

Medical Tourism in the Philippines

**Microeconomics of
Competitiveness: Firms, Clusters
and Economic Development**

Professor Michael E. Porter

**Manuel De Vera
Bill Huang
Omar Khan
Zhongguang (Alice) Qin
Adele Tan**

May 2, 2008

Index

1. Introduction.....	3
2. Country Analysis	3
2.1 A Snapshot of the Philippines.....	3
2.2 The Growth Conundrum	4
2.3 Lackluster Investment Flows	5
2.4 Lackluster Export Performance	5
2.5 The Philippine Social Infrastructure	6
2.6 The Competitiveness Dimension	8
3. The National Diamond.....	8
3.1 Factor Conditions.....	8
3.2 Demand Conditions	9
3.3 Context for Firm Strategy and Rivalry	9
3.4 Related and Supporting Industries	10
4. Cluster Analysis.....	10
4.1 Why the Philippines.....	10
4.2 History of Medical Tourism in the Philippines.....	11
4.3 The Philippines Medical Tourism Value Chain.....	12
4.4 The Philippines Medical Tourism Cluster	13
4.5. Cluster Diamond Analysis	14
4.5.1 Demand Conditions	14
4.5.2 Factor Conditions.....	16
4.5.3 Context for Firm Strategy and Rivalry	18
4.5.4 Supporting Industries	21
4.5.5 Collaboration and Partnership.....	23
5. Strategic Issues and Recommendations	23
5.1 Country level.....	23
5.2 Cluster level	25
6. Conclusion	27
Works Cited	28

1. Introduction

This paper provides a descriptive and analytical overview of the Medical Tourism Cluster in the Philippines and its potential for growth in the global medical tourism industry.

2. Country Analysis

2.1 A Snapshot of the Philippines

The Philippines is strategically located on the western edge of the Pacific Rim and consists of 7,107 islands and 117,187 square miles. It has a population of 87 million, of which 88% is Catholic and 4% Muslim Malay. The country has a unique combination of Western and Asian influences in its culture. From 1521, Spain colonized the Philippines until the Philippine Revolution of 1898 when power was transferred to the Americans. In 1935, the Philippines became a self-governing commonwealth of the United States. After occupation by the Japanese in World War II, the Philippines finally gained independence on July 4, 1946.

In the 1950s, the Philippines was only next to Japan in terms of economic growth in the region. But the potential to be an Asian economic success was never achieved, as Ferdinand Marcos, who was president from 1965 to 1986, implemented inward-oriented economic policies and instituted martial law, hampering economic development. The country witnessed systematic plunder by Marcos and his cronies throughout his dictatorship. In 1986, Corazon Aquino replaced Marcos as President following a peaceful uprising by the people. Progress was made to restore civil rights with the new constitution, but her administration was viewed as unstable, with several attempted coups by the military.¹

Fidel Ramos was elected in 1992 on a promise to transform the Philippine economy into Asia's next economic tiger. The Ramos administration liberalized the Philippine

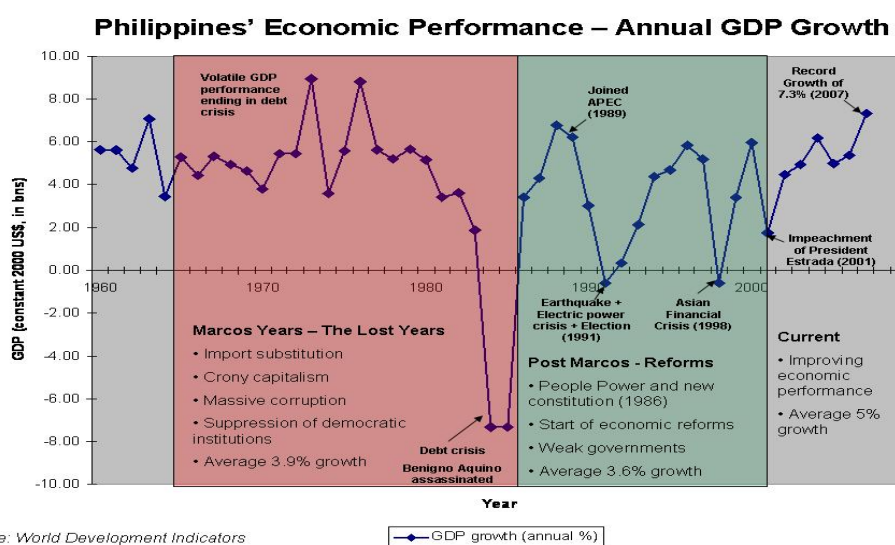
¹ U.S. Department of State (2008). "Background Note: Philippines". Retrieved April 28, 2008, from <http://www.state.gov/r/pa/ei/bgn/2794.htm>.

economy, opening it to foreign investments. The Philippines also joined the World Trade Organization (WTO) in 1995. However, Ramos' term ended in 1998, when GDP growth dropped to -0.5% due to the Asian Financial crisis.

Joseph Estrada, a popular movie star, was elected President in 1998 on a platform of eradicating poverty and crime. Estrada continued Ramos' reforms, but faced an impeachment trial on charges of corruption that sparked mass protests and led to his resignation. Gloria Macapagal-Arroyo, Estrada's Vice President, assumed the Presidency in January 2001. Arroyo won elections in 2004, and survived two impeachment attempts amidst accusations of election rigging and corruption in 2005 and 2006.

2.2 The Growth Conundrum

Exhibit 1. The Philippine GDP Trend²



Fundamental weaknesses in the Philippine economy have made it vulnerable to internal as well as external shocks, resulting in boom-bust cycles (exhibit 1).

Since 2001, the current administration of President

Exhibit 2. Falling National Government Deficit in Billion Pesos

Year	Amount	% of GDP
2001	147.0	4.0
2002	210.7	5.3
2003	199.9	4.6
2004	187.1	3.8
2005	146.8	2.7
2006	64.8	1.07
2007	40.0	0.85

Source: Bureau of Treasury

² World Development Indicators

Arroyo has launched the Medium Term Development Plan (MTDP) of 2004-2010, which includes the Fiscal Reform Program of 2006. As a result of fiscal prudence, the deficit has shrunk to 0.85% of GDP in 2007 from a high of 5.3% in 2002 (**exhibit 2**).

2.3 Lackluster Investment Flows

Exhibit 3 Foreign Direct Investments Total Net Inflow as of 13 August 2007(US\$M)

Country	2004	2005	2006
Singapore	19,827.50	15,001.90	24,055.40
Thailand	5,862.00	8,957.00	10,756.10
Malaysia	4,623.90	3,964.80	6,059.70
Indonesia	1,894.50	8,336.00	5,556.20
Viet Nam	1,610.10	2,020.80	2,360.00
The Philippines	687.8	1,854.00	2,345.00

Source: Bangko Sentral ng Pilipinas

The economy achieved GDP growth of 7.3% in 2007, the highest in the past 30 years, in part due to the robust inflow of

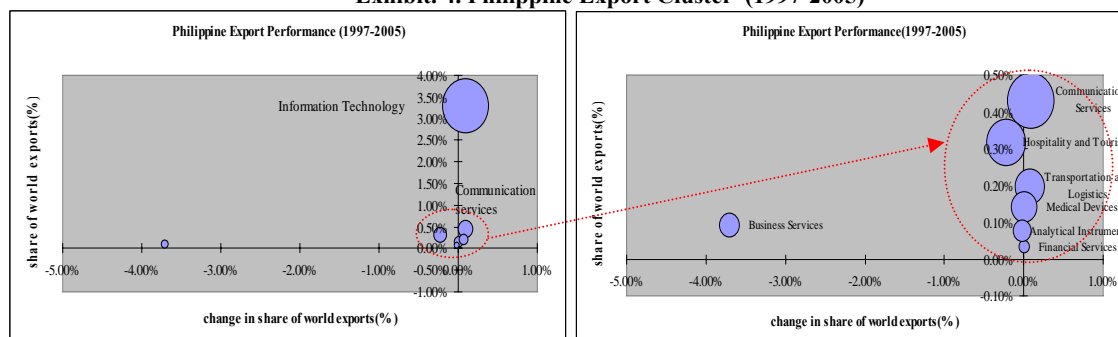
remittances from overseas workers which in 2007 totaled US\$14.4 billion or 13% of GDP.³ However, foreign direct investment (FDI) to the Philippines is still lower than its neighbors (**exhibit 3**).

