



Dimensions of medical tourism clusters

Part 3. Two success stories, two models – Korea and Costa Rica

By Elizabeth Ziemba, JD, MPH, President, Medical Tourism Training, Inc.

This series of five brief articles examines key aspects of clusters and other models that exist in the medical tourism sector. The first article focuses why **definitions and data collection** in medical travel are important. The second article dissects the **definition of a cluster** to clarify the elements that constitute a true cluster as opposed to other models. In the third article, **two success stories**, Korea and Costa Rica, are examined in detail when the components of a cluster are applied to their organizational models. The fourth article reviews the **role of competition** within clusters. Finally in the fifth article, **five common myths** about medical tourism clusters are exposed.

The entire five articles comprise a white paper that can be [downloaded from the Medical Tourism Training website](#).

The term “cluster” has a specific definition which was explored in detail in Part 2 of this five part series. In this article, the definition is put to the test in two detailed explorations of two different destinations.

The medical travel landscape is littered with underperforming “clusters” as well as failed attempts that never properly launched. Other regions and countries have been satisfied with developing the medical tourism market less formally than a full scale cluster approach including hubs and associations.

Let’s look at two examples of how medical travel initiatives are organized in successful medical tourism destinations – Korea and Costa Rica.

Korea: A True Medical Tourism Cluster

As discussed in Part 1 of this series, the definition provided by Professor Michael E. Porter¹ lays out the components that comprise successful business clusters. The words highlighted in red match the key terms of Porter’s definition and show how that country fits or does not fit the cluster model.

An overview of Korea's medical tourism cluster

The [Korea Health Industry Development Institute](#) (KHIDI) is a government- affiliated institution (**government participation, institutionalization**) that oversees the development of Korea's health care sector. Its role is comprehensive and includes oversight of the medical tourism sector through the brand "[Visit Medical Korea](#)". KHIDI pulls together all facets of healthcare services for the entire country as well as for international medical travelers.



Korean [healthcare providers](#) from the private and public sectors (**service providers**) that participate in the country's medical tourism initiatives are concentrated in several well-defined geographical regions (**geographical concentration**) throughout the country identified as "[Regional Medical Tourism](#)". While medical services are available throughout the country, certain complex services such as liver transplants are restricted to identified providers that have met the country's strict standards (**standards agencies**) for offering services to international patients. Like providers that must pass requirements set by the government to participate in medical tourism, [facilitators are similarly regulated](#) (**standards agencies**).

The Korean medical tourism cluster clearly identifies **interconnected companies** by offering [packages](#) that link a variety of medical and dental services coupled with sightseeing tours, transportation, accommodation and other attractive features related to medical travel. Through government support, oversight, and regulations, KHIDI works hard to ensure the high quality of the clinical and nonclinical services to build the brand of Visit Medical Korea.



Associated institutions are integrated in the Korean medical tourism cluster. Korean universities are actively engaged in research in medical tourism exploring clinical and nonclinical topics of relevance to the success of the cluster. Yonsei University is a leading regional and international voice in medical

travel. Other universities including Kyunghee University Medical Center contribute to the body of knowledge for medical tourism related topics of value to the Korean cluster.

Korean products like Samsung, LG, and Hyundai are international household names. Samsung Medison, owned by Samsung Electronics, is a major manufacturer of medical equipment including ultrasound scanning machines and dental implants.ⁱⁱ The country also has a vibrant pharmaceutical sector that focuses on generic drug production – a benefit that helps to keep the cost of healthcare low (**specialized suppliers**). This benefit contributes to the cluster's value proposition of extremely high quality, state of the art medicine at affordable prices.

The Korean medical tourism cluster is supported by a number of other services and organizations which contribute to its success including a centralized [Medical Tourism Information Center](#), [medical tourism visa program](#), [Complaint Center](#), [transparency of pricing](#), [medical magazine](#), and much more. The integrated, comprehensive approach taken by Korea is admirable but may not be replicable by other countries or regions.

Korea as a model for other countries?

The Korean approach requires a sustained commitment of private and government resources as well as political will that few countries can replicate.

While Korea is a democracy, its society and organizations function as hierarchies that concentrate decisions in the hands of the top business, political, and healthcare leaders. The infrastructure of the medical tourism cluster mirrors the organization of the country, its companies, and other organizations. Like every other country, Korea is not immune to challenges it cannot control such as its difficult neighbor to the north.

While much can be learned from the success of the Korean medical tourism cluster. The Porter definition has been retained so that all of the components are present in the Korean medical tourism sector. Certain aspects of the model have been emphasized more than others to reflect the particular characteristics and strengths of the Korean healthcare sector.

Unlike Korea, Costa Rica has not followed the Porter model but has taken a modified approach that works for the country.

Costa Rica: Its Own Successful Model

Costa Rica has enjoyed a steady stream of American and Canadian medical and dental tourists for many years. The high quality and low cost dental services along with many US trained Costa Rican dentists have served as the foundation of the medical travel market. Hospitals followed the trend and offer an excellent array of surgical and noninvasive procedures.

Does Costa Rica have a medical tourism cluster?

The country began to bring together the medical tourism sector through efforts of the Ministry of Competitiveness and the establishment of PROMED.

