

LEVEL 3 ASSESSMENT SPECIFICATION

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Assignment Title:

An Analytical Report on Strategies for Sustainable Development of a Business Enterprises in the Hong Kong Tourism Industry during Corona Virus Outbreak

“I, Wong Chi Ho (Student number: 2119643), certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited”

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Synopsis

The aim of this analytical report is to assess the impact of COVID-19 on the medical tourism industry of Hong Kong in order to figure out strategies for sustainable development. A literature review and data collection would be performed to capture and analyze the challenges that healthcare players undergoing medical tourism are facing. It also identifies the relationship with the insurance industry that helps to regain consumer affordability in private hospitals to perform medical treatment for medical tourism

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1 Introduction

COVID-19 was first learned by World Health Organization (WHO) as a new virus on 31 December 2019. It's the disease caused by new coronavirus called SAR-CoV-2 (World Health Organization, 2021). Border control has been in place in Hong Kong to limit the entry of non-Hong Kong overseas countries. A 14-days quarantine period for everyone in Hong Kong from Mainland China was mandated since Mar 19, 2020. All these control measures should have reduced the demand for foreigners from visiting Hong Kong. The number of visits has been greatly dropped. This has greatly impacted on Hong Kong tourism.

Before COVID-19, globalization has enabled medical tourism as a new form of tourism. Asia countries, like Singapore, India, Malaysia and Thailand have actively promoted medical tourism since Asia Financial crisis in 1997. HK government proposed to promote medical tourism 10 years ago (HKTDC, 2021). However, the business of medical tourism is not popular in Hong Kong and related government policies and regulation has not been implemented. In addition, medical manpower costs, capacity and land cost problems, and the healthcare needs of the local community are the main barriers for the industry to develop (Kwan and Tavitiyaman, 2021). Nonetheless, Hong Kong was known as a center for Chinese medicine and a hub of cancer care in the pre-COVID-19 environment 10 year ago. (Heung, Kucukusta and Song, 2011). The recent opening of the High-Speed Rail and Zhuhai Macau bridge has further enabled many cities to travel within a few hours. As such, Mainland China become the main source of demand for medical tourism in Hong Kong. Some private healthcare players, such as hospitals, were active in providing services to medical tourism in Hong Kong and target Mainland China for medical tourism. Since the price value of hospital service would be higher than other healthcare providers, the impact on COVID-19 to hospital medical tourism providers are expected to be higher. Gleneagles Hong Kong Hospital (GHK) was opened in the year 2017

(Team, 2017). The hospital provided 500 beds with 70% set aside for residents and the rest for international patients. So, the hospital was target for 30% for medical tourism as original planning. In this report, GHK would be selected to analyze the impact on medical tourism during COVID-19.

On the other hand, quantitative evidence is identified on insurance coverage having a past significant role on healthcare consumption. Nearly one-third of health expenditure by private sectors was backup by insurance coverage. (Food and Health Bureau health expenditure, n.d.). It's noted that the portion of mainland Chinese visitors buying medical insurance has been increasing in the pre-COVID-19 period; However, the market has dropped dramatically due to border shut down since the outbreak of the pandemic. The impact on the drop in insurance coverage would also affect the motivation of Mainland China visitors' consumption of healthcare services in Hong Kong and hence also impacted medical tourism in GHK.

In this research, data was collected from the Hong Kong Census and Statistics Department, Food and Health Bureau, and the Insurance Authority regarding the dropped of mainland visitors impact to medical tourism, the dropped of mainland visitors impact on new medical insurance, and the relationship of medical insurance buyers to healthcare consumption, respectively.

In addition to the data collected which was used to serve as an explanation of what was happening, a further analysis was performed from the data insight to solve the issue of medical tourism. The internal factor, external factor, and impact to GHK during COVID-19 were discussed and finally, a business continuous plan was figured out to address the problem . Due

to regulations for health professional service, it's not appropriate to conduct any public promotion to attract medical tourists. Strategic partnership with the insurance company is thus recommended to help to attract more mainland chinese visitors to come to Hong Kong to further develop the medical tourisms industry when the pandemic is under control.

2 Company background

In this section provides a brief introduction to the company's profile and its financial structure. This would help to understand the business performance in the next session.

