

# Engage

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### Getting to know the Malaysia Healthcare Travel Council



# Malaysia: A world class healthcare destination

Malaysia projects RM1.8 billion hospital revenue from healthcare travellers in 2019

By **Tara Yeap** Pics by **Brandon Eu**



**H**ealthcare travel is one of the fast-growing industries today. Lower cost of healthcare services compared to its counterparts in developed nations is boosting the healthcare travel market in Malaysia.

The healthcare travel sector in Malaysia has recorded a compounded annual growth rate (CAGR) of 16 to 17 percent over the last five years. According to Transparency Market Research the healthcare travel market in Malaysia is forecast to grow at a robust pace between 2016 and 2024. During this period, it says, the market is poised to exhibit an impressive 30.05% CAGR. At this pace, it says that Malaysia's valuation is expected to increase from US\$424.96 million in 2016 to US\$3.5 billion before 2024 ends.

To reach those target, MHTC - an agency under the Ministry of Finance (MoF) and tasked with promoting Malaysia as a healthcare travel destination under the 'Malaysia Healthcare' brand - believes that Malaysia has to achieve a 25% CAGR this year.

"Now being under the Ministry of Finance (MOF), MHTC has been encouraged by the ministry to set a higher target of 25% CAGR for this year alone. It's going to be a very challenging year for us but that is what makes it so exciting," MHTC CEO Sherene Azli tells *MALAYSIA SME*® in an exclusive interview recently.

To reach the 2019 growth target, Sherene says investment must be increased to improve products and services as well as the range of treatment offerings available. This includes enhancing the local end-to-end healthcare services and improve current marketing efforts.

"Once we have all the plans and investments in place, only then can we hope to achieve that target when the time comes," she adds that MHTC is establishing numerous initiatives in order to achieve the target.

She noted that in 2016, due to the high amount of investment pumped into healthcare travel, the industry managed to hit a 23% growth rate. On the other hand, in 2018, due to uncertainties such as the change in government and a slowdown in healthcare travel activities in the global market saw the growth rate fall to 15%.

However, Sherene says despite the initial setback last year Malaysia still received 1.2 million health travellers in 2018 and expects it to increase to 1.3 million healthcare tourists this year.

Asked if Malaysia is capable of accommodating the increasing demand, Sherene replies, "We've done a supply audit with our hospitals and we discovered that we have the capability to cater up to three million patients by next year. So, 1.2 million is still manageable."

She says that the rise in healthcare travel in the country is in tandem with the rising upper middle class population in Asia, namely China. This increase of the upper middle class segment has fueled the demand for

higher end healthcare facilities and services which Malaysia is well known for.

According to Sherene, the APAC region namely, Malaysia, Japan, Singapore, Korea and Thailand are some of the countries that boast world-class healthcare providers.

#### The wealth in health

The Malaysian healthcare travel industry which raked in close to RM1.5 billion in revenue last year, presents huge opportunities for micro, small and medium sized enterprises (MSMEs). Sherene says that for every RM1 spent by patients in the hospitals, it generates a multiplier effect of RM3 to RM4 from auxiliary services such as transport, food and beverage as well as hotels.

“When foreign patients come to Malaysia, they expect to get the end-to-end solution that will give them the ease of receiving healthcare services from us. They’d want to have good transportation services and comfortable accommodation for their family especially for prolonged treatments. This presents an opportunity for the surrounding MSMEs to build themselves as health facilitators and contributors to healthcare travel,” Sherene explains.

The cascading effect of tourist’s money being spent throughout the host economy creates a multiplier effect including the creation of new job and employment opportunities as well new infrastructures and businesses that will spur the economy in the surrounding healthcare facility.

The potential gains from the healthcare services industry and its contributions to the national economy are enormous. Given Malaysia’s multi-ethnic society and the availability of well-established and affordable health facilities, the country has the essential ingredients to become a world class player in health travel. With continuous and collaborative efforts by both the government and the private sector working together in partnership, Malaysia can expect to garner huge rewards from this thriving industry.

Malaysia aims to cash in on the healthy growth of healthcare travel this year, with projected hospital revenue of RM1.8 billion from healthcare travellers generating an economic impact worth RM6 billion.

The target is based on the RM1.5 billion in revenue receipts in 2018 from more than 1.2 million traveller arrivals.

Healthcare travel is one of the fastest growing industries, recording double-digit growth compared with the 0.1 percent growth recorded by the tourism industry alone in 2017.

The local healthcare travel industry has been flourishing, from just 643,000 health travellers in 2011 to a high of more than 1.2 million in 2018. This growth contributed almost RM3 billion to RM4 billion to the country’s gross domestic product (GDP).

