

# Bumrungrad International in Thailand<sup>1</sup>

Medical tourism (medical travel, health tourism or global healthcare) is not as new as we might think. Spa towns and sanatoriums promoted international travel for health reasons across Europe and beyond, from the eighteenth century onwards. But the industry has entered a new phase as a globally competitive business worth an estimated \$11.7 billion in 2022. Levels of quality, safety and reliability in locations beyond the triad are now good enough to create choice for patient–customers and for price to become a key factor. There is a clear economic incentive for private and public healthcare clients to ‘shop around’.

The growing costs of employer healthcare schemes in the USA are one reason for the growing popularity of medical tourism. Canada and Mexico have developed thriving businesses based on their proximity to the US market. A few US employers have also begun to build incentives into their benefit packages to encourage employees to travel abroad for healthcare. This includes paying for travel and subsistence for time away from work in return for cheaper medical bills. The Maine-based retailer Hannaford Brothers, for example, will cover the total costs for employees to travel to Singapore for knee and hip replacements, including travel for a companion accompanying the patient. Cuba attracts 20,000 medical tourists per year, but for obvious reasons these have come from Latin America and Europe rather than the United States.



There are, of course, added risks for many people in venturing beyond their borders in search of low-cost medical procedures. These can be exacerbated by the legal complexities of extending insurance cover across borders. In an attempt to alleviate some of the risk and uncertainty, international healthcare accreditation, offered by organisations like the USbased Joint Commission International (JCI) and the associated Society for International Healthcare Accreditation (SOFIHA), is increasingly important.

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<sup>1</sup> Sources: Laurie McGinley, ‘Health matters: the next wave of medical tourists might include you’, Wall Street Journal, 16 February 2008; Bruce Einhorn, ‘Outsourcing the patients’, Business Week, 13 March 2008; Rory Carroll, ‘First World results on a Third World budget’, Guardian, 12 September 2007; <http://www.bumrungrad.com> (accessed 2023); <https://www.patientsbeyondborders.com/>; Thomson Reuters, OneSource, 2011; Bumrungrad Annual Report 2018.

There are also ethical issues beyond the economics of supply and demand, not least the problem that wealthy medical tourists divert scarce medical resources and expertise away from the poorest and neediest in developing countries.

### Comparing the international costs of medical procedures

Medical procedure	Cost in the US* (\$)	Cost in alternative locations (\$)
Heart-valve replacement	200,000	10,000 (India) including airfare and vacation
Coronary artery bypass surgery	100,000	12,000 (Bumrungrad Hospital, Thailand)
Full facelift	20,000	1,250 (South Africa); can be part of a 'medical safari'
Knee replacement	15,000	5,000 (Colombia); including costs of hospital stay
<i>In vitro</i> fertilisation	12,000	5,000 (Panama)
Dental bridge	5,500	500 (India)
Lasik eye surgery	3,700	730 (India and elsewhere)
Colonoscopy	900	640 (Bumrungrad Hospital, Thailand)
Root canal	800	300 (Panama)

\* For most examples these are listed as the minimum cost in US hospitals.

Sources: Various.<sup>2</sup>

Massive investments in initiatives like the 'Medicity' project in the Gurgaon region near New Delhi focus on providing topclass healthcare for the rich, in the world's poorest areas. Supporters cite the multiplier effect of medical clusters, which include employment and subsequent investment in local people and infrastructure. Critics simply see a further widening of global income and welfare disparities.

### Bumrungrad International

David Boucher, a 49-year-old American, chose to have a colonoscopy at Bumrungrad International Hospital in Bangkok. His company gladly paid the \$640 bill, saving over \$250 on the costs of the same procedure in the United States. What is significant is that David Boucher was an assistant vice president of healthcare services at Blue Cross & Blue Shield of South Carolina. His firm is part of the largest group provider of healthcare insurance services in the United States,

<sup>2</sup> The table consists of 3 columns and 9 rows. The headings of the columns are as follows: Medical procedure, Cost in the U S asterisk (dollars), and Cost in alternative locations (dollars). The row entries are as follows. Row 1: Medical procedure: Heart-valve replacement. Cost in the U S asterisk (dollars): 200,000. Cost in alternative locations (dollars): 10,000 (India) including airfare and vacation. Row 2: Medical procedure: Coronary artery bypass surgery. Cost in the U S asterisk (dollars): 100,000. Cost in alternative locations (dollars): 12,000 (Bumrungrad Hospital, Thailand). Row 3: Medical procedure: Full facelift. Cost in the U S asterisk (dollars): 20,000. Cost in alternative locations (dollars): 1,250 (South Africa); can be part of a 'medical safari'. Row 4: Medical procedure: Knee replacement. Cost in the U S asterisk (dollars): 15,000. Cost in alternative locations (dollars): 5,000 (Colombia); including costs of hospital stay. Row 5: Medical procedure: In vitro fertilisation. Cost in the U S asterisk (dollars): 12,000. Cost in alternative locations (dollars): 5,000 (Panama). Row 6: Medical procedure: Dental bridge. Cost in the U S asterisk (dollars): 5,500. Cost in alternative locations (dollars): 500 (India). Row 7: Medical procedure: Lasik eye surgery. Cost in the U S asterisk (dollars): 3,700. Cost in alternative locations (dollars): 730 (India and elsewhere). Row 8: Medical procedure: Colonoscopy. Cost in the U S asterisk (dollars): 900. Cost in alternative locations (dollars): 640 (Bumrungrad Hospital, Thailand). Row 9: Medical procedure: Root canal. Cost in the U S asterisk (dollars): 800. Cost in alternative locations (dollars): 300 (Panama)

