

## Excerpts from Speech by Minister Mentor Mr Lee Kuan Yew at the SGH 185<sup>th</sup> Anniversary Dinner on 16 April 2006 at Ritz-Carlton Millenia



Photo Credit: Singapore General Hospital

**H**ealthcare cost is a major problem for Singapore as it is for every country, especially the more developed ones. Our ageing population, the new medical technologies and procedures, and higher healthcare demands will make us spend more on health. We have to ensure that individual savings, insurance and government subsidies (always with co-payment), will meet our long-term healthcare needs.

In the past, we tried to keep down healthcare costs like the Japanese in not adopting exotic and expensive treatments. So we did not have liver transplants. But by discouraging liver transplants in Singapore, we unwittingly pushed transplant capabilities into Malaysia.

### **WE MUST COMPETE**

We have concluded that we must keep abreast of medical progress and healthcare advances. In a globalised world of affordable travel, people can access medical services everywhere. Suppliers of healthcare products and services, including doctors, operate across national boundaries, in multiple markets. Patients shop for services around the world. Medicine as traditionally practised is now disaggregated along the value chain. Medical care is no longer self-contained

within each country. It has grown into an international web where each component is performed in the most cost-effective location wherever that may be.

Leading hospitals in the United States outsource parts of their service to foreign providers in India through telemedicine, including teleradiology, and they make significant savings without compromising standards.

In Singapore, teleradiology is being piloted at three polyclinics in Ang Mo Kio, Hougang and Choa Chu Kang. 98% of X-rays, which are now read in India, are turned around within one hour. This is a tremendous improvement over past practice where patients had to wait two to three days and comes at much lower costs. Their quality of X-ray reading is excellent.

We cannot avoid global competition. This impacts our approach to healthcare. With budget air travel and new medical centres emerging in the region, Singaporeans can go to other medical centres for drugs and procedures such as lasik and aesthetics in Kuala Lumpur, Bangkok and several Chinese cities. They cost less than us and are catching up on quality. If we do not use teleradiology, for example, to average down our cost, we will lose out to these other

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centres. On the contrary, our radiologists must bid for contracts from American hospitals and compete against other global players.

If our public healthcare does not progress in tandem with the world, our best doctors will leave the public sector for the private sector, where they compete for patients in this huge international market. And the attrition rate of public sector doctors leaving for the private sector has increased in

a good part of our medical talent in our public sector and so keep an adequate share of our senior and experienced consultants. The public sector provides over 80% of hospital care to Singaporeans. The public sector also trains our doctors. Hence we must retain in the public sector outstanding senior doctors who can be mentors and teachers to our next generation of doctors.

Competition will ensure that our healthcare standards are kept high to benefit all Singaporeans. The public sector must provide good, high-quality care at affordable prices. Public sector institutions, like SGH, must have high standards of medical services. We must develop new strategies to achieve this, within the constraints of a tight budget. Our public hospitals already serve some private patients. This segment can be expanded by attracting high-end fee-paying patients from the world. The larger patient load will give us the scale to achieve stronger professional capabilities in sub-specialties. Our subsidised patients will benefit. But I say again, not every experimental or esoteric treatment can be provided with government subsidies.

We must manage these problems innovatively and get our public and private healthcare players together to compete against other regional medical centres. Medical centres are being set up in Bangkok, Kuala Lumpur and Malacca, several of them run by our own hospitals and doctors. Bumrungrad Hospital in Bangkok alone sees more foreign patients than all the Singapore hospitals combined. Singapore can make it as an international medical centre. Our goal is to attract high-end fee-paying patients.

There is great demand for high quality medical care from the Middle East. Large numbers of their patients travel abroad in search of medical care, and post 9/11, many have come to the East. The increasing number of such patients in our hospitals is a distinct trend. However, some Gulf States are attracting foreign hospitals like the Mayo Clinic and Harvard Medical to set up in their countries.

The next big wave will come from China and India as the numbers of their middle class grow and will demand high quality healthcare. We are already seeing more Chinese and Vietnamese patients.

### **WE CAN DO WELL**

We must position ourselves for this development. We will increase doctors through local training and foreign recruitment. Last month, the Health



Photo Credit: Singapore General Hospital



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the past few years. Heads of departments in our public hospitals are routinely wooed by overseas universities and academic hospitals.

### **INVESTING IN THE PUBLIC SECTOR**

In many countries, private hospitals have stronger medical capabilities than their public sector. If new medical advances are found only in our private sector, there will be an exodus of talent to the private sector and public healthcare standards will degrade. Singapore has been unique in maintaining a public sector with standards of medical care often superior to the private sector. We must retain

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Ministry announced an increase in the number of foreign medical schools, from 71 to 100, whose degrees will be recognised in Singapore. All the top medical schools of the world should be on our approved list.

If we are to succeed, we must attract international talent to join us. We will not have enough locally-trained doctors to cater to local patients and also a larger number of international patients. In the past few years, we have a compound annual growth rate of 20% in foreign patients. So we must expand our healthcare manpower. Or we will cause a severe strain in our system because Singapore's

manpower will be drawn away from serving local to foreign patients.

Either we compete for talent from abroad, or we lose our talent to the private sector in Singapore and the region. If we lose our medical talent, we will become a backwater.

Investing in healthcare services sector is vital to preserve Singapore's healthcare capabilities at affordable rates to Singaporeans. There is an exciting and glorious future for SGH. Your high repute for excellence will attract talent and patients from abroad. That will enable SGH to increase its human and financial resources to care for subsidised Singaporean patients. ■