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## FORMATION AND ANALYSIS OF MEDICAL TOURISM IN UKRAINE IN THE CONTEXT OF THE WORLD ECONOMIC SPACE

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## АНАЛІЗ СТАНОВЛЕННЯ І РОЗВИТКУ МЕДИЧНОГО ТУРИЗМУ В УКРАЇНІ У КОНТЕКСТІ СВІТОВОГО ЕКОНОМІЧНОГО ПРОСТОРУ

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## АНАЛИЗ СТАНОВЛЕНИЯ И РАЗВИТИЯ МЕДИЦИНСКОГО ТУРИЗМА В УКРАИНЕ В КОНТЕКСТЕ МИРОВОГО ЭКОНОМИЧЕСКОГО ПРОСТРАНСТВА

*The definition of medical tourism, according to which medical tourism is a sort of health tourism, has been given. The primary economical figures of medical tourism development in the world have been elucidated, the necessity of the medical tourism field development in Ukraine has been proved. The main prerequisites and problems of the medical tourism industry establishment and development in Ukraine have been analyzed. The SWOT-analysis of the medical tourism industry development in Ukraine has been conducted. Successful experience in the sphere of medical tourism of other countries has been analyzed, the acceptable for Ukraine foreign practices have been determined by benchmarking. In addition, the recommendations for perspective development of the medical tourism industry in Ukraine have been proposed.*

**Key words:** medical tourism; wellness tourism; inbound tourism; outbound tourism; tourist industry.

*Fig.: 2. Tabl.: 1. Bibl.: 12.*

*Надано визначення поняттю «медичний туризм», за яким медичний туризм є різновидом оздоровчого туризму. Висвітлено основні економічні показники розвитку медичного туризму в світі, доведено необхідність розвитку галузі медичного туризму в Україні. Досліджено основні передумови та проблеми становлення і розвитку індустрії медичного туризму в Україні. Проведено SWOT-аналіз індустрії розвитку медичного туризму в Україні. Проаналізовано успішний досвід країн у галузі медичного туризму, за допомогою бенч-маркінгу та визначено прийнятні зарубіжні практики для України. Крім того, запропоновано рекомендації щодо перспективного розвитку індустрії медичного туризму в Україні.*

**Ключові слова:** медичний туризм; оздоровчий туризм; в'їзний туризм; виїзний туризм; туристична індустрія.

*Рис.: 2. Табл.: 1. Бібл.: 12.*

*Дано определение понятию «медицинский туризм», в соответствии с которым медицинский туризм является разновидностью оздоровительного туризма. Освещены основные экономические показатели развития медицинского туризма в мире, доказана необходимость развития отрасли медицинского туризма в Украине. Исследованы основные предпосылки, а также проблемы становления и развития индустрии медицинского туризма в Украине. Проведен SWOT-анализ индустрии развития медицинского туризма в Украине. Проанализирован успешный опыт стран в области медицинского туризма, с помощью бенч-маркинга определены приемлемые зарубежные практики для Украины. Кроме того, предложено рекомендации для перспективного развития индустрии медицинского туризма в Украине.*

**Ключевые слова:** медицинский туризм; оздоровительный туризм; въездной туризм; выездной туризм; туристическая индустрия.

*Рис.: 2. Табл.: 1. Библ.: 12.*

**JEL Classification:** L83

**Problem setting.** Reforms process on the way to euro integration of Ukraine stipulated urgency of the development of those branches of economy that are able in short term perspective give impetus to social-economic growth of the regions and improving the investment image of the country in general. Within the recent time wellness tourism and its subtype – medical tourism start to become popular. Thus, by the data of Global Wellness Institute, in 2013, 6 % of all trips in the world were related to wellness tourism and made USD 3.2 bn [4].

However, in Ukraine, industry of medical tourism passes only the stage of establishing, main problems lay in absence of scientific-theoretical, methodological and organization-legal grounds of the industry development. Most managers both of national, and local levels don't

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accept touristic sphere in general as economic sector, even not saying about wellness and medical tourism that are still on the establishment stage in Ukraine. Beside, there arise the problems through low level of cooperation among medical and sanitary facilities on one side and touristic operators and touristic agencies – on the other. That led to the secondary level of state policy in sphere of tourism and absence of complex understanding of the industry development. In particular, in the Law of Ukraine “On Tourism” there is even no term of medical tourism [6].