2.1 Company profile

Gleneagles Hong Kong Hospital (GHK) was formed by two companies Parkway Pantai and NWS Holdings Limited (HK stock code 659) in a joint venture. The latter one is just of 40% equity interest. As such, the hospital is managed by Parkway Pantai. (Government Press Release, 2018)

Parkway Pantai has rich experience in managing hospital chains. Its parent company is "IHH Healthcare Berhad" is a listed company in Malaysia and headquartered in Kuala Lumpur. The group has a network of 80 hospitals throughout the Asia region. Parkway Pantai is one of Asia's largest integrated private healthcare groups. Gleneagles Singapore, one of the Parkway Pantai Hospital, has been rated top 10 out of the world for medical tourists by Medical Travel Quality Alliance.

The Gleneagles Patient Assistance Centre (GPAC) was set up in Singapore to serve international patients who are looking for quality specialist service with advanced technology and personalized healthcare (BioSpectrum, 2015). All these shows that Parkway Pantai was experienced to serve medical tourism. This is a strong foundation to introduce this partnership to manage the operation of Gleneagles Hong Kong.

Gleneagles Hong Kong (GHK) land tendering process entered into between the Government and the Hospital. GHK has guaranteed at least 70 percent of the total 500 in-patient bed days for local residents. The remaining 30% is for the international patient, which serves 150 inpatient cases for medical tourism. It's the first private hospital in Hong Kong to in-patient services are provided through package plans. More than half of inpatient services are packaged

to fixed price and all-inclusive plans that cover complicated operations. Such a transparent system enabled cost certainty and also favor insurance covered patient (Team, 2017). This model also attracted patient from mainland who bought medical or critical illness insurance in Hong Kong.

GHK was officially opened in March 2018 with 35 specialties and subspecialties. As of the end of 30 June 2019, the number of patient visits has been drastically increased. The operating loss was reduced when compared to 30 June 2018. Outpatient and inpatient/day case admissions increased by 93% and 87% respectively when compared to 30 June 2018. In addition, psychiatry inpatient wards were rolled out in February 2019. This has made GHK Hospital the unique private hospital to offer this service in Hong Kong (NWS, 2019b). To enable patient engagement, the hospital launched a mobile application, “My Gleneagles Smart Health”. Such high-quality service attracted medical tourism and increased cross-border medical needs. (NWS, 2019a)

2.2 The cost structure

The unit costs for healthcare services are relatively expensive. It's because those upstream investments like research and development on drugs, medical appliances like CT and MRI are very costly. Bachelor of Medicine for registered medical practitioner takes longer time to acquire than other degree and hence the education cost is high.

Besides, it is required to comply with government standards. GHK involves assuring laboratory accreditations, fire safety ordinances, electricity supply requirements, maintain healthcare manpower ratios and acquire high-quality safe drugs.

In addition, to remain competitive, GHK also promotes continuous learning of healthcare staffs. As such, regular running costs are reserved for staff to participate in international conferences and seminars. (Hospital Management Asia, 2020)

Table 1 Cost structure of the IHH (end of each year)

	2018	2019	2020
Fixed cost (%)	23.45%	23.02%	24.33%
Variable cost (%)	76.55%	76.95%	75.67%
Staff	55.56%	54.74%	54.00%
Other operating costs	16.90%	21.37%	20.97%
Operation lease expense	4.09%	0.84%	0.70%
Total cost (100%)	100%	100%	100%

Sources: IHH Annual report (IHH Annual Report, 2020), (IHH Annual Report, 2018)

Note: Percentage is not added up to 100 due to rounding

Table 1 shows that the total cost allocation of the IHH group, the parent company of Parkway Pantai, has been shifted to a little bit more in fixed cost after the COVID-19 outbreak in early 2020. Those investments on the property, equipment that are necessary to operate the hospital should remain similar before and after COVID-19 pandemic. However, medical tourist dropped after COVID-19, the unit cost for medical tourism allocated to those fixed cost is expected to increase.

Healthcare sometimes will hire locum doctors or external consultants to support the demand from patient visits. The staff cost has been dropped a bit should be relevant to the drop of demand of patient visits. As such, the number of locum doctors would be reduced. Some other operation costs, e.g lease expenses, maybe dropped a little bit because of a decrease in the rental price in the commercial area. However, the decrease is minor and around 1-2% of the total cost.

Since GHK target 70% for local client and 30% for the international patient, the cost allocation would be 30% for medical tourism. As shown in table 1, although the staff cost has slightly decreased, the drop of medical tourists has led to higher unit costs for medical tourism.

