Why US health providers should rethink their international strategy

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1 Going global opportunity context

Can global expansion drive the next wave of growth for US healthcare providers? Is now the time to explore options?

US health systems should evaluate how expanding internationally might align with their mission, spread risk and contribute to long-term sustainability.

01 **Traditional domestic growth pathways are no longer the only option for US-based healthcare systems.**
International markets offer an alternate growth option as new challenges arise around domestic levers.

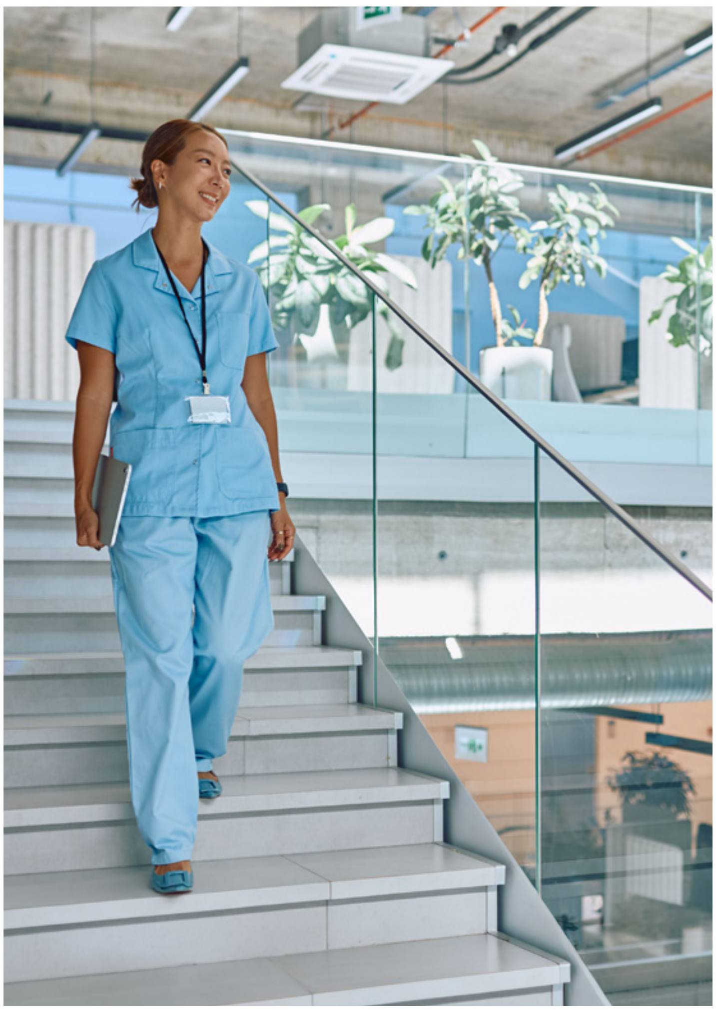
02 **Global demand for complex care is rising — and the conditions for US providers to expand into new markets are improving.**
This generates scalable demand that US providers, when strategically positioned, are equipped to fulfill.

03 **Providers now have a spectrum of entry models — making expansion possible, not just for globally recognized systems.**
Providers can start small (advisory, affiliation, branding), learn the market and scale selectively — turning international expansion from a bet into a strategic growth pathway.

Why most US providers remain domestic — and why that can change

For decades, US health systems have concentrated on growth at home even as other industries globalized. The pattern reflects not only a community mission and regulatory complexity abroad, but a history of mixed outcomes for early movers. This has nudged organizations toward branding partnerships and clinical affiliations rather than committing higher levels of capital or taking more risk to directly operate facilities.

Today, challenging conditions at home paired with new regulatory frameworks to help encourage international players to enter local systems create a renewed impetus for providers to evaluate international expansion. Hospitals and health systems have the option to deploy capital-light models initially to seed demand, build know-how and test enforceable quality oversight models before advancing to joint ventures or direct operations.



From our time spent engaging with health system leaders and provider case experiences, six lessons recur with systems that enter foreign markets successfully.

Local policy and macroeconomics can make or break any international expansion: Government stability, policy direction and enforcement vary widely across markets. Macroeconomic trends and stability vary significantly. Look for red flags early and don't ignore them — they can break what is otherwise a sound market opportunity.

