



TURKEY AS A MEDICAL DESTINATION AND PARTNER: CONTRIBUTIONS TO THE US ECONOMY

Agenda

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- Overview of Turkey-US Relations
- United States Healthcare Perspective
- United States and Medical Tourism
- Turkey as a Medical Tourism Destination
- Benefits to United States and Turkey
- Recommendation for Turkey in a Growing US Medical Tourism Market



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Overview of Turkey – US Relations

A Stable US-Turkey Relationship

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- Current relations focus on areas such as strategic energy cooperation, trade and investment, security ties, regional stability, the global war on terrorism, and human rights
- U.S. has classed Turkey as one of its 10 Emerging Markets
- Increase US invest interest in Turkish companies from banks, energy companies to medical services and franchising
 - ▣ A total of 929 American companies had invested over \$10B in the Turkish economy since 1954

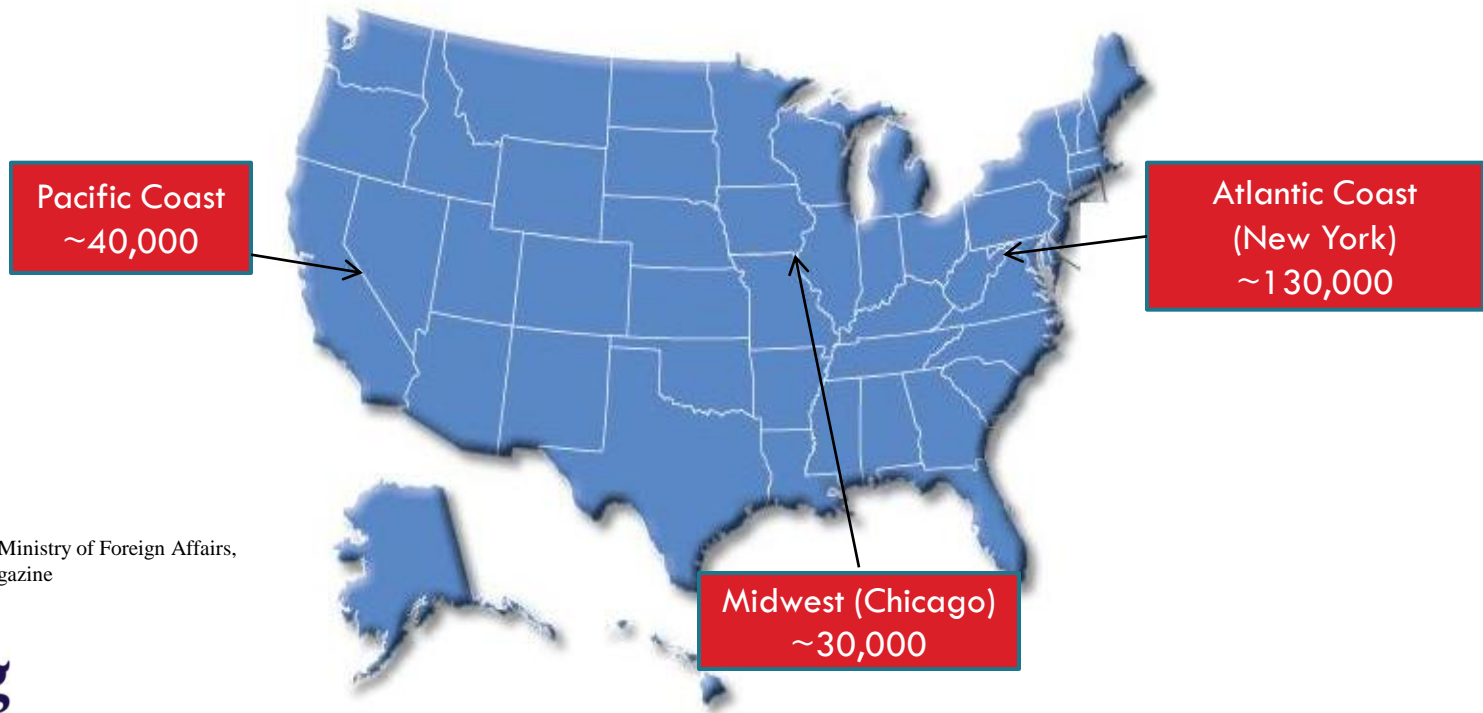


Sources: CIA, Global Finance Magazine

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- Turkey hosts regional headquarters of large US companies
 - ▣ Regional operations include: Coca Cola, Ford Motor, JP Morgan, Microsoft, Procter and Gamble, Nike and General Electric
- ~200,000 Turks live in the US



Sources: Republic of Turkey Ministry of Foreign Affairs,
Global Finance Magazine

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United States Healthcare Perspective

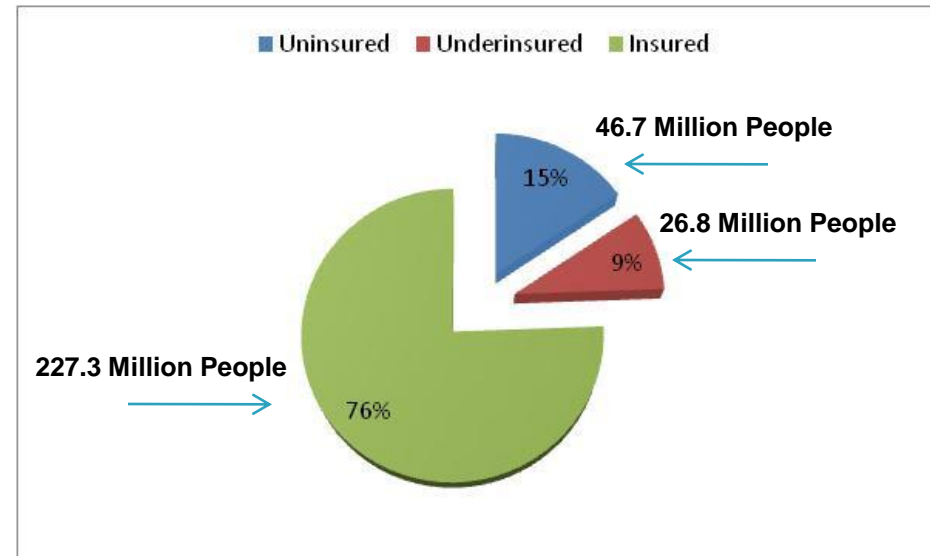
United States Healthcare Statistics

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United States Statistics

- The United States spent over \$2.2 trillion on healthcare expenditures in 2007
 - This broke down to an average of \$7,421 per resident and over 16% of the country's GDP
 - Over 66 million people are uninsured or underinsured
 - Healthcare has recently been a major debate in the US government and has received a tremendous amount of media attention