This calculation is based on a multiplier effect of 2.24 times of the hospital receipts, which factors in out-of-hospital spending such as wellness, transportation, accommodation and tourism activities.

According to Sherene, Sherene says that the healthcare travel industry can help boost the overall tourism sector of the country to reach its target of RM100 billion in 2019.

“The tourism sector would need niche services like ours to be the catalyst in driving towards the targeted number. Last year, we grew 15% while the tourism sector grew 0.1%, which is a significant difference in tourism receipts,” she explains.

#### World class healthcare

The Malaysian healthcare industry, says Sherene, has several unique selling points which propels the country as the destination of choice for healthcare travel globally. This include:

##### World-Class Quality

- World standard healthcare facilities and healthcare personnel, internationally accredited and recognised
- Quality and safety standards in Malaysian private hospitals are exemplary, benchmarked against the best in the world, and are closely monitored and stringently regulated by the Ministry of Health Malaysia.
- Malaysian private hospitals have been accredited by internationally recognised bodies: Malaysia Society for Quality in Health (MSQH), Joint Commission International (JCI), Reproductive Technology Accreditation Committee (RTAC) and other agencies under the International Society for Quality in Healthcare (ISQua)

##### Affordability

- The country’s healthcare system is internationally recognised for its excellence and its affordability. Healthcare travellers need not worry about burning a hole in their pockets when seeking treatment in Malaysia
- The Ministry of Health Malaysia also regulates ceiling rates for

healthcare treatments, ensuring services remain realistically affordable. This is according to the Medical Fee Schedule 2013 that has been set up by the Ministry of Health.

- Cost of treatment is affordable compared to countries within the region thanks to capping of charges. Compared to the US, patients save between 60% and 80% in cost.

##### Ease of accessibility

- Virtually no waiting times for appointments for consultations and treatments with specialists, allowing real-time access
- Malaysia houses almost 200 private hospitals, not including dental clinics and health and wellness centres
- Connected by direct flights to major travel hubs across the world

##### Global Halal Hub

- Malaysian society is largely Muslim-friendly, all our hospitals serve only halal menus and provide prayer facilities.
- Availability of porcine-free healthcare products, such as sutures and vaccines.
- Many healthcare professionals and personnel, both men and women, are Muslims.

##### Tourist haven

- It is strategically situated on international travel routes and is incredibly well-connected to all major travel hubs from around the world. Malaysia is home to over 30 million population of various ethnic backgrounds, diverse culture, with a myriad of popular tourist destination spots.

#### Staying ahead of the curve

Although regional players have had a 20-year head-start, Sherene says Malaysia has done well in playing catch up. She says, Malaysian healthcare is continuously raising its pillars of strength - world-class quality, affordability and ease of accessibility, its seamless end-to-end healthcare travel ecosystem, coupled with the strong regulation from the government, make Malaysia’s healthcare travel system truly one of a kind.

She says gaining acknowledgement on the international landscape for healthcare travel, Malaysia was recognised as the ‘Destination of the Year’ by IMTJ for three years in a row between 2015 to 2017.

“In 2018, we received a highly commendable mention as the ‘Destination of the Year’. US-based International Living also acknowledged Malaysia as the country with the ‘Best Country in the World for Healthcare’ based on their Global Retirement Index from 2015 to 2017 and in 2019. Malaysia was listed as the top Asian country for retirement in 2018 and 2019.

“In addition to that, rising healthcare costs in neighbouring countries has also helped strengthened Malaysia’s position as a healthcare travel destination with world-class quality healthcare services but at a much more affordable price,” Sherene adds.

She points out that regional players are also faced with the high demand of patients with low supply of physicians. Fortunately, Malaysia is presented as an alternative with high accessibility coupled with quality treatments at an affordable cost.

International patients are able to seek for any kind of healthcare treatment in Malaysia. The types of procedures sought after chiefly depend on the profiles of the patients for example the country of origin, age, gender etc.

The top fields in demand are namely, general health screening, orthopaedics, cardiology, oncology, in-vitro fertilisation (IVF), neurology, dental, aesthetics (cosmetic surgery, wellness and preventive care). Malaysia also caters to a high number of international patients in urology, ophthalmology and gastroenterology.

#### The perfect partnership

Malaysia is one of the few countries in the world where healthcare travel is a government supported industry while being driven by the private sector. In order to facilitate healthcare travellers to Malaysia, MHTC was set up by the Malaysian government to aid and facilitate governments to connect with hospitals for patient referrals.

Since then, MHTC has worked to streamline industry players and service providers into a more focused development strategy to raise Malaysia’s profile in healthcare travel on an international stage. It is an example of a successful model of public-private partnerships (PPP) in growing the healthcare travel sector in Malaysia. MHTC serves as a driver and catalyst towards positioning of the country as the leading global destination for healthcare.

