMA works to minimize malpractice lawsuits and works toward ensuring facilities and human resources meet international standards. The KIMA website itself is specifically designed for prospective medical tourists seeking treatment and holiday in Korea. Users are instructed to select a medical specialization (e.g., cancer, cosmetic/plastic surgery, endocrinology, etc.) from a drop-down list and then select a corresponding hospital that focuses on the preferred specialization. The hospital's offerings (number of inpatient beds, operating rooms, and international patient beds; major medical equipment and facilities; quality certification information; and contact information) subsequently populate the user's web browser. The website also includes information specific to tourism such as visa and immigration procedures, a range of accommodation options, modes of transportation, and major tourist attractions.
- *The Korean Health Industry Development Institute (KHIDI)* Established by the Korean Health Industry Development Institute Act in 1999, KHIDI is a government-operated and funded organization that supports the Korean Ministry of Health. Its main functions are to guide

health care policy, steer health care research and development (R&D), enhance the management and technology of hospitals, and support the competitiveness of the health industry. This act authorizes KHIDI to spearhead support programs intended to improve the delivery of the national health services and expand the global competitiveness of Korea's national health industry.

KHIDI's strategy to expand Korea's health services and serve foreign patients centers on four components: awareness, accessibility, affinity, and accountability. First, awareness focuses on launching Korea's national brand, promoting media activity, and hosting medical tourism conferences. KHIDI operates a branch from New York, for example, that promotes Korean health care on American television networks such as CNN and CBS. Both networks, among others, have featured segments highlighting Korea's medical tourism industry. KHIDI further disseminates a "Medical Korea" newsletter to further promote Korean health care in the United States and KIMA member hospitals. Second, accessibility is designed to facilitate medical travel and assist patients with obtaining medical travel insurance and medical visas if applicable. KHIDI contributes funds to hospitals for expansion of international patient centers and education for international medical coordinators and interpreters. Third, affinity refers to the expansion of international patient centers as well as education of medical coordinators and interpreters. And finally, the principle of accountability demands development of medical call centers, medical dispute legislation, and accessibility of malpractice insurance for international patients.

- *Nation-branding* A 2009 *Korea Times* article reported on the ROK government's launch of the "Medical Korea" nation-branding project designed to attract foreign patients to its best medical facilities. This campaign actively publicizes the Korean medical tourism industry at global medical conferences as well as through international television, radio, and newspapers. The Medical Korea campaign disseminates information about Korea's medical services, special treatments, hospitals, and foreign-language communication services (targeting English-, Chinese-, Russian-, Japanese-, and Arabic-speaking patients). The Korean Wave coincides with the government nation-branding campaign. This explosion of Korean pop culture, including television dramas performed by flawlessly fashioned actors and actresses, also collaterally contributes to the promotion of the plastic surgery component of Korea's medical tourism industry.

IV. PROVINCIAL GOVERNMENT PROMOTION OF MEDICAL TOURISM

Harnessing national government policies, several regions in particular are adopting policies to develop medical tourism.

- Under the National Assembly's Special Act on Establishment of the Jeju Special Autonomous Province and the Jeju Free International City Act passed in 2006, Jeju is a self-governing province. Jeju thus benefits from strengthened financial autonomy, personnel management, and regional self-governance, stemming from its unique geography and culture. Within this framework, the Jeju Free International City Development Center (JDC) is in the process of constructing a health care town in Seogwipo. The health care town will include a medical research and development, medical, and wellness area, targeting foreign patients seeking high-end medical and tourism facilities, according to the *Korea Times*. The 370-acre complex will also include upscale apartments surrounded by an eighteen-hole golf course and beaches. Travel to Jeju can be done with relative ease, as there are few visa restrictions for foreigners. Jeju continues to focus on forming an appropriate medical tourism infrastructure coupled with large-scale resorts. It will also emphasize infrastructure to accommodate foreign-language exchange.
- Busan's civilian-led "Busan Medical Industry Committee" is composed of university hospitals, the Busan Hospital Association, the Pharmaceutical Association, the Busan Tourism Association, and civic groups that facilitate the development of medical tourism projects. Busan focuses on education of medical personnel specializing in medical tourism. Busan's medical tourism website boasts foreign-language services and lists its registered medical centers with services specifically for foreign patients.
- To date, the Daegu metropolitan area features five medical universities, 29 general hospitals, 30 oriental-medicine clinics, and 18,000 medical personnel, including more than 6,000 doctors. The Gangwon Development Research Institute reports that Daegu has also built an international hospital modeled after the MD Anderson Cancer Prevention Center, which has branches throughout the United States. The Daegu Metropolitan City Medical Tourism Information System offers a variety of excursions, including package tours, Korean-

themed tours, and fashion tours. The Daegu province specializes in general checkups, hair transplants, dentistry, plastic surgery, skin care, obstetrics and gynecology, and oriental medicine. There is also an initiative to expand professional coordinators responsible for recruiting foreign patients from Jordan, China, and Japan.