United States Insured Population

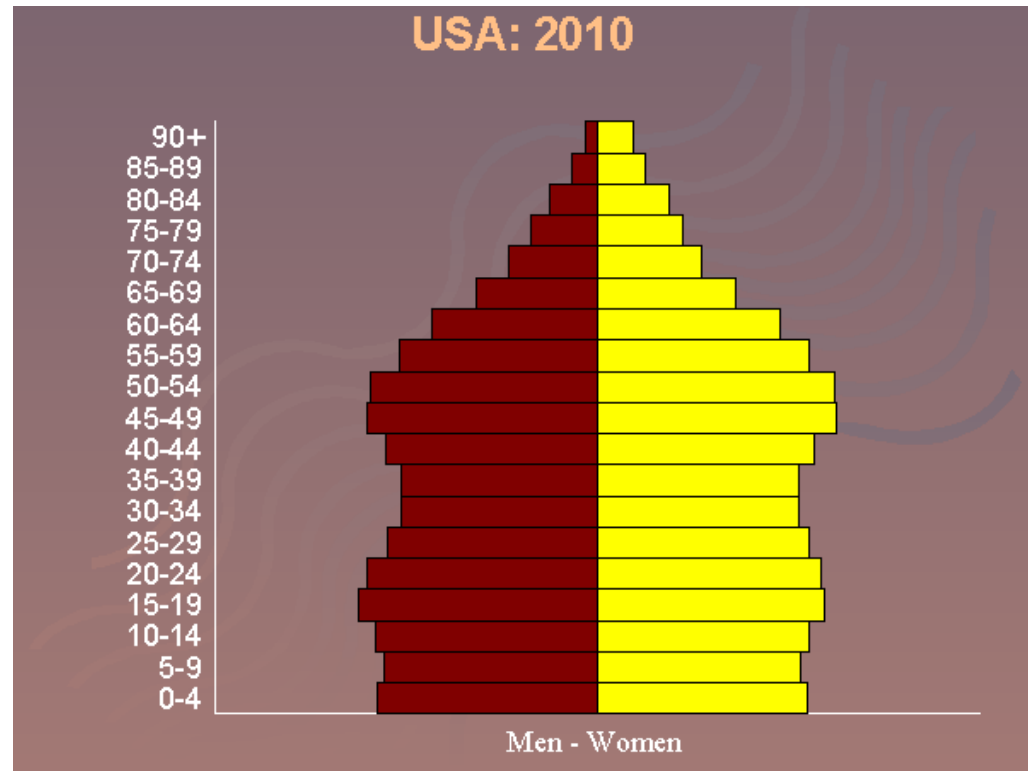


Source:
http://www.kaiseredu.org/topics_im.asp?imID=1&parentID=61&id=358
<http://www.census.gov/compendia/statab/>

United States Population Pyramid

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- United States population is just over 304 million people and is growing at 0.7% annually
- Baby boomer population continues to age and represents a significant portion of current healthcare consumers



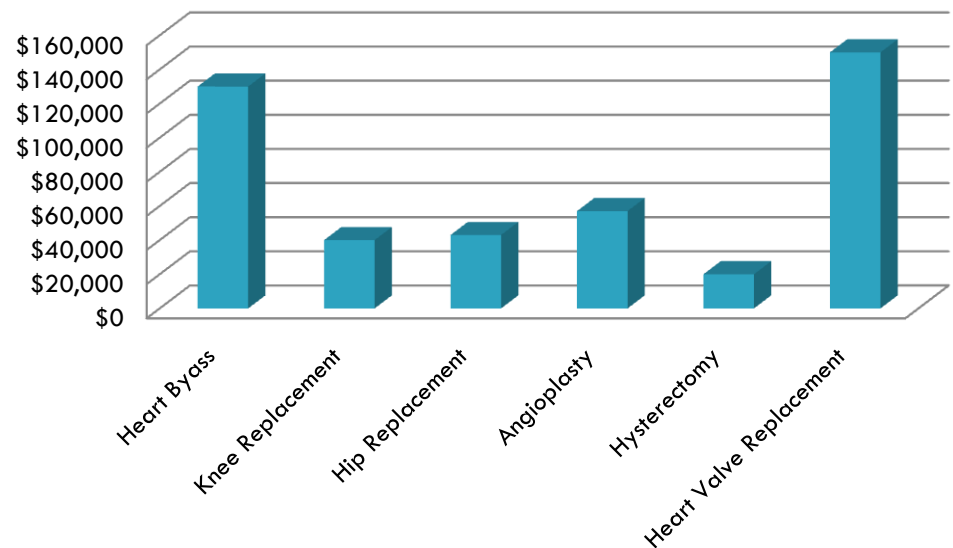
Source:
http://www.ageworks.com/course_demo/200/module2/module2b.htm#us
<http://www.census.gov/>

Sample Healthcare Costs in US

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- The top 10 most expensive medical procedures in the US cost over \$100,000
 - Organ transplants and pen heart surgery are the most expensive procedures costing \$400,000 and \$325,000 respectively
- Healthcare costs are growing at an average of 7.3%, which is well over current inflation rate of 2%
- In 2008, there were 661,000 primary care and surgeons in the US

Cost of Medical Procedures in US

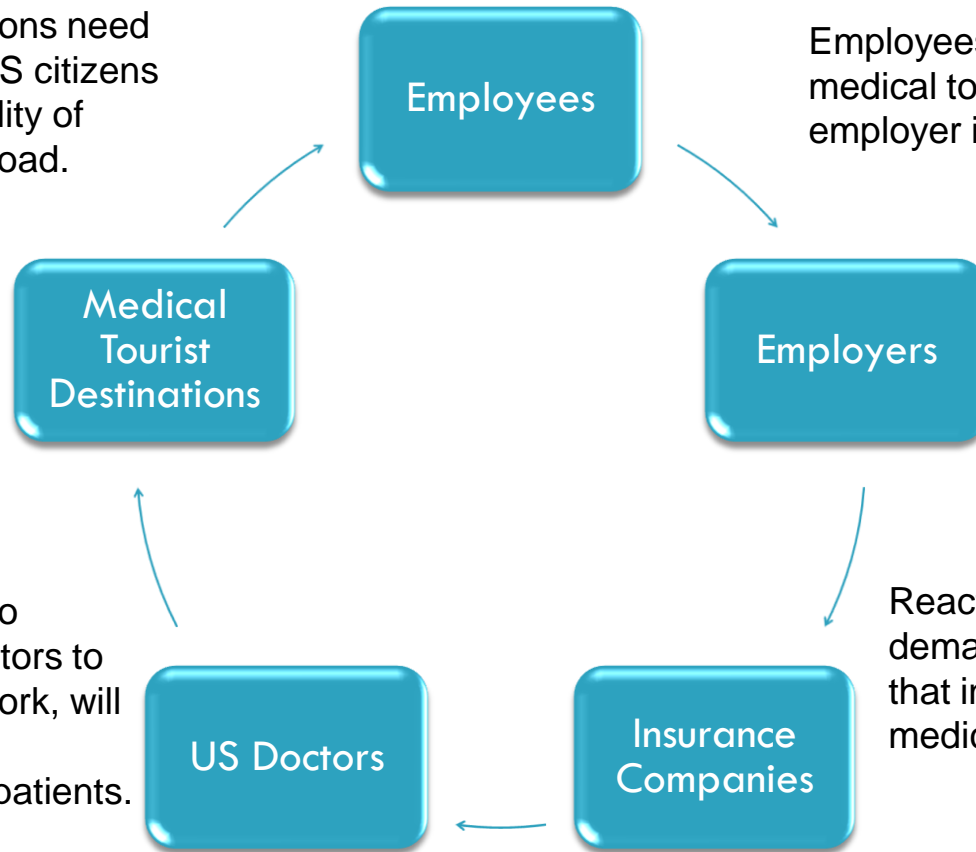


Source:
<http://www.writers-free-reference.com/14medical.htm>
<http://www.bls.gov/oco/ocos074.htm>

Major Healthcare Changes to Promote Medical Tourism

Medical tourist destinations need to focus on educating US citizens on the benefits and quality of medical procedures abroad.

Employees will need to demand a medical tourism option from employer insurance package.



Insurance companies, who negotiate with top US doctors to include them in their network, will need to provide different incentives if doctors lose patients.

Reacting to employee demands, employers will require that insurance companies offer a medical tourism option.