2.3 The revenue structure

Although hospitals must meet those costs for quality healthcare, patients should consume the services based on treatment outcomes. If the healthcare player can let patients experience a superior outcome for the procedure in demand, they will always think of that healthcare provider as first on their list. Therefore, GHK believes that their quality service will impress patients to have assessed how they put a price tag on its services

Implementing price transparency is what sets Gleneagles differentiate from its competitors in Hong Kong. Under such a pricing structure, there is an initiative for insurers to refer their customers to Gleneagles because of fixed costs. As such, they can control the lost ratio of their policy. On the other hand, GHK provides price transparency for patients by two means: fee advisory prior to admission and ‘all-inclusive fixed-price medical packages’ (Hospital Management Asia, 2020).

Fee advisory means to provide estimation of the price the patient coming to GHK for treatment. In such a way, patients could know how much they might need to pay for a particular treatment. Meanwhile, the fee advisory service would be done by experts who have a thorough understanding of GHK’s procedures, such as equipment used in operation theatre, the required duration and what kind of surgery, the quotation to patients could be customized.

Patients selected all-inclusive package need only to pay a fixed fee for a particular surgery. These already cover doctor's fee, anaesthetist's fee, medication, diagnostic tests, equipment, and all related charges. Under this arrangement, even though when complications arise in intensive care, the hospital will absorb the additional cost. More than half of the package is of this fixed-price package.

Revenue in GHK would be highly based on the number of inpatient visits who look for the quality of disease cure. According to Census and statistics 2021, the median in-patient charges paid by inpatients of Hong Kong citizen was HKD 45,000 for private hospital (Census and Statistics Department, 2021). Average spending for Chinese tourism travelling Asia in 2016 is USD 2000 medical tourism (InterCare, 2017). By considering living standards among different countries in Asia and the inflation factor, it's predicted that the average spending for Chinese tourism is about the same as Hong Kong citizens spending (HKD 45,000) in a private hospital in Hong Kong. GHK target 70% for local client and 30% for international patients. As such, the revenue allocation would be 30% for medical tourism.

3 The Company's current business performance

In this section, we are going to have a brief introduction to the company's external and internal business environment, followed by a summary of how COVID-19 impacts company profitability. This would help for more analysis and discussion on strategy and improvement plan in the next section.

3.1 External business environment

Firstly, according to the Hong Kong Annual Digestion of statistics 2021, visitor arrival has been dropped to 3.6 million in 2020. is equivalent to a 94% decrease. Mainland China visitors (MCV) have been dropped from 43.8 million to 2.7 million, also recording a 94% decrease (Kong, 2021). It's expected such decrease of visitor drop will also have similar ratio in medical tourism. Under such drastically dropped in the number of visitors, the company was facing difficulty to fill up the vacancy of the beds that were originally reserved for international patients. Hence, the revenue would be greatly impacted.

Table 2 Visitors arrivals by count or region of residence

	2018 (millions of visits)	2019 (millions of visits)	2020 (millions of visits)	2020 vs 2019 changes
North Asia	2.709 (4.16%)	2.121 (3.79%)	0.090 (2.52%)	↓ 95.76%
South and Southeast Asia	3.572 (5.48%)	3.041 (5.44%)	0.191 (5.35%)	↓ 93.72%
China	51.038 (78.34%)	43.775 (78.29%)	2.706 (75.82%)	↓ 93.82%
Taiwan	1.925 (2.95%)	1.539 (2.75%)	0.105 (2.94%)	↓ 93.18%
Macau	1.095 (1.68%)	1.239 (2.26%)	0.118 (3.31%)	↓ 90.48%
The Americas	1.873 (2.88%)	1.601 (2.86%)	0.123 (3.44%)	↓ 92.32%
Europe, Africa and Middle East	2.232 (3.43%)	1.985 (3.55%)	0.178 (4.99%)	↓ 91.03%
Australia, New Zealand and South Pacific	0.704 (1.08%)	0.612 (1.09%)	0.058 (1.63%)	↓ 94.78%
Total (100%)	65.148 (100%)	55.913 (100%)	3.569 (100%)	↓ 93.62%

Sources: Hong Kong Annual Digestion of statistics 2021 (Kong, 2021)

Note: Percentage is not added up to 100 due to rounding

Table 2 shows that the percentage of visitors from China has been decreased from 78.29% to

75.82%. It's mainly because visitors from the Americas, Europe, Africa and Middle East, Macau has increased their portion. The impact to citizens in America and Europe on traveling to Hong Kong is generally less than the citizens in Asia and Mainland China. This would be greatly impacted as the sources of medical tourism are from Mainland China.