To attract FDI, the government grants tax incentives to firms in the manufacturing and service sectors. However, the perception of corruption remains a major deterrent to investors. Other impediments to FDI include the 40% limit on foreign ownership,⁴ the negative list on FDI and the long FDI permit licensing time (currently 171 days).⁵

Issue: Corruption and current regulations impede foreign direct investment.

2.4 Lackluster Export Performance

Exhibit. 4. Philippine Export Cluster (1997-2005)



Source: International Cluster Competitiveness Project

³ See Bangko Sentral ng Pilipinas (Central Bank of the Philippines website). <<http://www.bsp.gov.ph>>.

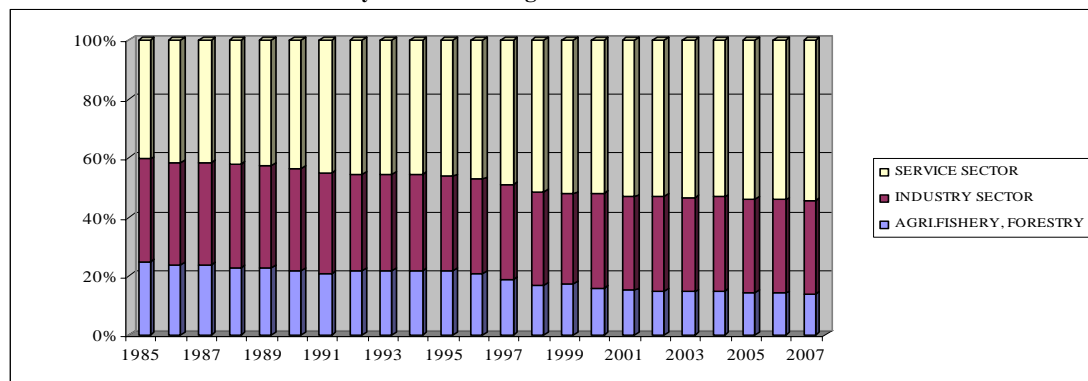
⁴ Republic of the Philippines Congress (1996). Section 3, *Republic Act No. 8179*. Approved 28 March, 1996.

⁵ *Doing Business* project database. Retrieved 23 April, 2008, from <http://www.doingbusiness.org/ExploreEconomies/?economyid=153> (Retrieved 30 April, 2008).

The Philippines also suffers from weak merchandise export performance with the sudden appreciation of the peso in 2007 due to record currency inflows. While this has increased the country's foreign reserves and enabled early repayments of external debts, it has reduced the competitiveness of Philippine merchandise exports. But export in services specifically in information technology has experienced record growth (see **exhibit 4**).

While the Philippines' main exports have shifted from garments and agricultural products to electronic products, weak technological development hinders more rapid movement up the value chain.⁶ Overall, the economy has shifted away from agriculture and manufacturing towards services, for example Business Process Outsourcing (see **exhibit 5**).

Exhibit 5. GDP by Industrial Origin from 1985 to 2007 at Current Prices



Source: National Economic and Development Authority

2.5 The Philippine Social Infrastructure

The Arroyo government has committed to investing in three areas: 1) infrastructure, with increased spending of 63% in 2006; 2) social programs to ensure that the people get their rightful share in development; and 3) peace and security to ensure development is long lasting.⁷

⁶ Duenas-Caparas, Teresa (2006). "Determinants of Export Performance in the Philippine Manufacturing Sector". *Philippine Institute of Development Studies*, 2006. p.7. Retrieved 8 March, 2008, from <http://dirp4.pids.gov.ph/ris/dps/pidsdps0618.pdf>.

⁷ Philippine Presidential Management Staff (2007). "The 2007 State of the Nation Address: Technical Report". Retrieved 29 March 2008, from <http://www.gov.ph/sona/sona2007.pdf>.

The “social payback” will not be easy as the Arroyo government faces serious problems with social infrastructure, specifically on health, hunger mitigation, education, job creation and housing. While the Philippine has a high literacy rate, access to water and sanitation facilities could be improved (see **exhibit 6**).

Exhibit 6. Key Social Indicators in the Philippines

	Philippines	Thailand	Malaysia	Indonesia	Vietnam	Lao PDR	India
GDP per capita, PPP (constant 2000 international \$)	4,032	6,321	8,573	2,905	2,040	1,523	2,364
Life expectancy at birth, total (years)	69.5	69.5	72.6	65.8	69.1	NA	62.9
Mortality rate, infant (per 1,000 live births)	30	19	11	36	23	77	68
Urban population (% of total)	58.5	31.1	61.8	42	24.3	18.9	27.7
Improved water source (% of population with access) [% urban population with access]	86 [89]	99 [98]	98 [100]	76 [88]	78 [95]	50 [79]	82 [94]
Improved sanitation facilities (% of population with access) [% urban population with access]	68 [76]	99 [98]	94 [95]	52 [71]	53 [81]	29 [67]	28 [55]
Literacy rate, adult total (% of people ages 15 and above)	92.6	92.6	88.7	NA	90 (1999)	69 (2001)	61 (2001)

Source: World Development Indicators

The metrics of the Philippines’ health indicators are also not encouraging, with a relatively low number of hospital beds per 1,000 people,⁸ contributing to average labor productivity growth of less than 1% in recent years.⁹ The low investment in public health facilities and the difficulty of attracting skilled medical professionals to serve in rural areas results in life expectancy in areas like Mindanao being 30 years behind the national average.¹⁰ In order to provide credibility to its medical tourism industry, the disparity in healthcare provision needs to be addressed.

Exhibit 7 Health Indicators (Year 2000 unless otherwise indicated)

	Philippines	Thailand	Malaysia	Indonesia	Vietnam	Lao PDR	India
Health expenditure per capita (current US\$)	34.3	67.8	129.7	17.9	20.9	10.5	19.4
Health expenditure, total (% of GDP)	3.5	3.4	3.3	2.3	5.3	3.2	4.3
Health expenditure, private (% of GDP)	1.83	1.49	1.57	1.7	3.82	2.16	3.4
Physicians (per 1,000 people)	0.58	0.37	0.7	0.16	0.53 (2001)	0.59 (1996)	0.51 (1998)
Hospital beds (per 1,000 people)	1.0 (2000)	2.2 (1999)	1.9 (2001)	6.0 (1998)	2.4 (2001)	1.2 (2002)	0.9 (2003)

Source: World Development Indicators

⁸ World Bank Group. “Health Indicators 2000”. *World Development Indicators*.

⁹ International Labour Organization (2007). *Labour and Social Trends for ASEAN*, p.35. Retrieved 28 March, 2008, from <http://www.ilo.org/public/english/region/asro/bangkok/library/download/pub07-04.pdf>.

¹⁰ World Health Organization (2005). “Country Cooperation Strategy, WHO/Philippines 2005-2010,” 2005, p. 20.

Overall, Philippine health expenditure is comparable to Thailand while private health expenditure is one of the highest in the region (see **exhibit 7**).

Issue: The disparity between public and private health service threatens the credibility of the medical tourism industry.