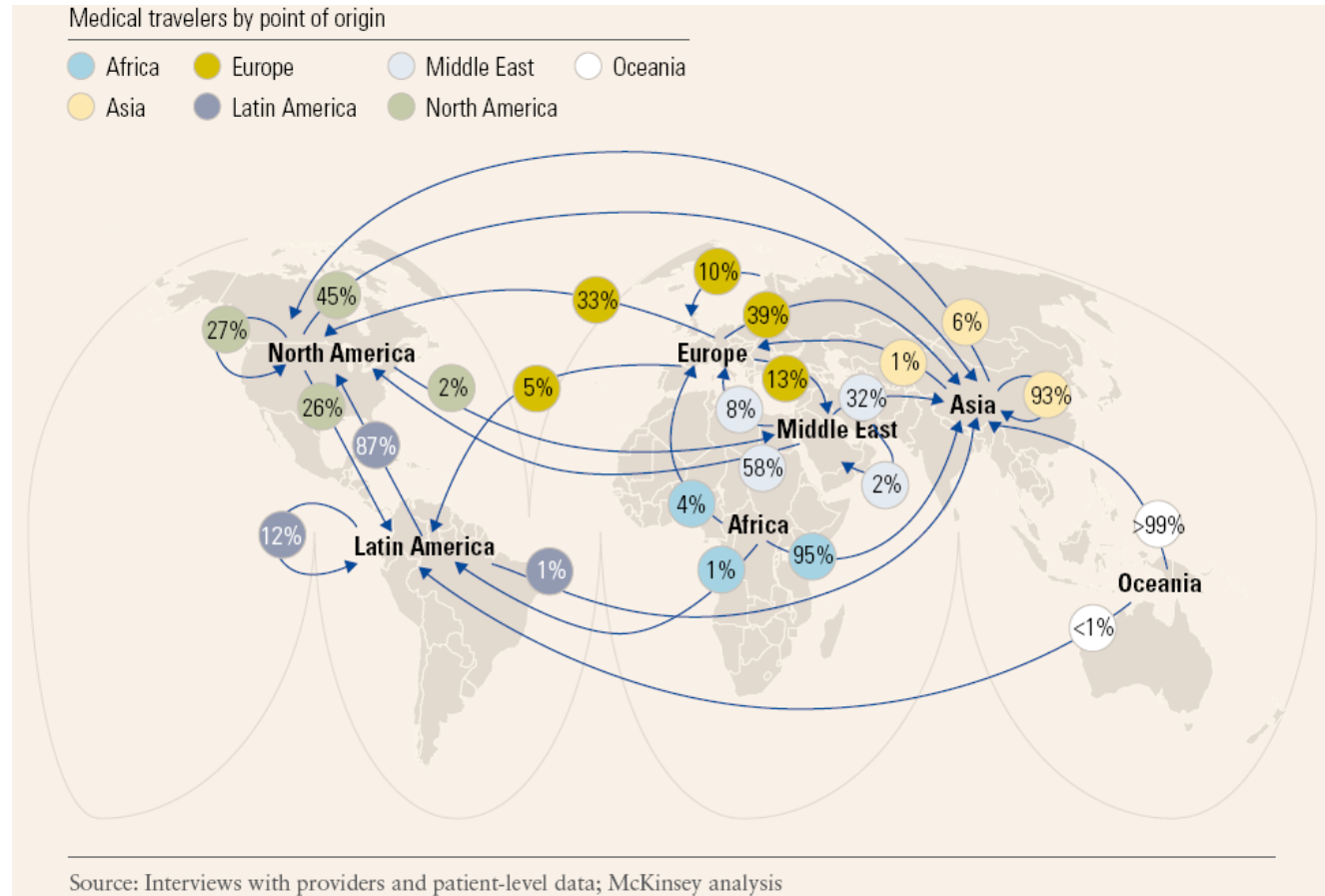
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United States and Medical Tourism

Medical Tourism Global Statistics

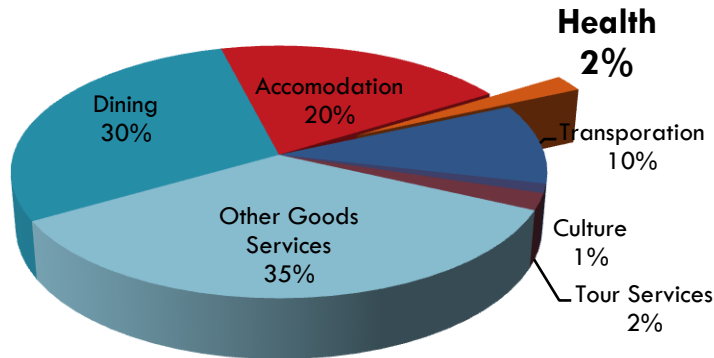
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- US is a medical tourist destination, but currently US patients travel to Mexico, India, Thailand and Turkey for procedures.
- Asia is the most popular destination representing 45% of US patients traveling abroad.

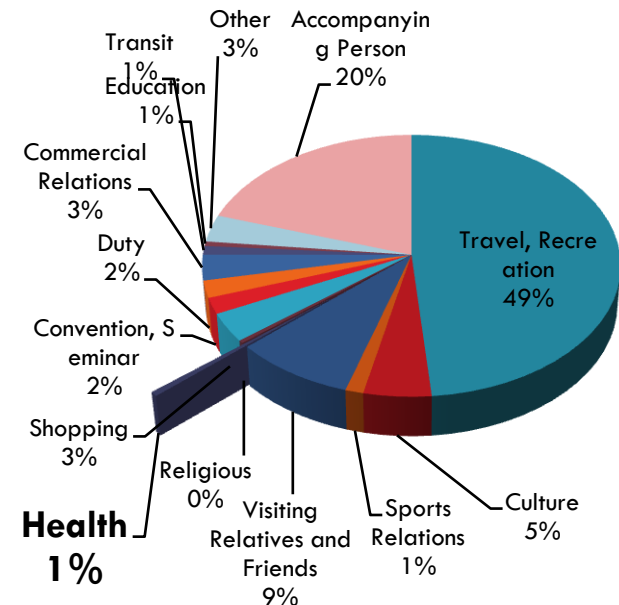


Turkey has Room to Market its Potential as a Medical Tourist Destination

- In 2008, foreign tourist to Turkey spent ~ 2% of their personal expenditure on health related items



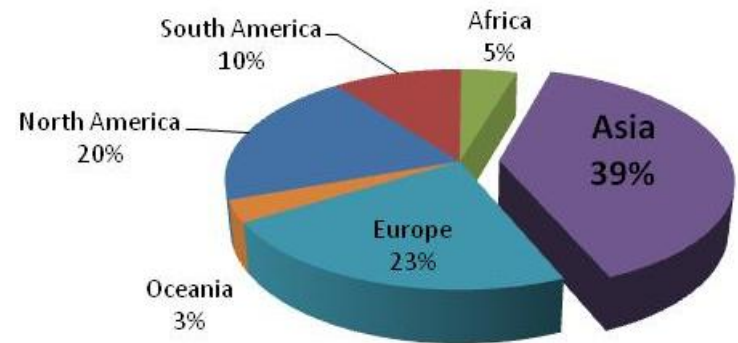
- In 2008, ~1% of foreign tourist to Turkey traveled for health related reasons



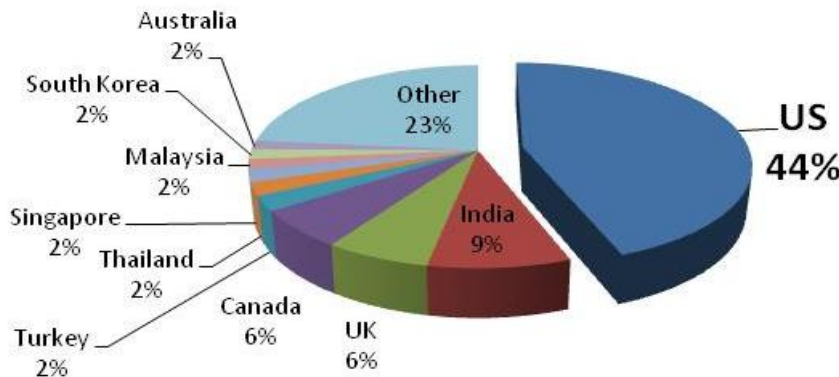
US Leads Searches in Healthcare Tourism Internationally

- Healthcaretrip.org conducted a study sampling search requests of over 1500 random participants from health travel sites
 - Over 50% of the search results came from Europe and Asia
 - Greater than 40% of the search request originated from the US

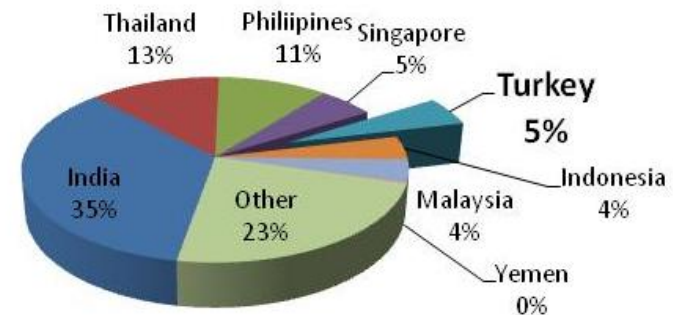
Medical Tourism Search Results By Destination



Country of Origin of Search Request



Medical Tourism Search Results By Destination - Asia



Sources: Healthcaretrip.org

Recent International Studies of Medical Tourism¹

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- Emphasizes medical travelers focus on quality and faster service instead of lower costs
 - ▣ Patients seek advanced technology, better quality, or quicker access to medical care
- Report states current market is less than 100K inpatients with obstacles ahead
 - ▣ Market potential dependent on barriers such coverage from payers
 - ▣ Must address absence of transparency in quality and outcome, the lack of clarity in malpractice

The McKinsey Quarterly

HEALTH CARE MAY 2008



Mapping the market for
medical travel

Source:

1 The McKinsey Quarterly, Mapping the market for medical travel, May 2008

Continued...

