

The Present and Future of Jeju Healthcare Town



Chair	LIM Choon-Bong Director General, Management & Planning Headquarter, Jeju Free International City Development Center
Moderator	KIM Ki-Young General Director, Medical Industry Department, Jeju Free International City Development Center
Keynote Speaker	LEE Key-Hyo Professor, Graduate School of Public Health, Inje University
Presenter	OH Jong-Hee Executive Director, Global Healthcare Bureau, Korea Health Industry Development Institute KIM Hwa-kyung Professor, Jeju International University SONG In-soo President, Healice SHINE Eun-Kyu Professor, Health Administration, Dongseo University
Rapporteur	YOO Dong-So Assistant Manager, Jeju Free International City Development Center

— **LEE Key-Hyo** Jeju Healthcare Town is one of the Jeju Free International City Development Center(-JDC)'s four projects in the Jeju Free International City. It is a challenging project, but so far it has made progress. Following regulatory approval, the project was designated as a tourism complex in 2009, and entered a Memorandum of Understanding with the Greenland Group, with the opening of Greenland International Hospital slated for end of 2017. Currently, the basic plan shows certain directionality, but lacks clarity as to how to implement the project. Fortunately, there are possibilities for the setting of new directions. Despite concerns over the opening of Greenland International Hospital, Korea's only foreign invested medical institute, its impact on the Korean healthcare system is likely to be marginal, as Greenland International Hospital does not have the function and status that could affect the Korean healthcare system.

Due to various challenges, Jeju Healthcare Town has yet to develop concrete concepts and plans. Like Jeju Special Self-Governing Province, other free

economic zones in Korea allow foreign investors to establish for profit hospitals, but Jeju was the only region to have attracted foreign investments.

Cluster strategies state that a healthcare town is made up of medical services, wellness, food and sports, and their direct impact needs to be revisited, as it remains unclear whether cluster strategies are targeted at medical tourism or healthcare clusters. Related facilities that have been developed thus far fall short of forming a cluster and lack an interconnected structure to create a single value chain. Clusters do not come into existence naturally, and Jeju Healthcare Town is a project which requires meticulous planning and long-term vision. It is time to devise ways to maximize the value of Jeju Healthcare Town, departing from the existing path of development. In this regard, Jeju Healthcare Town has to formulate detailed plans to enhance its competitiveness in the medical tourism segment.

It is important to attract investments from Korean private developers, departing from a heavy reliance on foreign investors. Given the role of Jeju Health-

care Town in offering high quality healthcare service to Jeju residents and the policy direction of the current administration, a structure should be established to raise funds from the central government to invest in healthcare services and beef up the public healthcare system. This does not just concern JDC, but also all of Jeju. As such, it calls for leadership with a long term vision, engaging all stakeholders on Jeju from the governor to local residents. Vision plays a key role in building a consensus on the future of Jeju Healthcare Town. As specialized medical tourism parks are built across the nation, Jeju should reestablish its vision to stand out from the pack.

— **OH Jong-Hee** Before making policy proposals for Jeju Healthcare Town, I believe the health conditions of Jeju residents need a closer look. According to a survey by the Korea Centers for Disease Control and Prevention, Jeju has seen an increase in rates of drinking and smoking, higher obesity rates than the national average and a gradual fall in the share of respondents self-reporting moderate health. As health trends have changed toward preventive care from treatment, a new approach is needed. I believe JDC's vision is well established, in that it includes happiness, one of three value propositions made by Yuval Noah Harari, an Israeli historian. Jeju Healthcare Town is a resort style, wellness themed medical tourism project, which builds medical infrastructure for Jeju International Free City. However, it has yet to develop content that engages Jeju residents or meets their needs. To address this issue, I propose the introduction of a medical simulation center, one which is designed to provide integrative wellness and healthcare programs, and enhance healthcare capabilities in the region.

In the U.S., where medical bills can be huge and the national health insurance system is underdeveloped, integrative medicine is touted as a model that can save the U.S. healthcare system. Miraval Resort & Spa, located in the Arizona desert, offers various programs and runs successful businesses despite its poor accessibility. North Rhine-Westphalia of Germany is establishing equipment and facilities with

subsidies from the state government. Blankenstein has established a natural healing treatment center with 50 to 60 beds within a 700 bed general hospital. Established in 1999, Kliniken Essen-Mitte offers natural medicine and integrative medicine by creating a clinic within a 100 bed hospital. The German health insurance system covers integrative medicine, makes it more affordable, and local residents are eligible for subsidies from the local governments.

A medical simulation center is considered to be the highlight of the U.S. medical segment. I believe that Jeju needs medical simulation centers to enhance the medical capabilities of the region. In Japan, the Okinawa Clinical Simulation Center provides a foundation for regional medical services, encompassing local businesses, universities, and healthcare personnel and enhances medical training. The Okinawa Clinical Simulation Center contributes to the promotion of medical education and research by training doctors and offering advanced clinical skills.

— **KIM Hwa-kyung** Global trends in the Meetings, Incentives, Conventions, and Events(MICE) industry is characterized by intensifying competition for investments amid growing interest in Asia. Leading players in the MICE industry include Singapore Marina Bay Sands and Resorts World Sentosa. The global medical tourism market is expanding at a steady pace of 17.9 percent. Sopron in Hungary offers various programs with dental implants and care accounting for 90 percent of total medical tourism. Dubai Healthcare City is the world's first healthcare free zone. Dubai plans to attract at least 500,000 medical tourists a year by 2020, offering world class medical services to become the center of medical service in the Middle East.