**Analysis of the recent sources and publications.**

In one way or another, in the investigations of wellness and medical tourism such Ukrainian scientists as O. Dmytruk, M. Malska, U. Schur and others are being engaged.

Scientific researches of wellness and medical tourism are mostly developed in the USA. Thus, Global Wellness Institute yearly conducts thorough study of the world touristic market of recreation services. This yearly report is presented at the biggest yearly world exhibition of the touristic industry ITB in Berlin [4].

Recently, investigation of the potential of wellness and medical tourism starts to be developed in Russia. Among the Russian scientists that are investigating this issue we should note N.Vlasovs, O.Marchenko, V.Selezneva, G.Sarobabyna and others.

As for the Ukrainian scientific circles, than the number of professional researches on the topic of establishment and development of domestic medical and wellness tourism is still extremely low. Methodology of strategic development of the industry of medical tourism, research of separate peculiarities of wellness and medical tourism namely in Ukraine, need to be improved and developed.

**Defining of not solved before parts of the general problem.** In connection with that, an important and urgent task nowadays is definition of the problems of medical tourism development in Ukraine, elaboration of theoretical-methodological principles concerning strategy of the industry development of medical tourism, considering specific peculiarities of medical and touristic branches functioning in the state.

As well, the important tasks are improvement of organization-legal principles of medical tourism functioning, development of state-private partnership, efforts activation of authorities, business and society to overcome problematic issues of establishing industry of medical tourism.

**Aim of the article.** The main aim of the article is analysis of prerequisites, problems and perspectives of the industry of medical tourism development in Ukraine. Elaboration of recommendations concerning stimulating the domestic market of medical tourism development is envisaged.

**Statement of the main material.** Wellness tourism – trips connected with the desire to support and improve own health, beauty and being [4].

Aim of the wellness tourism is diseases prevention and recreation. It is characterized by longer trips, visiting not so many places and longer stay at one place, in other words, along with leisure recreation is envisaged. Wellness tourism extraction corresponds to UNWTO classification [7].

Medical tourism is a variety of wellness tourism, trip making with the purpose of receiving medical services [8]. Depending on destination and subject of the trip, medical tourism can be outbound, local and inbound ones.

Pace of industry of medical tourism development in the world are continuously growing, in particular, the capacity of the world market of medical tourism by the data of the magazine “Medicaltravel”, nowadays make about 30 mln trips per year. The biggest browser Google registers daily 138 mln inquiries on information about medical treatment abroad [1].

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Within the last decade, global market of medical tourism has been already formed and shows high pace of growing. For example, profits from medical tourism increased from USD 40 bn in 2004 to \$ 500 bn in 2012, that made 14 % of total profit from tourism (\$3 trillion 200 billion) in general, or 1.8 % of the world GDP. In the developed countries of the world, health protection makes significant part of the state economy. By the data of the US Census Bureau, yearly profit of the industry of the country in 2012 was about \$ 1.7 trillion. The data of the World Bank show that costs for health protection in the European Union were increased from 8% of the GDP in 2000 up to 14% in 2030 [2].

Main prerequisites of the industry of medical tourism development in Ukraine are considered in Table.

Table

*Main prerequisites of the industry of medical tourism development in Ukraine*

| <b>Outbound</b>   | <b>Inbound</b>   |
|---|--|
| <b>1. Inaccessibility of medical services due to lack of the newest technologies and correspondent equipment</b><br>TrueBeamSix, robotic assistant surgery DaVinci and others | <b>1. High quality of medical services</b><br>High percentage of performance and efficiency by performing these or others methods of treatment, procedures |
| <b>2. Ban for performing definite manipulations according to the legislation</b><br>Organs transplantation and TCM  | <b>2. More affordable prices</b><br>Correct positioning: “not cheap, but affordable”, the best value for money   |
| <b>3. VIP categories of clients</b><br>Inquiry for the best conditions and VIP service<br>Distrust to the national medical service  | <b>3. Logistic aspect</b><br>Ukraine – center of Europe  |

By the data of sociologic investigations of the Association of medical tourism of Ukraine, the most popular countries for treatment, including for the Ukrainians, are: Germany, Israel, Turkey, Hungary, India, South Korea, Switzerland, the USA, Great Britain [10].