Secondly, registered medical practitioners are not allowed to advertise their services in Hong Kong to attract medical tourism. Unlike other countries, e.g. Singapore, neither the government nor the tourism board in Hong Kong supported the development of medical tourism. As such, it's difficult to compete with international patient for specialized treatment or complex surgery. (Kwan and Tavitiyaman, 2021)

Thirdly, one more private hospital, CUHK medical center (CUHKMC), has been commencing service on January 6, 2021. CUHKMC is the first smart hospital, which fully digitalizes medical records systems, mobile, real-time data and internet-of-things (IoT) applications to provide medical service. CUHKMC also makes use of telemedicine to give access to quality medical service for patients from Mainland China, especially Great Bay Area (GBA) (HKTDC, 2021). It is clearly a great competitor to GHK for picking up the medical tourism business from Mainland China.

Fourthly, the Hospital Authority (HA) extended collaboration with Hong Kong and Shenzhen hospitals. They have chosen the University of Hong Kong-Shenzhen Hospital (HKU-SZH) as a pilot hospital. Patients that were not able to return to Hong Kong were subsidized by the government to follow up their consultation in SZ hospital. As such, the GBA patient is further taken up by HKU-SZH. It's also a key external factor where hospitals need to work closely with GBA area to regain medical tourists from China

3.2 Internal business environment

As a result of the COVID-19 outbreak, the demand for public hospital service has been overloaded. Hospital Authority has focused to take care of emergency patient cases and COVID-19 treatments. Such demand pressure has been shifted to the entire local medical

system. Private hospitals to take over disease cures demand come from the local citizen.

To relieve public hospital burden and encourage citizen to utilize private hospital, the government promoted health insurance scheme (Government Press Release, 2018). The Hong Kong Voluntary Health Insurance Scheme (VHIS) has been launched on 1 April 2019 for Hong Kong citizens. The government strives to promote Hong Kong citizens to buy this individual medical insurance plan with the long-term goal to relieve healthcare service demand. Certified plans have been categorized into the standard plan and Flexi plan that is offered by 33 insurance companies. (Government Press Release, 2021a). The VHIS standard plan only covers basic benefits in hospitalization while the VHIS Flexi plan provides more comprehensive coverage and a higher benefit limit.

As a result of insurance cover, there is a motivation for local citizens to utilize private hospital services. VHIS has increased the claims ratio of hospital spending. According to the government, the overall reimbursement ratio of the VHIS insurance claims reached 88 percent in 2020. (Government Press Release, 2021a).

Table 3 Number of VHIS standard (simple benefit) and Flexi plan (comprehensive benefit) active policies as at end of March 2021

Age group of insured persons	Standard Plan	Flexi Plan	Total
0 to 18	3,400	146,100	149,500
19 to 29	3,600	112,400	116,000
30 to 44	6,400	229,900	236,300
45 to 59	7,300	197,700	205,100
60 to 79	4,500	78,800	83,300
80 or above	200	900	1,100
Overall	25,400	765,800	791,300

Source: Press release LCQ18: Voluntary Health Insurance Scheme and health expenditures (Government Press Release, 2021a)

Table 3 show that many of the policies holder (96.78%) has opted for Flexi-plan. This show

that Hong Kong citizens are looking for better medical coverage so that they could be utilized more private hospital service.

3.3 A summary of the Covid-19 impact on the company's profitability

Given there a lot of fixed cost, the impact of COVID-19 on the company's profitability would be on how the player retains its revenue. GHK has reserved 30% inpatient beds for international patients, in particular for Mainland China. As a result of the lock-down of cross-border travel, a significant drop in visitors (over 90%) has been recorded in the year 2020, especially for Mainland China. It's expected this impacted 20 - 30% of revenue due to the drastic drop in medical tourism with only small increase portion of beds taken by local demand.

With the external competitors (CUHKMC) adapting advanced technology for telemedicine during COVID-19, some of the follow-up specialist visits after surgery could be conducted through telemedicine. With this better use of technology, the customer segment from Mainland China will be further be diminished.

However, the local demand for private hospitals has been increasing due to the limitation of supply in the public hospital during the COVID-19 pandemic period. Additional consumption from local citizens is expected to increase due to the promotion of health insurance (VHIS). The company has been impacted during the beginning of COVID-19 in the year 2020. GHK contributes a negative 5% of EBDITA to IHH in year-end 2020 meaning that GHK is recording a net loss in 2020. (The Edge Market, 2021). The average occupancy of operation beds is 60% (IHH Annual Report, 2020).

