

The Potential of Health Tourism to Support ASEAN ECONOMICS COMMUNITY (AEC): A case study of Srinagarind hospital Faculty of Medicine Khon Kaen University

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ABSTRACT

The purposes of this study were to examine potential and readiness for being medical center and health destination in order to support Asean Economics Community: A case study of Srinagarind hospital, Faculty of Medicine Khon Kaen University. Qualitative And Quantitative methods were applied. Data were collected by using questionnaire with 400 hospital sampling clients and related parties were interviewed. Internal environment (SWOT analysis), External environment (PESTE Analysis) and Service Marketing Mix (8 P's) were applied. The study found that there was strong potential for the hospital to be medical center and health destination in the Great Mekong Region. The sampling client emphasized on infrastructures was at high level. In current situations and potentiality in marketing mix (8 P's); product, price, place, promotion, people, process and physical environment were at high level. In addition to that, the hospital's effectiveness in quality control and quality of services were at the highest level, in line with international standardization and awarded for standard and quality of service.

Keywords: *The ASEAN Economic Community (AEC), Health tourism, Potential.*

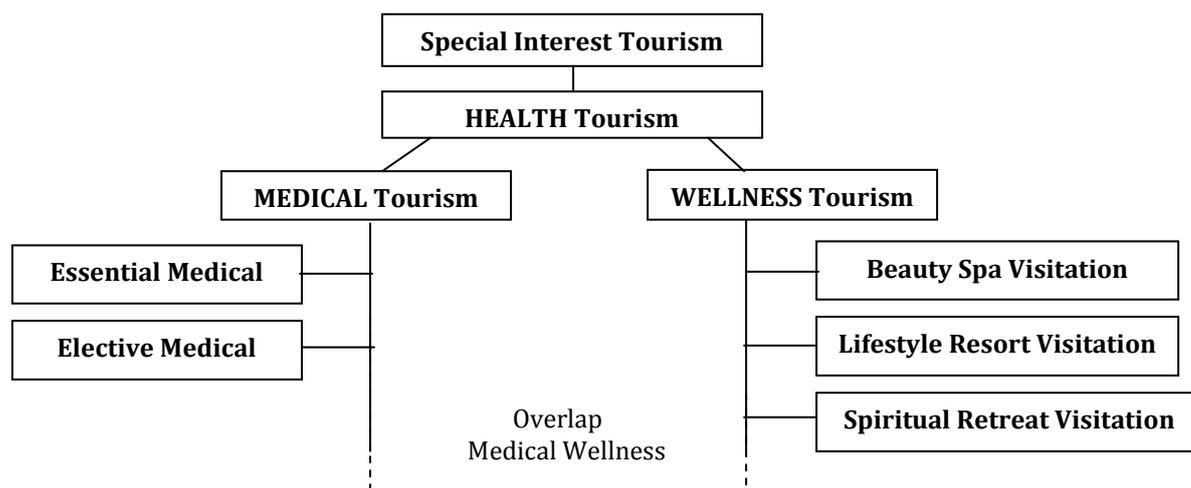
Introduction

The travel and tourism industry is the world's largest and the most diverse industry. Many nations rely on this dynamic industry as a primary source for generating revenue, employment, private sector growth, and infrastructure development. Tourism development is encouraged, particularly, among the developing countries around the world (World Tourism Organization, 1997). In many countries that have adopted a plan to boost tourism to the national economy in order to increase revenue, and the balance of international payments. Moreover, tourism is the cause of economic development in areas such as increasing employment, facilities improvement, and increase quality of life of local people (Pender, L. and Sharpley, R., 2005). Many other countries in the regions bring tourism as a tool to help develop the country's economy and enhance the efficiently of international tourism network to meet the changing needs of tourists.

Medical tourism is a new form of a niche tourism market and the rapid growth of international healthcare results from people from all around the world are traveling to other countries to obtain general medical surgery, cosmetic plastic surgery and dental surgery at a fraction of the cost of healthcare in their home country. The main groups of medical tourists come from the industrialized countries, especially, Europe, UK, Middle East, Japan, U.S. and Canada where the cost of medical treatment is very expensive and waiting time for treatments is often greatly long. (Connell, J., 2006)

Medical tourism is also being actively promoted by these countries. Some of the countries currently promoting it are India, Israel, Cuba, Costa Rica, Hungary, Jordan, Malaysia, The Philippines and Lithuania. Each of these nations has adopted a unique strategy to promote itself as a medical tourism destination. In Thailand, the Thai Authority for Tourism (TAT) promotes itself more as a euphemistic wellness tourism destination through naturopathy, spas and relaxation; whereas in India, the Confederation of Indian Industry (CII) promotes medical tourism through expertise in surgeries and cost-efficiency. South Africa has undertaken a different approach by promoting "medical tourism" with "medical safaris": Come see African wildlife and get a facelift in the same trip (Singh, 2008; Kronenfeld, 2009). The figure 1 shows the summary of medical tourism.