2.6 The Competitiveness Dimension

Exhibit 8. The Philippine Ranking in the Business Competitive Index

	2004	2005	2006	2007
Business Competitiveness Index	62	60	56	53
National Business Environment	63	62	59	57
Company Operations and Strategy	47	39	42	42

Source: Global Competitiveness Index 2007

In the Global
Competitiveness
Report's Business

Competitiveness Index (BCI), the Philippines ranked 53rd out of the constant sample of 74 countries (**exhibit 8**). The results in the Company Operations and Strategy were mixed. However, significant improvements were achieved in nearly all areas of the National Business Environment.

3. The National Diamond

Exhibit 9. The National Diamond



3.1 Factor Conditions

The Philippines has a pleasant natural environment and friendly, English-speaking people, which presents numerous advantages for business and tourism. In terms

of physical infrastructure, it presently has 3 international airports in Manila, Cebu and Clark, but further investments in airports and highways are needed to improve the quality of infrastructure. More reforms of the power sector are planned as high power costs, third only to Cambodia and Japan in the region, has deterred many investors. In terms of human resources, the country has a huge pool of medical practitioners though many currently work abroad.

Issue: The improvement in the business environment is largely anchored on the quality of the overall quality of physical infrastructure.

3.2 Demand Conditions

An important driver of growth in the Philippine economy is domestic personal consumption, buoyed by remittances from about 8.2 million Overseas Filipinos Workers (OFW).¹¹ Also, with the predominance of U.S. content on Philippine media, i.e. news, commercials, magazines, Philippine consumers have sophisticated taste and demand quality service.

3.3 Context for Firm Strategy and Rivalry

Exhibit 10. Philippine Weaknesses and Strengths in the BCI 2007 (N.B. Constant sample ranking; overall country rank of 53 out of 74. Arrows refer to change in performance from 2006.)

BCI	Strengths in Building a Competitive Business Environment		Weaknesses in Infrastructure and Resource Allocation	
Factor Conditions	Quality of Management School	32↑	Overall Infrastructure Quality.	63↑
	Local equity market access	36↑	Air transport quality	57↑
Demand Conditions	Buyer Sophistication	42↓	Presence of demanding regulatory standards	64↓
Related and Supporting Industries	Local supplier quality	48↑	Local supplier quantity	47↓
Context for Firm Strategy and Rivalry	Efficacy of corporate boards	42↑	Property Rights	72→

Source: *Global Competitiveness Index 2007*

The Philippines' strength in human resources (see **exhibit 10**) is reflected in the quality of management schools and professional management in the Philippines as assessed by the Business Competitiveness Index (BCI). However, corruption continues to be a problem, as indicated by the Philippines' ranking of 131 out of 179 countries in Transparency International's *2007 Corruption Perception Index (CPI)*.¹² Corruption inhibits competitiveness and discourages domestic and foreign direct investment. According to President Arroyo's anti-graft adviser Tony Kwok, "weak laws, a slow judicial system and public cynicism" hinders Filipino effort to fight corruption.¹³ As of the end of 2005, of the 2,475 cases filed in the Philippine anti-graft court, 2,211 cases (93%) are still awaiting trial.¹⁴

Issue: Corruption and slow judicial process hinder competitiveness.

¹¹Philippine Information Agency (2008). "Filipinas about to Marry Foreigners Told to Check Status of Petitioners with CFO". PIA Press Release, 01 February, 2008.

¹²Transparency International. "Corruption Perception Index (CPI) 2007". Retrieved 20 March, 2008, from http://www.transparency.org/layout/set/print/news_room/in_focus/2007/cpi2007/cpi_2007_table.

¹³Reuters (August 3, 2007). Cited in the *Pilipino Perspective* blog. Retrieved 28 April, 2008, from <http://philippino-perspective.blogspot.com/2007/08/corruption-fight-in-philippines-uphill.html>.

¹⁴"The Philippines: Developments in Public Sector Governance," *APEC 2007 Economic Report*, p. 112. Retrieved 28 April, 2008, from http://www.apec.org/apec/member_economies/economy_reports.html.

3.4 Related and Supporting Industries

The government is pursuing a regional cluster development approach to promote clusters according to regional location and competitiveness.¹⁵ The government has also been active in forging public-private partnerships.

4. Cluster Analysis

Travel to other countries for medical treatment is a growing phenomenon. World-wide medical tourism is estimated to be worth US\$ 20 billion and is expected to double by 2010.¹⁶ In Asia alone, medical tourism is expected to grow to a US\$ 4.4 billion industry by 2012.¹⁷ The reasons for this growth include high costs of healthcare and long waiting times in developed countries, availability of comparable healthcare at lower cost in developing countries, and low costs of international travel. Medical tourism is particularly viable for procedures which are not covered by medical insurance, such as dental and cosmetic surgeries. In a recent study by Deloitte Consulting Group, it was noted that around 40% of the American citizens would consider medical treatment abroad if it cost them half the price and was of the same quality. Going for treatment abroad could save 25% to 75% of the costs. Around 150,000 Americans traveled abroad for medical treatment in 2006.¹⁸

4.1 Why the Philippines

The Philippines is able to provide high quality healthcare to medical tourists at prices lower than developed countries. An analysis of the costs of various procedures (**Exhibit 11**) shows that the Philippines is much cheaper compared to the U.S.^{19,20} It is also very cost competitive as compared to its South American competitors

¹⁵Philippine Presidential Management Staff.

¹⁶Garcia, Aurora Geotina and Camille Alessandra Besinga (June, 2006). "Challenges and Opportunities in the Philippine Medical Tourism Industry". *The SVG Review*, pp. 41-55.

¹⁷Mitra, Sohini (5 October 2007). "Medical Tourism. The Way to Go". Frost and Sullivan Website. Retrieved 30 April, 2008, from <http://www.frost.com/prod/servlet/market-insight-top.pag?docid=108452141>.

¹⁸Deloitte.com (2008). "Deloitte Study on Medical Tourism: 2008 Survey of Health Care Consumers". Retrieved 2 March, 2008, from, <http://www.deloitte.com/dtt/article/0,1002,cid%253D192707,00.html>.

¹⁹Mattoo, Aaditya and Randeep Rathindran (July 2005). "Does Health Insurance Impede Trade in Health Care Services?". World Bank Policy Research Working Paper No. 3667. Washington DC: World Bank - Development Research Group.

²⁰See <http://www.pcij.org/i-report/2006/medical-tourism.html>.

including Mexico and Brazil as well as regional competitor such as Singapore, and comparable to Thailand. However, the high cost of air travel from the U.S. is a disadvantage. While talks are underway for an open skies policy with the U.S., progress is slow.

Issue: High costs of travel to the Philippines impedes the development of the medical tourism industry.

Exhibit 11-1 Competitive Cost of Treatment between select countries

TREATMENT	THAILAND	PHILIPPINES	SINGAPORE	BRAZIL	MEXICO	USA
KNEE SURGERY	2,860	2,312	5,381	5,088	4,706	10,335
RHINOPLASTY	N/A	2,939	NA	3,266	3,930	5,050
CATARACT EXTRACTION	1,022	864	2,375	1,832	1,827	3,595
GLAUCOMA	140	331	1,274	NA	NA	3,882
TYMPANOPLASTY	806	1,947	N/A	NA	NA	4,993
HYSTERECTOMY	3,071	2,475	6,781	5,198	6,106	5,783
TRAVEL COSTS (round-trip from USA)	793	1,204	808	342	410	0

Source: Mattoo and Rathindran, *Does Health Insurance Impede Trade in Health Care Services?* (July 2005)

Exhibit 11-2 Competitive Cost of Treatment between USA and Philippines

TREATMENT	USA	PHILIPPINES
General medical check-up	5,000	500
Coronary bypass surgery	50,000	25,000
Kidney transplantation	150,000	25,000
Lasik eye surgery	3,000	1,000
Breast augmentation	5,000	2,000

Source: <http://www.pcij.org/i-report/2006/medical-tourism.html>.