Lead with a clear patient value proposition: Be explicit about the problem you solve as a new entrant (e.g., quality, access, service range, speed).

Master the local payer dynamics: Go beyond out-of-pocket spending and build reimbursement models and billing workflows that match government, insurer and corporate payer requirements.

Recruit for credibility: Anchor the model with top-tier clinicians. Reputation and outcomes drive downstream hiring, referrals and patient trust.

Adapt the US model, don't copy and paste: Export the best elements, redesign aspects for local market conditions and focus on demonstrating clinical outcomes.

Design a robust partnership agreement: Structure roles, incentives, compliance controls and exit protections to manage the local execution risk, including transparency, procurement integrity and brand protection.

> As domestic growth stalls and global demand accelerates, providers should assess whether international expansion can be a growth engine — and which entry model best aligns with their capabilities and risk appetite.

Providers are realizing the domestic US market is not producing the margin improvement expected

Healthcare systems are encountering new obstacles at home amid a more challenging financial environment, particularly impacting nonprofit and academic medical centers that depend on federal funding.

Why is international expansion uncommon?

Historically, US providers viewed international expansion as high-risk and operationally complex, reinforced by mixed outcomes for first movers and limited readiness among foreign operators, regulators and payers. As a result, most systems opted for low-capital branding or affiliation models rather than direct investment.

What has changed?

Demand is accelerating

Population growth, aging and a rising middle-class coupled with international supply/demand gaps have led to demands for international healthcare players to be supported to enter.

Macro fundamentals shifting

Rapid GDP expansion, better infrastructure and government-backed social investment programs are creating the opportunity for new healthcare models.

Supportive regulation

Rules around foreign asset ownership and capital repatriation are being changed to support international market entry. Healthcare regulations are aligning globally.

Capability recognition

US systems have demonstrated the ability domestically to lead in pioneering care model innovation and new treatment protocols – the world wants to learn from this.

Business models have matured

Capital-light options – advisory, affiliation, branding – enable phased entry, demand testing and selective scaling. Payer dynamics are becoming more sophisticated.

Partner readiness abroad

More markets have capable operators who are willing to enter into business with US healthcare systems – on a full JV basis with capital and operational risk sharing.

2 Identifying models for international market expansion

US providers typically choose from among five approaches when engaging with international markets

Each model balances return potential vs. capital intensity vs. ease of execution — US provider organizations must match their international approach to the core capabilities required to deploy effectively or be willing to invest in capability development.

Figure 2.1

Model overviews

Model names	Definition
1 **Patient liaison offices**	Offices and/or agents located abroad to attract inbound medical tourism to the US (e.g., travel coordination, creation of care pathways, education).
2 **Advisory services**	The US provider offers advisory or management expertise (e.g., hospital design, operational improvement, clinical training).
3 **Affiliation agreements**	Structured relationships between US providers and international hospitals or universities (e.g., clinical collaboration, joint training).
4 **Branding agreements**	The US provider licenses its brand and clinical standards to a local partner who builds and runs the facility.
5 **Hospital operation and investment**	US systems build, own or operate hospitals/clinics abroad via wholly owned subsidiaries, minority investment or joint ventures.

What's possible: return – capital – complexity mapping

Hospital operation and ownership maximizes control and brand integrity but requires significant investment and longer ramps. Branding and affiliation agreements reduce needed capital and accelerate entry but depend on contractible quality oversight and shared economics. Consulting projects and patient liaisons are fast and capital-light – ideal to seed demand, learn new markets and build capabilities before scaling.

Figure 2.2

Model characteristics

Model names

1 Patient liaison offices	2 Advisory services	3 Affiliation agreements	4 Branding agreements	5 Hospital operation and investment
Model characteristics				
Capital-light model aimed at attracting medical tourism	Short- to medium-term consulting projects with no long-term ownership risk	Typically focused on clinical collaboration, joint training, research, etc., with little financial involvement	Model emphasizes brand recognition and protocols to strengthen their network; less direct operational control	Majority or minority investment/joint venture; most resource-intensive model, but allows the greatest control

Ease of execution

vs.

