

## **Innovations Contributing to the Rise of Offshore Outsourcing of Medical Care**

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Background: While cross-border travel for medical care has long been in existence, improvements in measuring and collecting quality and outcomes data on medical care providers across the world coupled with technological improvements to rapidly disseminate this information have increased the volume of offshore outsourcing of medical care. This phenomenon is also known as medical travel.

Objectives: We examined innovations that have contributed to the rise in medical travel and how micro-and macro-level innovations in the health care and health insurance industry as well as non-health related technologies will shape its future.

Methods: We conducted a series of in-depth, structured interviews with key industry stakeholders, including domestic and foreign health care providers, and intermediaries. Qualitative and quantitative data were collected through these interviews. We analyzed the results to identify current and projected supply of and demand for medical services by international patients, barriers to growth, competitive threats and strategic initiatives.

Results: A global market for information on medical care has developed. On the supply side, improvements in electronic information sharing have facilitated the growth of offshore outsourcing for medical care. Because the fixed costs of owning offshore hospitals are still relatively high, ownership remains primarily in the hands of local entities. Changes in consumer incentives, particularly related to the share of costs borne by the consumer, have simultaneously created a greater demand-side incentive for medical travel.

Discussion: More research is needed to understand how global trade in medical care may impact the relative positions of the U.S. and other countries as they pertain to medical care. Innovations in measuring quality of care at the clinician and hospital level will further increase offshore outsourcing for medical care. At the same time, further increases in demand-side cost sharing will incentivize more consumers to travel for medical care and offshore providers to offer a broader range of medical services.