

CHA Health Systems & Han Joong Kim, Chairman, CHA Strategy Committee & South Korea



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Korea possesses enormous potential to become an exporter of futuristic health systems in the near future, and has already started the process. Kim Han-Joong, chairman of the strategy committee at CHA Health Systems, outlines Korea's strengths in healthcare and its forward-looking vision for the future.

You became chairman of the CHA Strategy Committee in 2012. What were the initial objectives you set for yourself?

After a long career in teaching and research at Yonsei University, I wanted to open myself up to the business world. The founder and chairman of CHA Health Systems, Dr. Cha, is my long-term acquaintance for whom I have acted as a personal adviser over the last couple of decades. This man is very enthusiastic to develop the bio industry in Korea. His vision is to create an equivalent company of Samsung Electronics in the bio area. I therefore joined this institute to support his vision. I am a medical doctor with specialization in public health and preventive medicine, especially as it relates to health policy and administration. I have advised the government on numerous health policies, and I have been a member of committees in both the Ministry of Health and Social Affairs and the Ministry of Education. I also served as President of Yonsei University from 2008 to 2012. My experience in higher education institutes in Korea might have been of great help to our government, and essentially I joined CHA as the Chairman of their strategy committee. I am also an outside board member of Samsung Electronics.

What did you feel you could bring to this organization from your experience?

Nonprofit institutions are like universities and government and are therefore different from the business world. However, the common theme between the two organizations is to achieve goals &

the process of creating strategies and accomplishing your vision using processes based on evidence and fact analysis. I think I can contribute this experience of mine and apply it to the business world. I am familiar with government policy, and I am also a physician so I can bridge my know-how about clinicians versus academics versus government. Essentially, I can combine all of my experiences in this role.

What are the strengths of Korea's medical sector today?

Firstly, as a nation we are proud to have universal coverage in our national health insurance system. Secondly, Korea exhibits excellence in patient care; we have well-trained health professionals and cutting-edge facilities and equipment in our hospitals. Compared to the population, there are actually many MRIs and robot surgeries among other equipment in Korean hospitals, because the competition among hospitals here is very high. In some ways, we cannot compete with price as well because prices are fixed by the government. In terms of equipment competition, Korea's strength is in the area of information technology-biotechnology (IT-BT) convergence technologies. While there may be an interest in the pharmaceutical industry in Korea, I am not sure that is our strength in terms of looking at the future of Korea's economy. But the country certainly does have strengths in developing some IT-BT products.

However, Korea also has some weaknesses. The R&D capabilities of the country are relatively low compared to developed countries, especially in basic science. Secondly, the pharmaceutical industry's competitiveness is relatively low compared to developed countries. I would also mention that the management capacity of health services (management service organization, or MSO) have less experience because the way healthcare is organized here is different from other countries, namely the US. American hospitals have an open system, which means that medical doctors do not belong to a hospital but rather practice in their office, while still needing to hospitalize or use highly sophisticated equipment. They then refer their patients to the hospital. But in Korea, all medical staff belongs to hospitals. Hospital administration experience is totally different here compared to the US, but the global market in hospitals, I think the management service is one of the key elements. In the US, many hospital managers and administrators are educated and have lots of experience. In Korea, it is not systematically developed for hospital administrators. Nowadays, some hospitals have planned to dispatch their system to other countries. But the key problem is management capability.

What are some examples in which Korea has successfully launched globally marketable BT-IT convergence?

Samsung Electronics developed a mobile device for emergency care, which was exported to both the US and UK. These sorts of home care devices represent the dream for Korean electronics companies; they want to recreate a hospital setting in a patient's living room. Samsung has invested greatly in the pharmaceutical industry by inventing a new company that is producing biosimilars and also wants to develop new drugs. However, my personal view is that we will have to seriously reconsider whether or not this is the right way to approach Korean bio industry. In medical devices and equipment, Korea is poised to achieve many goals. The government wants to focus on developing new drugs, but I still do not think this is where our strength lies.

What are some of the most exciting stem cell research projects that CHA Health Systems is currently undertaking?

Korea is generally very active in stem cell research and cell therapy. There are four commercialized stem cells in Korea that have been approved by the Ministry of Food and Drug Safety. Of the six or seven stem cells that have been approved worldwide, four of them are Korean. CHA Health Systems

has strength in stem cell R&D due to its previous reputation in infertility treatments. Embryonic stem cell research is closely related to technology applied to infertility treatment technology. As of today, the organization is undergoing ten Phase I/IIa clinical trials, one of which is for congenital macular degeneration. CHA Health Systems is now collaborating with the US-based Advanced Cell Technology (ACT) Co., on this treatment and it was successfully applied to patients at five US-based universities including Harvard Medical School, UCLA, Thomas Jefferson University and with the same data we are applying the treatment on Korean patients for the same disease in joint collaboration with the ophthalmologist in charge at those five universities.

We are also doing some drug combination therapy with cord blood, which demonstrated macular improvement in clinical trials. We detailed these reports to *Stem Cell Magazine*, and now we are starting some other stem cell therapies for Parkinson's disease, among others. We use different sources of stem cells for different diseases, and have treated more than ten patients. We are still waiting for the big results but it looks optimistic. For clinical trials in Alzheimer's, we have already gone through many animal studies and moved onto human ones in particular diseases. Dr. Cha was a visionary physician in infertility, and now stem cell research is really taking off as a result of his pioneering work. We feel the competition, and hope for a real breakthrough soon! CHA offers proximity of PhDs and MDs who can talk together and share ideas for research, which will help us achieve this breakthrough.

The network that the organization has built up is incredible, across Korea and in the US. What is the potential for CHA to become an exporter of healthcare systems worldwide?

We are already operating one 450-bed hospital in Los Angeles. CHA has had the experience to operate this hospital for ten years. Now we are trying to acquire more hospitals in the US and we made an agreement with a Chinese business group to build an infertility treatment hospital in Beijing. We have also collaborated in terms of an R&D agreement with an American hospital.

We have also been responsible for the development of CHAUM, located in the Gangnam area. CHA Health Systems opened CHAUM in 2010 to develop a large medical practice center that amounts to total healthcare. CHAUM provides highly personalized and comprehensive and continuous care from throughout all stages. It provides integrative services, conventional medical care, alternative medicine, exercise and even a spa for better health and beauty. Many foreign health specialists visit this institution. Two years ago, the president of Oxford Medical University visited CHAUM, who said that he had never visited such an organization throughout his life. It is a new model of preventive medicines and of future medical care. We want to export this kind of model to other countries. CHAUM is actually THE model for futuristic healthcare; the integration of everything into one place for lifetime healthcare is visionary. Dr. Cha has made preventive healthcare into an art. This model of preventive healthcare integrated into regular health maintenance is attractive worldwide, especially as it combines oriental medicine, alternative medicine and Western medicine together.

What is your vision for Korea as a globally competitive healthcare player?

Korea has developed healthcare systems based on the welfare model, but now we must turn from the welfare to industry model. Secondly, until now many things have been controlled by government but the system must become more market-oriented. Thirdly, our interest has been limited to the domestic market; we must go from a domestic model to a global market. Inbound globalization is more important than outbound globalization. Lastly, we need to move from clinical practice to R&D development.

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