4.2 History of Medical Tourism in the Philippines

Before the advent of medical tourism as we know it today, the Philippines was known as a destination for Catholic faith healing, attracting thousands of visitors from North America and Europe in the 1960s. In the 1970s, the Philippine government established Centers of Excellence like Philippines Heart Center, National Lung Center, National Kidney and Transplant Institute with the intention of building the country into a hub of medical expertise for East Asia.

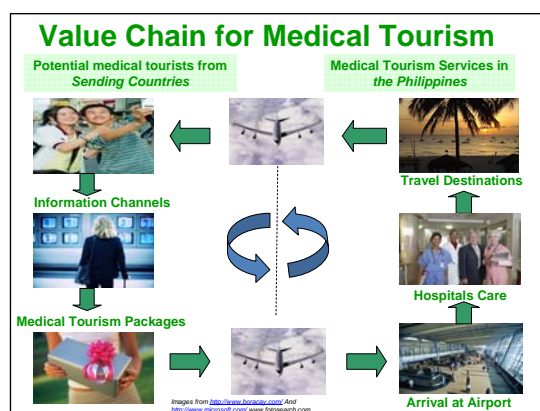
Leading doctors in the Philippines like Dr. Francisco Lucero and Dr. Carlos Lasa were also early adopters of the Internet, using it to target cosmetic and plastic surgery

patients from Europe and the U.S.²¹ In 2004, the government, realizing the potential of medical tourism, launched a Public-Private Partnership project by the name of the Philippine Medical Tourism Program (PMTP).

Medical tourism in the Philippines today is an emerging cluster aiming to provide world class medical facilities by developing partnerships with leading hospitals of the world. While historical data on medical tourism is limited, according to the Philippine government, in 2006, there were 250,000 non-resident patients, generating revenues of US\$ 350 million, i.e. 14% of the Asian market.^{22,23} A unique feature of medical tourism in the Philippines is that the Filipino diaspora in the U.S. and other countries contribute to both the demand and supply side of the cluster.

4.3 The Philippines Medical Tourism Value Chain

Exhibit 12 Value Chain for Medical Tourism



The value chain of medical tourism in the Philippines comprises various stake holders including patients, doctors, hospitals, government agencies, tourist resorts, etc. First, foreigners seeking medical treatment use channels such as

electronic and print media to decide on the medical tourism package that meets their needs. Medical tourists who choose the Philippines receive treatment from top private hospitals which are comparable with those in developed countries. After their medical procedure, the patients can rest and recuperate at world-renowned tourist resorts before heading back to their home countries.

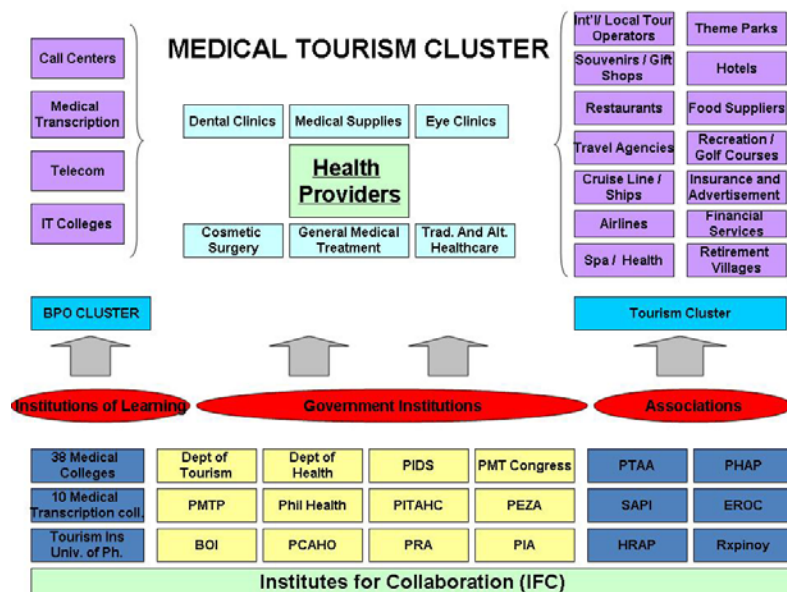
²¹ Dacanay, Jovi C. and Maria Cherry Lyn S. Rodolfo (2005). "Trade and Liberalization of Health and Related Services (draft report)", p. 39. Makati City, the Philippines: Philippine Institute of Development Studies.

²² Del Mundo, Jade (Under Secretary of the Philippine Department of Health) (2008). Letter in Response to the Query of Governor Joey Salceda on the Statistics of the Philippine Medical Tourism, 02 April 2008.

²³ Mitra, Sohini (2007).

4.4 The Philippines Medical Tourism Cluster

Exhibit 13 Medical Tourism Cluster Map



The Philippines medical tourism cluster is an emerging cluster, which is supported by other related clusters and Institutes for Collaboration as follows:

Health Providers: The health providers constitute the center of the cluster. The majority of them are private hospitals and clinics concentrating on cosmetic surgery, eye surgery and dental healthcare, but other procedures such as kidney and heart surgery are also available.

Tourism Cluster: Supported by a robust tourism cluster, the medical tourism cluster benefits from facilities like hotels, restaurants, travel consultants and spa clinics. Moreover, the availability of world-renowned resorts which medical tourists can visit during their recovery is an advantage for the Philippines.

Business Process Out-Sourcing (BPO): The medical transcription segment of the BPO cluster supports the medical tourism cluster by providing a pool of transferable human resources with medical training, for example to serve as assistants for medical tourists. The BPO industry also serves as an interface to connect the cluster with international markets.

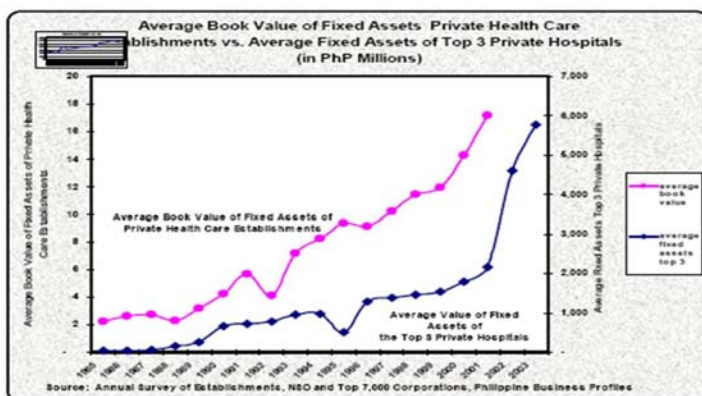
Institutes for Collaboration (IFC): The medical tourism cluster benefits from numerous IFCs which can be broadly divided into three categories. First, there are a number of institutes of learning including medical colleges, medical transcription colleges and tourism training institutes. Second, there are numerous government institutions such as the Departments of Tourism and Health, the Board of Investments and the Philippine Retirement Authority. Third, there are a number of private business associations such as Rxpino, Spa Association of Philippines, Pharma and Health Association and Hotel and Restaurant Associations. All these IFCs are involved in the promotion of medical tourism through various means like the Philippine Medical Tourism Program, a government public-private partnership initiative under which numerous IFCs work in cooperation for promotion of medical tourism. However, most IFCs in the cluster merely provide basic services such as yellow book registration rather than activities to make the cluster more competitive.

Issue: IFCs presently do not collaborate to enhance innovation and competitiveness of the cluster.

