An Interview with Dr. Shigemi Kitahara, President of Kitahara International Hospital

Medical Activities Can Promote Social Development

Interview & Writing: Naoyuki Haraoka

Haraoka: In the growth strategy of "Abenomics", environment-related industries and the healthcare and medical sectors are considered the leaders in achieving economic growth. With the aging of society this century, the latter will be key to realizing human happiness, apart from achieving economic growth. What do you think about the current situation of healthcare and medical services in Japan?

Dr. Shigemi Kitahara, President of Kitahara International Hospital

Kitahara: You may think that Japan's medical insurance for the whole nation is a good system, since everyone can enjoy equally the benefits of medical services. It is certainly true that this system worked well in the past, in particular in the postwar period when a pyramid demographic structure was prevalent in Japan. But it does not work well anymore — rather, I believe it is becoming detrimental to Japanese medical services.

It worked well for a while after the end of World War II when the Japanese demographic structure was a pyramid, with much larger numbers of young people than elderly people. These young people could afford to pay for the medical insurance of the elderly who would be sick more often than they themselves. During this period the Japanese economy was growing at high speed, and new medicines and medical technology were being developed.

However, we should take note that this system has now collapsed, as there is a much larger aged population that could be sick more often and fewer young people who can afford to pay for medical insurance for the elderly. In addition, we cannot enjoy the benefits of high economic growth anymore. So in trying to deal with this challenge of an aging society in which public expenditure on medical services has continued to grow under a medical insurance system for the whole nation, the government has tried to rationalize its medical expenditure since 1995. But this seems to have worsened the situation. In their concern about the uncertainty such shrinking public medical expenditure could cause, elderly people have decided to save more and thus the Japanese economy has slowed down further due to a decline in personal consumption. Youth employment has also declined and their wages have also decreased. In such a situation, firms tried to lower the prices of their products to boost sales and that brought more deflation. They were eventually defeated in price competition with neighboring countries that could produce the products at lower cost. Job opportunities for young people and their wages again declined. The government had to stimulate the economy by increasing fiscal expenditure to protect such young people from the crisis, but this merely ended up in further increasing the fiscal deficit, and in order to modify this the government needed to cut medical and social welfare expenditures again.

It is noteworthy, I believe, that this vicious deflationary cycle was initiated by social anxiety caused by cuts in medical and social welfare, which were originally intended to maintain the system of medical insurance for the whole nation.

Another demerit of this system is that it is not working in the interests of the poor anymore. Since National Health Insurance is based upon a "pay as you go" formula, we cannot expect any guarantees this year. Once the insurance was paid last year, it is now to be considered a special purpose tax rather than insurance and the fee amount is decided by the payer's income. Under this tax system, assuming that everyone would pay the same amount in medical expenses for medical services in Japan, no matter how good the quality may be, the rich would be better-off than the poor.

In addition, if the very poor cannot pay the fee for this insurance they will be disqualified as beneficiaries, and thus it ceases to work as a safety net.

Furthermore, since the system of medical insurance for the whole nation assumes that anybody can have free access to any hospital at any time anywhere and pay the same fee for any medical service, it inhibits a hospital from making its achievements known to the public. If good hospitals' performances are known to the public, all patients would want to go to these best hospitals and then the system will collapse. But for the patient, of course, it would be far better to go to one with the best performance.

In addition to this, many newly developed good medicines are not allowed to be used in Japan. This is called the drug-lag. In order to maintain the insurance system for the whole nation, new medicines made using DNA information — most of the patents of which are owned by the United States — are not allowed to enter Japan, since these expensive drugs could destroy the insurance system. So we cannot enjoy the benefits of these good medicines.

Under this insurance system, if we try to curb medical expenditures, what will happen is that a hospital has to reduce the cost of medicines and medical facilities. There would be little incentive to develop new machines or new medicines more effective than the existing ones. Innovation would be discouraged in the medical industry in Japan.

Japanese technology has great potential and, for example, the new Computed Tomography (CT) equipment or new heavy ion beam equipment for future cancer treatment produced in Japan are highly quality ones, but they would be sold somewhere else rather than in Japan, since these expensive machines could cause a drastic increase in medical expenditures and eventually destroy our insurance system.

So although Japan's medical insurance system has worked successfully in achieving national coherence, it suffers from these demerits now due to the drastic change in economic circumstances we are facing.

But I would also point out that Japanese medical services are very efficient. Having fewer employees in a hospital can result in the patients receiving a high quality service, since there is greater cooperation among the wide range of professional specialties, which is different from a situation in which each staff member has a specific responsibility. So by taking advantage of this, Japanese hospitals could still work well even after the possible abolition of the national medical insurance system.

Haraoka: Besides reform of the medical insurance system, would you say we should completely change our thinking about medical services in order to promote the medical industry as a growth leader?

