

# SINGAPORE – INTERNATIONAL MEDICAL CENTRE: A MISSED OPPORTUNITY, OR NOT TOO LATE?

By Dr Toh Han Chong, Editor

*The Singapore healthcare sector has been in flux and yet also in transformation. While well regarded internationally to be robust and reputable, it will continue to face imminent challenges. The speaker for this year's SMA Lecture, Mr Ngiam Tong Dow, taps on his deep and wide experience in various ministries to offer insights and wisdom on many issues: Singapore as an international medical centre, the possibility of supplier-induced demand in healthcare, as well as his political vision and opinion on Hainanese chicken rice.*

*For the full transcript of the SMA News interview with Mr Ngiam, please go to <http://goo.gl/AGQHCO>.*

## **SMA Lecture 2013**

**Dr Toh Han Chong – THC:** The upcoming SMA Lecture is titled Developing Singapore as an International Medical Centre. Why did you choose this topic?

**Mr Ngiam Tong Dow – NTD:** In Economics, there are two types of economies – production-based and knowledge-based. The former depends on land, labour and capital, but it is the latter that Singapore really needed. This was clear to me as Chairman of Economic Development Board (EDB) in the 1980s. We could not offer cheap labour and cheap land for long. We needed to have a significant niche.

At that time, we identified two key areas. The first was banking and finance, and the second, Medicine. The first niche was identified by Mr Van Oonen from the Bank of America. He felt that Singapore could become one of the centres of foreign exchange trade, which operates round the clock – so it could start from Tokyo, come to Singapore, and then reach London. Medicine was singled out by me as the other possible area that Singapore could compete in. You see, among my schoolmates, only the best go to medical school. How then can we use these brilliant minds to be part of the knowledge economy to build up Singapore as an international medical centre? I thought we had a chance to succeed with Medicine. I shared

this insight with then Prime Minister Lee Kuan Yew, but he didn't want to interfere directly. I think he passed the word to the Ministry of Health (MOH) though.

MOH thought their job was only to train enough doctors to meet the needs of the Singapore economy. But from EDB's point of view, they need to think outside the box. This is because our original economy was expanding since the middle class in the region was sourcing for better medical services than what they could get at home.

The initial ratio was to have one doctor for every 600 Singaporeans, which then became 450, but they were only looking at the domestic market, which had limited growth. I suggested aiming for growth within the Southeast Asian region, and true enough, the region prospered and many patients from the region started coming to Singapore, instead of London or New York! After the Middle East problems, the Arabs also came here. We are an ideal knowledge and healthcare delivery centre for Medicine; that is why I was so firm in my belief then.

My next question was how do we become an international medical centre? We must first increase medical school enrolment. Fortunately, the Government agreed to my suggestion, and we expanded from one medical school to three. In time to come, I expect this expansion to produce around 1,000 doctors with intellectual

proWess, which will give us the thrust to become an international medical centre.

**THC:** If Singapore becomes an international medical centre, it might create more pressure points, especially in the public sector. What are your thoughts?

**NTD:** In my view, the public sector should compete. If Singapore is to become a medical centre, we have to develop our public hospitals, as they are at the forefront of local Medicine. If you have a very serious complex illness, you would probably not go to a private practitioner, but engage an established and experienced medical team who see a high volume of such a disease, who can get to the problem immediately. The method you use to pay for it depends on MediShield and copayments. We should develop our public hospitals, instead of running them down, so that doctors will want to stay on and not leave once they get higher qualifications.

**THC:** The issue is whether our hospitals can cope with the rising number of foreign patients coming into Singapore.

**NTD:** If I may say so, that would be a pleasant problem for us. When you've got the demand, it's up to you to organise to meet the demand. You only need to start worrying when

you have no demand, when you *pa bang* (Hokkien for “swatting flies”, meaning “lack of business”). The other interesting thing is that when local patients see people from all over the world coming to our hospitals, they will realise that they’re also getting good healthcare services. But now, many Singaporeans don’t realise that.