Risk, return and capital intensity

What's required: capabilities to deliver

International expansion creates value when there is a tight fit between the entry model, US system capabilities and local market conditions.

Figure 2.3

Capabilities required by international entry model

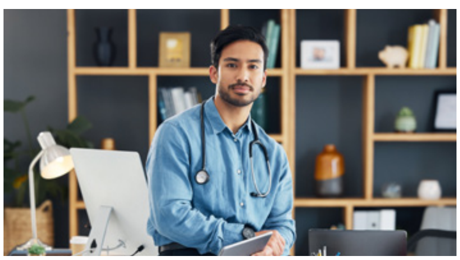
Model names	Core capabilities required	What must be true
1 Patient liaison offices	■ International patient management services ■ Cross-border clinical pathways ■ Corporate/embassy/payer contracting and relationships ■ Brand/demand generation	Sustained outbound demand for medical care lawful marketing/referral activity and travel/logistics that make cross-border episodes feasible with acceptable margin.
2 Advisory services	■ Demonstrated credentials across health system and clinical ops ■ PMO/transformation office ■ RCM and finance toolkits ■ Seasoned project delivery leaders	Dedicated and experienced resources must be made available to support consulting build/activation/turnaround projects without compromising day-to-day service excellence.
3 Affiliation agreements	■ Clinical protocol excellence (exportable) ■ Outcomes measurement ■ Continuing Medical Education (CME) and research infrastructure ■ IP/legal enforcement	Counterparties commit to protocol adoption and transparent data sharing, creating credible line-of-sight to deeper partnership if performance warrants.
4 Branding agreements	■ Widely recognized, trust-bearing brand ■ Codified clinical standards and QA ■ Curriculum delivery at scale ■ Brand governance, IP/legal enforcement	A capable local operator and regulator both value and permit, US brand oversight with enforceable data access and patients/insurers will pay a measurable premium for branded quality.
5 Hospital operation and investment	■ Regulatory and licensing proficiency ■ Payer strategy and Revenue Cycle Management (RCM) rigor ■ Clinical governance and outcomes measurement ■ Talent attraction and development engine ■ Capital deployment and delivery	Licensure pathways are clear; payer contracts (public/private) can support target case mix and desired pricing strategy; land/capex access is feasible; talent supply is recruitable at scale.

> Hospital leaders should take an honest look at their own strengths and gaps – assessing which capabilities are in place and which must be developed organically or through partnerships.

How decision-makers choose the right entry model

- Which model exploits capabilities where we already deliver top-quartile performance, and which material gaps would it expose?
- How does this model advance our mission and home-market platform? Are options available to scale up or down?
- Are the enabling conditions present now (e.g., regulatory permission, payer dynamics)?
- Are there aligned, credible partners available with capital, regulatory know-how and/or land in the market?
- Can we enforce quality and protect reputation?
- Will this project require board approval for incremental capital, or can it be funded within existing delegated authority and capital budgets?

To be successful, providers typically must:



Build local partnerships with global benefits

Develop local partnerships to help navigate the new regulatory environment and drive the benefits of working within a network.

Leverage local expertise

Focus on how domestic capabilities and clinical experience can be leveraged, while adapting to local market requirements.

