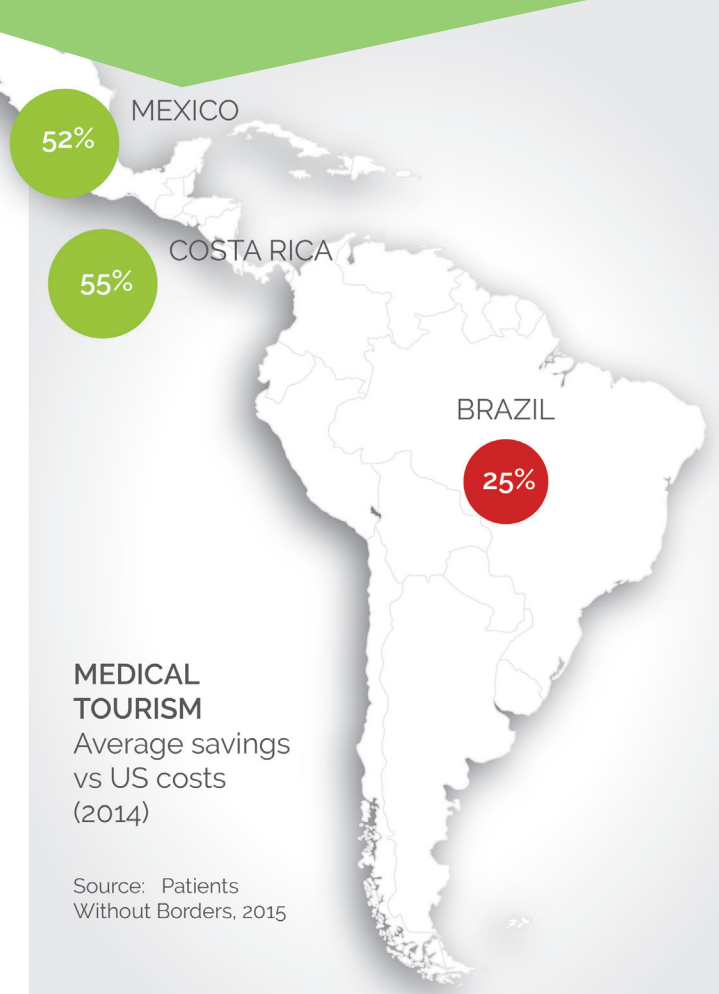


6.

Medical and Wellness Tourism: Currency Devaluations Sweeten the Deal

The development of medical tourism in Latin America in recent years has been very profitable for destination country economies. Surgical and dental procedures are offered at a sharp discount compared to U.S. price points. Over 1.4 million Americans went abroad for medical cases in 2016, a number that has grown alongside the rising cost of care following the Affordable Care Act. Latin America is receiving the lion's share with cost-friendly and increasingly excellent medical care combined with developed tourist infrastructure. The establishment of rigorous standards via U.S. based Joint Commission International allows a growing number of accredited Latin American hospitals to leverage a golden seal of approval.



Elective procedures not covered by U.S. health insurance remain the most popular procedures, ranging from liposuction to in vitro fertilization to dental surgery, but specialist procedures like hip and knee replacement, orthopedic surgery and eye surgery are on the rise as well. In addition to medical tourism, the emerging wellness travel category accounts for over 30 million trips to the region, generating an estimated US\$ 22 billion in revenues. With Latin American currencies expected to remain below pre-2015 levels through 2018, key markets are on the high end of the global medical tourism growth rate of 15-25%.

- **Mexico's fast track to regional leadership:**

As a top global hub for medical tourism, Mexico attracts over one million inbound patients each year and is growing at over 20% CAGR. Cost savings on medical procedures in Mexico vs. the U.S. already average 50-60% range prior to the recent devaluations. Border cities like Tijuana and Mexicali each attract 150,000 American patients yearly, prompting the creation of a special "medical lane" at the U.S./Mexico border crossings in 2012. While over 70% of inbound U.S. patients come from border states like California, Texas and Arizona, an increasing number are flying into Cancun and Puerto Vallarta from further afield to combine medical procedures with resort recoveries. Top procedures include weight loss surgery, cosmetic surgery, oncology (including alternative treatments) and dental/orthodonty. By the end of 2016, Mexico boasted 8 JCI accredited hospitals.

