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The globalization of dental care: An opportunity for Croatian tourism

Abstract

Tourism is an expanding industry throughout the world and tourism in Croatia is no exception. A trend categorized as “medical tourism” has emerged, wherein citizens of highly-developed countries choose to bypass care offered in their own communities and travel to developed areas of the world to receive a wide variety of medical services in order to save money. Medical tourism had its origins in private pay patients seeking low-cost aesthetic enhancement for cosmetic surgery that was not covered by insurance. Now it is an option for many types of treatment including fertility procedures, eye surgery, heart surgery, general surgery such as hip and knee replacement and dentistry. Traditionally, tourists have come to Croatia in order to visit the coastline with its many islands, blue sea, and ancient towns. There is a need for the tourism industry in Croatia to include more than the Adriatic coast. Dental tourism, a niche sub-segment of medical tourism is an opportunity to expand its touristic opportunities beyond the coastline cities of Dubrovnik, Split, and Hvar, but to Zagreb as well. This paper explores the role of dental tourism as a marketing option for Croatia.

Keywords:

dental tourism; marketing; dentistry; cost comparison; Croatia

Introduction

Travel and Tourism employed over 225 million people around the world and generated 9.6% of the global GDP in 2008 (World Travel and Tourism Council, 2008). Many countries are now seeing a marked downturn in travel activity as the deterioration in global economic conditions squeeze spending on travel and tourism by both households and businesses. Tourism in Croatia ranks very high among Central and Eastern European countries in terms of its absolute size and relative contribution to the national economy. Anti-recession policies further focus on the need for tourism to help support the effects of the economic downturn in the Croatian economy. Given

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that tourism is a significant source of export revenues for Croatia, it is vital for policymakers to explore various markets that have the potential to expand this industry. Dental tourism provides the opportunity for increasing this area of the economy as it can provide substantial revenue for the host country.

Background

Prior to 1997, the USA and Europe were the centers of the healthcare universe with Singapore the medical hub in Asia. Beginning in 2000, Thailand and India emerged as legitimate medical destinations. Now, Italy, Hungary, Bulgaria, Czechoslovakia, and Poland have joined the ranks of countries where less expensive care, particularly dental services, are sought by British and American tourists. Dental tourism is defined as an attempt on the part of a country or location to attract tourists by deliberately promoting its dental services in addition to its regular tourism amenities. Dental tourism is niche tourism and appeals to a select number of people whose demand is big enough to generate sufficient business. Dental tourism's popularity is due, in large part, to the fact that the treatment is fast and recovery time even faster, allowing the international patient time and energy for a foreign vacation. Also relevant in dental care is that the costs are rarely covered in full or not at all by the patient's insurance.

In dental tourism, the traveler chooses the dental care first, and only then pairs it with a destination and possibly a vacation tie-in. Dental tourism has followed the "boom" in medical tourism. It has been growing at a fast rate thanks to the aging population, higher consumption of certain dental services with rising income, and supply shortages in many developed countries. Dental tourists include middle class Americans and British citizens seeking low cost high quality medical and dental care. The decision to seek care outside of one's own country can be especially important in recessionary times. The first Dental tourism survey noted that patients who traveled abroad to receive dental treatment reported an average cost saving of \$6400, or 60% of the cost of treatment locally (Revahealth, 2008).

In order to understand this market in Croatia, one must examine both supply and demand. With respect to demand, it is important to ask who are these international patients, where do they come from, and why are they seeking dental care outside of their own country? What else are they hoping to experience in addition to servicing their dental needs? Understanding demand for dental tourism will clarify its role as a touristic sub segment of economic development.

Demand for dental services

More than 750,000 Americans left the country in 2007 for less expensive medical treatments, a number projected to grow to six million by 2010. Outbound medical tourism currently represents \$2.1 billion spent by Americans overseas for care. (Deloitte, 2008). In a 2007 survey, the nonprofit Healthcare Tourism International found that dental services were the most common procedures sought out by medical travelers. More specifically, dental bridges and dental bonding were the most frequently requested queries on search engines for medical tourism. (Healthcare Tourism Inter-

national, 2009). Dental tourism is market driven – it is shaped by the complex interaction of myriad dental, economic, geographic, and political forces and is driven by numerous factors. Turner (2008) found that these factors include the high cost of local care, delays in obtaining access to local dentists, competent care at many international clinics, inexpensive air travel, and the Internet's capacity to link "customers" to sellers of dental services. Horowitz and Rosensweig (2007) found that low cost is the primary reason that patient's from industrialized nations seek medical care in less developed countries. The cost differential for medical treatment between the US and other countries is extraordinary. It is documented that *per capita* health spending in the US in 2002 was 140 percent above the median Organization for Economic Cooperation and Development (OECD) countries (Anderson, Hussey, Frogner, & Waters, 2005).