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- Emphasizes growth in medical tourism
 - ▣ popular inbound and outbound destinations
 - ▣ factors of attractiveness (i.e. demand for out patient surgery, sophistication of medical tourism operations, low-cost global transportation)
- Estimates 750K Americans traveled in 2007 for medical tourism
 - ▣ Driven by increased Health Care Consumerism
- Growth is dependent on supply not demand
 - ▣ After 2010 growth rate will begin to fall due to supply capacity constraints in foreign countries
- Health benefits plans have started pilot programs
 - ▣ Anthem Blue Cross and Blue Shield, United Group

Deloitte.

Medical Tourism

Consumers in Search of Value

Produced by the
Deloitte Center for
Health Solutions



Deloitte.

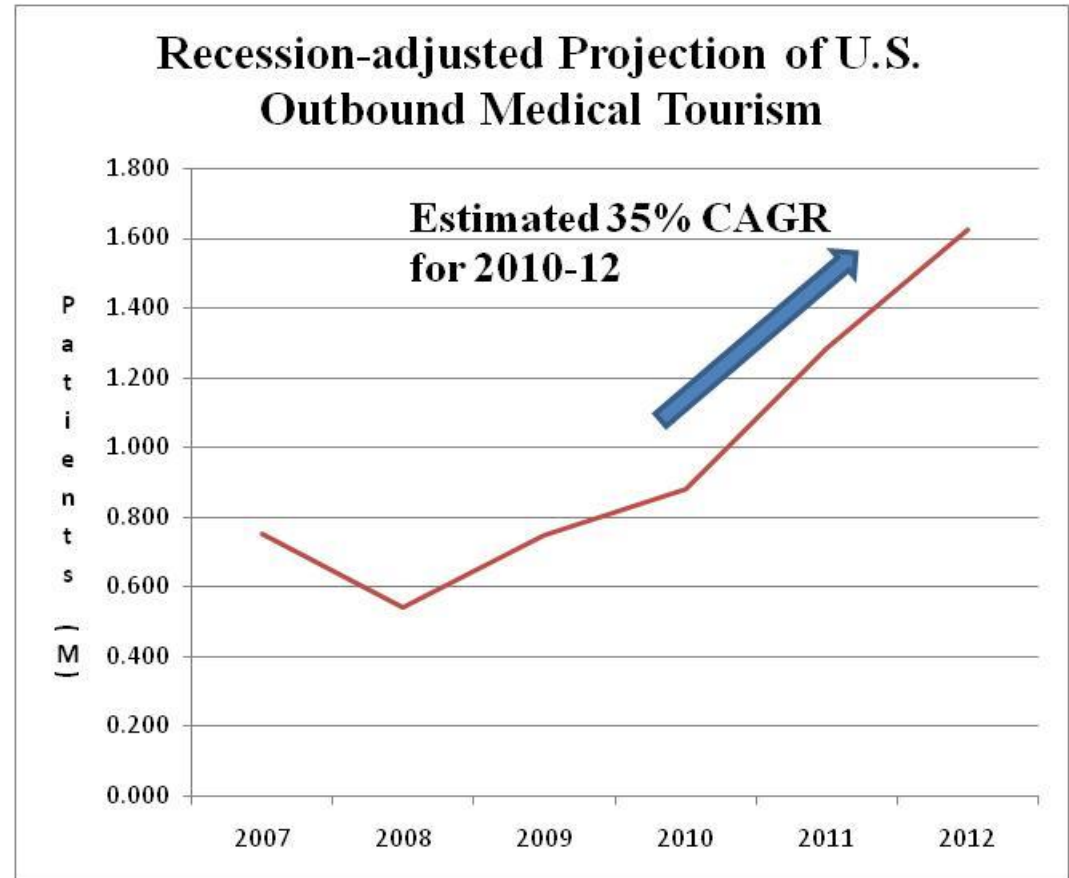
Medical tourism:
Update and implications



US Outbound Medical Tourism Forecast

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- US Outbound Medical tourism is expected to surpass 1.6M patients by 2012
- Sustainable growth will be fueled by
 - ▣ increased consumer
 - ▣ employer awareness
 - ▣ increased coverage by health plans



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Turkey as a Medical Tourism Destination

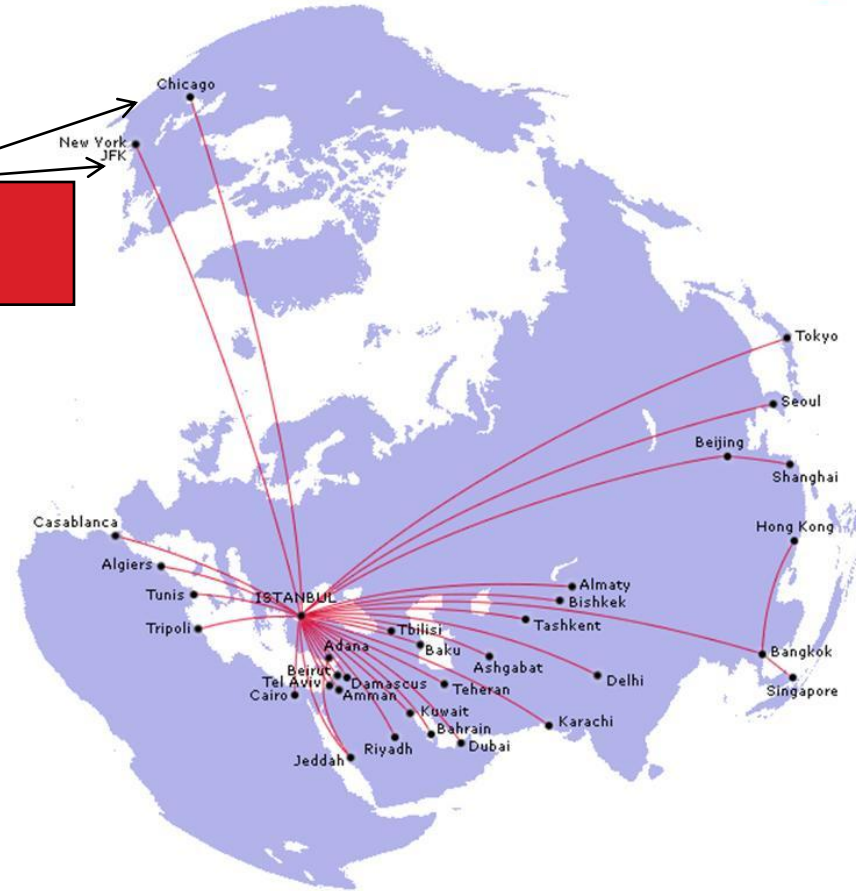
Turkish Airlines Role in Medical Tourism

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- Enhanced integrated transportation provider
- Turkish Airlines' current routes and planned expansion
- Special Rates for Business class and Medical Tourists

US New Future Routes:

- Los Angeles (LAX)
- Washington, DC (Dulles)