- **Brazil, a world capital for cosmetic surgery:** Brazil's well-developed private healthcare services set the bar in Latin America, and while the cost savings are

generally less than other destinations, the medical excellence continues to draw patients from abroad. Brazil was the first country to boast a JCI-accredited institution outside the U.S. and is now home to 43 JCI hospitals. Brazil ranks second behind the United States for number of plastic surgeries performed, and the quality and affordability of such procedures has garnered a strong international reputation. Brazil boasts the highest per-capita number of cosmetic surgeons in the world, with more than 4,500 licensed cosmetic surgeons. The latest improvements in infrastructure due to the World Cup and the Olympics have made the country more accessible for medical tourism, which is expected to grow by 45% in the next five years.

- **Costa Rica becoming a major player:**

Costa Rica also enjoys relative geographic proximity and direct flights to main U.S. airport hubs. Roughly 50,000 medical tourists per year are drawn to the deepest savings on procedures (averaging 55%) among Latin America's top three destinations, well-developed tourist infrastructure and low crime rates. Noted "recovery resorts" have sprung up within easy access of major San Jose hospitals, offering ranch-style accommodations with convalescent nursing care.

- **Colombia finds an attractive niche:**

Colombia is home to roughly 1,000 plastic surgeons who carry out an estimated 300,000 operations every year. The country is ranked within the top 10 by the International Society of Aesthetic Plastic Surgery and their 2014 estimated that Colombia accounts for 2.4% of procedures worldwide. The most popular are liposuction (~50,000), breast augmentation

(~40,000), abdominoplasty (~25,000), eyelid surgery (~22,000) and buttock augmentation (~21,000). The Ministry of Trade, Industry and Tourism reported that 41,000 foreigners visited Colombia in 2014 for medical (mainly cosmetic) tourism purposes, hailing from the US, Spain, Germany, Venezuela and Canada. However, the country is broadening its appeal through developing partnerships with internationally renowned organizations. In 2016, the Fundacion Cardiovascular de Colombia hospital opened a 200-bed advanced oncology center for adults and children developed and managed in partnership with the University of Pittsburg Medical Center famous for its cancer expertise. By the end of 2016, Colombia had four JCI accredited hospitals in Bogota and Medellin.

- **Panama joins the foray:** Panama has experienced rapid growth in the medical tourism sector due to its position as a regional business hub and the use of the U.S. dollar as official currency. Ample qualified doctors are bilingual and use the same medical equipment as American doctors. Direct affiliations with renowned American hospitals such as Johns Hopkins Medicine International have made Panama incredibly attractive for American citizens.

- **The rise of wellness tourism:** Increasing prevalence of chronic and stress-induced diseases in developed countries like the U.S. has prompted a rise of the "wellness tourism" industry of travel oriented towards enhancing personal health and well-being. In Mexico this sub-sector represents nearly \$9 billion in annual expenditures from 11.4 million visits. For example Tulum, a small community along the Riviera Maya, has become a haven for high-dollar yoga retreats and detox therapies

for North Americans staving off corporate burnout. Brazil, a distance second, brings in \$2.2 billion from 5.3 million visits.

Looking forward: Latin America as a repeat destination along health & wellness journey

Medical tourism in key markets like Mexico is expanding beyond elective procedures to major operations like orthopedic and cardiologic surgery due to the high usage of American standards and equipment. A handful of U.S. health insurance companies already have some form of coverage for medical tourism visits to Latin America as they too are burdened by rising healthcare costs. Healthcare, like manufacturing, may become another sector where cost advantages south of the boarder prompt increasing value chain integration between players in North and Latin America. Advantageous foreign exchange rates expected to continue through 2018 make these procedures even more appealing for in-bound tourists. As wellness tourism in Latin America grows by 13% annually, repeat travelers will develop a more comprehensive health relationship with key destinations providing an expanding variety of services related to general wellness, medical care, and recovery.

About Global Health Intelligence

Global Health Intelligence provides detailed information on healthcare infrastructure in emerging markets in order to help clients understand the competitive landscape and identify opportunities for growth.

Founded on over 20 years of research expertise in emerging markets, Global Health Intelligence has developed the world's largest hospital demographics database focused on Latin America.

Find out how Global Health Intelligence can help you grow in emerging markets:

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Our Services

● Hospital demographics

The world's largest hospital demographics database focused on Latin America

● Market size / share

A unique methodology based on the analysis of import data to deliver reliable insights in a timely manner

● Tailored research

Refined with 20+ years Market Intelligence experience:

- Market sizing and segmentation
- Partner search & market due diligence
- Competitive profiling
- Pricing and cost analysis
- Best practices
- Positioning and opportunity identification

Hospital Database Characteristics



12,000 hospitals
profiled



Coverage in 11
countries



Over 100 data
points per hospital



Raw data exports
to Excel



Integration into
your CRM



Prebuilt Tableau
dashboards



Available
immediately!

