

KHIDI - Jung Kee-Taig, President - South Korea



11.12.2014

Jung Kee-Taig, president of the Korea Health Industry Development Institute (KHIDI), outlines his "Health Economy 2030" for Korea, and highlights the institute's domestic and international collaborations.

KHIDI aims to help Korea become a health technology powerhouse by 2020. What are some of the ways in which this will be achieved?

I changed KHIDI's vision slightly when I started earlier this year, which involves supporting Korea's healthcare industry by creating value from the perspective of a "Health Economy" by 2030. Health Economy 2030 is my vision, encompassing everything from health services and medical devices to health promotion activities, while linking incentives to them. KHIDI's objective is essentially focused on developing and supporting the healthcare industry. Furthermore, medical costs in Korea are most rapidly increasing within the OECD; by discovering ways to reduce the growth of medical costs, we will create value from new angles. Korea's traditional insurance copayment system has hardly any sustainable long-term effects. KHIDI has brainstormed ways to motivate Korean patients as well as the Korean population to voluntarily change their health behaviors. This may sound like a health promotion activity but we have approached it from the health industry perspective. In other words, by utilizing resources and providing more information from the National Health Insurance's (NHI) big data, KHIDI's role is to create, organize and coordinate a platform for the data. KHIDI will create some think tank-style policy suggestions and facilitate its R&D budget allocation, which is about \$350 million per year. We will also support small and medium sized companies in the

industry to be more competitive and sustainable. Finally, supporting global healthcare activities like attracting foreign patients and exporting our hospital business is another priority.

How does KHIDI help small to medium sized companies become more competitive domestically and internationally?

We cannot replace their business activities. For example, it is very difficult for small to medium-sized medical device companies to sell their own products to large hospitals because almost all physicians in Korea are very accustomed to leading American or European medical devices. Even if a small Korean company develops very innovative products and they are not used to it, only a slight issue will make it difficult for small companies to commercialize their innovative products. KHIDI moderates this process through a medical technology experiment lab in which we receive input from experts and professionals and pass on these feedbacks to the small companies, who then modify their products before giving them back to the hospitals.

What is your assessment of the attractiveness of local Korean pharmaceutical companies as potential partners for out-licensing products around the globe?

Traditionally, Korean companies are not very interested in innovation because of drug reimbursement policies. They are used to concentrating on generic drugs. Until a few years ago, these companies were able to make easy business by offering rebates to physicians. But the previous administration changed Korea's drug reimbursement policy completely. American companies complained about this because the fee level for the drug price drastically decreased. They are arguing that it ruined the international prices for innovative Korean drug companies. Because of the drop in prices for generics, Korean pharmaceutical companies have not had much incentive to innovate. After this reimbursement policy changed, a law was created against rebates, with very serious penalties. The Korean drug companies now have to create innovation by investing more in R&D and creating a network with international companies. After this change, Korean companies' attractiveness will be heightened; most of them are owned by the founders, so they can make decisions very quickly and sustainably. That can be an advantage. Already, many of them set up a plan to go abroad and collaborate with global leaders. With the help of KHIDI some companies have succeeded in exporting their products and establishing pharmaceutical production clusters in the Middle East and Latin America. KHIDI is supporting a wide range of activities of pharmaceutical companies.

Earlier this year, KHIDI created Biopolis with A*STAR in Singapore. What are you hoping to achieve from this?

A*STAR created this ecosystem and cluster, as they were slightly ahead of us in terms of commercializing their R&D activities. Korea recruits and retains the most intelligent people in medical profession for the last 20 years and have brought out creative and innovative ideas in research activities. However, we have not been very successful in commercializing the ideas, so we cooperate with a leading agency (A*STAR) that holds Global reputation on commercializing their R&D activities. KHIDI has therefore focused on how to commercialize (Phase III-IV clinical trials) and linking that commercialization to the world. Collaborating with A*STAR has been very fruitful; they share the Asian spirit and Western philosophy. We have already established an MoU with A*STAR and proposed a Medtech Development Center. KHIDI has supported the joint R&D work between a Singaporean and Korean company, mostly venture-funded, and helped bring them to commercialization. From the Singaporean perspective, the advantage is that most Western companies only did research for profit, without establishing physical factories or operation in Singapore. We want to have a more physical presence.

How do you rate the entrepreneurial spirit of Korean companies?

This is a fragile point in Korea; I often discuss with my staff how to motivate and create entrepreneurship in the biomedical area. To create an ecosystem in this area, we need to disseminate entrepreneurship in the biomedical area. Creating an educational institution can be one approach, but we want to do it more efficiently by collaborating with bigger tech groups. Since we have a technological commercialization center here, we want to utilize our biomedical center and collaborate with local universities like KIST. The Chair Professor at KIST received a large grant from the government and has created an innovation center in collaboration with KHIDI. We will continue to establish similar relationships with universities across Korea.

What are some of the concrete changes that you would like to make by 2020, on behalf of KHIDI?

By that time, we will have almost completed our efforts on global collaboration. Inbound, we have developed the medical tourism industry very quickly, currently we are focused on exporting our hospital, our pharmaceutical and IT health system, and national health insurance system, as our outbound efforts there have already been some success stories and we hope to get the final contract with those countries next year. KHIDI will have expanded its presence by 2020 and by that time we will have figured out and developed this idea of a new growth engine for Korea. It has already been eight years since global healthcare was selected as one of 17 growth engines of our nation, and we have been somewhat successful in inbound business like attracting foreign patients and physicians for training. By 2020, we will expand this to its near maximum level. This way,

individuals will benefit from Korean medical education and become diplomats to expand and disseminate the strengths of the Korean healthcare system in their respective countries. For some developing countries, KHIDI supports this training for free. In terms of outbound business, SNU Hospital received notable deals in Korean hospitals such as St Mary's Hospital and in the United Arab Emirates. We hope to create those success cases more frequently and this business can be a mature and major industry for Korea's growth by 2020. Personally, I will make every effort to make this happen during my three-year term, and then I will go back to university and teach, as well as travel abroad to give advice.

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