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Embryo Case Summary Sheet

Working title of the case: Puerto Rico's Medical Tourism Marketing: Third Millennium Ambulatory Clinic

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Source of case data: Library research Interviews Consulting
 Personal experience Combination (check all that apply)

Expected level: Graduate Advanced Undergraduate Undergraduate

Industry setting: Health Services: Benefits, Government: Tourism and Economic Development

Main character, job title: Director, Third Millennium Ambulatory Clinic Project

Relevant theory to be applied: Strategic Management, Tourism Marketing, Medical Services Marketing

Envisioned case issues (for the Teaching Note):

Aligning entrepreneurship and public policy
Reaching the clinic's target market

Questions/issues I'd like help with:

How to apply Marketing's four P's (Price, Product, Place, Promotion) to Medical Tourism Public Policy
How entrepreneurs manage delays of governmental permits in developing businesses

Synopsis of the case as you currently envision it:

Third Millennium Ambulatory Clinic (name may be omitted) is, according to Puerto Rico's Secretary of Medical Tourism, the most emblematic project of this Agency's policy. This project scheduled fast-track construction to begin early 2017 upon final permit receipt. As of January 23, 2017 this permit had not been issued, apparently for political reasons. This is the main issue around which this case will be written.

As U.S. territory, Puerto Rico requires the same Federal accreditation for medical personnel and facilities as in the mainland, for which the health plans cover services performed in the island. In basic marketing terms, that is, the Four P's, medical services in Puerto Rico are a quality **Product**, at an affordable **Price**, offered in a **Place** that is ideal as a destination. Reaching out to health plan-providing East Coast companies for referrals, as part of the marketing plan sets up the **Promotion** tactic.

As more employers and insurers implement medical tourism, Puerto Rico is emerging as an attractive medical tourism destination. No passport is needed for Americans to travel to Puerto Rico. As a part of the United States, Puerto Rico offers the same high level of quality care, advanced technology and world-class

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infrastructure found in the best medical centers across the USA. The majority of our doctors and dentists are Board Certified, and the quality of care is equal to the care found across the USA.¹

Puerto Rico's legitimacy as a major destination for business is often tarnished by its unfortunate fiscal deficit. Business media outlets' fixation with the island's debt has completely overshadowed Puerto Rico's unprecedented drive for economic development. The island's tax-incentives for research, development and technology manufacturing have proven to yield impressive results; while tourism has made a powerful comeback. However, there is one particular type of tourism-market that Puerto Rico is resolved to conquer: medical tourism.²

Though medical tourism is an emerging market for Puerto Rico and other countries are years ahead of the island, the competitive advantage of Puerto Rico cannot be underestimated. The cost of medical and dental services in Puerto Rico is 40% to 60% lower than in the continental U.S. Hospitals and clinics are accredited both by the Joint Commission (TJC) - a U.S based non-profit organization that accredits more than 20,000 health care organizations and programs in the United States; and by the Accreditation Association for Ambulatory Health Care (AAAHC) - an American organization which accredits ambulatory health care organizations, including ambulatory surgery centers, office-based surgery centers, endoscopy centers, and college student health centers, as well as health plans.

Also, under the state Tourism Development Act, businesses engaged in medical tourism can enjoy up to 90% tax exemption on income tax, up to 90% tax exemption on personal property, real property and licenses, and up to 50% in tax credits for any person who acquires an equity interest or contributes land to an entity that develops an exempt tourism business.

The Puerto Rico Medical Tourism Corporation (PRMTC) recently announced that Nueterra Global Alliance, a company that creates medical exchange journeys through a global collective of healthcare providers, would partner with Puerto Rico to facilitate the access of patients to Puerto Rico's health care facilities.³

Nueterra's vast network of provider-partners has improved access to best-in-class healthcare and treatment options, effectively revolutionizing patient mobility and the medical exchange industry. Nueterra Global Alliance was chosen as the top candidate upon evaluation of several industry leaders who also submitted proposals, among them, the Hospital Association of Puerto Rico, IKON Solutions, Inc., Management Temporary and Contract Employment Services, Inc., Premium Professional Health Group, P.S.C., Puerto Rico Global Health Corporation, Puerto Rico Medical Tours Corp., Quality Improvement Professional Research Organization, Royal Medical Group Corp. and Trinexus, Inc.

Spearheading the efforts to foster medical tourism in Puerto Rico, Francisco Bonet, Executive Director of the Puerto Rico Medical Tourism Corporation, is optimistic on Puerto Rico's competitive edge. Having

¹ Joelle Sawaya, *Medical Tourism Association Blog*, April 25, 2016,

<http://medicaltourismassociation.com/blog/meet-the-executive-director-of-the-puerto-rico-medical-tourism-corporation-caribe-health-summit/> (Accessed: January 17, 2017)

² Adrian Brito, "Puerto Rico Set to Become Medical Tourism Hub," *The Huffington Post*, April 15, 2015, http://www.huffingtonpost.com/adrian-brito/puerto-rico-set-to-become_b_7058584.html, (Accessed: January 17, 2017)

³ "Seleccionada la compañía que coordinará servicios a pacientes de turismo médico a Puerto Rico," *Ultima Hora*, February 21, 2015, <http://diariodepuertorico.com/2015/02/seleccionada-la-compania-que-coordinara-servicios-a-pacientes-de-turismo-medico-en-puerto-rico/> (Accessed: January 17, 2017).

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completed the evaluation process for proposals means that we will soon have a centralized mechanism to market Puerto Rico's healthcare services to a global pool of medical tourism patients. This entity and our promotion efforts will secure a larger share of the medical tourism market, placing Puerto Rico in a uniquely advantageous position for both Latin America and the U.S - Bonet stated.

Although Puerto Rico's goals are nothing short of ambitious (30,000 patients and \$300 millions in 3 years), current statistics light the way for a very profitable future. An Advantage Business Consulting study commissioned by the government identified a wealth of opportunities in a variety of specialties including: dental, cardiology, orthopedics, bariatric surgery, cancer treatment, neurosurgery, gynecology and infertility, pediatrics, ophthalmology and certain cosmetic procedures. Data shows that global health tourism generates some \$35 billion in economic activity annually and is growing at a faster rate than the overall travel and tourism. Statistics show that some 15,000 medical tourists come to Puerto Rico every year, spending an average of \$10,000. Family members or friends who make the trip with the patients represent a further economic injection of almost \$1,000 each in spending on lodging, meals and transportation.

Alberto Bacó, the Department of Economic Development (DDEC) chief is not shy of Puerto Rico's ambitions with medical tourism. "Our focus is on training a select group of providers — from clinics, to logistics firms to tourism services — to help make medical tourism one of the drivers of our economy, boost the export of services and create jobs. We are a world-class tourism destination and are presenting a medical tourism offer that equally attractive to the Caribbean, U.S. mainland and Latin America". - Bacó said.

Certainly, Puerto Rico's debt crisis might seem insurmountable. On a daily basis, debt stakeholders spend million of dollars in researchers and public relations strategies that prioritize a strict and absolute repayment schedule over public services and economic development. This aura of apparent insecurity will loom over medical tourism investments, but numbers don't lie. Puerto Rico's medical tourism industry seem likely to impress quite a few.