Also, for the Ukrainian outbound tourism, the countries of post Soviet space are popular, in particular, the Republic of Belarus – is quite popular among the Ukrainian cancer patients, because operations on organs transplantations are still banned under the Ukrainian legislation.

Peculiarities of the industry of medical tourism development in the leading countries of the medical services market

- Countries of the European Union: not cheap price policy;
- Great Britain: long waiting, high prices, limiting in insurance;
- the USA: not cheap price policy, limiting in insurance;
- Canada: not cheap price policy, long waiting;
- The Arabian market: insufficient number of doctors and level of their training, experience absence of some diseases.

For medical tourism development in Ukraine, to out point of view, positive experience of such counties as Turkey, Hungary and India should serve. Using of bench-marketing in context of borrowing and combining the best world practices should become the main tool of establishing and development of the medical tourism industry development in Ukraine.

For the economic development of Ukraine, the prioritized should be inbound tourism that makes export of touristic services, including the services of medical tourism. Thus, the main task of the central authorities and local administrations in sphere of tourism development should becomes creating competitive touristic product and strategies of its promoting. Specifics of creating competitive touristic product in medical sphere is close cooperation of the touristic industry with the sphere of health protection.

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|  |   |
|--|---|
| <p><b>Experience of Turkey</b></p> <ul style="list-style-type: none"> <li>- State support:                             <ul style="list-style-type: none"> <li>clear strategy of development</li> <li>promotion re-financing</li> <li>support, including private sector</li> <li>interrelation with other branches of economy</li> </ul> </li> <li>- Continuous work on the brand</li> <li>- More that USD 30 billion private investments within 10 years</li> <li>- Involving qualified foreign specialists</li> <li>- Regional offices of providers and clinics in many countries of the world</li> </ul> |   |
| <p><b>Experience of Hungary</b></p> <p>“Hungary – dentist’s room of Europe”</p> <ul style="list-style-type: none"> <li>- Yearly flow = 100 thous.</li> <li>- Lack of system state support</li> <li>- Narrow focusing and marketing</li> <li>- Clear positioning</li> </ul>   | <p><b>Experience of India</b></p> <ul style="list-style-type: none"> <li>- By us – the cheapest!!!</li> <li>- One of the most competitive markets</li> <li>- No system promotion</li> </ul> |

*Scheme 1. The best world experience in the development of medical tourism for Ukraine*

Main problems of establishing and development of the development of medical tourism industry in Ukraine:

- absence of state strategy of the tourism industry development of Ukraine (including medical tourism);
- imperfect information policy and marketing: enthusiasts are engaged in this direction promotion on the international markets (in State Budget of Ukraine for 2014-2015 no costs for any program of touristic industry development and promotions in Ukraine were not envisaged);
- disloyal medical legislation, in particular, ban for organs transplplantation;
- lack of health insurance market;
- not developed culture of medical service: confidentiality breach of medical secrecy, not friendly attitude to patients, lack of legal support of the patients;
- problem of visa linearization concerning receiving the Ukrainian visa by the patients from the countries of the East, PRC, Australia, New Zealand, etc.