Attract talent locally

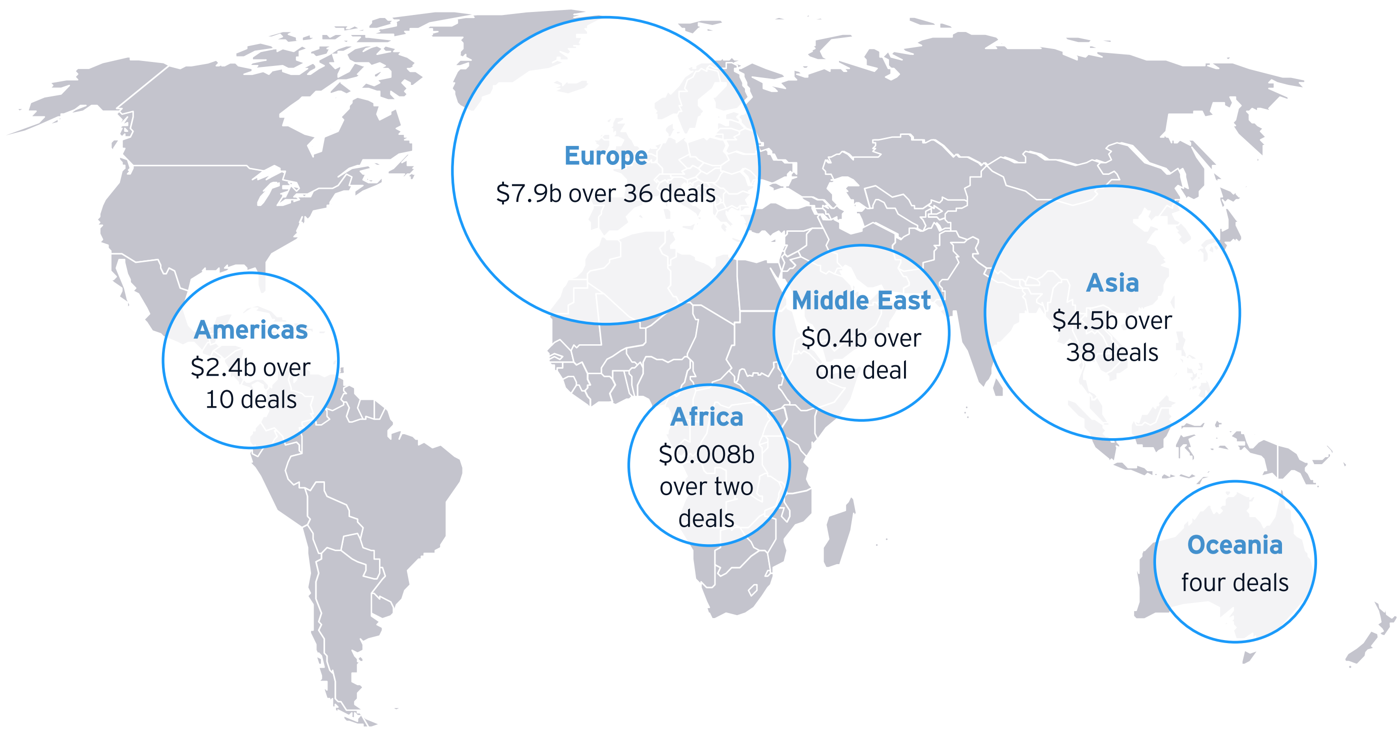
Have a distinguished value proposition to help attract a local workforce (e.g., international rotations, mentoring, involvement in clinical trials or advanced research).

> Board and management teams should thoroughly review new market ventures, as expanding internationally typically involves additional risks. Market studies and due diligence are essential to assess these risks and can address the key questions above beyond basic performance and growth data.

Private equity capital accelerates investment in global healthcare

It is not just US providers that have been active in assessing international market opportunities. Private equity firms have continued to deploy significant capital across global healthcare markets, reflecting the sustained confidence in the growth opportunity these markets represent. Since 2023, more than 90 transactions have been completed, with approximately $15.3 billion in disclosed value. Activity has been concentrated in scalable care delivery platforms, specialty services and outpatient models where investors see opportunities to drive consolidation, enhance clinical and operational performance, and capitalize on the rising demand for cost-efficient care.

Figure 2.4 Private equity international healthcare market deal activity (2023 – 26)



Countries experiencing the most deal activity

India
$3.9b over 24 deals

Spain
$3.8b over five deals

Canada
$2.4b over seven deals

Finland
$2.2b over two deals

Romania
$1.2b over three deals

Singapore
$0.6b over four deals

Note: Covers publicly available deals and disclosed values only. Certain transactions did not report deal value.

> This presents an opportunity for providers and private equity to partner together to unlock the entry capital needed to succeed in new markets.

Source: PitchBook.com.