Figure 1: Summary of medical tourism



Source: Voigt, C, (2009)

Tourism industry in Thailand can be considered as an industry that generates enormous revenue to the country. This success can be traced back in 1960 which was the first year that the National Tourism Organization was formed so as to develop Thai tourism industry. For this reason, there is a considerable growth of tourism business in Thailand continuously which is evidenced by an increasingly substantial number of tourists every year. Based on the statistic in 2011, there were 19,230,470 people visiting Thailand which was increased from 2010 that had tourist of 15,936, people which can be calculated as 20.67 percent. As illustrated in table 1, we earned revenue from tourism industry about 734,591.46 million Baht which was increased from 2010 that generated income around 141,797.37 million Baht or 23.92 percent. With regards to the trend of Thailand tourism in 2012, it was predicted that there will be a continuous increase from 2011 at around 8-10 percent which will result positively to the overall economy of the nation (Department of Tourism, 2012). In addition, Medical tourism in Thailand is the practice of travelling across the borders to obtain healthcare services in another country. The six reasons for the growing popularity in medical tourism in Thailand are 1) Internationally accredited medical facilities, 2) Highly qualified medical treatment, 3) The low cost of medical treatments (see figure 2), 4) No waiting lists, 5) The state-of-art technology that has been adopted by the new healthcare services, and 6) The excellent service. Additionally, the Thai government had begun strategic plans since 2004 to promote Thailand as a prime medical tourism destination. Since then, the country has enjoyed a large number of visitors in this category. The Department of Export Promotion and the Department of Health Service Support reported a rapid growth of 26% during 2008-2012 for health services delivery to foreigners (Thailand medical tourism cluster, 2010)

Table 1: Number of International Patients and income in Thailand, 2008 - 2012

Year.	No. of Foreign Patients	Estimate income
2008	1,380,000	107,419
2009	1,390,000	108,197
2010	1,980,000	78,740
2011	2,240,000	97,874
2012	2,530,000	121,658

Source: Department of Export Promotion, Ministry of Commerce

Table 2: The cost of medical treatments

Medical Procedure	USA	Mexico	Cost Rica	India	Thailand	Korea
Heart Bypass	\$144,000	000	\$25,000	\$5,200	121	\$28,900
Angioplasty	\$57,000	500	\$13,000	\$3,300	88	\$15,200
Heart Valve Replacement	\$170,000	000	\$30,000	\$5,500	212	\$43,500
Hip Replacement	\$50,000	000	\$12,500	\$7,000	79	\$14,120
Hip Resurfacing	\$50,000	000	\$12,500	\$7,000	152	\$15,600
Knee Replacement	\$50,000	000	\$11,500	\$6,200	297	\$19,800
Spinal Fusion	\$100,000	000	\$11,500	\$6,500	91	\$15,400
Dental Implant	\$2,800	00	\$900	\$1,000	36	\$4,200

Source: Medical Tourism Association (2013)

Thailand has identified its medical tourism stakeholders by developing a medical tourism network that is based on four elements: suppliers, core activities, service providers and support players. The network among medical tourism stakeholders has been expanded to include the support players like the Medical Research Affiliations and Certification, which help private hospitals obtain accreditation by international organizations such as the Joint Commission International (JCI). Industry Professional Accreditation Groups can help local doctors meet the minimum American and British standards and gain the relative accreditation. Educational Institutions are considered important players when it comes to providing the medical and tourism industry with a capable labor force. Ultimately, the last group of players within this network is that of the Government Agencies, which includes the ministries of Tourism and Health. In this vein, the government of Thailand has opened fifteen offices abroad to invite international patients to travel to Thailand for the purposes of receiving medical services while visiting their families, tourism attractions, shopping centers, or attending cultural events. In 2004, Thailand was aiming to be known as the “Medical Hub of Asia”. Currently, this Asian country is ranked as one of the best medical tourism destinations at the local and international level (Rabindra, 2006). Some researchers, however, realize that the network among medical tourism stakeholders faces some challenges. First of all, having insurance companies play a part within the medical tourism network will increase the cost of medical services for patients, because private hospitals will be obligated to buy insurance to cover potential malpractice issues. Second, in the network there is no a specific organization that directs medical facilities for improving their medical services in order to target medical tourism market. Therefore, private medical facilities have their own market campaign for promoting their medical services without putting into the consideration how they are going to handle the operation of medical tourism businesses. Therefore, private medical facilities should have direct participations with the medical tourism network for collaborating with other stakeholders such as medical institutions, tourism agencies, facilitators to conduct medical tourism services more professionally.