V. HOSPITAL-LEVEL/PRIVATE SECTOR DEVELOPMENT OF THE MEDICAL TOURISM INDUSTRY

National and provincial policies are implemented at the hospital level. Relatively few restrictions about overseas advertising, coupled with allocations of hospital beds to foreign patients, allow hospitals throughout Korea to gain reputations across a variety of areas of expertise. Three such hospitals are the following:

- Wooridul Spine Hospital is one of the few hospitals at the vanguard of the Korean international medical tourism industry. In its aspirations to become the “spinal destination of choice,” Wooridul is distinguished for its specialized spinal treatment, with more than 1,130 neurospinal specialists and neurospinal, spinal thoracic, anterior spine surgery, spinal medicine, orthopedics, and rehabilitation services. One senior staff member of Wooridul’s International Patients Center indicated that patients are typically under the care of four to six physicians and nurses to deliver the most effective care possible. The hospital has facilities in Seoul, Busan, and Daegu and has also opened hospitals in Shanghai, China and Jakarta, Indonesia. Wooridul provides one-stop services for international patients, from airport transportation “until the patient is well-served and leaves back for home.” The International Patient Center provides multilingual medical services specifically to assist patients on a one-on-one basis. Since 2003, Wooridul has hosted foreign physicians for specialized spinal treatment training programs, testament to both Wooridul’s international reputation and the increasing forces of globalization.
- Konkuk University Hospital’s Office of International Services and International Clinic opened with the goal of becoming an internationally distinguished name in medicine. Konkuk University Hospital boasts innovative facilities and advanced technology that combine with skilled physicians, patient liaisons, and multilingual staff. Foreign patients contact the International Clinic to make an

appointment for consultation. The International Clinic maintains direct billing agreements with international insurance companies to facilitate its services.

- Severance Hospital is at the centerpiece of the Yonsei University Health System. It is Korea's second-largest hospital, with more than 2,000 beds. Severance Hospital's International Health Care Center is staffed by medical personnel fluent in multiple languages to accommodate foreign patients. One particularly noteworthy component of Severance Hospital's website is its billing transparency. It honors most major credit cards and offers the option to arrange a contract between the hospital and foreign companies or embassies. Furthermore, Severance has established direct billing agreements with foreign insurance companies as the American Foreign Service Protective Association (AFSPA), AIG Atlas, and AIU (Japan), as detailed by the Yonsei University Health System website. Both billing and insurance relationships lend credibility to an institution and are testament to integrated components within an industry working together.
- Inha University Hospital's Health Promotion Center publicizes medical care tailored specifically to international patients, including the assistance of a specialized coordinator to manage patients' navigation of the medical system. According to its website, all physicians are fluent in both Korean and English, and coordinators who speak English, Chinese, Russian, and Japanese are available to work with patients. Like Severance Hospital, Inha University Hospital accepts payment via cash or international credit card; special contracts can be arranged between the hospital and foreign companies or embassies. The Incheon Medical Tourism Inducement Group, of which Inha University Hospital is a member, recently signed an agreement with a Russian medical tourism promotion agency, the Primorsky Club, to further expand medical tourism between the two countries, reported by *Business Wire* in 2009.

VI. KOREA'S GROWING COMPARATIVE ADVANTAGE

The annual Asian health care industry is estimated to be worth about \$75 billion. Competition for the medical tourist dollar is fierce, and India, Thailand, and Singapore are Korea's biggest regional competitors. India's health care system

has the benefit of low costs and short waiting times to receive medical services. Its highly successful information technology system advertises these services across the globe. Singapore's relative medical tourism success is drawn from importing Western-style technology and establishing institutions specifically targeting medical tourism. Thailand's long-time success in medical tourism, states Horwath Choongjung, focuses primarily on cosmetic surgery and tourist attractions. To break into this well-established niche, Korea is harnessing its cost, medical expertise, and technology to cultivate its competitive comparative advantage and adequately supply health care services to foreigners.