**TURKISH
AIRLINES**



Popular Medical Tourist Destinations for US

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Country	Distance from Chicago (km)	Avg Flight Price	Avg Flight time (hrs)	Cost Per Day
India	12,056	\$1,700	25	\$270
Mexico	2,723	\$415	6.5	\$232
Thailand	13,788	\$1,500	30	\$240
Turkey	8,818	\$1,100	11	\$268



Note:
Cost Per Day includes average 4 star hotel, 3 meals and transportation

Popular Medical Tourist Destinations for US

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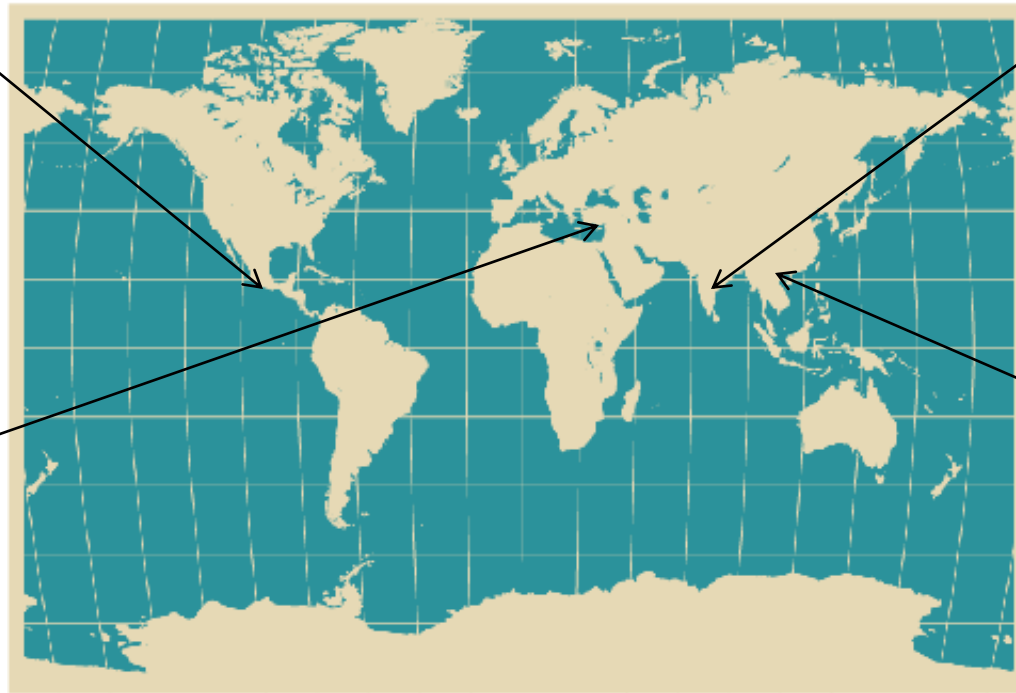
Mexico