In this case, the Asean Economic Community (AEC), a single regional common market of Asean countries will be created by 2015. The regional integration's objective is to create a competitive market of over 600 million people in Asean countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. There will be free flow of goods, services, investment capital and skilled labor following the liberalization. These will include tariff reductions and streamlining of certain administrative procedures. Many businesses have begun preparing themselves three years ahead of time to meet the challenges and opportunities of the Asean Economic Community (AEC) and Thailand as the main coordinator in field of tourism and aviation. (Harryono, Huang, Miyazawa, & Sethaput, 2006)

Khon Kaen Province is situated in the Northeastern region of Thailand. Khon Kaen is a commercial, administrative and educational centre of the Northeast, which is often used by travelers as a base for visiting many parts of upper Northeast. It is located in the heart of northeastern region of Thailand (called Isaan), this community was experiencing one of the fastest growth rates in Thailand until the baht was devalued in 1997. In the last several years, construction activities were resumed in the city including the widening of Mitaprah Road on the West side of Khon Kaen (Highway 2 Bangkok-Nong Khai) see figure 2. The present population of the province is around 1,767,601.

The city also hosts the largest university in the North East named Khon Kaen University. Khon Kaen University (KKU) was established as a major university in the Northeastern part of Thailand in 1964 and has developed itself to become one of the top universities in Thailand. KKU has recently become one of the nine national research universities in Thailand and an educational center in the Mekong sub-region. The Faculty of Medicine in Khon Kaen University was established in 1972 as the first medical school and the first university hospital in northeastern Thailand to offer all of the medical specialists with an international standards called Srinagarind Hospital. Srinagarind Hospital is equipped with the latest high technological medical equipment and staffed with professionals who specialize in using the technological advancement. The Faculty is therefore able to provide immediate and effective medical treatment. Apart from it, the Queen Sirikit Heart Center of the Northeast—the premier heart centre of the region – was situated to focus on cardiovascular treatment, relevant academic services and research. The Centre supports graduates and fellows specializing in cardiology. However Srinagarind Hospital and the Queen Sirikit Heart Center of the Northeast are considered the first choice of people for healthcare in the Northeastern region.

Figure 2: Map of GMS Economic Corridors



Source: www.npu.ac.th/gms/index.php/logistics/item-gms-economic-corridors

The research found Khon Kaen is a large province in the Northeast region with 4th largest population density in the country (Department of Department of Local Administration, 2011). In addition, its geographic location is in the center of the Northeast, the hub of the region's education, available multi-level accommodation and services, and the location of the significant international airport are all factors that promote tourism potential of Khon Kaen as well. At present, Srinagarind Hospital, Faculty of Medicine Khon Kaen university to become the medical center or medical hub to service the ASEAN Economics Community in 2015, it is a great opportunity for people in Laos, Cambodia, Vietnam and South China to visit for using the services of the hospital. (Statistic Department, Srinagarind Hospital, 2012) Therefore, the analysis of the potential of medical tourism in Khon Kaen province is interesting and no one has studied it before. This study result can contribute to economy of Khon Kaen, Thailand and affect to people involved in the future.

Conclusion

Qualitative Method

Data contributors via interview are executive management of 2 relevant organizations i.e. a director and deputy director of Srinagarind Hospital, Faculty of Medicine, Khon Kaen University and director of Tourism Authority of Thailand , Khon Kaen Office . There is a focused interview without collecting personal information.

1. The study of potential and readiness of Srinagarind Hospital, Faculty of Medicine, Khon Kaen University, and ability to be health tourism destination serving for AEC in 2015

1.1 Analysis of external environment affecting Srinagarind Hospital, Faculty of Medicine, Khon Kaen University

The researcher analyzed external environment widely and indirect effects toward organization's operations as both private and public organization views. Srinagarind Hospital, the faculty of medicine, is a public hospital. So, PESTE Analysis was used to analyze external environment of Khon Kaen province to explore the provincial potential impacting the hospital capability of being a medical hub and health tourism destination in the future.