4.5. Cluster Diamond Analysis

4.5.1 Demand Conditions

Exhibit 14 Average Book Value of Fixed Assets Private Health Care Establishment vs. Average Fixed Assets of Top 3 Private Hospitals



Evidence of Growing Demand: Strong demand conditions support a thriving private sector healthcare industry in the Philippines. In recent years,

top private medical institutions have also been investing heavily in expansion of their facilities and purchase of new equipment (see **exhibit 14**), indicating increased

demand for top quality health care.²⁴ The following describes the key sources of demand for medical tourism in the Philippines:

Demand from Large Filipino Diaspora: The extensive Filipino diaspora presents a natural market for Philippine medical tourism. The growing Filipino diaspora maintains close ties with the Philippines through remittances and visits, with 180,739 overseas Filipinos visiting the Philippines in 2007.²⁵ Many overseas Filipinos have already taken advantage of these visits to undertake minor medical and dental procedures, especially those not covered by insurance in their country of residence. Recognizing this market niche, the government has focused its promotion efforts on overseas Filipinos, particularly through TV and magazine advertising to Filipinos residing in the U.S.²⁶ However, an over-reliance on the Filipino diaspora market may be reducing the Philippines' attention in building their competitiveness in other potential markets. For example, unlike Thailand's Bumrungrad Hospital, Philippine medical service providers do not offer personal assistants who take care of medical tourists' needs through their stay, as such services are not required by overseas Filipinos.

Issue: Reliance on Filipino diaspora market may reduce attention to building competitiveness in other markets.

Robust Domestic Demand for Cosmetic Products and Services: There are cosmetic surgery clinics in all the major shopping malls in Manila, attesting to the widespread popularity of cosmetic surgery amongst the Filipino urban upper and middle class. The Belo Medical Group, one of the top cosmetic surgery groups in the Philippines, has seen its revenues grow more than 200% each year over the last 4 years.²⁷

Cosmetic surgery practice in the Philippines is advanced, with well-qualified plastic

²⁴ Dacanay and Rodolfo (2005), pp. 94-95.

²⁵ Philippine Department of Tourism (2007). *Visitor Arrivals by Country of Residence and Purpose of Visit*.

²⁶ For example, *One Philippines Magazine* in the U.S. See <http://www.tiketanonline.com/annivissue.pdf>.

²⁷ Philippines Securities and Exchange Commission database, <http://www.sec.gov.ph>.

surgeons and world-class facilities.²⁸ This gives the Philippines a competitive edge in the market for medical tourists seeking cosmetic surgery.

Demand from Japanese and American Retirees: Since 1985, the Philippines has marketed the country as a retirement haven for affluent retirees, particularly from Japan, the US and other OECD countries.²⁹ There are currently 17,015 foreigners registered as retirees in the Philippines.³⁰ They contribute to the Philippine economy through consumption of lifestyle services and are a significant “captive” market for medical tourism services in the Philippines.

Tapping the OECD market: Given the cheaper cost of procedures in the Philippines, it could become an attractive destination for medical tourists from OECD countries.

However, according to a World Bank study in 2005, one hurdle to tapping this market is the portability of insurance plans.³¹ The study found that most insurance plans in developed countries did not cover treatments received overseas, because of concerns about the quality of providers in other countries, cost of monitoring service providers and other legal and institutional barriers. The study concluded that adjusting insurance plans to allow patients to be treated in suitably accredited facilities overseas could result in significant savings for both the insurer and insured, even after travel costs are taken into account.

Issue: The lack of portability of insurance plans presently limits medical tourism demand from developed countries.

4.5.2 Factor Conditions

Human Resources: Some 313 health education institutions turned out approximately 67,000 graduates in health-related professions in 2007, including about 3,000 doctors

²⁸ Manalo, Francisco. Presentation on “The Philippines as the Hub of Cosmetic Surgery in Asia: Plastic Surgeon’s Viewpoint.” Medical Tourism Asia Conference 2008, Singapore.

²⁹ Padojinog, Winston Conrad B. and Cherry Lyn S. Rodolfo, “Developing the Japanese Market for Philippine Tourism and Retirement Services: Prospects and Impediments”, Philippine Institute for Development Studies Discussion Paper Series No. 2004-31, August 2004, p. 19.

³⁰ See http://www.pra.gov.ph/newsletter/thefile/8/Phil_Retirement_News_Latest_2008.pdf. Retrieved 24 April, 08.

³¹ Mattoo, Aaditya and Randeep Rathindran (2005). “Does Health Insurance Impede Trade in Health Care Services?” World Bank Policy Research Working Paper 3667, July 2005.

a year.³² More than 150,000 Filipino nurses (85% of employed Filipino nurses) and 68% of Filipino doctors work abroad.³³ Many Filipino doctors have American medical diplomas or equivalent training, and Filipinos make up the second largest group of international medical graduates in the US.³⁴ Those who return, for example the founders of Asian Hospital, bring the latest technologies, training and procedures back to the Philippines.³⁵

While these numbers demonstrate the large pool of qualified Filipino medical practitioners who can help build a high quality medical tourism industry in the Philippines, they also underline one of the problems – the brain drain as many talented Filipinos leave the country for better jobs and opportunities overseas. An estimated 6,000 doctors work in the US as nurses,³⁶ which is not surprising given that a public health doctor in the Philippines earns US\$ 300 a month, but can make US\$ 4,000 a month as a nurse in the US.³⁷ The medical tourism industry, sustained by revenues from overseas patients, may provide better paying opportunities for medical practitioners in the Philippines and help stem the brain drain.

At present, foreign doctors are not permitted to practice in the Philippines. This is an impediment to the quality and competitiveness of the Philippine medical tourism.

Issue: The brain drain of Filipino medical practitioners and the restrictions on foreign doctors practicing in the Philippines constrain the quality of healthcare services.

Capital Availability: As an industry identified in the *Investment Priorities Plan*, medical tourism investments qualify for incentives such as tax credits and exemption of import taxes.³⁸ Through the *Health and Wellness Enhancement Access Loan*

³² Professional Regulatory Commission of the Philippines website. Retrieved April 30, 2008, from <http://www.prc.gov.ph>.

³³ Tan, Slide 2.

³⁴ Mattoo and Rathindran, p. 14.

³⁵ Ibid.

³⁶ Tan, Slide 4.

³⁷ Dacanay and Rodolfo, p. 61.

³⁸ Philippine Board of Investments website. Retrieved 24 April, 2008, from http://www.boi.gov.ph/portal/page?_pageid=113,109260,113_109262&_dad=portal&_schema=PORTAL.

Program by the Development Bank of the Philippines, medical tourism projects can enjoy priority in obtaining loans. These recent initiatives have served to attract foreign direct investment to the Philippines medical tourism sector in recent years. For example, in December 2007, a Filipino and Taiwanese private joint venture project was announced to develop a medical tourism facility in the Subic Bay Freeport area, to take advantage of the resorts at Subic Bay as well as the presence of 5,000 retired U.S. veterans and their dependents.³⁹

4.5.3 Context for Firm Strategy and Rivalry

Exhibit 15 State-of-the-Art Hospitals in the Philippines⁴⁰

	St. Luke's Medical Center	Medical City	Asian Hospital	Makiti Medical Center
Founded	1903	1967	2002	1969
Focus	Specialized services: heart institute, cancer institute, international institute of neuroscience, institute of digestive and liver diseases, institute of orthopedics and sports medicine, institute of pathology, institute of radiology, institute of pulmonary medicine, Cosmetic and plastic surgery;	Medicine, Surgery, Orthopedics, Obstetrics & Gynecology, Pediatrics, Ophthalmology, Otolaryngology, Anesthesiology and Psychiatry. cosmetic and plastic surgery	Anesthesiology, Dentistry, including Oral & Maxillofacial Surgery and Cosmetic Dentistry, Dermatology, Emergency Medicine, Medicine; Cosmetic and plastic surgery	Surgery, Cardiology, Obstetrics, neurosurgery, orthopedics, cancer treatment, and organ transplants, cosmetic surgery
Size	Patients	N/A	40,000 inpatients and 380,000 outpatients	N/A
	Beds	650-bed	980 beds	253 beds
	Doctors	1,700 physicians	1,000 physicians	900 employees
	Staff	Almost 2,600 non-medical employees	2100 medical and administration staff	160 outsourced staff
JCI(Joint Commission International)	Yes	Yes	No	No
ISO 9001 Certification	the Institute of Radiology	N/A	N/A	N/A
International Affiliations	New York Presbyterian Hospital; Columbia University College of Physicians and Surgeons; Weill-Cornell Medical College of Cornell University; Memorial Sloan-Kettering Cancer Center	N/A	An affiliated of Bumrungrad hospital(Thailand)	N