With the help of SWOT-analysis let’s analyze in more details strong, weak characteristics of the process of establishing and development of medical tourism in Ukraine, as well, threats and opportunities (Scheme 2).

|  |   |
|--|---|
| <p style="text-align: center;"><b>STRENGTH</b></p> <ul style="list-style-type: none"> <li>- access to medical services;</li> <li>- individual approach;</li> <li>- big market;</li> <li>- TOP-clinics and doctors;</li> <li>- favorable nature factors;</li> <li>- favorable legislation in separate industries;</li> <li>- favorable country location;</li> <li>- desire to travel by foreigners</li> </ul> | <p style="text-align: center;"><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>- unfavorable political-economic situation;</li> <li>- insufficient level of MT infrastructure and tourism;</li> <li>- trust lack from the patients;</li> <li>- investment risks;</li> <li>- insufficient service level;</li> <li>- high competitiveness from foreign players;</li> <li>- not developed market of insurance medicine;</li> <li>- lack of legislative-legal principles of medical tourism</li> </ul> |
| <p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>- growing of the world and regional markets of medical tourism;</li> <li>- investments in private medicine</li> <li>- clinics accreditations and certification</li> <li><u>(RSOSOILQHA trendJO);</u></li> <li>- development of separate medical industries</li> </ul>   | <p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>- impossibility of the players to create competitive touristic product in sphere of medical tourism;</li> <li>- lack of development of the services market in sphere of medical tourism in Ukraine</li> </ul>  |

*Scheme 2. SWOT – analysis of the medical tourism market of Ukraine*

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We consider that the strategy of inbound tourism development in Ukraine should include the following stages:

1. Defining directions of medicine on which the stress should be put in first turn.
2. Choice of optimal target markets for Ukraine, segmenting according to the directions.
3. Conducting inside work with the objects of medical tourism market concerning their readiness to work in sphere of medical tourism and orientation for international standards, implementation of the international experience (Quality Management System ISO).
4. Cross-culture marketing of services, creating and popularization of the brand "Ukraine is the destination of the medical tourism".
5. Elaboration and introducing organizational-law principles of the industry of medical tourism functioning in Ukraine.
6. Orientation to insurance medicine.

Strategy of the medical tourism development in Ukraine should be based on two mandatory components: medical and service.

The medical component includes the following elements:

- Inviting for treatment foreign patient, it is made by objective understanding of the ability of solving its problem by the medical establishment, regulated by the ethic norms.
- Distant evaluation of medical documentation of the patient and creating preliminary program of treatment maximum in 48 hours from the moment of the inquiry receiving.
- Repeated diagnostics by the patient's arrival, correcting the preliminary program of providing maximally qualitative servicing to solve medical problem of the patient.

The service component is defined by the following peculiarities:

- meeting at the arrival place;
- assistance by accommodation;
- transfers organization between place of residence and medical establishment;
- translation services submitting (if necessary);
- organization of return transfer;
- solving other questions that are directly concerned comfortable stay of the patient at the hospital.

That means, the service component envisages complex of the additional services, including fixing by the patient responsible person-coordinator who leads the case "key turn". The service component can be fully or partially submitted to the patient, directly but by the representatives of the medical establishment, and under the Contract with the companies-intermediaries and medical employees.

**Conclusions and propositions.** On the base of conducted investigations of opportunities and prerequisites of the industry of medical service development in Ukraine we can make conclusions concerning the measures on stimulating the industry establishment and development, and concerning definite propositions on increasing the flows of foreign medical tourists.

1. Analysis of the peculiarities of the wellness and medical tourism establishment and development in Ukraine, elaborations the strategies of its promotion.
2. Efforts of the authorities combining on the levels of the Ministry of Health Protection, Ministry of economic development and trade (coordinates tourism development), Ministry of Foreign Affairs and Verkhovna Rada of Ukraine in creating organizational and legal conditions for medical tourism development in Ukraine.
3. Introducing insurance medicine and stimulating establishments of health protection, introducing the European quality standards ISO.

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4. Elaboration of competitive touristic product in sphere of medical tourism and its active promoting: participation in the biggest European exhibitions, organization of press-tours, advertising in target Mass Media.

5. Using bench-marketing for successful promoting the touristic product, orientation for the experience of Turkey, Hungary and India.

6. Staff training in sphere of medical services.

7. Spreading and improving legal protection and support of the clients who came with the purpose of treatment.

8. Improving material-technical base of domestic hospitals (grant help of the world donating organizations).

9. Viza liberalization for the citizens of rich countries that wish to come to Ukraine with the purpose of medical treatment.

10. Improvement of logistic and infrastructure to the level of the best medical establishments of the country.

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