4 Analysis and discussion

In this section, we are going to analyze challenges faced by the medical tourism industry and the GHK. A strategic business plan would be recommended to solve the issue. It is targeted to provide an implementation plan to raise company profitability during the COVID-19 pandemic period

4.1 Identification of the major challenges

4.1.1 Costing challenges

In Table 1 from previous section 2.2, it showed that more than half of the cost from the IHH group comes from staff costs. It is expected this ratio apply similarly to GHK. The increase in staff cost is the major challenge GHK is facing. As medical tourism shared 30% of staff cost, it's a big challenge to take the medical tourism business.

Besides, as mentioned previously, 30% of inpatient beds are reserved for medical tourism. There is a utility cost, such as electricity, allocated to this medical tourism business unit even though the inpatient bed for medical tourism is not filled up. Although some of them may have been filled up by local demand, the average occupancy of operation beds is 60% (IHH Annual Report, 2020). The 90% dropped in international visits will further increase the cost per medical tourist visit.

Besides, due to COVID-19 pandemics, healthcare consumption and costs were quite volatile. Some costly treatments, e.g. cancer, may have increased due to deferred treatment. (Willis Towers Watson, 2021). The drugs inventory is hard to maintain and would result in high administration costs and unit costs.

The global demand for healthcare professionals has been increased. On the other hand, some of the professionals, such as nurses, doctors, are found to be leaving HK. This also affects the

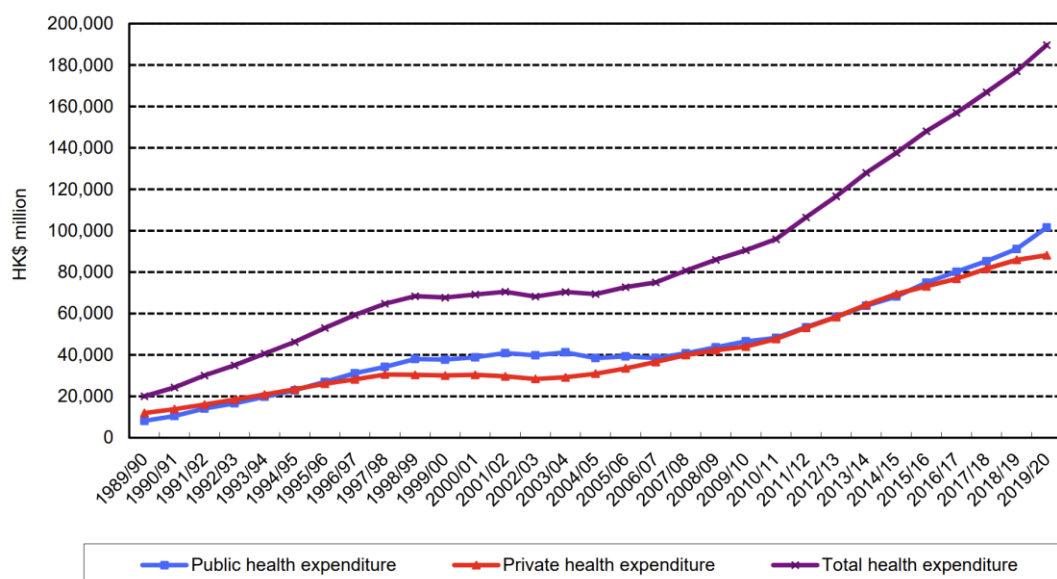
supply side for healthcare professionals (RTHK, 2021). As such, the wage of healthcare professionals would be increasing.

4.1.2 Pricing challenges

Hong Kong citizens utilizing public hospitals only pay a very low price, compared to in private hospitals. As such, the demand for public healthcare services is high and may be overused in some situations. In addition, there is an increasingly aging population, a higher expectation of quality care and medicine. All this has pushed up the healthcare cost and the wage of healthcare professionals, such as doctors and nurses.

On the other hand, the private sector healthcare services are not fully utilized, especially during the COVID-19 pandemic period. According to Thematic Household Survey Report No. 74 (Census and Statistics Department, 2021), only 29% (less than one-third) of the last admission to private hospital during the previous 12 months. Given nearly half of the expenditures are spent on public hospitals while another half is spent on private hospitals. (Hong Kong's Domestic Health Accounts (DHA), 2021). The unit price of private healthcare services should be near double the public healthcare service.