providing coverage for more than 100 million people. His main reason for undergoing the procedure in Thailand was to advertise the increasingly international options open to his firm's 1.5 million customers. He has been involved in signing a range of alliances with overseas hospitals and in discussions with local corporations and employee groups about this strategic response to the growing costs of healthcare in the United States. In 2008 Blue Cross took the initiative in medical 'offshoring' by creating a partnership with Bumrungrad Hospital through its Companion Global Healthcare subsidiary.

Bumrungrad ('care for the people') International was founded in 1980 and advertises itself as the largest private hospital in Southeast Asia. As of 2022 it had 47 outpatient clinics, which included 272 examination rooms with the capacity to service of over 5,500 patients per day. Moreover, with a workforce of over 4,800 employees, achieving a turnover of about \$580 million. It had 580 beds and over 30 specialised treatment centres. Over half of its patients are international and come from over 200 different countries. Bumrungrad is a publicly traded company listed on the Thai Stock Exchange. The majority shareholders are Bangkok Bank PCL and the Sophonpanich family.

Several key factors explain Bumrungrad's success. The country has a history of prioritising healthcare perhaps dating back to Prince Mahidol of Songkla, who gained an MD degree from Harvard Medical School in the early twentieth century. Ongoing support from the Thai government and members of the country's ruling elite has made medicine and healthcare a national priority. The founders of Bumrungrad Hospital have focused on service quality and international credibility partly through their recruitment and incentives practices and by aiming for recognised accreditation. The hospital has more than 200 surgeons who are boardcertified in the United States and it was the first hospital in Asia to be accredited by the US-based Joint Commission International (JCI).

To counter any potential criticism over the ethics of diverting medical resources to a top-class, but relatively expensive (for locals) hospital, the Bumrungrad Hospital Foundation was established in 1990. It helps the less privileged in Thailand gain access to free medical treatment and healthcare services. The Foundation has provided free medical help to over 100,000 Thais, including 122 paediatric heart operations.

## Questions for discussion

1. How is the growing provision of alternative sources of health services around the world likely to affect the triad-based providers, public and private?
2. Explain the rise of Bumrungrad International and the Thai medical tourism industry in terms of country-specific advantages (CSAs) and firm-specific advantages (FSAs).
3. Should healthcare 'offshoring' be viewed or treated any differently from any other globalising industry, such as software or BPO services?

## Answer

**1. How is the growing provision of alternative sources of health services around the world likely to affect the triad-based providers, public and private?**

The growing costs of employer healthcare schemes in the United States and elsewhere in the triad are one reason for the growing provision of medical tourism around the world. Alternative sources of health services represent both a threat and an opportunity for triad-based providers. On the one hand, these may be seen as competitors; on the other hand, there is a strong economic incentive for private and public healthcare providers to take the initiative in medical 'offshoring'. For example, the Maine-based retailer Hannaford Brothers will cover the total costs for employees to travel to Singapore for knee and hip replacements, including travel for a companion accompanying the patient. Of course, there will be added risk and uncertainty for many people in venturing beyond their borders in search of low-cost medical procedures. In an attempt to alleviate some of the risk and uncertainty, the role of international healthcare accreditation, offered by the US-based Joint Commission International (JCI) and the associated Society for International Healthcare Accreditation (SOFIHA), is becoming increasingly important.

**2. Explain the rise of Bumrungrad International and the Thai medical tourism industry in terms of country-specific advantages (CSAs) and firm-specific advantages (FSAs).**

Country-specific advantages (CSAs) of the medical tourism industry in Thailand include the lower costs of local labour (at all skill levels) and facilities, but are also closely related to the country's long history of prioritising healthcare. Ongoing support from the Thai government and members of the country's ruling elite has made medicine and healthcare a national priority from the early 20th century. In order to accumulate firm-specific advantages (FSAs), the founders of Bumrungrad hospital have focused on service quality and international credibility through their recruitment and incentives practices and by aiming for recognised accreditation. The hospital now maintains more than 200 surgeons who are board-certified in the United States and it was the first hospital in Asia to be accredited by the US-based Joint Commission International (JCI).

**3. Should healthcare 'offshoring' be viewed or treated any differently from any other globalising industry, such as software or BPO services?**

Healthcare 'offshoring' should be viewed differently to other globalising industries such as software and/or BPO services due to the complex set of 'ethical issues' involved and the role of national and local level public agencies in its provision. Some observers also question the effects on local provision of healthcare in developing countries. Even though there exists the multiplier effect of medical clusters, including employment and subsequent investment in local people and infrastructure, critics still see a further widening of global income and welfare disparities coming from the problem that wealthy medical tourists divert scarce medical resources and expertise away from the poorest and neediest in developing countries. In order to counter this potential criticism over the healthcare 'offshoring', Bumrungrad International established the Bumrungrad Hospital Foundation 1990 to help the less privileged in Thailand gain access to free medical treatment and healthcare services.