### **Folly of supplier-induced demand?**

**THC:** Some health economists have been known to say that supply induces demand. The more doctors you produce, the more demand you create, the more healthcare costs would go up, which will result in severe health expenditure repercussions. What is your take on this?

**NTD:** Yes, a very influential local health economist in Singapore once said that. He was referring to the backwards sloping supply curve, and thus felt that we needed to restrict the number of doctors. I once sat on a committee chaired by Lee Hsien Loong and S Dhanabalan, and he was the health economist there too. I completely disagree with him because he has missed the wood for the trees. The demand for doctors does not come only from our own population, but also from the regional economies. As the middle class becomes richer, they want better medical services, and this is true today! If you look at all the paying patients, the demand is coming from the Indonesian and Vietnamese. In fact, we are very worried about the increase in the costs of Medicine.

My point is there will be greater economies of scale if you serve not just your own people, but also that of the region. With economies of scale, you can restrain the growth of health expenditure. Today, it is 4% of the gross domestic product (GDP). Therefore, I think greater economies of scale can restrain costs but not growth, so we have to be realistic. This is the reality today. Great credit should be given to our private sector; it consists of



businessmen who bring in all the patients who indirectly help us restrain, not add to, the rising costs of Medicine.

**THC:** In national health systems across Europe, they will tend not to overinvestigate, overtreat or “overprocedurise” because of the national guidelines and regulatory frameworks that are in place. But in the US, third party payers (private insurance companies) dominate the health payment landscape, so there is a higher chance they might overinvestigate or overmanage patients. What about Singapore?

**NTD:** That is why I think the Singapore healthcare system is in fact one of the best in the world. We have copayment, whereas the British and Americans do not, and the private insurance companies are the ones who rip everybody off! We should not only look at what others do. Our health financing system is a very balanced one, with copayment and a bigger market with greater economies of scale. Although it will not reduce the amount of GDP used for healthcare, we can restrain rising cost. However, we should not restrain the salaries of doctors and nurses, as they have chosen to be in the healthcare sector, even though they have many career choices.

The health economist I mentioned earlier came up with a theory that autonomous public hospitals should only be allowed to keep a part of the increase in revenue. I then told Hon Sui Sen that the excess money should be returned to the Ministry of Finance (MOF) if the health economist decided that the revenue had exceeded a stipulated amount! Mr Hon asked me, “Whatever for?” As such, the hands of the autonomous hospitals were tied for a long time. The idea is for the additional revenue to be used to pay the doctors, upgrade equipment, and so on. It is a mistaken socialist policy that the revenue received by autonomous hospitals must be capped so that the doctors do not overprescribe. This

whole idea came from that health economist!

This policy stems from a premise of distrust of the medical profession, which should not be the starting point of a policy. Why would busy hospital doctors prescribe unnecessary procedures just to collect fees? Most doctors don't even have time for a cup of coffee! If you look at the breakdown of a medical bill, the doctors' fees constitute, at most, 10% to 20%. The rest goes to paying for facilities and salaries of other staff such as the administrators! I don't want to be too harsh on that health economist, but our medical sector would have advanced further if this theory of supply creating demand had not been proposed, at least not for the public hospitals.

### **Uniquely Singaporean issues**

**THC:** We've invested so much into biomedical research. There is a strong feeling that in order to bring it to relevant applications and real patient care, there must be more connections between R&D hubs like the Biopolis and the clinical institutions. What are your thoughts about the substantial investment that has gone into biomedical research?

**NTD:** I'm afraid that so far, we've gone for trophy scientists as a key strategy. In the 70s, when we were building Changi Airport Terminal 1, Mr Ng Pock Too brought the Chinese to the terminal. Of course, as typical Singaporeans, we boasted about being the best in the world. The Chinese leader said, “Mr Ng, who built this terminal?” Alas, we had to say Takenaka Corporation of Japan. He rested his case.