Figure 1 - Public, private and total health expenditure (at current market prices)



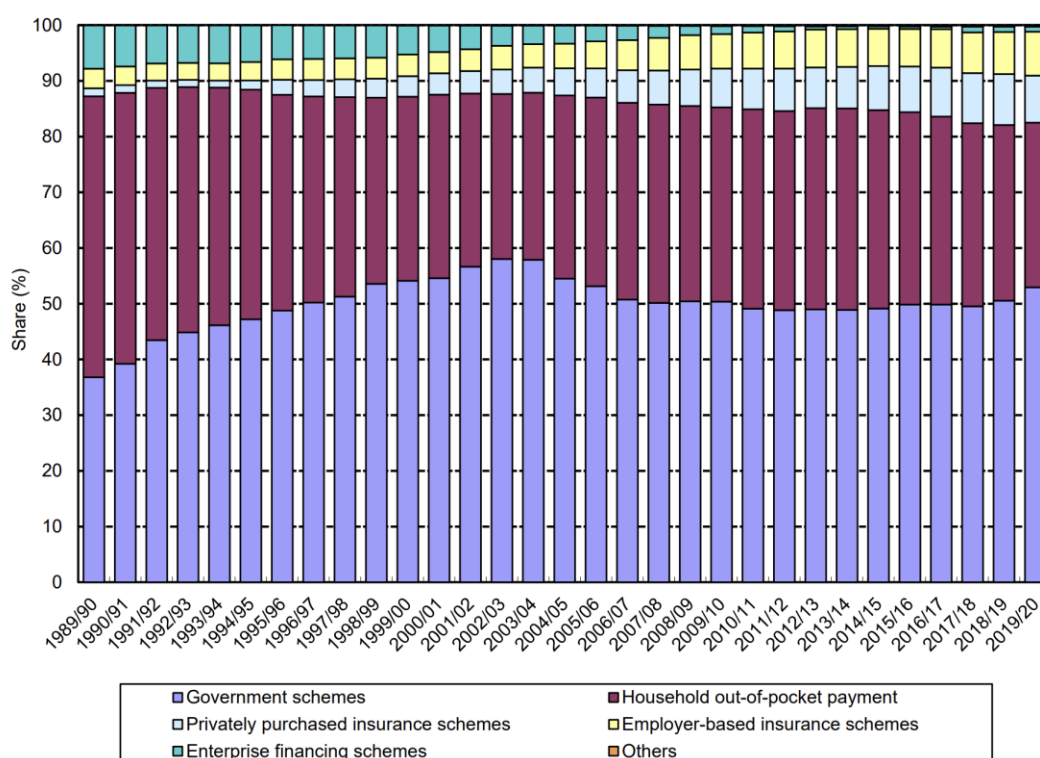
Source: Hong Kong's Domestic Health Accounts (DHA) from Food and Health Bureau (Hong Kong's Domestic Health Accounts (DHA), 2021, page 4)

In Figure 1, the ratio of public health expenditure (54%) in the year 19/20 is higher than that in the year 2018/19 (51%). It further proves that the consumption in public service in Hong Kong was relatively more during the COVID-19 pandemic period.

On the contrary, in Singapore, the government has adopted a national insurance system. The health expenditures consist of a mixture of government subsidies, citizens' compulsory savings, and national insurance covered with cost-sharing with the citizens. As such, the cost difference between public and private hospitals is not that much while the quality service is maintained as both sectors compete. The price difference between public and private is not that much as compared to Hong Kong

According to the domestic account, in 2019/20, over 50% of health expenditures are funded by government schemes. Insurance and enterprise financing schemes count near to 20% in portion. (Hong Kong's Domestic Health Accounts (DHA), 2021).

Figure 2. Health expenditure share by financing scheme in Hong Kong



Source: Hong Kong's Domestic Health Accounts (DHA) from Food and Health Bureau (Hong Kong's Domestic Health Accounts (DHA), 2021, page 5)

In Figure 2, it shows that expenditure covered by the insurance company has been increasing in these 20 years. It's expected that the portion will further increase due to the introduction of the VHIS insurance policy. As such, it will increase the portion of an insurance scheme to finance healthcare expenditure. Consumers become more affordable to take private hospitals. This is not only to relieve the burden of Hong Kong public hospitals but change the consumer behavior to pay the medical premium and enjoy better service. As such, the affordability for local citizens would be increased. The insurance company always wants to control the claim loss ratio. Insured going through hospital service are required to undergo pre-authorization before impatient. As such, the price of the service would be a factor whether GHK could attract the referral cases that are covered by insurance companies. This becomes the pricing challenge.

