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ASIA EDITION

Malaysia Turns Key Med Tourism Hub

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Malaysia is emerging as a prominent medical tourism hub, with the sector generating revenue of $444 million (RM 2 billion) in 2023. A combination of factors is driving this growth such as including strong government support and strategic private-sector partnerships. Let's explore further.



Malaysia is emerging as a leading hotspot for medical tourism alongside India, Thailand, Singapore, and South Korea. Over the past decade, revenue from medical tourism in Malaysia has grown significantly, increasing from approximately RM572 million ($128 million) in 2011 to nearly RM 2 billion ($444 million) in 2023, according to the RHB Investment Bank Bhd medical tourism report.

In 2023, approximately 1.08 million people travelled to Malaysia for medical and healthcare purposes. Indonesia remains the largest source market for Malaysia's medical tourism, with patients from the neighbouring country accounting for 64.9 per cent of the total medical tourists. The top five countries contributing to healthcare travel in Malaysia are Indonesia, China, India, the United Kingdom, and Japan. Malaysia is widely recognised as a premier destination for the 'Big Three' specialties: oncology, cardiology, and neurology/pain management, according to a report from Alvarez & Marsal (A&M), a consulting firm.

A majority of medical tourists come to Malaysia for health screening. The share of medical tourists who seek high-value treatments in streams such as cardiology, oncology, neurology, gastroenterology and orthopaedics make up less than 30 per cent of tourists.

With Malaysia being known as a cost-competitive healthcare destination, players that invest in deepening key specialties and equipment sophistication are well-placed to capture some of the demand for high-complexity treatments from countries such as Singapore. For instance, the price of a knee replacement procedure in Malaysia is $7,000–8,000 compared to $15,500–16,500 in Singapore. An MRI scan would cost $350–400 in Malaysia, as compared to $500–570 in Indonesia and over $1,200 in Singapore, according to Alvarez & Marsal (A&M) report.

Over the next few years, top healthcare groups in the country are planning to advance their offerings in high-value treatments, paediatrics and robotic services to tap foreign demand. For example, Sunway Medical Group intends to strengthen its quaternary services in kidney transplant, paediatric heart surgery and bone marrow transplant, while KPJ Healthcare is targeting more surgical referrals from neighbouring countries.

Catalysts for Change

Medical tourism is an important aspect of Malaysia's economy, and the government has actively promoted it through various partnerships and initiatives. One notable effort is the establishment of the Malaysia Healthcare Travel Council (MHTC) in 2009 under the Ministry of Health. This agency is responsible for promoting and facilitating the growth of the country's medical tourism industry.

To further enhance the industry, the government introduced the Flagship Medical Tourism Hospital Programme (FMTH), a cornerstone of the Malaysia Healthcare Travel Industry Blueprint 2021-2025. This initiative aims to position Malaysia as a global leader in medical tourism by fostering innovation, improving healthcare standards, and attracting international patients. The FMTH Programme aspires to establish Malaysia as a premier medical tourism destination, leveraging the country's advanced healthcare infrastructure, expert medical professionals, and renowned hospitality to attract international patients seeking high-quality medical services at competitive prices. The FMTH Programme epitomises Malaysia's commitment to delivering exceptional end-to-end patient experiences, grounded in outcome-based medical excellence, best practices in service delivery, and robust international branding.

MHTC is also targeting travellers from nations such as the Maldives, the Middle East, China, and India. It has established a representative office in Hangzhou, China, and entered into multiple agreements with Chinese medical institutions to facilitate access for mainland residents seeking healthcare services in Malaysia. The country has also extended visa-free travel arrangements for tourists from China and India.

Most key private hospitals in Malaysia have established representative offices in key medical tourist source locations to facilitate patient outreach and strengthen brand presence. Currently, a majority of these offices are located in Tier 1 or Tier 2 cities in Indonesia, with a limited number of representative offices in Indochina, the Chinese mainland and other markets. Sunway Medical Group has the most comprehensive representative office coverage in Indonesia, serving all top medical tourist source locations. Other players such as the Mahkota Medical Centre and KPJ also work with partner agents for patient referrals and to facilitate travel arrangements, says Alvarez & Marsal (A&M) report.

Focus on Investments & Acquisitions

Malaysia continues to prioritise partnerships as a key strategy to strengthen its position in the highly competitive medical tourism industry. In February 2024, KPJ Healthcare, which manages 29 hospitals across the country, announced that two of its hospitals had joined the Mayo Clinic Care Network. This collaboration is expected to elevate the quality of healthcare services provided by these hospitals, leveraging Mayo Clinic's extensive knowledge and expertise. The partnership aims to attract patients seeking advanced medical treatments, thereby boosting demand for healthcare services and medical products. As part of the collaboration, the hospitals will incorporate digital health tools and utilise Mayo Clinic's comprehensive point-of-care database, which provides valuable clinical information on various medical conditions. Additionally, physicians will have access to live video consultations with their peers in the Mayo Clinic network, enabling improved case discussions and patient care. This development follows another significant partnership established in January 2024 between Sunway Healthcare Group, a leading private healthcare provider in Malaysia, and PT JCB International Indonesia, a subsidiary of JCB International. This collaboration seeks to attract medical tourists from Indonesia by offering tailored wellness packages and other value-added services at Sunway Medical Centre in Kuala Lumpur.

2024 also witnessed the largest acquisitions in this sector. In September, IHH Healthcare announced its acquisition of Island Hospital from Affinity Equity Partners for RM3.92 billion (nearly $900 million) in cash. This move aligns with IHH's growth plans in Malaysia, particularly in Penang, a major medical tourism hub.

Malaysia has significantly enhanced its share of the medical tourism market, with its main competitors being Thailand and Singapore. Thailand, in particular, has implemented various measures, such as relaxed medical visas, to attract more patients. Nevertheless, Malaysia will remain an attractive option, and the market is expected to be worth $7.54 billion by 2034.

As the global demand for medical tourism continues to grow, Malaysia's strategic investments and initiatives are poised to secure its position as a leading destination for medical tourists in the coming years.

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