Cost

In recent interviews, two Korean physicians explained the cost structure of the Korean health care system. In Korea, medical care is publicly subsidized. Korean citizens subscribe to the national insurance system and contribute approximately 4.8 percent of their income to the national medical insurance program. In most cases, Koreans pay about 10 percent of a medical bill while the national insurance program funds the remainder of fees. Thus, medical care is inexpensive relative to many other countries, such as the United States. The cost to the patient of a computed tomography (CT) scan in Korea, for example, is about \$70, compared to up to \$1,000 in the United States. The Korea Health Industry Development Institute figures below, based on 2009 data and costs in USD, are testament to the dramatic medical cost differentials between South Korea and the United States.

Type of Procedure	Korea	United States
Heart Bypass	\$24,000	\$144,000
Heart Valve Replacement	\$36,000	\$170,000
Hip Replacement	\$16,450	\$43,000
Knee Replacement	\$17,800	\$50,000
Spinal Fusion	\$17,350	\$100,000

It is clear from the table above that the cost of medical care in Korea is substantially less than in the United States. The Korea International Medical Association touts the Korean cost advantage compared to the United States and mentions a cost advantage compared to some Chinese hospitals, with comparable prices relative to Singapore. A reliable comparison for the cost of medical procedures between Korea and some of its regional competitors is not available or could not be located.

Medical Procedures

Hospitals such as Wooridul Spine Hospital focus on specialized treatment, attracting patients with their exceptional treatment, facilities, and medical personnel. Korea is also renowned for its cosmetic surgery, particularly among Chinese, Japanese, and Russian patients. Cosmetic surgery in Korea is a lucrative business since it is not covered by national health insurance and fees are typically paid in full. Furthermore, domestic demand for cosmetic surgery is significant. Thus, top medical students tend to compete for entry into the cosmetic surgery field, where the profit margins are substantial. Drawing from extensive domestic demand and talented physicians, medical resources further fuel the cosmetic surgery niche. This makes for an established, competitive, and attractive environment for foreigners to receive cosmetic surgery. In addition to cosmetic surgery, Korea continues to develop specializations in stomach cancer surgery, Lasik eye surgery, and dentistry.

Technology

Given biotechnology was one of the original driving forces behind the Korean medical tourism impetus, it is not surprising that Korea's biotechnology is state of the art. KHIDI touts Korea's development and application of the most advanced technology. Many Korean hospitals use radio-therapeutic devices such as proton therapy, cyberknife, and tomotherapy, all specialized cancer treatments. KHIDI also reports that Korea is leading Asia in robotic surgery. KHIDI further cites Korea's utilization of a high number of diagnostic devices. Data from 2007 reveal that Korea employed 37.1 CT scanners per one million Korea citizens (relative to the UK, with 7.6 per one million citizens and the United States, with 34.3 per one million citizens). Furthermore, KHIDI indicates that paperless hospitals are becoming the norm.

VII. TARGETED CONSUMERS

The tables below are adapted from KHIDI 2009 figures and illustrate that the majority of foreign patients are female (about 57%) and come from the United States (about 33%). Japan follows closely behind the United States, representing about 30 percent of all foreign patients.

	Male	Female
Percentage of all foreign patients	43.4	56.6

Country	Percentage of total foreign patients
United States	32.6
Japan	30.3
China	11.0
Russia	4.1
Canada	2.3
Mongolia	2.0
Middle East	1.4

Country	Percentage of foreign inpatients
United States	40.0
China	17.9
Russia	9.6
Mongolia	5.3

Korea exploits rising health care costs and increased waiting times in the United States to its advantage. Compared to the United States, Korea's prices are inexpensive and waiting times are short. Furthermore, legislation encourages medical personnel exchanges, particularly with the United States. Collaboration, training, and contact with the U.S. health care system attracts additional American patients. According to Korean medical personnel, Japanese and Chinese patients are usually drawn by Korea's cost benefit. Japan, in particular, is experiencing a rise in its aging and wealthy population. It is reasonable for Korea to target these consumers with time to spend and disposable income to expend. Russian patients tend to be more severely ill and in search of services not adequately provided by their country's health care system. Their Mongolian neighbors tend to be very wealthy and will patronize Korean medical services for routine physical examinations. The minority of foreign patients coming from the Middle East is growing slowly. In sum, patients traveling to Korea for medical services are largely from the United States and countries in Northeast Asia. The numbers and varied demographics of foreign patients are testament to Korea's success in breaking into the medical tourism industry on a global scale. Despite this progress, however, there remain potential challenges to Korea's long-term competitive capability of delivering health care services to foreigners.