The US is facing a dental crisis as dental insurance premiums and costs of treatment have increased. The impact of these rising costs is felt by every household and by every company. Currently only about 50% of the population has dental insurance, compared with the 85% who have medical benefits. (Arnst, 2008). Most US employers that offer group health coverage also offer dental plans, but many are capping their costs by having employees pay a greater share of the premium or the entire premium as a voluntary benefit. (Kertesz, 2008). Even for those Americans with dental coverage, the policy is generally inadequate. The vast majority of policies have a \$1500 annual cap on payments, an amount that can easily be consumed by one root canal or a crown. Consumers cannot afford to overlook the significant savings that dental tourism has to offer.

For patients from Britain and other countries where a governmental health care system regulates access to dental care, the reason to leave the local market is the desire to have timely treatment, circumventing delays associated with long waiting lists. Dentists in Britain have dramatically increased their private work over the past decade at the expense of National Health Service (NHS) patients. As a result of a shrinking NHS provision, the British government has concluded that two million patients who want NHS treatment are unable to get it. (Laurance, 2008) National Health Insurance in Britain does not fund cosmetic dentistry so patients seeking these services are driven by the same economic forces as those from the United States.

Patients who seek dental care abroad typically fit one of two profiles: adults who require elective dental care but have no insurance coverage or an inadequate benefit structure (some dental work is covered but it is limited to a number of visits, procedures or a financial cap) or those who desire dental cosmetic surgery that is not covered by insurance. Dental tourists are a heterogeneous group: male and female, young and old, and they represent various races and income streams.

Supply of dental services

As per microeconomic theory, the quantity demanded of dental tourism just like any other service, is determined by price. In Croatia, the price of dental services is relatively low compared to the US, Britain, and Canada. Specifically, Croatia is able to offer

competitive prices for dental treatment such as dental implants, cosmetic dentistry, restorative and prosthetic dentistry. The chief reason why Croatia is able to offer dental services so inexpensively relates to the level of national economic development. The lower cost of medical and dental care is appropriate for the economic environment in which the care is delivered. (Table 1).

Table 1

GDP AT PURCHASING POWER PARITY PER CAPITA (Current International \$)						
Country	2007	2008*	2009*	2010*	2011*	2012*
Croatia	17,731	18,544	18,056	18,181	18,744	19,780
USA	45,778	46,859	45,550	45,253	46,662	48,590
UK	35,601	36,552	35,286	34,881	35,401	36,540

*Based on IMF staff estimate

Source: International Monetary Fund (2009)

According to Horowitz, Rosenweig and Jones (2007), the prices charged for care in a destination country generally correlate with the nation's per capita gross domestic product, which is a proxy for income levels. Most of the costs of dental care go to lab technicians and salaries. A high unemployment rate further drives down the cost of dental care, irrespective of the considerable differences in data about unemployment in various official sources.

Another reason for the low costs of dental care in Croatia relates to the medical-legal environment. The professional liability insurance premium in Croatia is much less than it is in the United States and the general populace is less likely to institute legal action for dental negligence.

Croatia has the important advantage of lower cost dental care than the US or Britain. The cost of dental care in the US is one of the highest in the world and is rising in terms of direct patient contribution to payment. A survey by Tan, Redekop and Rutten (2008) provided a cost comparison of dental filling procedures among nine European countries. They found that England topped the table as the most expensive country in Europe for dentistry at 156 Euro for a filling. Without exception, labor costs were the most important cost driver in all countries and accounted for 58% of total costs on the average. Even factoring in the non-dental costs associated with treatment (accommodations, travel costs, meals..) the Croatian costs of dental care are highly competitive.

The country of Croatia is a prime candidate for offering dental care for citizens who reside in the USA, Great Britain and elsewhere abroad. Dentists in Croatia are by and large, well trained and credentialed. Dentists in Croatia study at the School of Dental Medicine in Zagreb and in 1962 the school became one of the faculties of Zagreb University. The School of Dental Medicine has an educational program similar to other European countries which lasts for five years. After this, one more year of practice under supervision is obligatory before state exams are taken. Dentists in Croatia must belong to the Croatian Dental Chamber, the independent and autonomous professional association of Doctors of Dental Medicine in Croatia.