The main actors in the medical tourism industry in the Philippines are state-of-the-art private hospitals (see **exhibit 15**) and clinics based in the capital, Manila, where they enjoy convenient transportation, strong infrastructure, access to human resources and proximity to the major universities. These-state-of-the-art hospitals have proactively

³⁹ http://subicbaynews.com/index.php?option=com_content&task=blogsection&id=0&Itemid=9 (Retrieved 24 April, 2008).

⁴⁰ <http://www.stluke.com.ph/>; <http://www.themedicalcity.com/Site/MedicalCity/Home.aspx>; <http://www.asianhospital.com/>; <http://www.makatimed.net.ph/default/> (Retrieved 24 April, 2008).

adopted the following strategies to ensure world-class technical and service standards, promote quality awareness, and market themselves to medical tourists:

1. *Obtain international accreditation and establish international partnership:* In 2003, St. Luke's Hospital became the second hospital in Asia to be accredited by Joint Commission International (JCI), demonstrating that it has the appropriate systems in place to provide safe and quality healthcare service to patients. New Medical City obtained JCI accreditation in 2005, and other major hospitals are following suit.⁴¹ Collaboration with top U.S. hospitals and universities also help maintain human resources and treatment quality at high standards. For example, St. Luke's hospital is an affiliate of New York Presbyterian Hospital and its medical schools at Columbia and Cornell Universities; Makati Medical Center has a joint training program with Stanford Hospital.
2. *Attract foreign investment and partnership for medical tourism facilities:* Thailand's Bumrungrad Hospital, one of the premier medical tourism facilities in Asia, brings knowledge and expertise through its partnership with Asian Hospital in the Philippines.
3. *Provide readily available package medical services:* For example, the Asian Hospital provides packages for general medical check-ups and a range of cosmetic surgery procedures, without the long waiting times characteristic of many developed countries.
4. *Focus on offering cost-effective, top-rate cosmetic surgery, eye surgery and dental treatment, catering particularly to overseas Filipinos:* Major hospitals and clinics currently feature these services on their medical tourism websites.
5. *Participate in forums and conferences on medical tourism:* Over 250 participants

⁴¹ See <http://www.stluke.com.ph/> and <http://www.themedicalcity.com/Site/MedicalCity/Home.aspx> (Retrieved 24 April, 2008).

from 16 countries attended the 2nd Annual International Medical Conference (IMTC 2007) held in Manila, Philippines.⁴² Philippine firms and government agencies are also active participants in international medical tourism conferences.

Although these state-of-the-art hospitals are well-regarded in the Philippines and among overseas Filipinos, at present they do not have strong international brand recognition. While JCI accreditation and partnerships with reputable institutions will help boost their international profile, more needs to be done to make Philippine medical institutions synonymous with world-class healthcare.

However, there is currently no framework set up either in the Philippines or its regional competitors for dissatisfied customers to seek quick and fair recourse, which may be one of the key concerns dissuading people from medical tourism. Aggrieved customers have to undergo lengthy legal procedures to air their grievances over malpractice, which is also costly for the cluster.

Issue: No framework for dissatisfied customers to seek recourse.

Regional Rivalry: Thailand, Singapore, Malaysia, India and Philippine are the main players in the Asian medical tourism market, and are evolving different market niches. For example, Thailand is especially popular among Western European medical tourists seeking cosmetic surgery. Singapore and India specialize in more complex procedures such as heart surgery, with India having a cost advantage and Singapore a technology advantage. Malaysia caters primarily to Muslims in the region.⁴³ Compared to these countries, Philippine has the competitive advantage in cost, as well

⁴² See <http://www.medicaltravelconference.com> ((Retrieved 24 April, 2008)

⁴³ TRAM (2006). "Medical tourism: a Global Analysis". A Report by Tourism Research and Marketing (TRAM). Arnhem, the Netherlands : Atlas.

as culture and language.⁴⁴ In terms of the international standing of medical facilities as measured by the number of hospitals with JCI accreditation, the Philippines also lags behind Singapore, India and Thailand, which have 13, 9 and 4 accredited hospitals respectively.⁴⁵ The Philippines also has a relatively low market share apart from the Filipino diaspora market.

The competition in the region has increased global awareness of Asia as a medical tourism destination. However, it also means that the Philippines must develop its own market niche to be able to compete successfully with its regional rivals.

Issue: The Philippines needs to develop a market niche and unique value proposition to distinguish itself in the face of strong regional competitors.

4.5.4 Supporting Industries

Philippine medical tourism benefits from the strengths of supporting industries:

1. *Tourism:* A healthy tourism cluster in the Philippines is important as it provides supporting services such as travel arrangements, hotel accommodation and post-procedure vacation options to medical tourists. In 2007, there were 3.09 million visitors from abroad, generating US\$4.9 billion in revenues, representing a 41% growth in tourism receipts.⁴⁶ The cluster is thriving with over 1,200 accredited hotels and restaurants, 350 accredited travel agencies, and 85 spas.⁴⁷ It has world-class beaches and spas, such as San Benito Farm in Lipa, Batangas and Mandala Spa in Boracay, Aklan which received awards from the International Spa Association.

Examples of partnership between the medical tourism and tourism sectors

⁴⁴ Mattoo and Rathindran.

⁴⁵ See <http://www.jointcommissioninternational.org/23218/iortiz/> (Retrieved 30 April, 2008).

⁴⁶ Department of Tourism, Philippines website, www.tourism.gov.ph (Retrieved 30 April, 2008).

⁴⁷ Hotel and Restaurant Association of the Philippines website, www.dotpcvc.gov.ph/hrap/HRAP.html. (Retrieved 29 April, 2008).

include the Memorandum of Agreement between the Eye Republic, a consortium of Filipino eye specialists and a Korean travel agent Bingo Tour to provide packages for Korean national patients desiring eye and cosmetic surgery in the Philippines,⁴⁸ and the Belo Medical Group working with travel agents to sell “beauty holidays.”⁴⁹ Unfortunately, these are exceptions rather than the rule. The hospitals, in particular, have not tied up with travel agents to provide a one-stop service to arrange for medical and travel packages for prospective customers. Again, this could be a symptom of their current focus on the Filipino diaspora market. More could also be done to exploit the synergies between these two clusters, for example through joint marketing of the Philippines as a medical tourism destination, and locating world-class medical facilities at tourist spots such as Subic Bay, Clark and Cebu.

Issue: Not enough integrated medical and travel packages for medical tourists, and identification of joint growth opportunities in the medical tourism and tourism sectors.

2. *BPO Cluster, especially the medical transcription and call center sectors*: The medical transcription sector contributes to medical tourism by creating a pool of medically trained personnel and putting the Philippines on the map as a medical service provider.⁵⁰ The call center sector, which constitutes 20% of world market share, can also be tapped to provide information and support to prospective medical tourists. Both sectors are doing well, and are key contributors to the growth of the Philippine BPO cluster from US\$ 350 million in 2001 to US\$ 1.65 billion in 2004.⁵¹

⁴⁸ Dacanay and Rodolfo, p 49.