3

Providers should consider where to expand

Large regions are still underserved by US provider organizations — prioritize countries where demand, unit economics, policy and partnership opportunities are proven

For US health systems new to international markets, choosing the right geography is often the hardest — and most consequential — decision. The wrong bet can tie up capital, strain leadership bandwidth and expose the brand to regulatory and operational risk. The most attractive markets share a common DNA:

- Where is demand for US-quality care both growing and underserved today?
- Which markets offer achievable entry pathways aligned to our capabilities and brand?
- Where do local partners, regulators and investors demonstrate readiness for collaboration?
- Which geographies balance strategic upside with acceptable regulatory and operational risk?

> Selecting the right geography is crucial for international expansion and choosing markets with proven success boosts growth speed, reduces risk and enhances long-term outcomes.

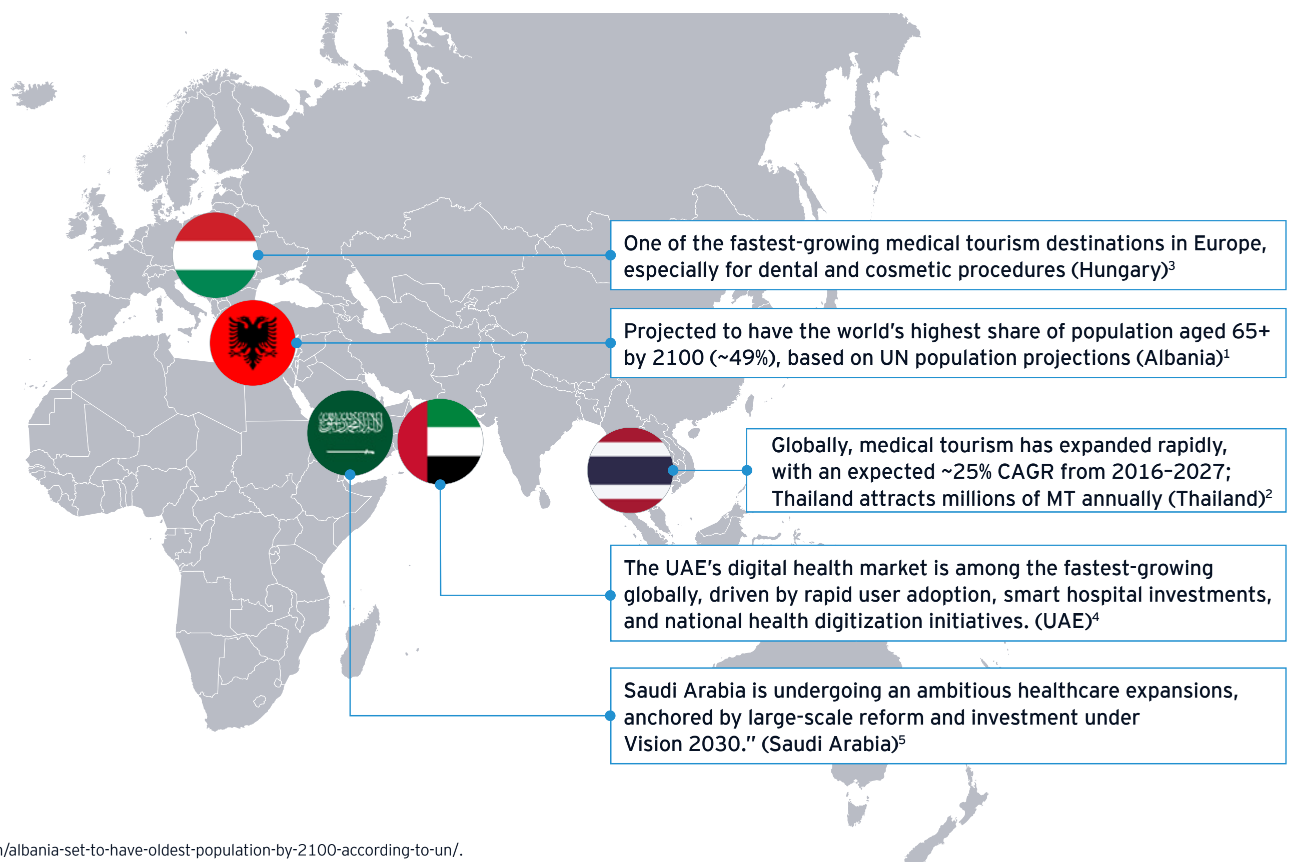
Market evaluation in practice

International market selection is noisy — anecdotes and enthusiasm often outrun evidence. A transparent scorecard forces comparability across geographies by translating assumptions into measurable criteria. It makes trade-offs explicit, ties choices to leadership thresholds, and creates a repeatable basis to stage capital or stop.