We shouldn't buy trophies. The best thing is to train our own people and give them the experience. I wrote an article some time ago on how we were spending over \$6 billion trying to raise productivity. I found out that we have 30,000 trained workers each year, if we took into account the graduates from all our universities, polytechnics and Institutes of Technical Education!



Yet, our employers refuse to take them on because they say that while the graduates may have the theories, they may not be able to do the job! As such, I proposed that MOF, using the money set aside, pay for the salaries of new graduates that employers hire and train for the first year. If these employers hire them permanently, the training will be free; if not, half of their total salaries must be returned! I think that's the best way, as we can reduce a lot of manpower wastage. I have not received a response yet!

**THC:** After the General Elections in 2011, many Singaporeans were angry about the issue of increased foreign talents on local shores. As a result, we have fewer foreign talents in this country now. Since then, our small and medium enterprises have suffered, and our local manpower is insufficient to cope in various industries, including healthcare. What are your views?

**NTD:** My own hospital stay has really opened my eyes. Other than the



– Goh Keng Swee, S Rajaratnam, Toh Chin Chye, Hon Sui Sen and Lim Kim San. Goh Keng Swee is a real thinker and very innovative. Hon Sui Sen is the perfect Permanent Secretary; he once told me, “When I look at you, I never think of your weak points. I always think of your strong points, and I use your strong points to do my work for me rather than spend day and night on your weak points.” Of course, we need to be aware of the weak points of a person but we should always identify the strong points and develop them.

Lee Kuan Yew is the political messiah, Goh Keng Swee is the architect, Hon Sui Sen is the builder, and Lim Kim San provides business insights. In a way, Singapore and Lee Kuan Yew were lucky to have such a team then. Sorry to say, but I don’t see such a team today.

**THC:** You have been very outspoken after your retirement. Is the perception that you are more outspoken now in retirement than before while in the civil service accurate?

**NTD:** I have always been outspoken. When I was Permanent Secretary to then Prime Minister Lee Kuan Yew, he invited me for lunch twice a year, only the two of us. He was always a perfect gentleman. He once said, “Ngiam, we’re not having lunch today as Prime Minister and Permanent Secretary. We’re both intellectual equals. You can tell me what you think, and I’ll tell you what I think.” Those were very robust conversations.

One of these conversations involved the Certificate of Entitlement (COE) scheme. I had a big fight with him over this because the implementation of the COE scheme meant that we were taxing every man, woman and child in Singapore, from the day of his birth till the day of his death. As COE taxes transportation, nobody can avoid it. You can avoid eating good durians, but you cannot avoid using transportation. He saw that I was right, but he was a charmer.

radiologist who was a Singaporean, all the hospital technicians were Chinese, Filipinos or Indians. If we send all of them back, the hospitals may have to close down. I think a lot of these pseudo-economists and pseudo-politicians say Singaporeans should be employed first, but are Singaporeans fit or willing to do some of these jobs?

For example, the delivery of medical care falls squarely on the shoulders of our nurses, so I was very upset to read that our Population White Paper classified nursing as a “low-skilled” job. Whoever passed that document should have his pay revoked. *(laughs)* Nursing is for the toughest minded, as nurses take care of patients for long hours in the frontlines. Sometimes, the patients get impatient and scream at them. It’s a job I wouldn’t want to do myself, but I respect nurses for it.

**THC:** What about the silver tsunami? Many local elderly patients, who are in their 80s or 90s, are alone at home because their children are working full-time. How do we address the health

care and social needs of the silver tsunami in Singapore?

**NTD:** I am part of the silver tsunami. *(laughs)* Actually, it is a very tough problem to solve for the nuclear family and the state. It is a dilemma that we are facing. Do we spend taxpayers’ money to prolong the elderly’s lives, or leave it to the hands of God? It is a really tough decision, and I have no answer for that yet. However, the silver tsunami is inevitable because of better medical care. In the animal kingdom, the old and infirm just die. In fact, the pack will just leave them. But we’re different because we’re human beings.