⁴⁹ Ibid, p. 41.

⁵⁰ Philippine Institute for Development Studies (2005). “The Future Looks Bright for Health Tourism,” *Development Research News*, September – October 2005, p. 5.

⁵¹ Select Philippines.com “Outsourcing in the Philippines”. Retrieved 1 May, 2008, from <http://www.selectphilippines.com/outsourcing-in-philippines.html>

3. *Media and Advertising*: The Philippines has emerging media and advertising industries which can be tapped to promote medical tourism more effectively.

4.5.5 Collaboration and Partnership

The Philippine government has played a key role in bringing together the different sectors for collaboration in the medical tourism sector, in particular through the establishment of the Philippine Medical Tourism Program (PMTP) in 2004.⁵² The PMTP brings together 2 major government agencies (health and tourism) and 26 public and private medical service providers, and provides a forum for discussion on building up the medical tourism cluster in the Philippines.

While the government has been the main driving force behind collaboration efforts so far, some beneficial private sector relationships are developing. For example, leading eye clinics have formed the Eye Republic Ophthalmology Clinic consortium to promote Philippine ophthalmology services.⁵³

5. Strategic Issues and Recommendations

Based on the analysis above, we identify strategic issues that need to be addressed and make recommendations to help enhance growth and sustainability of the cluster:

5.1 Country level

1. Issue: Uncompetitive business environment:

Recommendations:

- *Continued political commitment to pro-business policies and medical tourism*: To mitigate the impact of political transitions on cluster growth, the Philippine government should work toward bipartisan consensus on improving the business environment and building of the cluster. This is

⁵² See <http://www.philippinemedicaltourism.info> (Retrieved 30 April, 2008).

⁵³ See <http://www.eyerepublic.com.ph> (Retrieved 30 April, 2008).

especially important for the medical tourism cluster because its staunch supporter President Arroyo is scheduled to step down in 2010.

- *More vigorous anti-corruption enforcement:* To effectively fight corruption, the Philippine government needs to beef up the budget and efficiency of the Office of the Ombudsman, the main corruption-fighting agency. It also needs to amend out-dated laws such as the Bank Secrecy Law, which does not allow investigators of graft in public service to trace the flow of money.
- *Increasing the capacity of courts for efficient judicial dispensation:* The capacity and efficiency of the judicial system needs to be enhanced to deal with cases in which investors have a lot at stake, such as the protection of intellectual property and the combating of corruption.
- *Improvement of labor productivity:* Job training focused on cluster needs should be introduced by both the government and the cluster.

2. Issue: Enhancement of competition:

Recommendations:

- *Encouragement of foreign direct investment:* The government should lift the restrictions on foreign ownership and remove the negative list on foreign direct investment through enabling legislation. FDI permit license processing time should also be shortened.
- *Establishment of competition policy:* Laws and regulations should be introduced to encourage healthy competition. Establishment of competition-enhancement agencies such as the Fair Trade Commission can also help ensure a level playing field for all firms.

3. Issue: Disparity between public/private health care:

Recommendations:

- *Increase in government health expenditure*: Emphasis should be put on improving bed capacity and doctor-per-1,000-people ratio, especially in rural areas.
- *National medical service*: One to two years of compulsory service for new doctors in rural areas and public health facilities would improve access to healthcare for the poor.

4. Issue: Poor physical infrastructure:

Recommendation: Government should make special effort to *ensure on-time implementation of current and planned infrastructure projects*, especially new airports and roads linking to major tourist sites currently under construction.⁵⁴

5. Issue: Relatively high air travel cost to the Philippines:

Recommendation: More proactive measures should be taken to *push for open skies agreements with the U.S. and major OECD countries*.

5.2 Cluster level

1. Issue: Brain drain and human resources development:

Recommendations:

- *Increase in wage and benefits for public sector health workers*: To stem exodus of health workers, the Philippine government should significantly raise compensation for public sector doctors and nurses.
- *Allow foreign doctors and hospital managers to practice in the Philippines*: To upgrade the cluster, the ban on foreign health workers should be lifted through a system of certification for skilled health professionals to practice in the country.

2. Issue: Weak brand recognition:

Recommendations:

⁵⁴ Technical Report by the President Management Staff.

- *The health industry and the tourism industry should work together and make a concerted and aggressive effort to market Filipino medical tourism.*
 - *The cluster should develop distinctive products and a market niche based on its strengths, e.g. resort- or spa-based cosmetic surgeries and tourism packages incorporating alternative healthcare such as hilot (Filipino massage).*
3. **Issue: Lack of medical tourism packages:**
- Recommendations:
- *The health and tourism industries should link up to provide medical tourism packages through their websites and brochures, a strategy actively employed by regional competitors Thailand and Malaysia.⁵⁵*
4. **Issue: Sustainability and growth of cluster beyond the domestic and diasporas markets:**
- Recommendations:
- *The government should set up a framework to encourage greater involvement by private players in cluster initiatives in line with the Eye Republic consortium of eye clinics.*
 - *Transformation of IFCs into centers of innovation and competitiveness:*
Both the resources and functions of IFCs should be enhanced to help upgrade the cluster through R&D and cluster-based initiatives.
 - *Recourse for aggrieved customers:* *The establishment of an efficient recourse system such as an institution to deal with complaints would become the Philippines' comparative advantage competing with countries such as Thailand and Malaysia.*
 - *More advanced medical facilities should be built at main tourist locations*

⁵⁵ Dacanay and Rodolfo, p. 41.

such as Subic Bay, Clark and Cebu to tap into the market of foreign tourists and retirees.

- *Vigorous cluster-oriented job-training*: Both the government and the cluster should proactively train skilled workers such as personal assistants for medical tourism, insurance processing clerks and translators, which are vital for sustainability and growth of the cluster.
- *Portability of health insurance*: The cluster should partner with major players in the global medical tourism industry to push for global health insurance portability.
- *Incentives and rules encouraging cluster-based R&D and innovations*: Initiatives such as tax incentives or accelerated depreciation of advanced medical equipment can help upgrade the cluster more efficiently.

6. Conclusion

The study finds that medical tourism in the Philippines is a rapidly growing cluster with strong governmental support. However, it is still trailing behind regional rivals such as Thailand, Malaysia and Singapore.⁵⁶ To tap into its growth potential, especially high-value customers from rich countries, the government needs to improve the Philippines' business environment and infrastructure and provide an enabling political, legal and social environment. Vigorous cluster-based efforts should also be made to encourage the linkage between the healthcare industry, the tourism sector and supporting industries such as telecommunications and advertising in terms of packaging products, coordinated marketing and upgrading of the cluster.

⁵⁶ Philippine Institute for Development Studies, p. 5.

Works Cited

Interview

Mr. Zaldy Santillan interviewed Dr. Anthony Calibo, Director of Philippine Medical Tourism Program, Department of Health in Manila, Philippines on behalf of the authors of this paper on 29 March 2008.

Data Sources, Databases and Websites:

Asian Hospital website. <<http://www.asianhospital.com/>>.

Bangko Sentral ng Pilipinas (Central Bank of the Philippines) website. <<http://www.bsp.gov.ph>>.

Doing Business Project Database. <<http://www.doingbusiness.org>>.

Eye Republic Ophthalmology website. <<http://www.eyerepublic.com.ph>>.

Hotel and Restaurant Association of the Philippines. <<http://www.dotpcvc.gov.ph/hrap/HRAP.html>>.

International Medical Travel Conference. <<http://www.medicaltravelconference.com>>.

Joint Commission International website. <<http://www.jointcommissioninternational.org>>.

Makati Medical Center website. <<http://www.makatimed.net.ph/default/>>.

