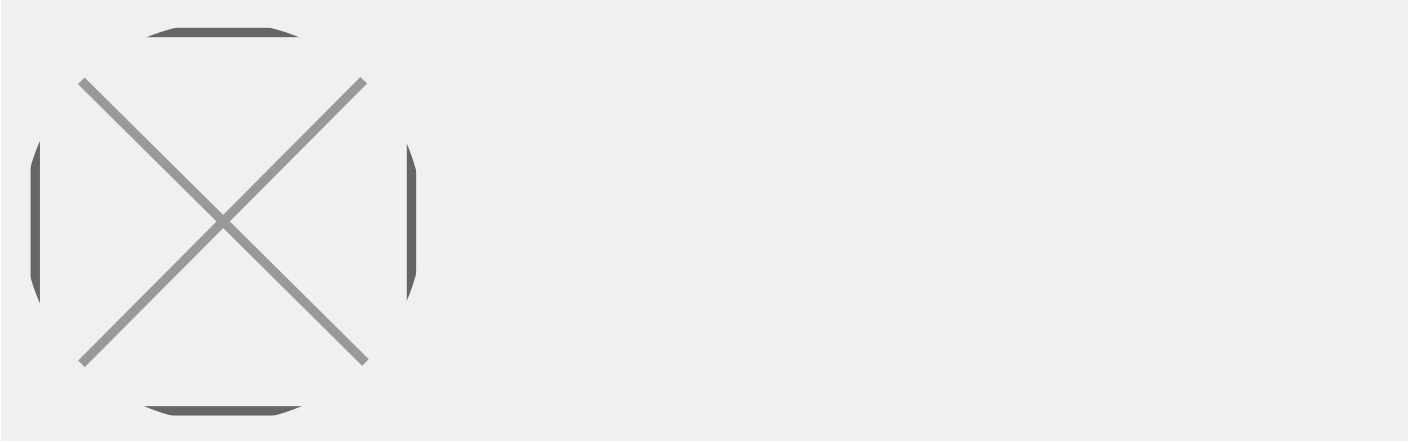
Interview: Fang-Yue Lin, Superintendent, Taipei Veterans General Hospital



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Mr. Fang-Yue Lin was a Department of Health Minister before becoming Superintendent of TVGH just 7 short months ago. He shares with us his Insight to the reform of the 2nd generation of National Health Insurance (NHI) and vision on the emergence of New Drug Research (NDR) biotech. sector for clinical trials in Taiwan.

Interviewed by the local press in 2012, you warned that the healthcare system could “collapse within the next five-to-ten years” if there was not a major overhaul. Is the Second Generation National Health Insurance (NHI) Act, introduced in January of 2013, good enough?

I think this reform is just the first step. When I made those comments, I was referring to the fact that the state is allocating too little capital to the healthcare system. Prior to the interview, we discussed the ‘excellence’ of the Taiwanese healthcare industry—personally, I am not convinced of its excellence. I think that the way we do things is very similar to the way industrial manufacturing companies like Foxconn work. Harvard University professor Clayton Christensen used the term “efficiency innovation” specifically referring to thosecompanies like Foxconn, which output

somethingwith a lot of work, at low pay.

This is the situation for Taiwan’s doctors and nurses. And today, some of our most highly qualified people are choosing to escape from this vicious cycle and to bring their skills overseas. We teach our young doctors that they must devote themselves to the welfare of their patients. But at the same time, the younger generation wants to have a better life than that the older generationhas had .

Moreover, given that the design of our system,there werenot many doctors left with the opportunity to conduct research—andin the research field, we need extra manpower in Taiwan. We need to better distribute the workload so that those talented MD researchers could actually have theirown time to do the best work.

This is our challenge, and this is the reasonwhy I voiced my warning to the government. I believe that the state acknowledges that we have problems in our framework; and I believe, again, that the reforms in the NHI are afirst step. However, this overhaul will not address our more fundamental challenges.

