

AT THE HELM

HEALTHCARE WITH HEART

by Genevieve Cua

Dr Loo's business acumen has helped to fuel the prodigious expansion of the original practice founded in 1976

LOO Choon Yong, chairman of the Raffles Medical Group (RMG), grew up poor. In a profile for a Web publication last year, he recounted sleeping on a canvas sheet. His entire family – parents and seven children – lived in one room, and the toilet was a monsoon drain with a zinc roof.

He has traversed a long way since those hardscrabble days, when his father persuaded him to study medicine to help put his siblings through school. Last year, he was reportedly worth US\$1.1 billion based on the Bloomberg Billionaires Index. According to Bloomberg, he and his family own 52 per cent of RMG which as at mid-April has a market capitalisation of over S\$2.2 billion.

He tells Wealth: "My first love was physics, but my late father who held a few jobs decided his children must go to university. He said to me – you seem like you are not stupid. Why don't you go study medicine? Doctors do well and you'll make sure your siblings go to university."

"I started life early because I had to help my mother in the tuck shop. Naturally, I understood what business was. When you grow up early you get to do more things, learn more things. I like the practice of medicine because it's a very human activity. Being a doctor makes me a better person because you have to care for people, and when you care for people, you will think less of yourself. It makes life worth living."

An innate business acumen has helped to fuel the prodigious expansion of the original practice jointly founded in 1976 with his friend and partner Alfred Loh, who is RMG senior clinical director. Today, RMG has a presence in 14 gateway cities, including Shanghai, Beijing and Hanoi. Demand for healthcare surged last year, and the group posted a strong set of results – a 27.4 per cent rise in revenue to a record S\$723.8 million, and a 29.5 per cent surge in after-tax profit to S\$83.7 million. RMG was mobilised to aid in Singapore's Covid response, administering about 4 million doses in its mass vaccination centres as at end-2021. Even so, it did not skip a beat in its overseas expansion, opening 3 full-scale hospitals in China over the past 3 years.

For Dr Loo, old habits die hard, and in many respects, that's a good thing. Perhaps owing to a dirt-poor childhood, he holds a deep-seated compassion for those who cannot afford to pay for treatment. He also has a strong aversion to the various forms of wastage in healthcare. Waste exacerbates costs which threaten to get out of hand, what with Singapore's rapidly greying population.

Unnecessary costs in healthcare, which include over-prescription by doctors, over-consumption by patients, and a penchant among some patients to seek multiple medical opinions are issues that vex him. In this respect, he welcomes the government's latest announcement of a move towards funding healthcare by a "capitation" model. The devil, as he says, is in the details.

The capitation model, announced by the Health Ministry earlier this year, is a major reform of the healthcare funding model, from fee-for-service currently, towards preventative care. Some countries, including the UK, have a capitation model. The intention is to encourage preventative care by mobilising family physicians as the first point of contact and care. Each regional health cluster is to get a pre-determined fee for every resident in the region.

AN ageing population is surely a cost driver, but so is wastage. Dr Loo says: "Over time, clearly an ageing population will require more healthcare. We laugh at aphorisms: 80 per cent of your lifetime healthcare costs are spent in the last 20 per cent of your life. Sometimes we're wicked, we even joke and say – no, the last 20 or 30 days of your life."

"It is estimated that in the US, waste in healthcare is as high as 30 per cent. That's a big number. If you are spending 10 per cent of GDP in healthcare that means you waste 3 per cent on bad diagnoses, unnecessary treatment and tests, surgery, defensive medicine and all sorts of things."

"In a capitation system, the (framework for) financing may be common to all. But quality will obviously not be the same. There are some doctors who will look after you well, and there are others, perhaps not as well. Is that fair to the patient? In UK system, the budget holder is the GP, and he determines where to send the 1,000 people under his care. What if everyone in London wanted to see a specific doctor? He would not be able to cope."

Singapore will also need to develop measures of cost efficiency and progress under the capitation model, which is not as clear cut when the mission is preventative care, as opposed to acute care. "Community-based care is the correct approach... But there will always be a pressure for an acute hospital to take up more of the budget.



PHOTO: YEN MENG JIN

Everyone will have their own priorities. How do you build consensus?"

