

# Medical Tourism Economic Report: Turkey

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Another up and coming country providing healthcare options to the world, is the country of Turkey. The country is already a very popular wellness destination with people traveling from abroad to Turkey for its thermal spa resorts and mud baths (it is in a volcanic area and has many natural hot springs). The Ministry of Tourism of Turkey lists 17 registered thermal spa resorts and mud baths (although there are estimated to be around a thousand unregistered), of which, some have been around since Roman times, when they were health spas for the wealthy.

This reportedly brings the country 500,000 'thermal tourists' and an estimated \$100 million USD a year. In addition, the country has a number of great hospitals, healthcare facilities, western trained doctors and a very convenient location for a large number of potential medical tourists (it is centrally located as a bridge between Europe and Middle East). Turkey is also planning on joining the European Union (this is a controversial area, Turkey officially applied in 2005 but the EU says the earliest it could join would be 2014) therefore government and private institutions have been applying rigorous quality and technical standards to all of their internal procedures, making this nation a legitimate medical travel destination.

It was recently estimated by Turkish Statistical Institute that there were 165,000 visitors to the country for healthcare and that they brought the country around \$360 million USD. One of the biggest markets for Turkey's medical tourism market is the U.K. In a 2007 study, it was found that Britons rated Turkey as one of the top three medical tourism destinations along with India and Hungary (the most commonly mentioned procedures are hip replacement, knee replacement, laser eye surgery and cataract removal). This is a great segment for the Turkish medical tourism market because it is estimated that 50,000 U.K. citizens travelled abroad for medical treatments last year and spent around \$237 million USD. It was expected that those numbers would increase by 25% in 2008 and continue double-digit growth for the near future. Helping this industry is its easy access from all airports in Europe with daily flights arriving from every country (a total of 343 international flights-a-day from the five major airports)

## Economic Facts

The GDP (using the purchasing power parity model) for Turkey (which has a population in 2006 of around 73 million) was estimated to be \$853.9 billion USD in 2007. This would make the GDP per capita be around \$12,000 (2007 estimates) with almost 62.8% in the services sector. The downturn in the global economy impacted Turkey as well and weakness in domestic demand was expected to drive growth in the GDP to below 2% in 2009, although the growth is expected to increase to around 4.25% in 2010, in line with a global recovery. The total labor force is estimated to be around 23.53 million with the interesting caveat that, according to 2007 estimates, almost 1.2 million Turks were working abroad. 41.2% (2004 numbers) of the labor force is in the services sector and there is unemployment of 9.9% plus underemployment of 4% (according to 2007 estimates).

In Turkey (2005), healthcare made up around 7.2% of GDP (higher than the world total of 6.7%) or around \$338 per head (quite a bit lower than the \$1,396 USD world average). Health spending in Turkey grew, in real terms, by 7.6% per year on average between 2000 and 2005 (one of the fastest growth rates in OECD countries) and significantly higher than the OECD average of 5% per year. Among OECD countries, the public sector continues to be the main source of health funding (except in the United States and Mexico). In Turkey (2005), this was the case with 71% of health spending funded by public sources (although this slightly below the average of 73% in other OECD countries). Spending on pharmaceuticals (Turkey is both an importer and exporter of medicines, though imports overall greatly exceed exports) and other medical goods accounted for about 34% of the total health expenditures in 2000.

## Healthcare Facts

According to Economist Intelligence Unit estimates from June 2005 there were 1.3 doctors (about 41k total in 2006) per 1,000 population (lower than the world average of 2.2 per 1,000) in Turkey. OECD data from 2006 showed there were only 2.1 nurses per 1 000 population in Turkey much lower than the average of 9.7 in OECD countries. Among OECD countries however, Turkey reported one of the greatest gains in life expectancy between 1960 and 2006, increasing overall longevity by 23 years, rapidly narrowing the gap with the average of other countries. The number of acute care hospital beds in Turkey in 2006 was 2.5 per 1,000 population, less than the OECD average of 3.9 but the country is cited in 2005 as only one of two (2) OECD countries that increased its number of acute care beds from the 1990s (South Korea being the other one). In 2005, Turkey's central, healthcare government agency, the Ministry of Health (MoH), owned and operated 56.12% of the hospitals and 55.1% of the total beds. As of 2007, there were approximately 1,201 hospitals in Turkey with 56 being owned by Universities and 305 being run by private sector companies (another 3 are run by foreign entities). In 2007, 10 of the largest private facilities alone had around 2,357 beds. The city of Istanbul alone boasts approximately 190 hospitals and 290 clinics that employ upwards of 123,000 people (7 of which are listed by the U.S. embassy as having English speaking staff and doctors).