### **Politically speaking**

**THC:** Lee Kuan Yew, Goh Keng Swee, Hon Sui Sen, Lim Kim San, etc, are all different in strengths and personality, what were the key qualities they possessed that helped to build this country in those early years?

**NTD:** Lee Kuan Yew has the ability to attract the best people in the country



*Mr Ngiam (third from right) at the Istana for the conferment of the National University of Singapore Honorary Degree of Doctor of Letters on Dr Lee Seng Tee in 2009*

*L to R: Mr Wong Ngit Liang, Dr Andrew Chew, Minister for Defence Dr Ng Eng Hen, Dr Lee Seng Tee, then President Mr S R Nathan, Mrs S R Nathan, Mrs Lee Seng Tee, Dr Cheong Siew Keong and Prof Tan Chorh Chuan*

Looking at me, he asked, "Ngiam, are you the Permanent Secretary of the Budget and Revenue Divisions at MOF?" I said yes, to which he replied, "What's wrong with collecting more money?"

**THC:** You have said that you were worried that some of the politicians today do not have the same qualities as the pioneer generation. What are you hoping to see in the newer and younger politicians today?

**NTD:** In the early days, Lim Kim San and Goh Keng Swee worked night and day, and they were truly dedicated. I don't know whether Lee Kuan Yew will agree but it started going downhill when we started to raise ministers' salaries, not even pegging them to the national salary but aligning them with the top ten.

When you raise ministers' salaries to the point that they're earning millions of dollars, every minister – no matter how much he wants to turn up and tell Hsien Loong off or whatever – will hesitate when he thinks of his million-dollar salary. Even if he wants to do it, his wife will stop him. Lim Kim San used to tell me, "Ngiam, if you

want to leave your job, make sure you have enough walkaway money." When the salary is so high, which minister dares to leave, unless they decide to become the opposition party? As a result, the entire political arena has become a civil service, and I don't see anyone speaking up anymore.

**THC:** You said that there were many exchanges of ideas and even criticisms in the pioneer years of the civil service. Do you see this happening much today?

**NTD:** The civil service has definitely become tamer, which is not good because we need a contest of ideas. The difference is that no one wants to make a sacrifice. The first generation of the People's Action Party (PAP) was purely grassroots, but the problem today is that PAP is a bit too elitist.

### **A glimpse into personal life**

**THC:** Could you share with us what inspires and drives you?

**NTD:** I am the perfect example of mediocrity because I did not score any As in my Senior Cambridge O-Level examinations in 1953. Although I

only scored "credits" in the O-Level examinations, I was awarded a Grade I certificate, which enabled me to pass the entrance examination for admission into the University of Malaya, where I read Economics and Philosophy. I was subsequently awarded a First Class Honours degree in Economics when I graduated in 1959. Although I had a good career, I only had 40 years of it and no distinctions. In terms of intelligence, I'm mediocre but I'm very lucky to have very good mentors who are my inspiration.

My mother was a very remarkable woman. She was widowed at a very young age, leaving her with five children. She would take on any job she could find to support us. I'll always remember her admonition to me, "Even if you have to starve, you should starve in Singapore rather than back home in Hainan." My three brothers and I benefited from meritocracy in Singapore and eventually went to university on scholarships. As a Christian looking back, I believe the good Lord has been holding my hands through the ups and downs in my life.

**THC:** Are you a fan of Hainanese chicken rice?

**NTD:** I'm very proud of our chicken rice, but if you go to Hainan, you won't find any chicken rice there. It was started in Singapore by Swee Kee, a hawker who carried the rice around to sell. One day, a journalist wrote a story about his fragrant rice and how it melted in the mouth; it was an exaggeration, but that was how the business grew. Swee Kee's story is quite a good one. His chicken rice is excellent because he mixes the chilli himself, and he will never pass the secret on to anyone else. Also, he personally buys the chickens every morning, after feeling the birds and ensuring quality control. But, I think the secret lies in the chilli, which I'm sorry to say, his sons never inherited. It's a pity because their chicken rice has never been the same since. **SMA**