Kitahara: Nobody would work hard or invest any money if there would be no benefit from it. Therefore we would need to make the medical service work as a business, and then we can come up with a growth strategy for it. An industry can grow in a liberalized market. In that sense, a medical and healthcare industry could exist without a national medical insurance system that has placed many constraints on medical services.

Further consideration, however, might lead us to see medical services from a completely different angle. Medical services should not be considered as something to be provided and sold only by medical experts in a hospital, but should be much more broadly defined, in my view. They must be defined as a total life support industry and not be limited to what hospitals are doing. Safe and healthy food must be provided by the agricultural sector and safe medical machinery by industrial engineers. Funerals also have to be prepared by undertakers.

So everything that contributes to realizing a good life and death for human beings should be defined as a part of medical services. A hospital doctor with knowledge of medical sciences is one such player engaged in this broadly defined medical service.

More drastically, we should not be preoccupied with thinking that medical activities should be carried out only in hospitals. For example, rehabilitation can be carried out not only in a hospital but anywhere in society, and I think it is important that rehabilitation is indeed undertaken in society. With this change of attitude, we could reduce our medical expenditures significantly.

Another example, if we create a health insurance certificate IC (integrated circuit) and oblige all hospitals to put all the medical information from their consultations on it, such as data recorded in a laboratory, MRI or MRA images, names of diseases, prescriptions and so forth, we could use this data to assess mistakes by hospitals. Many hospitals would be afraid of this possibility and only the confident ones would perform medical checks, but this would mean we could maintain high quality in medical activities and also reduce medical expenditures significantly.

One innovation we are now considering is an auto-consultation system using computers and information technology. You can find out what illness or disease you are suffering from by responding to questions built into a computer system. If this system is available on the Internet, you could learn about your illness by yourself. We could ultimately collect a wide range of data from this system to find out where in Japan certain diseases are occurring and what the results of the treatment have been, what kind of medicines or vaccines are necessary, and where we need more hospitals, and so on. Thus high-quality medical resources could be much more efficiently and intensively used. Furthermore, if this computerized system is translated into other languages, Japanese medical services could expand worldwide.

We are trying to create a digitalized hospital including such a self-consultation and self-remedy system. In making our medical service sector truly innovative, we will need not only new medical machinery and medicines but also a new medical information system. I think this is a key to the future of our medical services — an IT system can provide us with much more precise medical judgements.

In pursuing innovative thinking about medical services, we may also discover new things. Cattle-breeding could perhaps lead to preventing Alzheimer's disease before it occurs and horticulture could help cure melancholy. It is now clear that agriculture can play an important role in tackling diseases. Raising flowers in a greenhouse and selling them is a business but at the same time it could provide remedies. Patients inhibited by their illnesses could work on farms and thus farming could be a kind of social security in supporting their employment.

In our hospital, a volunteer system among patients and their families is being introduced, and in return they get e-money that they can use for our medical services. It aims to separate our medical services from the money economy. These approaches will be conducive to eliminating medical expenditures for both patients and our hospital. Our society is now becoming one where the distinction between consumers and producers is increasingly ambiguous. It also can be so in hospital; patients (consumers) can be medical staff (producers) through volunteer work, and of course medical staff can be patients when they are sick. Accordingly, medical information would spread more widely in society and unfair things would not be done in hospital. Then people would become more satisfied with the quality of medical services because we would feel much happier and more secure if we ourselves controlled what we need. This could be a key to solving the challenge of our aging society in Japan. It is also fundamental in thinking about the future of economy. We need to think about what kind of society or production systems we need to be truly happy.

Haraoka: Your insights suggest we need to break through the bottleneck of our capitalist system — an extremely interesting and challenging point. I would like to ask now about your international projects, starting with Cambodia. Could you tell us a bit about them?

Kitahara: What I am now doing is not limited to medical services but is more like a kind of social development. I am doing this not only in Cambodia but in other places, including Japan. It is true that I am using medical services as the most important tool, as I am a medical doctor. But in fact I am engaged in agriculture and other fields as well as medical services.

In 2008 I was dying due to a serious disease but luckily I recovered. But I then began to think about what I really want to do while I am alive, and that made me look outward towards the world. At that time, I was thinking about in-bound medical tourism in Thailand, but I thought it would cause serious damage to medical services worldwide. In Thailand, they were working hard to achieve high-quality amenities in hospitals, and not high-quality medical technology, in an effort to attract wealthy foreigners as patients. Because of this their medical expenses were rising rapidly. But only a small percentage of wealthy people and foreigners could utilize these luxurious hospitals and not the majority of the nation. Those successful hospitals for the wealthy could attract as many high-skilled medical staff as possible by raising salaries for doctors and nurses and then set up new hospitals in neighboring countries in order to bring their patients back to their own countries, thus taking the wealth away from the neighbors.