PROMED was founded to promote Costa Rican medical tourism and continues to do so admirably. Early in 2017, PROMED voted to change its mandate and the Costa Rican Chamber of Health (Camara Costarricense de la Salud, CCS) was formed. PROMED is a member of CCS and will continue to promote Costa Rica.ⁱⁱⁱ



Has Costa Rica done enough to be classified as a medical tourism cluster?

While Costa Rica has some of the characteristics of a medical tourism cluster, certain of the critical elements of Porter's definition are missing. First, here are the components that are present.

The country does have a core of healthcare providers (**interconnected companies**) who serve international patients. It does have **service providers** like hotels, facilitators, restaurants, tourism companies, that offer services to visiting dental and medical patients. There are some **specialized suppliers** in country but, being a small country, Costa Rica imports medical and dental equipment, devices, supplies, and other ingredients essential to defining a cluster.



The private sector through PROMED is actively engaged in promoting medical tourism, as is the Costa Rican government. Institutionalization, infrastructure to continue the long term support for the sector, has happened through PROMED and will continue with CCS. (**Private sector leadership, government participation, institutionalization**). To learn more about the role of PROMED, listen to the podcast of its Executive Director, [Massimo Manzi](#), on [The Medical Travel Show](#).

Certain characteristics could be strengthened to make Costa Rica's medical travel market more like a medical tourism cluster.

The **geographical definition** of its medical tourism market **is hazy**. Most of the healthcare providers are located the capital city, San Jose, but others are located in other parts of the country. By defining specific geographic regions which can function as regional clusters within the country, the marketing and promotional efforts could be more effective.

Costa Rica could benefit from **standards agencies** focused on medical tourism. Korea regulates which providers may offer services to international patients and requires registration of facilitators to ensure quality and protect its brand. Costa Rica could take the same or similar measures.

Associated institutions do contribute well trained doctors, dentists, and nurses. As a small country, its clinical and nonclinical research dollars have been focused on topics other than medical tourism.

Compared to Korea, Costa Rican institutions do not provide the research, analysis, data, and feedback to improve and expand the sector.

Costa Rica as a model for other countries?

While some of the elements of a cluster are weak or missing, so that the Costa Rican medical tourism market is not functioning as a cluster, the country is a successful destination for international patients.

As a small country of around 5 million people, it has leveraged its assets well. These assets include well trained healthcare providers, bi-lingual staff, and the country's proximity to the US and Canada.

Other countries of similar size can learn valuable lessons from Costa Rica. It has built its medical tourism market hand-in-hand with its successful tourism sector. The country is working hard to attract patients from countries other than the United States and Canada. And it ensures that international patients have access to quality medical and dental services without compromising the services it delivers to its citizens.

The value of definition



Lewis Carroll, the author of Alice's Adventures in Wonderland, famously said, "If you don't know where you are going, any road will get you there". The same is true when developing a medical tourism market. The theory and application of cluster economics can help show the way forward so that you know where you are going and how you can get there.

This brief look at two successful medical tourism destinations is valuable for a two reasons.

First, it is apparent that Porter's definition and research into the nature of clusters can be a roadmap for the medical travel market that leads to success.

Whether comprehensively applied in a large and wealthy country like Korea, or applied in a more constrained approach like Costa Rica, Porter's model sets out a clear direction. The specific route that any country, region or city will take to become a medical tourism cluster is determined by many factors as demonstrated by Korea and Costa Rica.

There is no one right path to follow.

Second, the process of determining whether to establish, reposition, or relaunch a medical tourism cluster can be a confusing maze of options with conflicting interests and points of view.

Whether pursuing a comprehensive approach to building a medical tourism cluster or taking a modified approach, the team at Medical Tourism Training can help you decide where you are going and identify the road that will get you there. [Contact us today](#) to get the advice you need.

Curious about how rivals can collaborate and compete within clusters? The role of competition within medical tourism clusters is explored in part four of this five part series.

About Medical Tourism Training, Inc.:

Medical Tourism Training offers training and consulting services in the rapidly growing domestic and international health travel sector.

The company is the first to offer affordable, convenient, and easy to use e-Learning solutions geared to working professionals. Medical Tourism Training delivers high quality on-site training and consulting services creating measurable change for its clients.

Consulting services include: lead generation & lead conversion; patient experience assessment, training, and consulting; relaunch strategies; formalizing and developing medical clusters; certification programs; creative and innovative marketing campaigns; and much more.

Contact us today for additional information:

Elizabeth Ziemba, President
Medical Tourism Training, Inc.
29 Touro Street
Newport, Rhode Island 02840 USA
+1 857 366 1315
contact@medicaltourismtraining.com
www.MedicalTourismTraining.com



ⁱ Porter, Michael E. (2000). Location, Competition, and Economic Development: Local Clusters in a Global Economy. *Economic Development Quarterly*, Vol. 14. No.1. February 2000, 15-34.

ⁱⁱ South Korea's Ambitions in Medical Tourism, <https://www.ft.com/content/b84a4f08-4570-11e4-9b71-00144feabdc0?mhq5j=e5>, accessed 26 October 2017

ⁱⁱⁱ Costa Rica has new medical tourism promotional body. <https://news.co.cr/costa-rica-has-new-medical-tourism-promotional-body/59859/> accessed 26 October 2017.