Figure 3.1

Market evaluation scorecard

Characteristic	Exemplar indicators
Macro momentum	GDP per capita; middle- or upper-income population growth; real household consumption per capita
Care capacity gap	IP beds per 1k vs. OECD; specialist density; MRI/CT per 1k; wait times for secondary/tertiary services
Strong unit economics	Healthcare wage index and inflation; length of stay; capex intensity (US$ per bed), average revenue per patient, overall provider performance metrics
Practical enablers	Land availability and cost; permitting/utility readiness; foreign direct investment acceptance and profit repatriation
Payer platform fit	Private insurance penetration; claims performance; low accounts receivable and rate-setting flexibility



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Providers in international markets have demonstrated the ability to consistently generate high growth and margin

The financial data is unmistakable: hospital systems in emerging markets have the potential to achieve strong revenue growth and maintain EBITDA margins significantly exceeding US standards, despite varied regulatory and payer landscapes. These outcomes demonstrate the consistent structural benefits accessible to US entrants who select appropriate markets and operational strategies.

Attractive revenue growth

International providers routinely deliver high-single to double-digit top-line growth, driven by expanding demand, rising acuity and growing middle-market purchasing power.

Consistent EBITDA performance

Leading systems operate at 20%–40%+ EBITDA margins, supported by disciplined cost structures, scalable clinical pathways and favorable economics.

Superior cash flow conversion

High margin with controlled capex and efficient payer mechanisms yield strong, dependable cash flow — enabling reinvestment, platform expansion and balance-sheet resilience.

Diversified earnings outside of US

Revenue generated from international markets provides protection against domestic reimbursement challenges, rising labor costs and regulatory unpredictability.

Examples of leading hospital systems' financial performance

To understand the scale, economics and operating models that define international success, we reviewed a set of leading health systems operating across Asian, Middle Eastern and African markets. These organizations differ meaningfully in geography, size, ownership and payer mix — yet demonstrate consistently strong growth and margin performance.

Figure 3.2

Examples of financial performance – leading hospitals in different regions of the world

Country	Hospital	Overview of system	3-year CAGR ('21-'24)	EBITDA margin ('24)
Thailand	Bumrungrad Int. Hospital	A top-tier tertiary and quaternary care provider, offering approximately **580 beds** and managing **around 1.1 million patient visits annually,** catering to a diverse **international population of about 50%.**	~40%	~40%
Saudi Arabia	Dr. Sulaiman Al-Habib Medical Group	A large-scale multi-hospital system comprising **approximately 3,300 beds** and handling around **7.4 million patient visits annually,** backed by an extensive outpatient and pharmacy network and **15% international patient population.**	~15%	~26%
Egypt	Cleopatra Hospital Group	Egypt's leading private hospital network **manages over 1,200 beds** and facilitates **more than 2 million patient visits annually** across multiple hospital locations.	~28%	~25%

> Across radically different markets, leading international systems consistently deliver high growth and strong margins — demonstrating that international expansion can unlock performance levels difficult to achieve in the US alone

Sources:
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4 Summary

As US health providers face mounting domestic pressures, international expansion offers a compelling path to growth, diversification and resilience. Success will require a clear-eyed assessment of organizational strengths, careful selection of entry models and a willingness to build local partnerships that align with each system's mission and capabilities. By embracing a disciplined, evidence-based approach to market selection and execution, providers can unlock new opportunities, deliver world-class care across borders, and position themselves to make a sustainable impact in a dynamic global macro environment.

Importantly, the potential for international growth is not reserved solely for nationally recognized brands or U.S. Honor Roll health systems. There are meaningful opportunities across the continuum for a wide range of providers, to become early movers and shape the future of global healthcare delivery. The future belongs to those who act boldly, adapt thoughtfully and remain steadfast in their commitment to advancing the highest-quality outcomes.

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