- Cost is 25-35% of US
- 7 JCI accreditations



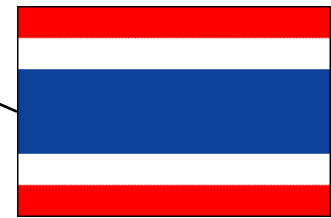
Turkey

- Cost is 30% of US
- 32 JCI accreditations



India

- Cost is 20-30% of US
- 10 JCI accreditations

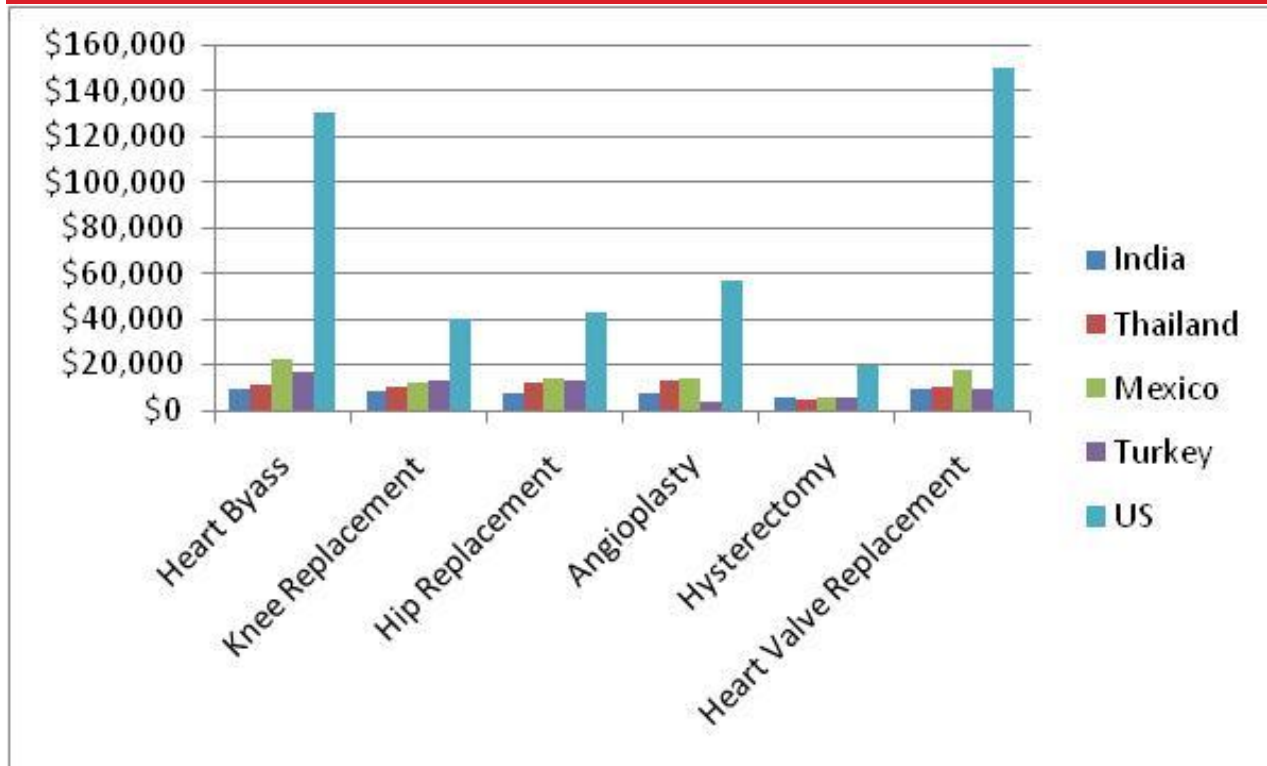


Thailand

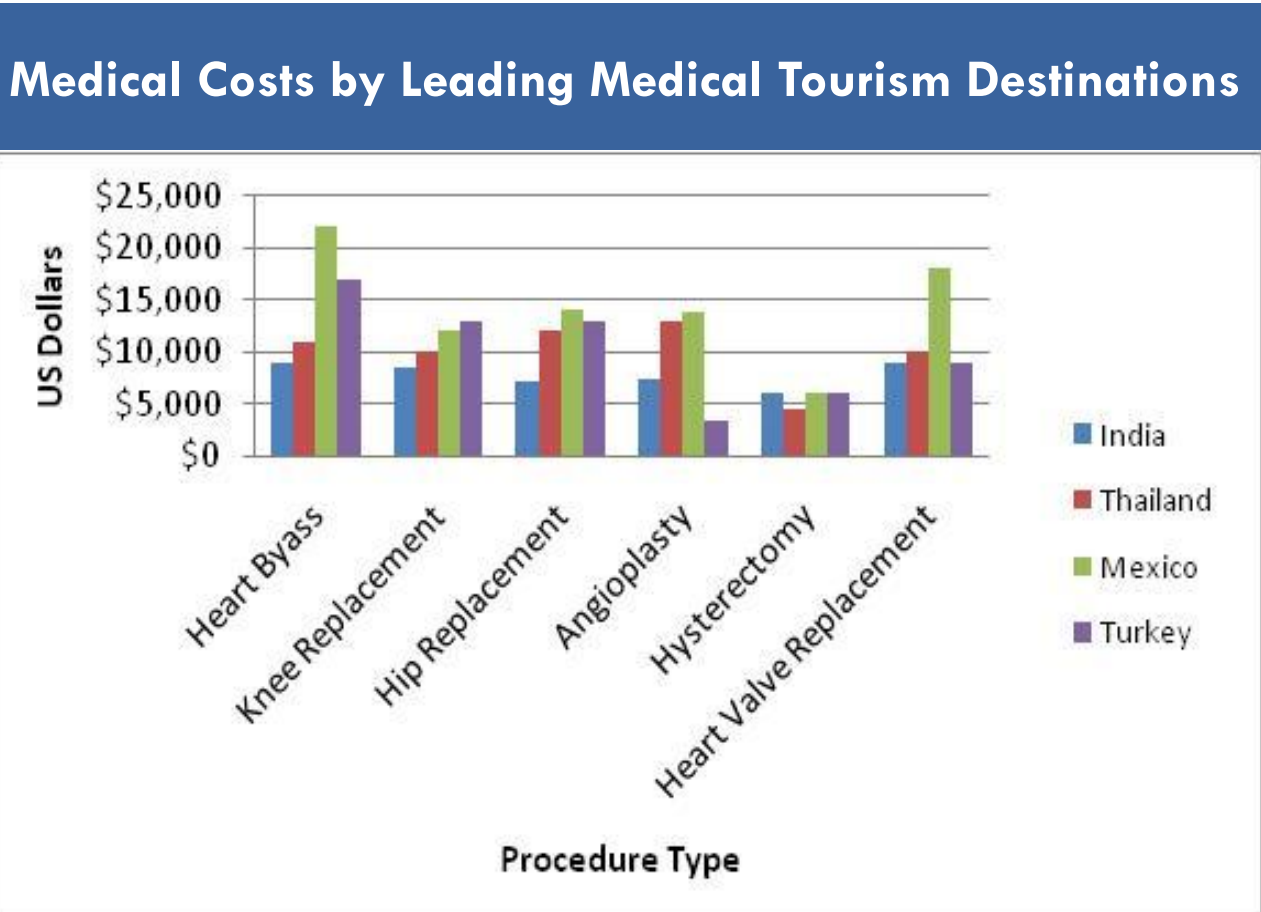
- Cost is 30% of US
- 5 JCI accreditations

Medical Procedure Costs Among Popular Destinations

Medical Costs Comparison

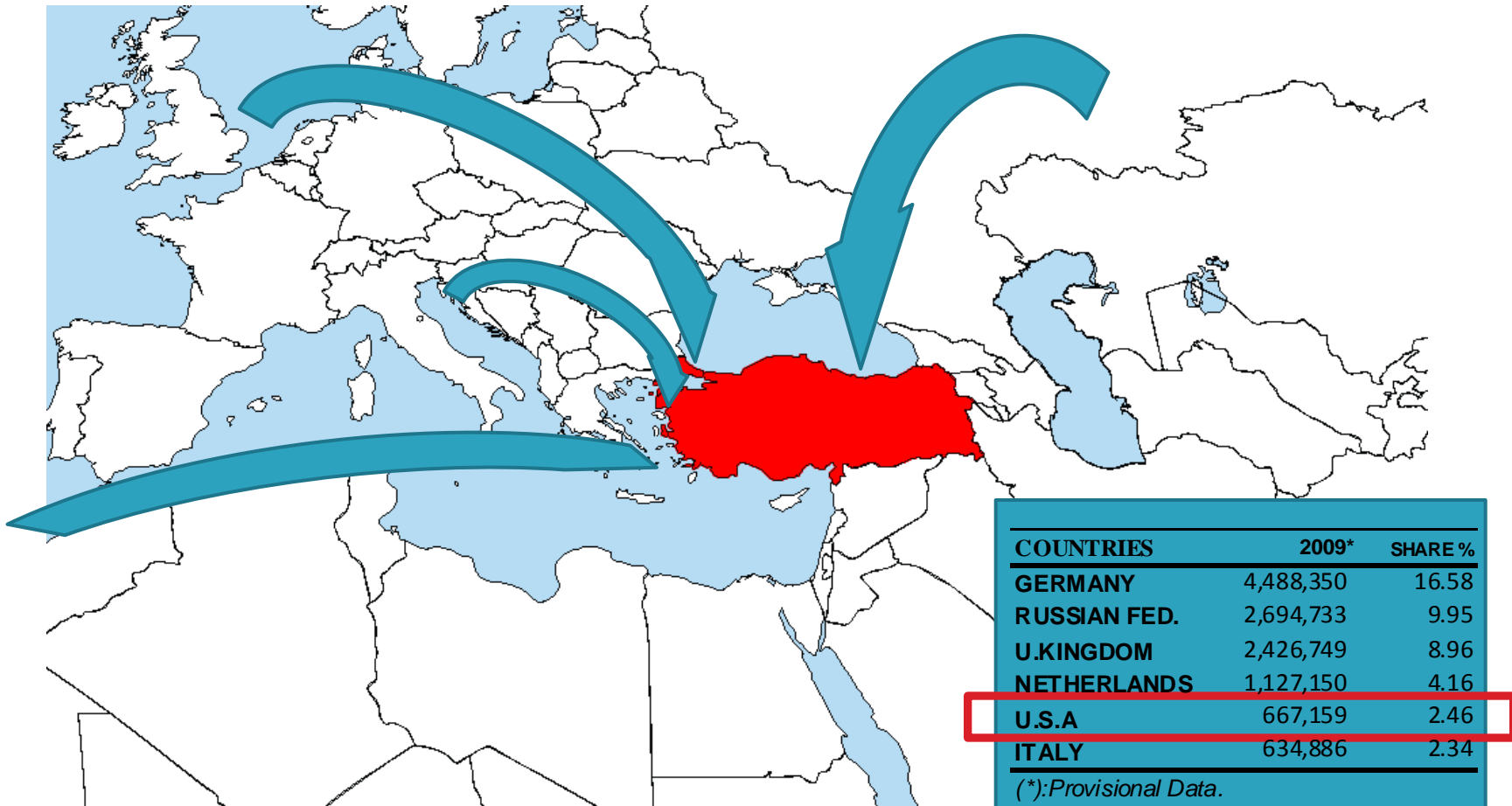


Medical Procedure Cost Among Popular Destinations continued



Turkey as a Tourist Destination

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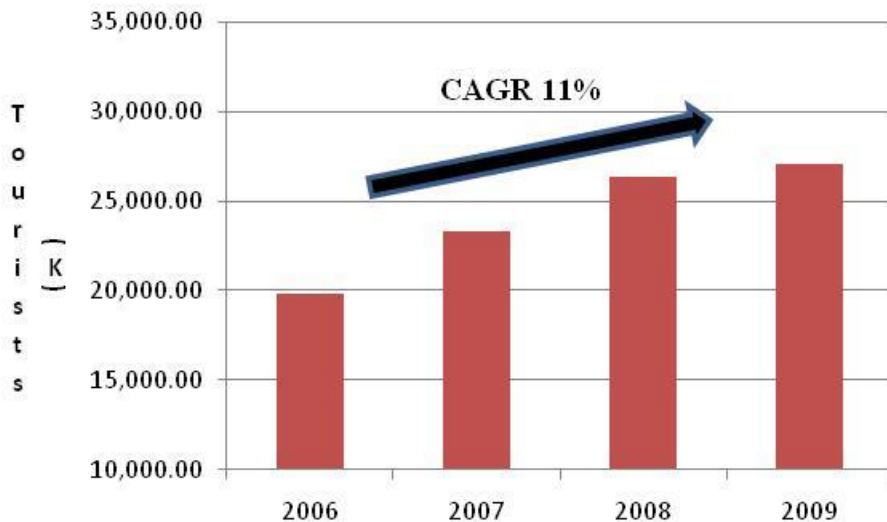