4.1.3 Market sharing challenges

The market share for local patient is maintained about the same because public hospital has been overflowed as a result of COVID-19. The demand in private hospital has been increased. This has been reflected in private health expenditure as shown in figure 1 before. There are only two private hospitals in South Hong Kong Island. One is Matilda International hospital and another one is GHK. The local demand in private hospital in the South Hong Kong Island is high when compared to supply.

However, the market challenge in medical tourism is big when compared to that in local market. The demand for Mainland China consumers for medical tourism has been growing quickly since a few years ago. It reached 500 thousand overseas treatments in the year 2016. The major type of healthcare service includes preventive service, beauty, and cure for the disease. (Pan and Moreira, 2018).

GHK can provide both preventive checkup plans and cures for diseases to suit Mainland China's demand. However, due to the border lockdown and changing face of work from home, the preventive checkup is underuse for both medical tourism and local consumption. Pan and Moreira (2018) suggested that one of the motivations of seeking medical abroad is urgency. Under the COVID-19 pandemic situation, Mainland China patients tend to seek overseas health professionals' advice when there is an immediate need for a disease cure, e.g cancer treatment.

For the cure of disease, the price is high. Pan and Moreira (2018) suggested that one of the deterrents of the cure for the disease is the cost. In Hong Kong, the cost of medical treatment is high compared to Malaysia, Thailand, India. Participants are afraid that they can go bankrupt without support from insurance. Since there is border lockdown, the number of medical or critical illness insurance has been drastically reduced. Without insurance coverage, it will further diminish the market share of disease cure against the countries at a lower cost.

Figure 3: Number of new insurance policies issued to Mainland China visitors

Statistics on Mainland visitors buying life insurance

Number of new policies

Types of policies	2020	2019	Change
Whole Life	10,466 (35.7%)	116,009 (33.6%)	-91.0%
Endowment	1,307 (4.5%)	5,870 (1.7%)	-77.7%
Universal Life	251 (0.9%)	2,307 (0.7%)	-89.1%
Medical	2,227 (7.6%)	10,132 (2.9%)	-78.0%
Critical Illness	13,966 (47.6%)	196,363 (56.9%)	-92.9%
Annuities	592 (2.0%)	6,648 (1.9%)	-91.1%
Others	510 (1.7%)	7,692 (2.2%)	-93.4%
Total no. of policies	29,319 (100%)	345,021 (100%)	-91.5%

Source: Press release from Hong Kong Insurance Authority (Hong Kong Insurance Authority, 2021)

In figure 3, it showed that more than half of the insurance policies issued to Mainland China Visitors are medical or critical illnesses. It revealed that Mainland China desires health insurance protection. It's recorded a drop of over 90% on the number of new policies issued in the year 2020 when compared to the year 2019. As such, it's expected that medical tourism from Mainland China would be dropped in the coming few years. (Hong Kong Insurance Authority, 2021)

Besides, as mentioned before, CUHKMC has started a low-cost telemedicine service that targets patients in GBA. The new private hospital opened in 2021 is another big market challenge to GHK.

On the other hand, some of the day surgery centers introduce surgery with the hotel package price to attract medical tourism with simple surgery (The Central Surgery, n.d.). This new gimmick from solo specialist practitioners could also draw the medical tourism customer base from GHK.

4.2 Strategies to ensure business continuity under the Covid-19 crisis

4.2.1 The business plan

Below table summarize the business opportunities and strategic pillar to ensure business continuity in medical tourism perspective.

Table # A contingency business plan for GHK to ensure its business continuity under the Covid-19 crisis

Strategy	Strategic focus on GBA to boost medical tourism for impatient service
Market Analysis	Target to capture the new opportunities on medical tourism as raised by “GBA Insurance connect” Refer to (1)
Strategic partnership	Partner with China Taiping Insurance with NWS to provide one-stop service to Taiping GBA customers Refer to (2)
Service and Product	Developed insurance product in FTLife and China Taiping to provide more coverage for GHK, e.g telemedicine Refer to (3)

GHK is supported by large entrepreneur NWS and the IHH group, there should not be a capital issue. The strategy for this business plan is to utilize the business diversity of NWS to enable the GHK to increase inpatient occupancy and revenue of medical tourism from Mainland China, the GBA.