Srinagarind Hospital, Faculty of Medicine and Medical school, Khon Kaen University started on February 19th 1976. At present, it with 1,100 beds annually serves for external patients of 800,000 persons, and internal patients of 50,000 persons with the incremental rate of 8 -10% per year. In addition, multi-disciplinary medical staff is available to support specialty and complicated diseases. The hospital status functions as demonstration school. The medical school conducts instruction under the supervision of the faculty of medicine, Khon Kaen University and belongs to the Ministry of Education. Srinagarind Hospital is the biggest hospital in northeastern part of Thailand and medical staff can treat specialty and complicated diseases. Currently, personnel capacity is sufficient for service operations. Medical services such as clinical examination both working hours and special hours. This special clinic operates Monday – Saturday for hospitalization, patient transferring, and foreigners services. Moreover, Srinagarind Hospital is equipped with modern medical devices to serve patients with complicated diseases and in the future, Srinagarind Hospital will be developed further to be a medical hub of the Greater Mekong Subregion. Two new building will be constructed; Kanlayaniwattana building serving as kidney disease treatment center and another 20 storey building serving as Specialty medical center and accident-emergency to enhance potential of the Srinagarind hospital.

1.2 Internal environment of Srinagarind Hospital, Faculty of Medicine, Khon Kaen University

Strength

(1) It is the biggest hospital in northeast and located in the center of northeastern region and the most famous hospital in the sub-region. In addition, It is a leading hospital with development of 40 years experience and become recognized from foreigners

(2) It obtains modern and high efficient medical material, equipments and instruments. Moreover, It produces a lot of academic research publications to encourage clients at its services and has huge network of specialty medical practices among domestic and international organizations. In addition, qualification and standard evaluation are conducted to certify its quality and management standard; Public Sector Management Quality Award (PMQA) and Hospital Accreditation (HA) are awarded

(3) It is funded sufficiently from the university and government for managing the hospital and hires a number of academic staff and professional staff with expertise of all medical disciplines.

(4) Integrated clinical treatment is applied to patients and lower cost for treatment compared to private hospitals. Furthermore, Service fee is much lower cost compared to that in developed countries; this makes Srinagarind Hospital is interesting in terms of health tourism destination

(5) It has ability to serve and reduce the need of transferring patients to hospitals in Bangkok and convenient transportation with mass transit throughout the region

Weakness

(1) There is not sufficient building space for serving all clients and proportion of service providers to service users is insufficient. Increasing clients can cause bottleneck and the increasing number of complains of unsatisfaction, Moreover, most staff lack proficient English skill and cannot provide services to foreigners properly.

(2) Fast expansion of private health care businesses results in brain drain and a lot of physicians move to work for private hospitals. This increases the problem of lack of physicians in medical schools and public clinical service facilities.

Opportunity

(1) According to government policy, Srinagarind Hospital is promoted as a medical hub of the Greater Mekong Subregion to serve both domestic and international people and prepare for increasing capacity from people in the region both Thai and foreigners in the future after AEC in 2015 and providing services to foreigners from neighbors and other countries with high purchasing power can stimulate economic expansion in Khon Kaen. More spending create more economic expansion in Khon Kaen.

(2) Thailand is famous in a potential medical hub and potential clinical treatment providers comparable to those countries in the west. So, Srinagarind Hospital has reliability for that. In addition, the provincial transportation system in Khon Kaen e.g. inter-provincial Mitraphap road and an international airport can facilitate Khon Kaen to be a gateway to indo-china and southern China in accordance with development project along East-West Economic Corridor. This will attract more people to come and use the services of Srinagarind Hospital.

(3) Changing from a government dependent university to an autonomous university, Srinagarind Hospital under management of Khon Kaen University, administrative system and workflow will be more dynamic.

Threats

(1) Expansion of private healthcare facilities causes work relocation of professional physicians to work for private hospitals. The lack of professional physicians in Srinagarind Hospital becomes more serious problem. This can affect to quality of services to people in the long run.

(2) Due to foreigners with high purchasing power, price will be increased because of higher cost of public and private healthcare services in government social security project affecting incremental labor cost. In addition, health security policy and social security policy have budget below actual expenditures at Srinagarind Hospital. In addition, There are some changes in regulations, laws in accordance with government turnover and there is global economic downturn including that of Thailand.

(3) High expectation of patients and their relatives possibly create litigation risk.