Having learned that in-bound medical tourism in Thailand could be detrimental to the health of the majority of the nation and neighboring countries' economies, I went to Thailand to persuade the most wealthy hospital groups' leaders there to give this up and create a new medical service system, one that would be cheaper and better for the nation in cooperation with us. This proposal was turned down, but the chairman of the Thai Royal Bank then introduced us to Cambodia, suggesting that our idea would better suit the system in Cambodia.

I was originally thinking that it would be very difficult to create a new medical service system due to a serious lack of basic infrastructure because of the civil war. However, I changed my mind after having seen that Cambodian economic development was growing so speedily in total contrast to the medical situation. I thought that in such a place, which was a further gap between the economic system and medical care, I could realize my dream of creating an ideal society by using medical services to achieve income redistribution and equality in society.

As a prerequisite, I think there are several basic factors for any developing nation to achieve social development through medical services as a tool: acceptable minimum levels of safety, political stability, infrastructure, purchasing power, and education. A money economy is absolutely necessary, since medicine and other medical services must be paid for by money. In addition, there should be three other requirements: first, that the nation belongs to a wider economic region, such as ASEAN, the European Union or the African Union; second, that it has fewer regulations; and third, that the level of development in medical services is behind that of development in the economy.

In the case of Cambodia, by the time the civil war ended in 1990 they found that most of the intellectuals, including medical doctors, had been killed. Therefore, even though restoration of the economy has been achieved, medical services have still not been restored. It is well known that Cambodia is a part of ASEAN, but it is deficient in regulations since most of the bureaucrats in charge of establishing

them were killed in the civil war. Thus, because Cambodia fills all the conditions mentioned, as a medical support team we can play a certain role in its social development.

In Japanese society, where existing vested interests are much stronger, it would take much longer for us to change and realize such an ideal. So with this conviction, I entered Cambodia.

The Cambodian government accepted my proposal and understood the importance of establishing their own medical services for their own people. We would help them establish their own medical services and in that process could contribute to their social development. In the same sense, we started activities in Myanmar and Laos, and also engaged in the first medical college in Bhutan.

So we believe all these things in total will be helpful in realizing an ideal society, which is our ultimate goal — social development. Medical services are a tool for achieving that.

Haraoka: Could Africa be another region where you would consider promoting social development through medical services?

Kitahara: In Africa, Rwanda seems to be filling these conditions that I mentioned before.

In trying to achieve social development in these countries, it is important that we take charge of constructing the education-related infrastructure, IT-related infrastructure and medical health insurance at the same time as establishing a hospital. Without some control over the education system, there may be a possibility that foreign doctors' certification would be rejected, and without medical health insurance which we are involved in establishing, our hospitals might not be able to implement their medical practices. Without an IT-related infrastructure of our own, our hospitals may not be connected to a medical-check photo transfer system or a remote consultation system.

We have to build up not only the best quality hospitals but also these other systems as smoothly as possible. In order to do this, we would need to enter countries as soon as possible, because it will be too late for us if such systems are created by the country concerned.

Today, China and South Korea invest large sums of money in developing nations as part of their economic cooperation. Japan, in contrast, pays large amounts of money in ODA; however, it is not used efficiently and there is little economic return for Japan.

Investing money in developing a medical service can be the most efficient way of creating economic cooperation, as establishing a hospital itself. It can be done at a low cost, but its external effects could be enormous, since our hospitals would need to import medical equipment and other advanced technologies from Japan. And if they are successful in acquiring some control of education and IT systems the impact would be even greater.

Finally, I would like to mention one more important plan in Cambodia.

We are thinking about the integration of medical services, education and agriculture there. In this plan, we would buy land from farmers who cannot afford to pay medical expenses, so that they are able to receive medical treatment. Using the land which we bought, we would provide rehabilitation for the patient through farming.

At the same time, at this farm we would teach farm workers (that is, patients in need of rehabilitation and their families) how to produce expensive agricultural products. After leaving our hospital, they could return to their land, even though it is owned by us, and engage in agriculture with high technology to produce expensive goods and earn more income. Of course if they wish, they could buy the land back from us in the future.

With the success of this system, Cambodia's food industry would not need to depend on imports, and this would help prevent economic outflows to neighboring countries. At the same time, it could also be useful in securing food supplies for Japan, if they are exported here.

In the same way, we could achieve a collaboration between medical services and environmental businesses. Our hospitals could apply our inspection technology for water quality checks or land quality surveys, which we need for hospital establishment anyway, and thereby contribute to environmental protection.

Medical activities, therefore, could become a total life-support industry and have great potential to develop a new society.

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