Turkey currently has 28 facilities that have received Joint Commission International (JCI) accreditation (that is more than the medical tourism destination countries of the Philippines, Thailand, Singapore, and South Korea combined). The first JCI accredited facility in Turkey was the Istanbul Memorial Hospital in Istanbul which was first accredited in March of 2002 and has been re-accredited twice since then (in 2005 and 2008). Accredited facilities in Turkey were one of the original five (5) countries included in the ground-breaking 2007 plan by BlueCross BlueShield of South Carolina (called the Companion Global Healthcare program) to cover medical travel costs. Some examples of well known hospitals in Turkey include Yeditepe University Hospital (a 170 bed facility) which is known for providing kidney, liver and pancreas transplant operations for medical tourists, Anadolu Health Center (209 beds) which is affiliated with John Hopkins (over 35% of the hospital's physicians have received training or board certification in the United States), and the Metropolitan Florence Nightingale Hospital (the group together has 550 beds) which recently had been certified as ISO 9001.

## Impacts to Other Industries

Some facilities in Turkey offer stem cell transplants (the most suitable donors are siblings of the patient whose bone marrow is most concurrent with them) as a treatment to cure some forms of cancer (for example, leukemia, aplastic anemia, myelodysplastic syndrome, thalassemia, myeloma). These stem cells (which might have been damaged or killed off by the chemotherapy and need to be replaced) are transplanted to the patient through a drip process to replace those cells that the cancer treatment has killed off (can include both Autologous and Allogenic transplantations).

In addition, Turkey has become a model for investing in the potential boom in medical tourism with capital investments by German banks Landes Bank Baden-Württemberg and Hypovereinsbank (funds guaranteed by German export financing organization HERMES), the International Finance Corporation (IFC) which is an arm of the World Bank supporting private sector investments, American Exim Bank, Islamic Development Bank, European Investment Bank (EIB), and other organizations (including Belgian, British, Japanese, and Spanish banking and investment companies). Meanwhile, local banks like Denizbank are preparing to enter the healthcare investment market and major medical equipment manufacturers like Siemens and GE will offer rational financing options to healthcare investors.

It is estimated that some investors, primarily from the Middle East, want to build more than 200 new hospitals in Turkey. In a recent news release (2008), it was reported that the private equity firm of Abraaj Capital Holdings Limited (ACHL) just made an investment in Acibadem Healthcare Services (the only healthcare institution whose shares are traded on the Istanbul Stock Exchange and is affiliated with Harvard Medical International) which has over 6,000 employees in 20 different locations through a network of six general hospitals (with bed capacity in excess of 700), medical centers, outpatient clinics, an ophthalmology center and laboratories. This investment will reportedly assist it in building another eight hospitals, which will take it to a total number of beds to 1,595 (slightly behind the largest private group- Alman Hospital which has 2,107 beds).

## Summary

Medical Tourism is arguably a much larger market in Europe than in the U.S. (Europe overall has a larger total population than the U.S. and less than 25% of the U.S. population has a valid passport) and Turkey is very interested in winning more of this market. Helping Turkey is its overall cost of care, which has been reported as significantly lower than that found in most of Western Europe and the U.S. For example, the estimated cost for cataract surgery is 76% lower than average costs in the U.K. (includes hospital stay and treatment) and the total costs of a laser eye surgery are estimated to be only \$1,500 EUR (approximately \$1,993.42 USD- including flight, hotel, and operation). Another report by the NCPA in November 2007 stated that the cost of rhinoplasty in Turkey would be \$1,500 USD compared to \$3,500 USD in the U.K. and \$4,500 in the U.S. Finally, the core competence of the Turkish medical community in areas like orthopedics, open heart surgery, hair transplantation, eye surgery and In Vitro Fertilization (IVF) will help them to draw foreign nationals that want access to these procedures at significantly lower cost.

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