Quantitative Method

Data were also collected from 400 existing and ex-clients as a sample group using questionnaire. In addition, marketing mix of services of Srinagarind Hospital, Faculty of Medicine, Khon Kaen University (8P's) supports information from demographical data can be summarized as follows; Mostly, responders are women as 56.0% and age of between 20 and 30 as 50.3%. This study reveals that mostly they obtain bachelor degree as 52.5%. It was found that mostly responders are government officers as 38.8% and income range are between 7,001 – 15,000 Thai Baht as 30.0% For the right of medical treatment, it was found that 52.8% of them can refund their medical treatment fee.

1. Results from studying marketing and services factors (8P's) about products of the hospital revealed that most responders gave opinions about;

(1) Products and destination, for example, treatment program, treatment activities, and a variety of treatment alternatives of the hospital. (2) Price concern, responders gave their opinion at highest level about the price given by Srinagarind Hospital that the price given is reasonable for services. (3) Place or channel of services of Srinagarind Hospital, it was found that responders gave their opinions about the channel of services at the highest level that the hospital is famous and reliable. (4) Promotion of Srinagarind Hospital, it was found that responders gave opinions about marketing promotion of the hospital at the highest level that the hospital releases proper advertising and does not over claim. (5) Personnel of Srinagarind Hospital, it was found that responders gave opinions about service personnel of the hospital at the highest level that physicians/staff/officers are well-mindful and honest. (6) Process of Srinagarind Hospital, it was found that responders gave opinions about service process of the hospital at the highest level for screening system to manipulate risky patients such as ones with congenital diseases. (7) Productivity and quality of the services provided by Srinagarind Hospital, it was found that responders gave opinions about the efficiency and quality of the services of the hospital at the high level for service quality. (8) Physical environment of Srinagarind Hospital, it was found that responders gave opinions about physical environment of the hospital at the high level.

2. Conclusion of studying behaviors of using healthcare services and past experiences of using health promotional services and opinions in establishing health promotional services at Srinagarind Hospital

The result revealed that responders gave opinions toward services at Srinagarind Hospital as follows: available professional physicians as 26.8%; for the use of medical services, it was found that general physical checkup including health check packages as 35.5%; for service purpose, it was found that patients would like to be healthy as 38.5%; for average usage per month, it was found that most responders use the services 1-2 times a month as 81.5%; for day and time of services, mostly, Monday – Friday are chosen for receiving services as 54.3% and 8.00 a.m. -12.00 a.m. is the range of time is chosen for receiving services as 54.5%; mostly, range of service cost is 501-1,000 Baht as 44.3%; for return customers, it was found that most clients will return to use the services as 85.3%; for health promotional experiences, it was found that most responders have experiences of health promotion (alternative medicine such as Thai massage, spa) as 78.0%; for the way of using the services of health promotion, it was found that massage for health (body massage, foot massage) is the most popular as 40.9%; for reasons of using health promotion, it was found that most patients would like to have relaxation and relieve their stress from their daily life as 46.3%.

3. Support of establishing health promotional center at Srinagarind Hospital

The study result shows that for interest of establishing health promotional center at Srinagarind Hospital, there is an interest to establish health promotional center at Srinagarind Hospital because the hospital is famous and reliable as 26.5% of responders and the hospital has a cooperation with community health development program to enhance the establishment of health promotional center by introducing curriculum of Thai medicine and alternative medicine to increase potential of personnel who would like to work as an alternative medical doctor with enhanced efficiency and qualification. Moreover, there are Thai medicine and alternative medicine such as Thai massage and spa available. Thai medicine services are obtainable at community health development program, Faculty of Medicine, inside Srinagarind Hospital and Khum Sri Than area to response client need of using health promotion. Therefore, Srinagarind Hospital is ready with its ability and potential to be a hub of health promotion in regional and national level. This will promote it as health tourism destination with standard.

4. Problems, barriers and solutions of Srinagarind Hospital

Result revealed that insufficient building space such as car parking and lack of modern equipment/innovation to cure some diseases are found. The hospital is a medical school therefore medical must contribute a lot of their time in classroom then service time in the hospital is reduced. Rapid expansion of private healthcare facilities causes professional physicians move to work for private hospitals and then lack of professional physicians in the public hospital like Srinagarind Hospital is taking place. In addition, staff and personnel in the hospital are not able to communicate to foreign patients.

Solutions for these problems are the hospital shall expand car parking and service area and procure modern medical devices by asking for higher budget from the government and Khon Kaen University. The hospital shall promote relationship among people in the organization and raise foreign language skill training as well as service productivity training.

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