Turkey as Tourist Attraction is Expected to Increase in Popularity with the US

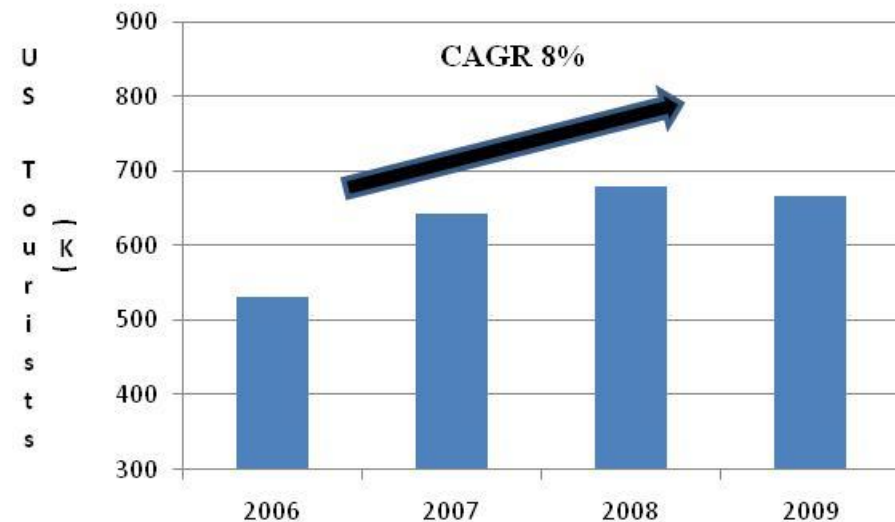
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- In 2008, Turkey ranked eighth in the world with its tourism¹
 - ▣ Revenues of \$22B
 - ▣ ~26.3M tourists including 680,000 Americans

Total Tourist²



US Tourists²



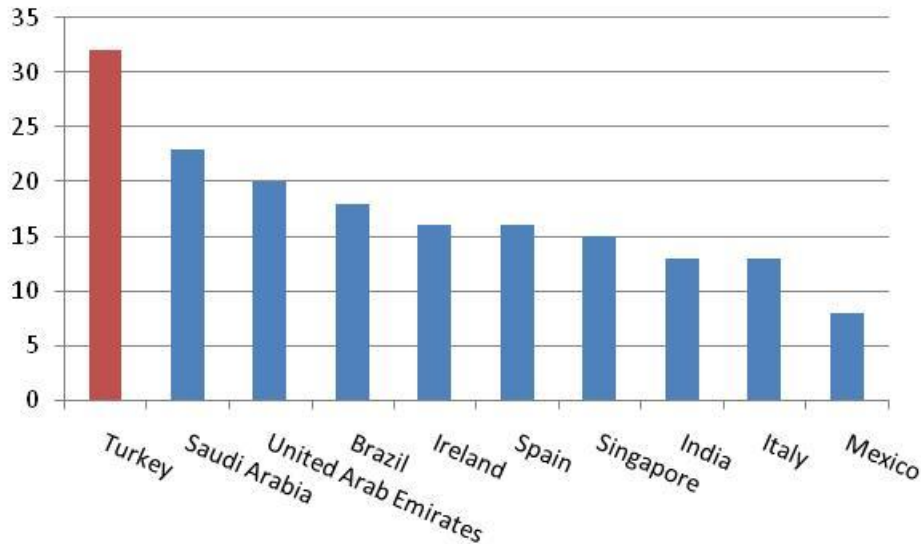
1 Turkish Embassy US

2 Turkey Ministry of Tourism

Turkey has the Highest Number of JCI Accredited Facilities in the World

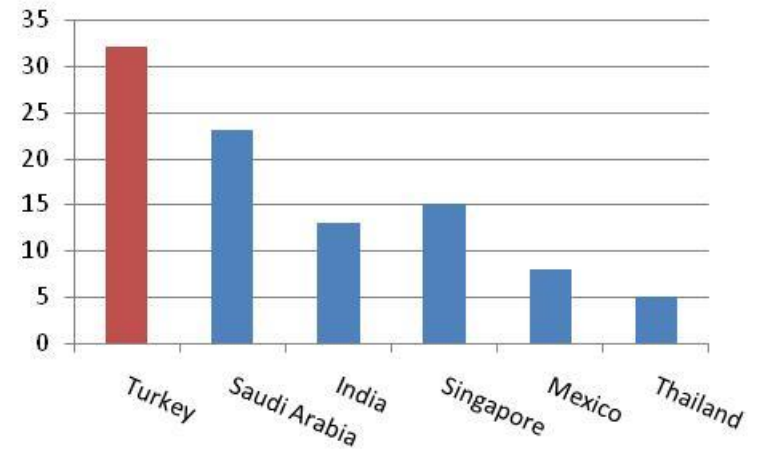
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Top 10 JCI Accredited Countries



Top Medical Tourism Destinations






JCI Accredited Organizations



Source: 2008_JCI_Annual_Report, Updated Feb 2010

Examples of Leading JCI Hospitals in Turkey

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Hospital Name		Number of Beds	Number of Physicians (2008)	Medical Specialties	Year of JCI Accreditation
Acibadem Healthcare Group		1,367	1,580	Oncology, Neurology, Cardiovascular surgery, Orthopedics, Plastic Surgery	2005
Florence Nightingale		550	912	Cardiovascular Surgery & Interventional Cardiology, Neurology, Endovenous Laser Ablation	2003
Memorial Healthcare Group		233	141	Liver & Kidney Transplantation, Cardiovascular Surgery	2002
Anadolu Medical Center		209	130	Oncology and radiation oncology, InVito Fertilization, Pediatric and Adult Cardiovascular Surgery	2006
Bayındır Hospitals		194	148	Cardiovascular Surgery & Interventional Cardiology, International Radiology	2006

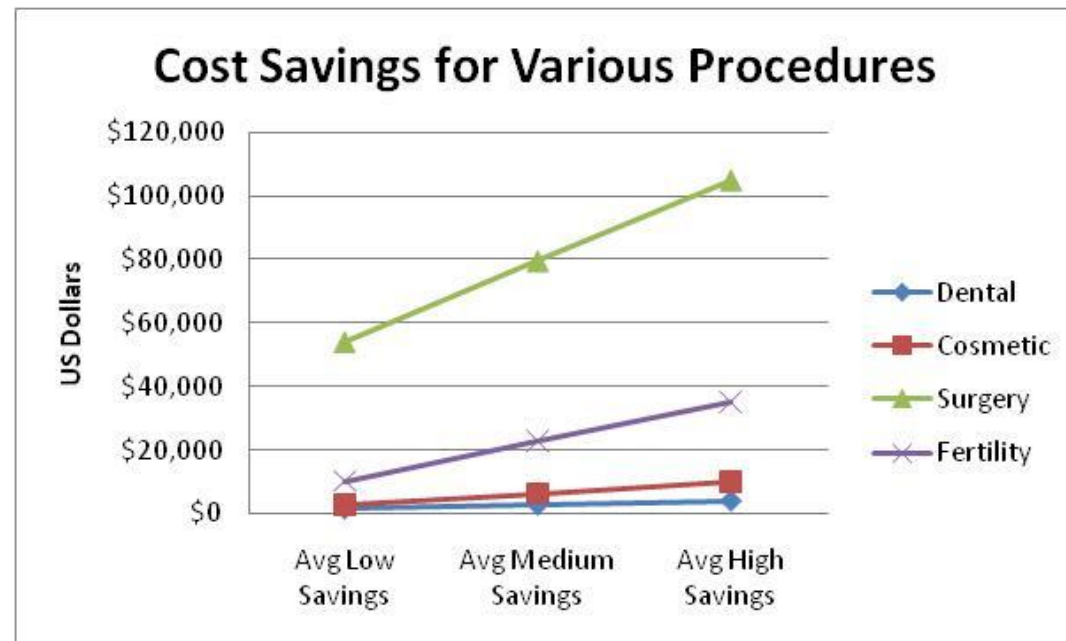
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Benefits to United States and Turkey

Average Cost Savings in Turkey for US Patients

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- Surgery is clearly the biggest opportunity for cost savings
 - ▣ The highest amount of savings for surgery are over \$100,000 per procedure