Medical Center website. <<http://www.themedicalcity.com/Site/MedicalCity/Home.aspx>>.

Philippine Board of Investments website. <http://www.boi.gov.ph/portal/page?_pageid=113,109260,113_109262&_dad=portal&_schema=PORTAL>.

Philippine Department of Tourism (2007). *Visitor Arrivals by Country of Residence and Purpose of Visit*.

Philippines Institute of Development Studies website. <<http://www.pids.gov.ph/>>.

Philippine Medical Tourism website. <www.philippinemedicaltourism.info>.

Philippine Professional Regularly Commission website. <<http://www.prc.gov.ph>>.

Philippine Securities and Exchange Commission database. <<http://www.sec.gov.ph>>.

Philippine Cosmetic Plastic Surgery website. <http://www.cosmeticsurgeryphil.com/plastic_surgeon_credentials.htm>

Professor Michael E. Porter, Cluster Profile. Institute for Strategy and Competitiveness, Harvard Business School. <<http://data.isc.hbs.edu/cp/>>.

Professor Michael E. Porter, International Cluster Competitiveness Project. Institute for Strategy and Competitiveness, Harvard Business School. <<http://data.isc.hbs.edu/iccp/index.jsp>>.

Select Philippines.com <<http://www.selectphilippines.com/>>.

St. Luke's Medical Center website. <<http://www.stluke.com.ph/>>.

Transparency International (2007). "Corruption Perception Index (CPI) 2007". Updated 11 August 2007. <http://www.transparency.org/policy_research/surveys_indices/cpi> Cited 20 March 2008.

U.S. Central Intelligence Agency. The 2008 World Factbook. <<https://www.cia.gov/library/publications/the-world-factbook>>.

U.S. State Department Website. <<http://www.state.gov>>.

World Bank Group. "World Development Indicators". <<http://web.worldbank.org>>.

Articles, Journals and Books:

Asia-Pacific Economic Cooperation. "The Philippines: Developments in Public Sector Governance". *APEC 2007 Economic Report*, p. 112. <http://www.apec.org/apec/member_economies/economy_reports.MedialibDown>

- load.v1.html?url=/etc/medialib/apec_media_library/downloads/committees/ec/pubs/2007.Par.0016.File.v1.1>. Cited 30 May, 2008.
- Dacanay, Jovi C. and Maria Cherry Lyn S. Rodolfo (July 2005). "Trade and Liberalization of Health and Related Services (draft report)". Makati City, the Philippines: Philippine Institute of Development Studies. <http://www.pcij.org/blog/wp-docs/PIDS_trade_and_liberalization_of_health_and_related_services.pdf>. Cited 8 March, 2008.
- Del Mundo, Jade (Under Secretary of the Philippine Department of Health) (2008). Letter in Response to the Query of Governor Joey Salceda on the Statistics of the Philippine Medical Tourism, 02 April, 2008.
- Deloitte.com (2008). "Deloitte Study on Medical Tourism: 2008 Survey of Health Care Consumers". Updated 19 February 2008. <<http://www.deloitte.com/dtt/article/0,1002,cid%253D192707,00.html>>. Cited 2 March 2008.
- Duenas-Caparas, Ma. Teresa (2006). "Determinants of Export Performance in the Philippine Manufacturing Sector". *Philippine Institute of Development Studies*. <<http://dirp4.pids.gov.ph/ris/dps/pidsdps0618.pdf>> (Cited 5 March, 2008).
- Garcia, Aurora Geotina and Camille Alessandra Besinga (June, 2006). "Challenges and Opportunities in the Philippine Medical Tourism Industry". *The SVG Review*, pp. 41-55.
- International Labour Organization (June, 2007). "Labour and Social Trends for ASEAN: Integration, Challenges and Opportunities". <<http://www.ilo.org/public/english/region/asro/bangkok/library/download/pub07-04.pdf>>. Cited 28 March, 2008.
- Landingin, Roel (2007). "Filipino Expats Invest in their Roots". *Financial Times*. 17 October, 2007.
- Manalo, Francisco (2008). Presentation on "The Philippines as the Hub of Cosmetic Surgery in Asia: Plastic Surgeon's Viewpoint." Medical Tourism Asia Conference 2008, Singapore.
- Mattoo, Aaditya and Randeep Rathindran (July 2005). "Does Health Insurance Impede Trade in Health Care Services?". World Bank Policy Research Working Paper No. 3667. Washington DC: World Bank - Development Research Group.
- Mitra, Sohini (5 October 2007). "Medical Tourism. The Way to Go". Frost and Sullivan Website. <<http://www.frost.com/prod/servlet/market-insight-top.pag?docid=108452141>>. Cited 30 April, 2008.
- Olarte, Avigail (2006). "Health and the Filipino: And Now, Hospitals Are Tourist Spots". A Philippine Center for Investigative Journalism Report. <<http://www.pcij.org/i-report/2006/medical-tourism.html>>. Cited 2 April, 2008.
- Padojinog, Winston Conrad B. and Cherry Lyn S. Rodolfo (2004). "Developing the Japanese Market for Philippine Tourism and Retirement Services: Prospects and Impediments". Philippine Institute for Development Studies Discussion Paper Series No. 2004-31, August 2004.
- Philippine Presidential Management Staff (2007). "The 2007 State of the Nation Address: Technical Report". Updated July 2007. <<http://www.gov.ph/sona/sona2007.pdf>>. Cited 29 March, 2008.
- Philippine Information Agency (2008). "Filipinas about to Marry Foreigners Told to Check Status of Petitioners with CFO". PIA Press Release, 01 February, 2008.
- Philippine Institute for Development Studies (2005). "The Future Looks Bright for Health Tourism," *Development Research News*, September – October 2005, p. 5.
- Porter Michael E. (1998). *On Competition*. Boston, Massachusetts: Harvard Business School Press.

- Reuters (August 3, 2007). Quoted in the *Pilippino Perspective* blog. <<http://philippino-perspective.blogspot.com/2007/08/corruption-fight-in-philippines-uphill.html>>. Cited 28 April, 2008.
- Republic of the Philippines Congress (1996). Republic Act No. 8179. Approved 28 March, 1996.
- Tan, Jaime Z. Galvez (2007). Presentation on “Skilled Migration and the Effects on the Philippines: The Filipino Health Care Professions”. 12th International Metropolis Conference 2007 (Theme: Migration, Economic Growth & Social Cohesion). Melbourne, Australia October 8-12 2007.
- TRAM (2006). “Medical Tourism: a Global Analysis”. A Report by Tourism Research and Marketing (TRAM). Arnhem, the Netherlands : Atlas.
- World Economic Forum. (2007) “The Global Competitiveness Report 2007-2008”. <<http://www.gcr.weforum.org/>>. Cited 25 February 2008.
- World Health Organization (2005). “Country Cooperation Strategy, WHO/Philippines 2005-2010”. <http://www.who.int/countryfocus/cooperation_strategy/ccs_phl_en.pdf> Cited 12 March 2008.
- Viola, Romula A. and Florande S. Polistico (August 2007). “Measuring Health and Wellness Tourism in the Philippines” Paper presented during the 56th Session of the International Statistical Institute in Lisboa, Portugal on 22-29.

Pictures on the Cover page

- <<http://www.philippinemedicaltourism.info/>>
<http://www.tdic.ae/Images/Inline/164_e77324fb-be54-4655-94e6-a798fe5f6cda.jpg>
<<http://reeldealvideo.com/blog/wp-content/uploads/2007/06/boracay-beach-2-1.jpg>>
Manuel De Vera Photo Collection

Disclosure

1. Manuel De Vera is a national of the Philippines and worked for the Philippine government.
2. Zaldy Santillan is currently the Liaison Officer of the Office of Governor of the Province of Albay in the Philippines and helped in the research of this project.