WHILE it is tempting to shift the burden for financing mostly onto insurance, this practice threatens to make insurance unsustainable. Dr Loo believes the current riders for Integrated Shield (IP) plans, in which patients must foot 5 per cent of the bill, is still insufficient. RMG was a latecomer to the IP scheme; it launched Raffles Shield in 2018. "Five per cent is hardly enough. This isn't the last word; we need to keep refining the system over time. Patients want as much care as possible, and doctors want to charge as much as they can."

IPs generally do not cover outpatient expenses, but will cover for in-patient expenses. Because of this, particularly with "as charged" benefits, there is a perverse incentive to over-consume which eventually raises costs and premium for all policyholders. "Patients stay longer in the hospital when medically they are able to go home. Acute hospitals are very expensive. If the patient is sent to Shangri-La Hotel, it

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Dr Loo Choon Yong

will be cheaper for the system...

"What is the use of a mechanism to finance more when you also waste more? Who pays for the wastage? We want a reliable healthcare system that's affordable and looks after our citizens especially those who are poor and cannot help themselves. That's what taxation is for. It's why we pay taxes cheerfully."

AS for the procurement of the best and most advanced therapies, where do the government and insurers draw the line on which treatments to fund? Last year, the MOH initiated a list of "clinically proven and cost effective" cancer therapies for MediShield Life, in an effort to procure drugs at better prices and keep premiums sustainable. IP plans are expected to follow suit.

"A profit element is not wrong. If there is no profit in pharmaceutical development, then no one would invest in R&D. But for a population, you need to make a value judgement based on science. Companies will make more fancy hip and knee replacements. Must you buy the Rolls-Royce of knee joint replacements and ask taxpayers to pay? The state cannot provide for a full menu of treatments."

"You need to ask – what is the objective (of a healthcare system)? You want to keep people healthy and treat them fairly if they are sick. But you don't need all the rocket science or the best of everything... There are tradeoffs a society must make. Fortunately, I'm only in business, not in government. The government is supposed to represent the will of the people, and hence we must have this national conversation. If healthcare costs rise more, GST has to go up; the government has to collect more taxes."


Dr Loo says maintaining a fair charge for healthcare is woven into the group's ethos, even in the early days of the practice before RMG was corporatised. Even in 2010 when Singapore scrapped medical fee guidelines

on the grounds that it was anti-competitive – it was subsequently reinstated as fee benchmarks in 2018 – RMG maintained its own internal guidelines for fees. "We're a purpose-driven company, not just a business to make more money. We aim to look after patients well through evidence-based medicine... All our doctors and staff work for RMG, so we don't have conflicts of interest or opportunistic charges. We don't double or triple your bill because you're a VIP and can afford it."

"We had one simple idea when we started – to look after the patients properly. So we were not out to make money, but to practice our craft. We were entrusted to do so by a group of patients who knew we would be there for them day and night, and not take advantage of them. But we also tell them to help us be sustainable."

IN times of economic crises, the group does not turn away patients who cannot afford treatment. Charges can be paid by instalment. "Patients trust us to give appropriate care, and we make it a point to upgrade ourselves. There were many times when I told my staff – those who are retrenched may pay whatever they can pay. We didn't want to put them in double jeopardy. If you were hypertensive, fail to take your medicine and suffer a stroke, it would be terrible for your family. You may lose your job... I'd say 30 to 40 per cent do actually pay, which is fine, and is why we haven't gone bankrupt."

He says RMG takes pains to ensure those who join the group have a career path. The group routinely offers scholarships; last year it awarded 8 scholarships. Many leaders in overseas operations are Singaporeans. "Leaders set the culture and the tone of the practice. Singapore is a net importer of people, but we export leaders even as we also import people. In places like China and Vietnam, we have our own key people."

While there is a retirement age according to that set by the government, veterans are encouraged to continue to serve in mentorship roles, for instance. "I have many people who have been here for 30 or 40 years. We celebrate them in our long-service awards and cheer like mad. Because experience is very important. Some have been through wars, floods. Today, if you have lived through Sars, you have important memory that we can tap." 



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RELIABLE SYSTEM

1) RMG scaled up its laboratory to perform more types of Covid-19 tests and set up swab test centres to facilitate testing. **2)** RMG healthcare teams helped to secure Singapore's air borders by screening arriving and departing passengers at Changi Airport. **3)** Raffles Hospital Shanghai, a 400-bed tertiary hospital in Qiantan, Pudong, opened in July 2021.