Notes:

Ranges of procedure costs were taken from average estimates of different sources

Source:

<http://www.medretreat.com/procedures/pricing.html>

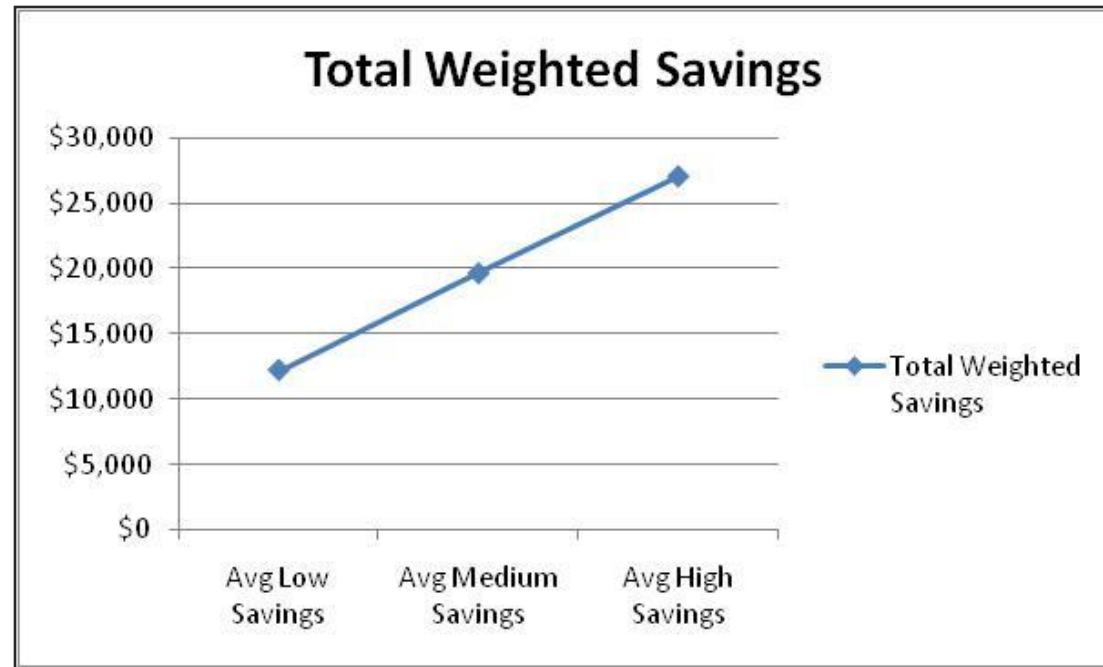
<http://www.treatmentabroad.net/cost/surgery-abroad-cost/>

Weighted Cost Savings in Turkey

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Procedure	Weight
Dental	43.00%
Cosmetic	29.00%
Surgery	18.00%
Fertility	10.00%
Total	100.00%

Notes:
Weights were taken from UK medical tourism to Turkey
Ranges of procedure costs were taken from average estimates of different sources



- On **AVERAGE**, an American traveling to Turkey for a medical procedure can save about **\$20,000**

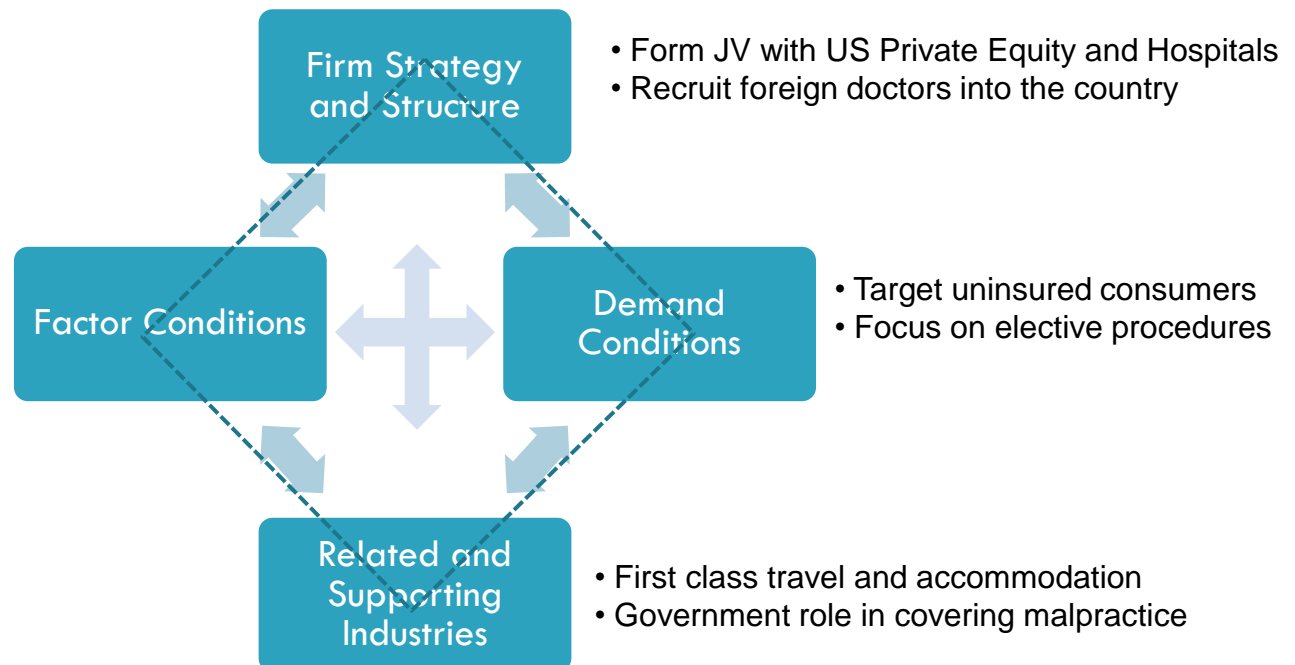
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Recommendation for Turkey In A Growing US Medical Tourism Market

Framing Medical Tourism as a New Global Product

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- As an international business, Medical Tourism is not too different from the subcontracting or the off-shoring of services
 - ▣ Porter's diamond of national competitive advantage is a modern international trade theory



Firm Strategy and Structure

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- Medical treatment being equal across many countries, Turkey has a unique position to compete on quality
- Turkey may consider to open Turkish hospitals to European and US doctors to practice in Turkey to facilitate joint ventures
- It will be common in the near future to have different forms of entry modes in medical tourism, such as with franchising agreements or joint ventures
 - Cooperatives should regulate itself to ensure quality standards are met

Demand Conditions

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- Create Centers of Excellence should focus on popular US procedures
 - ▣ Areas where there is a shortage of specialist ie. Cardiology
 - ▣ Elective Care not traditionally covered by medical insurance (Plastic Surgery, Dental, etc.)
 - ▣ 'Reproduction' tourism, patients seeking fertility-related treatments such as in vitro and in vivo fertilization
- Targeting uninsured population because of cost reasons
 - ▣ Increasing population that do not subscribe to benefit from medical tourism, or, not be able to afford any treatment at all

Related and Supporting Industries

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- Integration of transportation and recovery services
 - ▣ Provision of travel by the airlines and accommodation in hotels
 - ▣ Taxis for local travel that also cater to activities for leisure and recreation of tourists during recovery from medical procedures
- Relatively low malpractice suits in Turkey¹
 - ▣ Government is paying for damages on suits against state facilities
 - ▣ Forensic Medicine Association was established in Turkey focusing on legal cases involving malpractice
 - ▣ Reforms to implement compulsory insurance for medical practitioners in both state and private-owned health facilities

Factor Conditions

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- Turkey has inherent attributes that enables effective post care
 - Ideal climatic conditions, natural resources and tourist location
 - Location is an advantage for medical tourism especially for those visitors from colder climates
- Promote investments by private hospitals and companies
 - Ministry of Health trained over 300 health care professionals on JCI standards to enable implementation of the standards throughout the country¹
- In terms of quality, Turkey should consistently strive to meet or exceed US and European medical standards

Notes:
1 2008 JCI Annual Report