

Transforming the State of Alabama into a Medical Tourism State

*Nicole Brooks, Student, UAB COLLAT School of Business, nicole05@uab.edu 334-755-5172

Sarang Patil, Student, UAB COLLAT School of Business, spatil@uab.edu 630-730-6310

There are economic development issues deeply rooted in the state of Alabama. Unless the state is developed economically, it will not progress. Alabama ranks as one of the lowest economically developed states in the United States, and no one is proud of this. It will be nearly impossible for Alabama's economy to grow unless new businesses move into the state or existing businesses attract out of state consumers that will increase consumer spending within the state. California is known as Silicon Valley for their large technology companies, New York as the Financial hub for their financial services, and to a certain extent Florida as the retirement state for the number of retired consumers that live there. This concept paper discusses how the state of Alabama can be transformed into the medical tourism state for domestic and international tourism with the University of Alabama at Birmingham (UAB) at its epicenter.

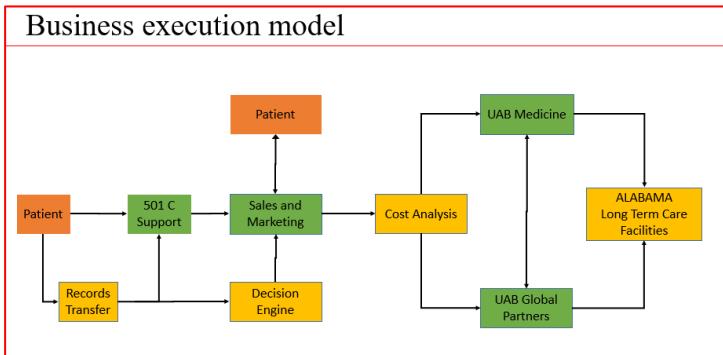
As we discuss the business plan, one of the largest assets Alabama has is its world class Universities and hospital infrastructure. The medical industry in general, nursing, supporting pre-medical and medical staff, is very valuable to the state. This is complimented with inexpensive temporary housing, overall lower cost of living, and lowest tax rates. To support these new businesses and the expansion of existing businesses, the state of Alabama has good infrastructure, national and international airports, and recreational facilities. On the business side of the equation, the global medical tourism revenue, which is loosely defined as the amount of money spent by individuals to perform the medical treatment outside of their home countries, has been a growing. At the low-end of the spectrum, the patients from the United States in 2016 estimated annual spending was approximately \$56-65 billion, with an anticipated annual yearly growth of 10 to 12 percent. At the higher end of the spectrum, this is estimated globally [VISA and Oxford Economics] to be 400+ billion with an expected growth rate of 25 percent. To put this in perspective, the low-end figure is one third of Alabama's gross domestic product, outpacing Alabama's gross domestic product by 2025. The business plan in this paper explains how we can transfer the state into the medical tourism state and bring in revenue from patients, not only from the United States but globally as well.

Medical tourism has two elements to consider. The first being the American patients going abroad for treatment, and the second being the patients from foreign countries coming to the United States for treatment. In the first category, patients are looking for more cost effective and relatively convenient alternatives for their medical treatment. The second category is looking for advance medical facilities or for privacy while receiving medical treatment which they might not get in their home county. Through a viable business model both categories of patients can be targeted as prospects for UAB-Medicine and for medical tourism in the state of Alabama.

The initiation point of any business is its customers. The customer acquisition strategy is powered by strategic marketing efforts. The differentiated marketing strategy in this business model for Alabama is the low-cost infrastructure and high quality of patient care. The biggest piece of the puzzle is how to increase patient acquisition. To be practical and factual, unless there is a value added for the patient, he or she is not going to consider calling UAB-Medicine or think about UAB-Medicine as an option for treatment alternatives. As it stands today, even well-educated patients have difficulties understanding their own medical and insurance policies that different

hospitals and insurance providers use. If the patient is overseas, this complexity increases multifold leading to misunderstandings due to cultural differences.

Our business plan uses this main point as a tool for customer acquisition. To acquire patients, we propose starting a “Medical Insurance Support Center” [MISC]. MISC will be a 501(c) organization. The charter for this organization will explore low cost effective medical treatment options for patients and provide UAB-Medicine as one of viable options for domestic as well as international patients. Once the patient contacts MISC, MISC will initiate a process and acquire medical records. These medical records that are shared electronically will be analyzed at no cost to the patient. Based on the analyzed data and using the advance analytics for Patients within the United States, MISC will prepare a case report that will outline the cost comparison matrix of doing medical procedure and long-term care in the geographical area that the patient chooses. The report will also include possible risks associated with each option. This could be at UAB-Medicine or maybe may be outside United States if patient chooses. For patients outside the United States, the MISC will prepare an exclusive report showcasing why choosing UAB-Medicine would be a good option, as well as the cost benefit of doing the medical procedure at UAB-Medicine compared to other more expensive metro areas. This report will also include long term care cost and living expenses in state of Alabama.



For the patients that are based in the United States, there are three possible outcomes. One of the possible outcome is if the patient selects the provider located out of the country suggested by MISC. UAB-Medicine can be a one stop shop for global medical providers to carry out any required pre-medical procedures. To an extent, this will increase the patient intake of UAB-Medical. Moreover, this provides UAB-Medical with a possibility to convert the patient from using a global provider for medical treatment to UAB-Medical instead. This also helps UAB build meaningful relationships with foreign medical providers. This can help UAB-Medical Doctors, medical students, and nurses gain international experience through student exchange programs.

Based on the report created by the MISC, patients based in the United States and abroad select UAB-Medicine for their medical need. UAB-Medicine medical treatments, coupled with requirement for long term care required by the patient, will benefit the supporting industries namely nursing, hotels, transportation, and food. In both cases, MISC will provide white glove service to the patient from the initial consultation to the post medical treatment follow-up.

Other than the financial benefits to UAB-Medical and the state of Alabama, this model will help expand the brand of UAB and brand of the state of Alabama globally. Once the operating agreements and relationships are built with foreign medical facilities, UAB-Medical students will begin to explore and work at the international level gaining unprecedented international health care experience. More importantly it will put the state of Alabama as one of the leading states for medical tourism within the United States and globally.

Potential team members and organizations:

UAB-Medicine, UAB-Medical School, UAB-School of Public Health, UAB- School of Engineering, UAB – COLLAT School of Business, State of Alabama, Hotels and tourism service providers.

References:

Alabama State Resources. Retrieved from <http://www.alabama.gov/>

Bureau of Economic Development US Department of Statistics. (March 22, 2018.) Retrieved from <https://www.bea.gov/regional/bearfacts/pdf.cfm?fips=01000&areatype=STATE&geotype=3>

Medical Tourism Index. Retrieved from <https://www.medicaltourismindex.com/tag/statistics/>

Monthly Average daily rate of United States hotels from 2011 to 2018 (in U.S. Dollars).

Retrieved from <https://www.statista.com/statistics/208133/us-hotel-revenue-per-available-room-by-state/>