VIII. CHALLENGES TO ROK'S MEDICAL TOURISM INDUSTRY

Given the rapid growth of Korea's medical tourism and its steep trajectory, the industry's comparative advantages have thus far overcome potential challenges to growth. There are a number of potential difficulties, however, which may surface in the future.

- Korea's national insurance program provides coverage to local Koreans and foreign expatriates legally residing in Korea, but not to foreigners. This has resulted in a two-tiered pricing scheme. Hospitals charge foreigners, especially medical tourists, two and a half to three times more than locals. Hospitals claim pricing is globally competitive because of the nation's high-quality medical services. Discriminatory pricing, though, has serious potential consequences. Discriminatory pricing may alarm foreign patients and jeopardize Korea's plan to transform the medical tourism industry into a major growth engine. Under Korean medical law, hospitals may face temporary closure if they fail to report a fee list for medical services not covered by Korea's national health insurance. The majority of hospitals claim that foreigners are not subject to Korean medical law. If this is upheld within the legal system, foreigners may not be protected from malpractice or other legal risks. The two-tiered pricing scheme may also violate the Fair Trade Law, which punishes discriminatory pricing systems.

There have been reports of advertised prices that conflict with reality. A *Korea Times* news article recently revealed testimony from American patients in Korea who allegedly paid what they claimed to be 80 percent of the cost of equivalent treatment in the United States. This conflicts with the KTO's quoted prices that are advertised as one-tenth those of the United States, one-fifth of prices in Japan, and half of the prices in Singapore. Because of the two-tiered pricing scheme, the KTO advertises the prices that Korean nationals pay, not the prices for foreigners. This could call into question the price differential, which may not actually be sufficient to motivate Americans to travel to Korea to receive medical treatment. The pricing discrepancy could also undermine the integrity of Korea's medical tourism industry, especially if government-sponsored agencies lack transparency or are perceived as dishonest and unfair.

It is reported that while Korea has adopted a discriminatory pricing system, its competitors have been more cautious about adopting two-tiered pricing schemes for foreigners. Hospitals in Thailand, for example, which attract over one million medical tourists each year, charge the same rate to foreigners as to Thai nationals. In Singapore, hospitals are legally obligated to display a list of medical procedures and medical fees for foreign patients. As mentioned previously, Korean hospitals are required by law to report medical service fees for foreigners, but are reluctant to do so because foreigners are not subject to Korean law. Particularly in the wake of hosting the most recent G-20 meeting in Seoul, it will be crucial for South Korea to assume leadership on equitable treatment of all patients, foreigners and Korean citizens alike.

- South Korea's two-tiered pricing scheme has further consequences. The two-tiered pricing scheme generates fears that social inequality will grow if medical resources and skilled workers migrate from public health care to better-paying jobs that cater to foreigners. Hospitals that are able to charge more for medical services to foreigners will have a competing economic incentive to serve foreign over local patients. Some hospitals reportedly serve foreigners preferentially to Korean citizens.

According to the World Health Organization (WHO), the distribution of health care personnel and facilities across Korea is not equitable. Most specialized centers and personnel are disproportionately concentrated in Seoul and other cities. This results in delivery of health care services that is, in part, related to income level or socioeconomic status instead of need. The WHO cites barriers to accessing health care services, such as high user charges and regional disparities in location of facilities that disadvantage the poor. In a 2009 article in *Health Systems in Transition*, the authors argue that compared to rural citizens, urban residents are able to visit specialized physicians in tertiary hospitals with relative ease.

Given a health care system susceptible to socioeconomic inequality, the challenge for Korea will be to harness the medical tourism industry to improve and update all health care facilities, not just those that are the most profitable. Investing in less profitable facilities may pay health dividends by enhancing health care for the local population as well as attracting foreign patients to suburban locations.

