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Hospital pioneer expands through crisis

By Muhammad Cohen

BANGKOK - Many think Bangkok's Bumrungrad Hospital invented medical tourism, but medical tourism didn't invent Bumrungrad. The 1997-98 Asian economic crisis put Bumrungrad's finances on the critical list and prompted its turn from local to international patients. Now the current recession has given Bumrungrad an opportunity to shore up the local foundation for its international business.

Bumrungrad, the self-proclaimed largest private hospital in Southeast Asia, treated more than 420,000 international patients from nearly 200 countries last year. That figure represented nearly 40% of Bumrungrad's total of 1.1 million patients, and a similar percentage of Thailand's medical tourism traffic. International

patients, because they generally come for more complex treatments, accounted for more than 50% of Bumrungrad's estimated US\$260 million turnover.

A resident base of talented physicians and paying customers is vital to sustaining a world-class hospital, according to Bumrungrad's chief executive officer Mack Banner. That limits the chances of success for destinations that hope to challenge Bangkok as a medical travel hub and it limits opportunities for international expansion by even the best-known hospital brands, Banner told Asia Times Online.

Banner, an American who retains his southern drawl and folksy charm despite more than 15 years overseas, has run the 554-bed hospital since mid-2005. Before Bumrungrad, Banner served as a

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healthcare executive in the US, Saudi Arabia, Australia, Singapore and Malaysia.

Medical paradise

"I've been working overseas since the 1980s and I've had hundreds of proposals: 'Let's go to this nice location and put in a specialty hospital.' They never work. To have a top-flight hospital, you need top-flight doctors. These destinations don't have a local base to develop that." Banner explained. "The lesson I've learned is that hospitals need a critical mass of local population to support specialties that feed into sub-specialties that are needed to serve international patients."

Bangkok, the commercial and political capital of Thailand, has the right conditions, including "a large enough local population that can pay for your services to sustain a visitor base." Thailand also has the advantage of a large base of medical doctors, many trained overseas. Prince Mahidol, father of the current Thai monarch, earned a medical degree at Harvard University - and married a Thai nurse who came to study there with him - helping to create a base of Western-trained doctors for teaching in Thailand. This traditional link to the royal family still thrives, providing a pipeline of quality healthcare personnel.

Bumrungrad has faced "a perfect storm of challenges" since September 2008, according to Banner. Those challenges included the H1N1 swine flu scare that, along with the global recession, crimped global travel, plus political unrest that climaxed with the shutdown of Bangkok's Suvarnabhumi international airport for five days. Tourism to Thailand was hit particularly hard. Bumrungrad saw international visits drop 5.8% through the first three quarters of 2009, with international admissions down 8.5%, a sharp contrast to the double-digit growth of recent years.

Bumrungrad has been a household name in medical travel for more than a decade. "We enjoy a reputation as one of the pioneers of medical travel," Banner said, noting that patients come from neighboring countries for better care and Western countries for cost savings, typically 50% or more. "Most of the attention [to medical travel to Thailand] has come from Bumrungrad. Now we share that spotlight, and we think that's a good thing. But we're still the first and we're still the biggest."

To stay on top, Bumrungrad opened a new US\$45



million outpatient building in May 2008, just ahead of the global recession that flattened growth last year. Ironically, the hospital's first major expansion was completed in early 1997, months ahead of the Asian crisis. Financed with US dollar denominated loans, that project drove Bumrungrad to seek international patients, fueling the medical travel phenomenon. When fully operational, the new building will double outpatient capacity from 3,000 to 6,000 visitors daily.

"We not only expanded capacity, we feel we expanded usability for patients," Banner said. Innovations include pharmacy and cashier facilities on each floor, and imaging equipment to handle all but the most complex scans in the building. "We asked ourselves how to make the clinic experience as user-friendly as possible."

Out of sight

By May, Bumrungrad will have completed a \$12 million renovation of its inpatient rooms. Redesigned by a multi-disciplinary task force, the rooms feature bedside computer consoles for hospital personnel to access and enter medical information. Lower-tech improvements include more convenient sinks for hand-washing before patient contact.

Banner stressed that much of what gives Bumrungrad its competitive advantage remains out of sight. For example, a team of 20 handles up to 500 e-mail inquiries daily from prospective patients. They work with the International Medical Coordination Office, staffed by doctors and nurses to create treatment plans for patients in advance of their arrival.