Moving forward, MHTC will soon be organising its first-ever international healthcare travel campaign, Malaysia Year of Healthcare Travel (MYHT) 2020. The initiative aims to propel Malaysia as a reputable global healthcare travel destination while increasing the economic contribution from both the health and tourism sectors at the same time.

**Once we have all the plans and investments in place, only then can we hope to achieve that target when the time comes.**

# Getting to know the Malaysia Healthcare Travel Council

By Tara Yeap



Malaysia Healthcare, showcasing the country's dual heritage of warm hospitality and world-class healthcare services under one value proposition. In tandem, the council strove to streamline healthcare service providers and industry players in both the private and government sectors, to create a comprehensive and holistic healthcare travel ecosystem.

MHTC was eventually incorporated as a standalone entity in 2011, which allowed it greater flexibility to operate as a coordinating agency for the healthcare travel industry in Malaysia. Today, under the MOF, MHTC continues with its mandate of raising Malaysia's profile as a leading provider of quality healthcare for global citizens. They strive to create value-added public-private partnerships and government-to-government initiatives, domestically and internationally, for the continued and sustainable growth of the Malaysian healthcare travel industry.

## About MHTC

Malaysia Healthcare Travel Council (MHTC) is an agency under the Ministry of Finance (MOF) tasked to facilitate and promote the healthcare travel industry of Malaysia by coordinating industry collaborations and building valuable public-private partnerships, at home and abroad.

In 2005, the Ministry of Health Malaysia (MOH) established a small unit to promote the country's

fledgling healthcare travel industry. As the industry grew, so did the government's recognition of the need for a facilitating agency to drive the development of the industry, leading to the launch of the Malaysia Healthcare Travel Council as a formal entity within the MOH on the July 3, 2009 upon the approval of the Malaysian Cabinet.

Now with its own logo and tagline "Quality Care for Your Peace of Mind", MHTC sought to create a brand for

## Vision

Making Malaysia as the leading global healthcare destination

## Mission

Promoting Malaysia's healthcare industry globally and facilitating the industry's sustainability

## Objective

MHTC strives to promote the Malaysian healthcare industry around the world, as well as facilitate public-private sector collaborations to effectively address issues affecting the industry. It aims to make Malaysia known as the 'Number One Destination for Healthcare in Asia by 2020' by offering visitors a seamless experience with Malaysian healthcare services.

## Strategies

At MHTC, the development of strategies and programmes are carried out by working together with various stakeholders, including the Association of Private Hospitals of Malaysia (APHM), Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Tourism Malaysia and Malaysian Dental Association



(MDA) to develop programmes to bring Malaysian healthcare travel to the forefront.

MHTC also coordinates promotional activities for Malaysian healthcare providers and related stakeholders. While the healthcare travel industry is primarily private sector-driven, the Malaysian government assumes an active role to facilitate its growth. MHTC acts as a focal point or a 'one-stop centre' for all matters related to healthcare travel, from assisting health travellers with inquiries, to facilitating enquiries on policies and programmes on healthcare travel development and promotion, including solutions on matters related to healthcare travel

## Management Committee

- Chief executive officer – Sherene Azli
- Chief operating officer – Dolly Lim
- Chief commercial officer – Nik Yazmin Nik Azman
- Vice president of public relations and corporate communications – Shobena Singam
- Vice president of corporate strategy – Marini Saari
- Vice president of business sustainability – Zul Idris
- Vice president of facilitation – Norhaslina Mamat

## MHTC Partnership Programme

MHTC strives to enhance access to Malaysian healthcare services for the benefit of both health travellers as well as Malaysian healthcare facilities.

Under its mandate, MHTC undertakes the function of a one-stop centre for the healthcare travel industry for the promotion, business development, facilitation,

networking, regulation and centre to handle all enquiries on health travel in Malaysia. As part of its efforts to promote Malaysia healthcare globally, MHTC works closely with industry stakeholders, particularly the private Malaysian healthcare institutions.

The MHTC Partnership Programme recognises healthcare facilities that provide exemplary service to international patients, where members are screened by stringent criteria – in both, healthcare and supporting services – for participation in the programme. A certificate of registration with the MHTC is given by the Minister of Health Malaysia and is renewable every two years.

## Benefits of being an MHTC partner hospital and healthcare facility:

- Marketing and exposure through MHTC's diverse international marketing programmes
- Recognised and promoted as a quality provider of healthcare travel services for international patients
- Special incentives by the Malaysian government for efforts promoting healthcare travel
- Validity for Income Tax Exemption equivalent to Investment Tax Allowance (ITA), up to 100% on qualifying expenditure on improving healthcare travel infrastructure

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