(1) Market Analysis and outlook

GHK has to proactively collaborate with insurers from Hong Kong and Mainland so as to capture the medical tourism business from GBA. In 2020, more collaboration was proposed by the People Bank of China for the financial and trade integration of GBA, Hong Kong and Macau. ‘GBA Insurance Connect’ scheme intended to facilitate cross-border sales of products and enable after-sales service to be handled in Mainland China. (HKTDC, 2020) This should potentially escalate demand from Mainland China for medical services again.

(2) Strategic partnership

New World Development has partnered with China Taiping insurance company with a common strategic focus in GBA on 15 Sep 2021 (Standard, 2021). Through this strategic partnership, customers from China Taiping will be attracted to visit its luxury hotels and at the same time utilize its healthcare service in GHK. As such, the business opportunity of one-stop medical tourism from GBA could be captured.

In addition, FTLife, being one of the subsidiaries of New World Development, could work with China Taiping to provide complementary services and products to capture medical and critical illness insurance that targets Mainland customers.

(3) Service and Product line

Ride on existing virtual consultation offered to oncology and gastroenterology and hepatology patients in GHK starting May 2020, it is suggested that extended the service to different service types. On the other hand, new insurance products from FTLife and China Taiping could be designed to cover telemedicine benefits. As such, policyholders in both companies could remote specialist consultation in GHK. It could boost revenue to one of the main services - fee advisory.

On the product line, there are many business opportunities for healthcare providers from COVID-19, such as consultation on vaccination, COVID-19 Neutralising Antibody Test. These new products are another way GHK works to boost revenue.

More fixed-price packages should be delivered to match the new insurance product for better insurance premium pricing.

4.2.2 Implementation process

To implement and streamline the operation flow of this strategic partnership, technology integration is unavoidable. More system development could be done among GHK, FTLife and China Taiping on API integration so as to allow information interchange in real-time.

Below is the proposed system implementation scope and schedule. Difficulty may happen to engage different stakeholders in FTLife, China Taiping and GHK to align user requirement and allocate IT resources to achieve project objective and schedule.

Mar 1, 2022 – Aug 31, 2022	Clinic and hospital system in GHK could be developed to integrate with both FTLife and China Taiping for real-time eligibility checks. As such, the customer could know what co-payment is required immediately so that they don't need to worry about it being over their budget. This will increase patient experience.
Sep 1, 2022 – Dec 31, 2022	the pre-authorized claims approval process, whenever required, could be integrated from GHK system to FTLife and China Taiping for hospitalization after specialist consultation. This is a way to increase one-stop service and boost revenue for inpatient cases.

Besides, another quick win system implementation may be done within 3 months times. FTLife had already entered into a strategic partner with GHK in May 2021, customers could enjoy 'insurance + medical care' model within the ecosystem of New World. (FTLife, 2021). Similar partnership with Taiping, new products like ward upgrade, cashless arrangement services could also apply to Taiping policyholders. As such, it will provide real end-to-end insurance + medical care products could be delivered to patients in GBA.

On the customer service side, there would be synergy if FTLife could ride on an offshore center in Taiping GBA so to make it ready for 'insurance connect' As such, GBA customers could buy FTLife policy and perform premium payment and non-panel claims directly in Mainland China. This will also attract GBA to go for medical tourism in Hong Kong.

5. Conclusion and recommendations

5.1 Conclusion

Medical tourism industry has been impacted as a result of cross-border lockdown due to COVID-19 pandemic. In this research, data analysis has been conducted to identify the impact of a drastic drop in visitors to revenue generation of private hospitals. It's proven that insurance plays an important role to improve the affordability of expensive yet high-quality hospital services. This has resolved the pricing challenges currently facing in Hong Kong. The launch of VHIS has brought in additional local consumption and released the revenue pressure during the COVID-19 pandemic.

GHK has been selected to review the impact on the COVID-19 pandemic as the case study. It's a new private hospital with the purpose provide high-quality specialist service, cancer treatment, to both local and international patients. During the pandemic period, the revenue related to the drop of the international patient is partly offset by of increase in local. However, it's still under negative earnings before interest, taxes, depreciation and amortization.

5.2 Recommendations

It's recommended to increase patient visits from GBA through a strategic partnership with Taiping. More innovative products and services could be introduced with "insurance + medical care" business model. As such, it will create a unique advantage for GHK from competing in the GBA market share.

Although a solution has been identified, there is a limitation to resolving the problem with different private healthcare players in Hong Kong. The main limitation is that not all healthcare player is big enough to bargain a strategic partner with the insurance company. As this research focuses on the impact on the demand side of medical tourism in Hong Kong, further study should be conducted to analyze the results after the recommendation on the business plan is implemented.

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