From its beginnings, Bumrungrad has been at the forefront of technological innovation. It established and evolved a single system to cover the entire hospital operation, a key factor in efficiently handling its outpatient volumes. That system was purchased by Microsoft in 2007 as the basis for its healthcare platforms, and Bumrungrad is working with Microsoft to update and revamp the software.

Last year, the hospital added an automated medication delivery system. At the heart of it, an Italian-made pharmacy robot - nicknamed Franco by staff - compiles and labels individual doses of inpatient prescriptions for delivery throughout the hospital via a pneumatic tube system. "We thought this through," Banner explained, "How to make prescribing, administration and dispensing as simple as possible. It's not a front of the house item, but it's



vital."

Technology also helps Bumrungrad benchmark itself to international standards, but for Banner that's not the most important measure. "How can we generate 'wows',?" is the key, according to Banner. He defines "wows" as "a service you don't expect or one delivered in some exceptionally user friendly way."

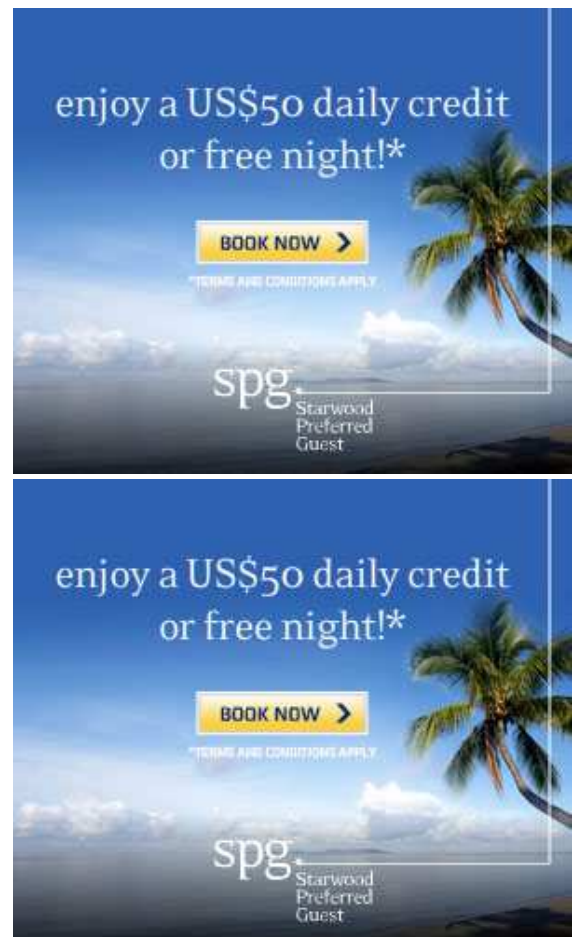
Bumrungrad is a private hospital listed on the Stock Exchange of Thailand, but Banner sees no conflict between patient care and profits. He cites an adage from Dr Thomas Frist, founder of Hospital Corporation of America (and father of former US Senate majority leader Bill Frist): "If you take care of patients, the bottom line will take care of itself." Banner recalled, "I've worked for organizations that say, 'We need a rate of return of X percent.' That's short-term thinking that won't work." He cited the pharmacy robot as an example of a service improvement that can't be quantified.

Bumrungrad gets a helping hand on keeping service up and costs down from its customers. Nearly three-quarters of its patients pay their own bills. "When people are paying their own bills, they act as their own utilization review committee," Banner said. "If the doctor says you need an MRI, you ask, 'what does it cost and where else can I do it that might cost less.' I'm a great believer in the effectiveness of self-pay to keep costs down. When you get into a third-party system, you engender a situation where costs can get out of control."

That said, the hospital does accept payment from local and international insurers. It even has a deal with Blue Cross of South Carolina in the US that offers customers the option of having major procedures at Bumrungrad, with the patient sharing in the savings over a US hospital. However, this segment of the business, sometimes referred to as medical outsourcing, has been slow to develop. Banner hopes it will expand, but not at the cost of upsetting Bumrungrad's winning formula.

"We're not going to get into a situation where we're second-guessed over pre-authorization and re-authorization that saddle hospitals with extra costs," Banner said. "We already have a significant cost advantage over the US. We've told insurance companies to appreciate that and just let us do our jobs."

*Former broadcast news producer **Muhammad***



Cohen told America's story to the world as a US diplomat and is author of [Hong Kong On Air](#), a novel set during the 1997 handover about television news, love, betrayal, financial crisis, and cheap lingerie. Follow [Muhammad Cohen's blog](#) for more on the media and Asia, his adopted home.

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