Even though we often referred to a healthcare to the concept in ‘industry’, healthcare issomething about people. It requires a great deal of human resources. In Asia, as in the West, the population is growing older and older. Families, meanwhile, no longer have so many children as before. Previously, in countries like Taiwan, the family acted as an essential caregiver to the sick and elderly, complementing the resources in the public healthcare system. The original design of our nursing system, for instance, was not built to offer atotal care. Now that the family unit is not in a position to offer as much care as before, so we need to increase our professional staff counts.With our current resources, our nursing system is exhausted. There are articles in the newspapers about sick nurses with IV infusions on their arms continuing to go about their work in hospitals! If these professionals foundanother easier way to earn a living for themselves, they would be very willingto take it.

In Taiwan, people receive the same level of healthcare as in the U.S. or Europe, but they pay much less for it. This means that we are able to hire less staff and that each

worker must do more. I would call for the attention from our state to face these issues, and more sincerely to develop a long-term strategyfor healthcare provision in Taiwan. I am the very rarely one to criticize the strategies of our state officials—but I trulybelieve that the situation is very dangerous.

Do you believe the public will be willing to pay more for healthcare?

We should persuade them. First of all, we should introduce the necessity of some portion of self-payment. In Taiwan, people are used to the idea of a welfare system, and once they sitdown to eat, they feel free to eat everything like buffet. Yet, we can change their ideas. We can change the system as well.

I spent some time in France, so I am familiar with the French paradigm. Doctors have a fixed salary, and their income is not particularly high—similar to that of doctors in Taiwan. However, French healthcare providers don’t have to work the same hours as we do here. They have a good amount of holidays. Their quality of life is very high.

And the difference is that France spends approximately double the percentage of GDP on healthcare that Taiwan does.

Exactly.

We can change our approach and public opinion about healthcare expenditure,step by step. The system in France may be a far-off model, but even nearby countries like Japan and South Korea have higher co-pay and premium rates than Taiwan does. The Taiwanese state is not so rich that it can afford not to askthe people to pay more for their healthcare. Indeed, if it doesn’t ask, finally itwould be our healthcare providers who suffer the most, andforced to do doubleor triple the work as their counterparts in neighboring countries.

What is the system doing right?

Efficiency and quality. Our doctors are very well trained, and have contemporary knowledge of updated techniques, technologies, and medicines. And as I have said, they work very hard!

What is the Taipei Veterans General Hospital (TVGH)'s role within Taiwan's healthcare framework?

The TVGH was built 53 years ago to take care of Taiwan's veterans. During the civil war between the KMT and Communist China, a huge number of soldiers retreated from the mainland China. Many of them had no families. The government had to take care of them—especially in terms of medical care. For this purpose, the state founded three Veterans General Hospitals: in Taipei, Taichung, and Kaohsiung. More than ten subsidiary hospitals, as well as a system of nursing homes and clinics, were also established to complete the network.

I think this is a good system. One of the reasons that the KMT lost the war with Communist China was because they did not have a good treatment system for veteransfromWorld War II. After that war, the government gave its veterans onlya bit of money and sent them home. Many unsatisfied soldiers joined the Communist militaryas a result. Taiwan government resolved to takea better care of its veterans the next time around.

Today, veterans continue to constitute about 30% ofall the patients in the network's outpatient clinics, 25-30% in the main hospitals, and a greater percentage in the subsidiary hospitals in the countryside.

The TVGH has also become a center of excellence for research. Among other accomplishments, you signed a Memorandum of Understanding (MoU) in 2010 with GSK to conduct clinical trials for a range of drugs. What can you

tell us about your research efforts?

Three years ago, we constructed a dedicated building for research, just opposite to the main building of the hospital. Most of the space is reserved for translational research. Moreover, we are very near tothe life science based National Yang Ming University, so we are able to leverage our cooperation with outstandingYang Ming professors to conduct basic research as well. It is our strategy to bring both basic and translational researchers under the same roof.