- Medical tourism relies on a breadth of industries. Delivery of quality treatment to patients requires medical personnel working in cohesion with technological and pharmaceutical elements. In its current state, there are many moving parts to the industry, but little unity. There is a dissonance between government policy and hospital practice, as the pricing discrepancy highlights. The lack of transparency transmits an incongruous message to prospective foreign patients. Overcoming this challenge will entail more consistent government regulation and enforcement of laws. Medical personnel and others involved in the field of Korean medical tourism have also noted the need for human resources. Interpreters are especially needed to assist both foreign patients and physicians to communicate effectively. Government-led initiatives and incentives will close these gaps. Cohesive integration of all these constituent industries will be vital to the future success of medical tourism in Korea.
- Protection of international patients' rights is among the outstanding issues lacking clarity in Korea's medical tourism industry. KHIDI claims to be unique: it is among the few government-operated organizations assisting patients to resolve malpractice disputes. KHIDI cites minimal infrastructure in place to protect both patients and physicians, such as the National Commission on the Settlement of Medical Disputes to resolve medical malpractice issues. Patients receiving treatment in Korea who file for malpractice are subject to Korean jurisdiction. KHIDI also offers malpractice insurance for foreign patients as well as a multilingual around-the-clock medical call center to mediate conflict resolution. The interplay of foreigners' health insurance with the resolution of a medical malpractice disputes needs to be further developed.

Further expansion of clearly delineated obligations for both patient and medical provider during and after treatment needs detailed elaboration. If a patient encounters complications from a procedure upon return to the home country, a comprehensive protocol should be in position to ensure both the patient's welfare and legal rights. As mentioned, some ROK hospitals maintain partnerships with hospitals in other countries, notably the United States. In some cases, patients who return home and experience a medical complication may receive follow-up treatment in a partnership hospital. These hospitals, however, may be geographically accessible to only some patients, further complicating or jeopardizing a

patient's health. The government should legislate appropriate measures to ensure patient safety and the integrity of the Korean health care system.

- The expression “medical tourism” may be a mismatch of Korean marketing and reality. Korean “medical tourism” is heavily focused on the “medical” component of the industry, with the “tourism” component an apparent addendum. The global images of “Medical Korea” and “Dynamic Korea” suggest that Korea is technologically and medically innovative, but do not deliver in projecting a powerful tourism element. The term “medical tourism” could be changed to “global health care” if Korea chooses to asymmetrically focus on delivery of health care over tourism. Alternatively, Korea could exploit its tourism industry in conjunction with its health industry: a more accurate marketing campaign and more integration with the tourism industry may help Korea further propel its economy and enhance both sectors.

IX. CONCLUSION: TOWARD A HEALTHY GROWTH OF MEDICAL TOURISM

The South Korean medical tourism industry has made remarkable progress since its official, government-endorsed inception in 2007. Medical tourism is no longer a novelty; rather, it is transforming into an institution that promises to generate profit for the Korean economy. Given the challenges identified, however, there are some caveats regarding Korea's current medical tourism system that pose challenges to both suppliers and consumers of its medical services. Below are some considerations and conclusions that may be drawn with respect to the ROK's evolving medical tourism industry:

- The medical tourism industry is profitable, and Korea is in only the nascent stages of its cultivation.
- Korea is becoming a viable competitor in the medical tourism arena, but it remains to be seen if it will be able to further distinguish itself from the more established competing Asian nations.
- The adage “buyer beware” rings true: Korea's medical tourism is not a panacea. Its system comes with many caveats: there remain cultural hurdles to overcome; continuity of medical care may be interrupted; and assurance is needed for the delivery of evidence-based medicine that contributes to a high-quality and credible system. It takes a

medically sophisticated tourist to have truly informed consent in order to select the appropriate treatment and distinguish charlatans from legitimate sources of care.

- Enhanced technology is among Korea's potential comparative advantages, but does not guarantee that medical care will be improved. Care will be better only with the use of evolving application of evidence-based medicine.
- A consequence of the two-tiered pricing scheme is *discriminate* care. This may have both domestic and international ramifications for both patient and medical provider if not seriously addressed at the government and hospital levels.

There is value in considering a Korean health care delivery solution. The current challenges identified provide fertile opportunity to further harness and enhance Korea's medical tourism industry. Further government regulation is necessary to address these challenges and translate Korea's breakthrough in the medical tourism industry into a long-term sensation.



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U.S.-Korea Institute at SAIS
1717 Massachusetts Avenue NW, 6th Floor
Washington, DC 20036
www.uskoreainstitute.org