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Medical tourism drives healthcare innovation [1]

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There is a new survey [3] out there from the always-interesting National Center for Policy Analysis It covers the rapidly growing global market for medical tourism. We have already blogged about it here [4] . But it is now becoming clearer what lies behind the success of the global high performance hospitals.

The market leader is Bumrungrad International Hospital in Bangkok, which served a stunning 1.2 million customers from 190 countries last year. It is American-managed and creates returns of 20-25 percent each year. Many other hospitals are managed, owned or affiliated with prestigious American hospitals:

- Cleveland Clinic in Ohio has satellites in Vienna, Canada and Abu Dhabi.
- The Indian hospital chain Wockhardt is linked to Harvard Medical School.
- Johns Hopkins has an affiliate in Panama and in Singapore.
- Dallas International Hospital operates hospitals in Mexico.

All these hospitals are escaping micromanagement by third parties ? or otherwise highly regulated markets ? at home. And that's how they achieve such competitive pricing. It is not simply a question of lower wages for doctors and lower overheads for hospitals. It is the absence of third party bureaucracies (which do so much to drive healthcare inflation) which allows these hospitals to provide such high-quality, low-cost services.

These hospitals are free-market laboratories serving cash-paying patients. That gives them the edge of performing at the frontier of medical and managerial innovation. Bill Gates just purchased the supreme management software, Global Care Solutions, from Bumrungrad hospital in order to market it worldwide. We should expect more innovation being created overseas and then re-imported to strangulated hospitals in the US and Europe.

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