Regarding clinical trials; about ten years ago, there was a very innovative project under development in Zhubei, a countynorth to Hsinchucity, for a new-drug clinical trial center. Atthe time, China, Korea, and Japan were not particularly active in clinical trial research. Taiwan was going to build a large, modern hospital in Zhubei, with a high-tech industrial campusnearby. To my memory, one of the European Big Pharma companies was going to establish a vaccine company there, and bring a vaccine project online that would look to cure certain cancers. The Zhubei development failed—I believe that was of political reason. It was a real pity.

Taiwan lost thatgolden timing period. Today, our clinical trial environment no longer offers significantly competitive advantages overthe Chinese, Japanese, and Korean neighbors I mentioned.

So if Taiwan had become more actively involved in clinical research ten years ago, it would have had a head-start advantage—but now it is too late to the party.

That’s right. Today, our advantage is that we have a very robust indigenous pharmaceutical industry, and our companies are working very hard to reach the world stage. Ourdomestic research centers have many new drugs under development—either in part or from the point of discovery. This differentiates us from our neighbors. Taiwanese companies are busy doing animal studies and early-phase clinical trials in hospitals like TVGH. Ten years ago, there was very little of this kind of

activity, but now there is some innovation emerging from Taiwan.

And the more interesting position for TVGH is to support this local innovation ecosystem—because your competitiveness for international multicenter trials is not particularly high relative to China, Japan, and Korea.

Yes, exactly.

However, I don’t mean to say that we are not at all attractive partners for international companies. Indeed, TVGH’s partnership with GSK demonstrates that we are. Taiwan is capable of producing a very high-level of clinical data. For Phase II studies, for example, our research qualityexceeds that of China—for now. International partners can rely on us.

Are you looking for the next collaboration in the guise of your GSK MoU?

Of course! But again, I think the more interesting point here is the important role we play in the indigenous ecosystemfor new drug research (NDR).

What are your thoughts on how Taiwan’s Economic Cooperation Framework Agreement (ECFA) with China will change the game for cross-strait healthcare cooperation and a Greater China research paradigm?

I am not particularly bullish on ECFA . The healthcare industry—and here I am talking about healthcare provision, rather than the pharmaceutical industry, — is by nature very domestic. Due to the nuances of culture and social security in every country, every country tends to build itsown system witha high entry barrier. There were healthcare services companies thattried to replicate Taiwanese clinics in China, for instance. Most of them failed.

ECFA may have some impactadvantageous for clinical trials. China may accept clinical trial results obtained in Taiwan, providing a clear path for the marketing of the drug on the mainland. However, this would require a lot of ‘advantage sharing’, and in my personal opinion, it would be very difficult topersuade China on this point.

You’re not sure that mutual recognition of clinical trials is actually on the horizon? From our interviews, we have found that many other industry experts in Taiwan seem convinced that it is.

I am not quite sure about it. From my experiences with China’s usual approach, they are unlikely to accept this way of doing things. The Chinese may offer Taiwan something—but they will be reluctant to truly share advantages. I believe this protectionism is truefor most countries. It is a political point. But my opinion, of course, is not the only one out there. The truth is that we do not know yet how things will play out.

Having administrated this hospital for four years, what continues to motivate you today?

I was for some time the superintendent of National Taiwan University Hospital (NTUH). I was Taiwan’s Minister of Health for a brief period of time, then returned to NTU as a professor. The Minister of Veterans Affairs Commission, then offered me the chance to come to TVGH.

I knew the challenge would be great, because this hospital has a very different culture. However, I would take the challenge. I always believe ‘life is to experience and learn as much as possible’. So in my life, I spent two years in Saudi Arabia, spent time in Paris, and many other countries around the world. I always choose the route less traveled-by.

What legacy do you want to leave behind before you retire?

I tried to bring some different cultures to TVGH. I input management knowledge into our system, for the benefit of our hospital. That is important, because people in our hospital —especially our doctors and other medical personnels—have to understand bigger picture beyond pure medical campus. They cannot ignore the economic and management knowledge during their daily work. Otherwise they cannot manage the problems we have in our NHI framework.

Through cultural change, close-cooperation with university and biomedical industry and cultivating young generation, we can gradually approach to our aim as an international well-known hospital, step by step.

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