Medical Tourism & Retirement Living

Will We Catch This Wave or…
The Opportunity

I. Medical Tourism

- More Americans, Canadians & Europeans are seeking medical treatments abroad
  - In 2005, ~500,000 Americans sought care abroad
  - In 2006, ~150,000 foreigners sought care in CR

II. Retirement Living

- Baby boom in America, Canada & Europe
The Opportunity

I. Demographics of Prospective Markets
II. Medical Tourism
III. Retirement Living
IV. Opportunities & Challenges
V. Next Steps
I. Demographics

• North America & Europe — Marketplaces
  • USA, Canada and Spain
• Population Demographics
• Medical Tourism ⇔ Retirement Living
United States Demographics

United States: 2025

Source: U.S. Census Bureau, International Data Base.

Stackpole & Associates, Inc.
Canada Demographics

Source: U.S. Census Bureau, International Data Base.
Spain Demographics

Source: U.S. Census Bureau. International Data Base.
## ≥ 65 Demographics 2006

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>42,550,000.00</td>
</tr>
<tr>
<td>CN</td>
<td>5,705,205.99</td>
</tr>
<tr>
<td>SP</td>
<td>6,757,003.75</td>
</tr>
<tr>
<td></td>
<td><strong>55,012,209.74</strong></td>
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</table>
### ≥ 65 Demographics 2025

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>66,750,000.00</td>
</tr>
<tr>
<td>CN</td>
<td>8,950,000.00</td>
</tr>
<tr>
<td>SP</td>
<td>10,600,000.00</td>
</tr>
</tbody>
</table>

**Total Population (2025):** 86,300,000.00  
**Percentage:** 56.87%
Demographic Conclusions

- The age cohorts are more adventurous, more demanding and spend more on what they “want” vs. “need”
- Americans are eager to save money
- Canadians, EU tired of wait times & few choices
- By 2025, ~ 86.5 Million ≥ 65 years old in these 3 countries only!
Aging world + population declines

Italy, Germany & Spain are depopulating

United States

Europe
## A sampler of oldies

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
<th>2030</th>
<th>2050</th>
<th>2070</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>17.1%</td>
<td>26.3%</td>
<td>30.6%</td>
<td>31.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>18.0%</td>
<td>29.9%</td>
<td>36.8%</td>
<td>37.7%</td>
</tr>
<tr>
<td>U.S.</td>
<td>12.4%</td>
<td>19.1%</td>
<td>21.3%</td>
<td>21.6%</td>
</tr>
</tbody>
</table>
US Growth in Costs as Share of GDP

Total Federal Spending for Medicare and Medicaid
(Percentage of GDP)

Source: Congressional Budget Office. See The Long-Term Budget Outlook (December 2003).
The facts and the future

- ↑ Size of aging populations = ↑ demands
- The healthcare and retirement “systems” will be looking for organized, reliable ways to address these challenges
- “Outsourcing” has already started
- Certain destination countries will capitalize and others will try and fail (competition)
II. Medical Tourism

- Increase in elective and/or cosmetic surgeries
  - Impatience with wait (Canada)
  - Very high cost (US)
    - ~47 Million without health insurance in US

- Other destination countries: Mexico, India, Thailand & Brazil.
  - None has the WHO or World Bank ratings of CR

- Market for MT is maturing quickly
  - Many associations and organizations promoting medical tourism
  - Costa Rica early entrant
II. Medical Tourism (cont’d)

- Costa Rica early entrant
- Panama, Brazil & others launching attack
- How to keep & ↑ market share?

1. A coordinated, comprehensive campaign
   a. Planning across sectors
   b. Cluster development & exploit “tie-ins”
      a. Munich Airport – MRI
      b. “Frequent Smile Miles”

2. Develop a “brand”

3. Control & protect quality
# Medical Tourism Market - Costa Rica

## 2006

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits</td>
<td>150,000</td>
</tr>
<tr>
<td>Est. Value / Visit</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Tot. Est. Value</td>
<td>$225,000,000.00</td>
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</table>
III. Retirement Living

• What Is It?
  • Changing face of “Retirement”

• Increase of “retirement living” in destination locations

• Associations — International Association of Homes and Services for the Aging (IAHSA)
III. Retirement Living (cont’d)

- What do the “baby boomers’ want from retirement
  - Lifestyle – Secure, Active, Life-Long Learning
  - Health & Wellness
- A good market for Costa Rica?
## Retirement Living Market - Costa Rica

### Assume

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Ex-Pat Retirees</td>
<td>13,000</td>
</tr>
<tr>
<td>Per Person, Per Month</td>
<td>$1,250.00</td>
</tr>
<tr>
<td>6 Months Residence</td>
<td>$7,500.00</td>
</tr>
<tr>
<td>Est. Value / Year</td>
<td>$97,500,000.00</td>
</tr>
<tr>
<td>Years Retired</td>
<td>6</td>
</tr>
<tr>
<td>Est. Tot. Value</td>
<td>$585,000,000.00</td>
</tr>
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</table>
IV. Opportunities for Costa Rica – Retirement Living

1. Increased tourism among related families and friends
2. Increased investment and tax revenue via sector growth
3. Retirees have low consumption of public services and high contribution to community & economy
IV. Opportunities for Costa Rica
(cont’d)

4. Job Creation

5. Medical tourists as prospective retirees
IV. Challenges

1. Managed Development

• Control diffusion through managed growth

• Cluster infrastructure to reduce cost & improve quality control
V. Next Steps
1. Develop and implement comprehensive cross-sector strategic marketing plan to brand and promote Costa Rica as destination for medical tourism and retirement living.
2. Perform SWOT analysis to determine feasibility
Stackpole & Associates can assist the public and private sectors to capitalize on the benefits, and manage the impacts of Medical Tourism & Retirement Living Through its evidence-based research and marketing expertise.