According to Bookman and Bookman (2007), fluency in world languages is a clear advantage for countries in pursuit of medical and dental tourism. English has become the lingua franca in general, and especially in the provision of medical and dental care. The dentists in Croatia have a distinct advantage over other countries as they commonly speak English.

The long waits for an appointment that are found in the USA and Great Britain are not the case in Croatia. Further, and perhaps most importantly, Croatian dentists can offer quality dental care at prices that are much lower than in the US and Great Britain, even factoring in the cost of travel. Costs can be kept down because manpower is very cheap.

As an added bonus, tourists coming to Croatia for dental care can enjoy the Adriatic coastline and other prime attractions in cities such as Zagreb.

Touristic appeal

For those dental tourists who want a vacation for themselves and their family in addition to their dental services they will find Croatia an appealing destination. The country has a sound infrastructure, a safe environment, and abundant natural beauty. Dental tourists are attracted to regions that are safe, without risks of revolutions or uprisings, and where corruption is not prevalent. A stable political culture cultivates an environment that is not conducive to threatening the personal safety of dental tourists. Eventual accession into the EU will further affect the image of the country as it will contribute to the improved perception of socio-political stability. Beach, sun, and sea will appeal to those convalescing from dental work. The more invasive the procedure the less interested patients are in tourism. Of all the procedures that are sought outside of one's home country, dental care is the least invasive. In land cities such as Zagreb offer a variety of cultural attractions such as museums, theatre, and concerts. Croatia has the reputation for being tourist friendly and that offers an advantage over other countries that do not.

Marketing initiatives will encourage individuals to travel for dental care. One only has to look at Croatia's neighbors who are active in the dental tourism market for promotional techniques that work. Dental tourism is a vital part of the local economy in places like Lodz Poland, Budapest Hungary and Florence Italy. Dental tourism can be promoted through trade shows, travel agencies, and of course the web. Five years ago, one Hungarian dental company located in Budapest Company opened a tourism office located in New York City. A dental institute in Krakow Poland participated in a Polish American Chamber of Commerce trade show in Chicago and picked up nine appointments in one visit. In Mosonmagyaróvár, (population 33,000), and nearby Sopron, Hungary, dental brochures are displayed in the Office of Tourism and packages for long distance travelers include lodging, airport transfers, and dental care. Although American patients use the services, the core market is Germans and Austrians. Many combine dental visits with visits into the Western Transanubian region, home to thermal spas, wellness retreats and castles along with biking, fishing and kayaking.

The World Wide Web is an important and common method for promoting foreign dental services. Its potential to reach a large number of people is huge. The internet is often used by dental providers to advertise their services. Web sites often incorporate testimonials from satisfied patients as well as free estimates for potential dental work. Written material is also a source of information. Travel, health, and airline magazines are a common venue for placing an array of advertisements. Descriptive and promotional literature whether in print or on a web site, should be a consumer-driven service. The ability to respond promptly and adequately to patient inquiries or inquiries from health travel planners and travel agencies is important. . A final and extremely important conduit for information is word of mouth. Once a patient returns to their home country following successful dental surgery, this word is carefully considered by friends and family. Often this type of referral is more powerful and convincing than an internet link.

Conclusion

Healthcare is moving from a locally to a globally driven service and dental care is no exception. An increasing number of health insurance plans that cover medical procedures are extending their provider networks to include services outside the US and provide incentives to use foreign facilities. Bigalke and Keckley (2009) suggest that a long term strategy for a more efficient health care delivery system in the US is to work with providers internationally to develop networks and package pricing to cover patients who want to travel for care. As the practice becomes more commonplace, dental tourism will also become a more viable option. Dental tourism in Croatia and other Central European countries has the potential of doing to dentistry what the Japanese auto industry did to American car makers.

Croatia is well suited to spearhead the development of dental tourism in Eastern Europe. The high quality and competitive cost of dental care in Croatia would make the country an attractive destination for foreigners seeking dental treatments that are unaffordable or unavailable in their home countries. An unspoiled nature, numerous cultural sites, a mild Mediterranean climate, and a strong economic recovery in recent years make Croatia a tourist destination. The key to effectively capturing the dental tourism market niche is a seamless integration between the dental and the hospitality services. This requires the full political support of the ministries of health and the ministries of tourism which is currently in place as part of the strategy for economic growth and development for the country. Rising dental costs and uncovered services in the US and long waits for treatment in Britain will continue to drive patients to seek dental treatment on a global basis. Croatia is positioned to take advantage of this economically advantageous market niche.

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