It is essential to develop distinctive medical tourism strategies and programs that set Jeju apart from other regions. South Korean medical tourism market is expected to expand from 364,000 visitors in 2016 to 792,000 visitors in 2018. The medical tourism industry is expanding across the board, driving income growth and creating new jobs. An analysis of the MICE environment highlights Jeju's strengths

such as its beautiful nature, visa waiver program and unique culture, but weaknesses include such things as a shortage of specialized services, international air routes and exhibition industries. In addition, the scheduled opening of Gangjeong Port creates growth opportunities such as an increase in cruise tourists and the expansion of services by low cost carriers. However, risk factors include climate conditions unique to the island, fierce competition from other regions and a high reliance on the Chinese market. Jeju's medical tourism environment has advantages such as an increase in domestic and inbound tourists, pristine nature, special laws, and institutional autonomy. On the other hand, weaknesses include the uneven distribution of medical resources across Jeju, untapped resources for wellness tourism and weak brand awareness of medical institutions in the region. However, the healthcare market presents growth opportunities on the back of the expansion of the medical tourism market, accelerating industrialization, relatively low medical bills compared to the advanced economies, an aging society and income growth. Jeju should make the utmost effort to become the center of medical tourism.

I would like to propose ways to connect the MICE industry with medical tourism in Jeju Healthcare Town. Jeju Healthcare Town should attract MICE businesses related to biotech and wellness and training programs from Korean medical institutions. Jeju Healthcare Town should make distinctive offerings such as IT & BT convergence products, healthcare programs based on herbal and Western medicines, and special VIP products for long term stays. Its overseas marketing strategy should be tailored to target countries, and aggressive marketing campaigns should be launched, harnessing the star power of celebrity. High-end and long-term stay products need to be developed to attract VVIP medical tourists. Jeju is rich in key resources, but lags behind in marketing. In this regard, antiaging businesses based on traditional Korean herbal medicine in Gyeongsangnam-do provide a good example. It is necessary to operate an organization dedicated to the MICE industry and build

related infrastructure. Jeju Healthcare Town should enhance its brand value by expanding exchanges with international organizations.

The Swiss town of Davos, host of the World Economic Forum, is a rural town located 1,540 meters above sea level, which has reinvented itself as a venue for international conventions. Geneva, which hosts its own International Motor Show, has transformed itself from a town without automotive factories to the automotive industry center for innovation and creativity. As such, the creation of global brand value requires cooperation between related authorities.

— **SONG In-soo** As for the Healthcare Town, the word “town” gains value when it is equipped with a healthcare system for local residents. However, attracting and operating hospital facilities should not be equated with offering healthcare services. It is desirable to include healing, food, exercise, and preventive care, and ensure that all residents have access to medical services. However, I believe the Jeju Healthcare Town Project has derailed from the main objective and direction. It is imperative to reestablish and redirect the project to avoid failure.

One may wonder if attracting a hospital with a brand power guarantees success. The answer is no. Medical services can be successful and generate synergy effects when there are people who need it. However, the Healthcare Town is not a residential area for patients. As such, it should become a preventive healthcare service town, one which helps people remain free from health concerns by offering medical services, healing and exercise, and nutrition programs. In Jeju Healthcare Town, successful medical service means a network of services, encompassing preventive healthcare services for residents of the town and referrals to top notch hospitals and doctors for those who have fallen ill.

— **SHINE Eun-Kyu** As the graying population leads to greater interest in health conditions, the healthcare industry is facing new changes driven by the development of the Intensive Outpatient Treatment market. Since the Roh Moo-hyun administration, Korean medical institutions have accelerated their

expansion into the global market. That global expansion is accompanied by problems. The perception of healthcare workers and qualification certification systems differ by countries which Korean medical institutions seek to enter. China has a keen interest in preventive care, especially due to a likely increase in cancer patients and chronic diseases from an aging population. In contrast, the United Arab Emirates region faces many health issues resulting from dietary habits and cultural characteristics. In Saudi Arabia, healthcare is the second largest recipient of investments. Despite Saudi Arabia's high demand for healthcare services, about 75 percent of healthcare workers originate from outside Saudi Arabia. As such, Saudi Arabia needs to recruit foreign doctors. However, an influx of Korean doctors into the Saudi Arabian market may raise problems, such as differences in qualification certification systems in Saudi Arabia and a brain drain in Korea.

17 major countries can be classified into different categories, such as overseas expansion, healthcare modernization and compatible healthcare systems. As such, it calls for distinctive approaches and analyses according to country specific characteristics. Jeju should be able to contribute to improving the quality of healthcare services in Asia by facilitating the global expansion of Korean medical institutions, offering training programs which recognize the qualifications of global medical institutions and attracting training institutions. As such, the extension of stay should be discussed, and it would be desirable for Jeju to serve as a pathway for healthcare workers on their way to a third country. If doctors are attracted to Jeju, so will patients. Of the three major elements of healthcare services which are patient examinations, Research and Development, and education, I think education is the area where Jeju Healthcare Town can stand out.

Keywords

Jeju City, old city center, renewal, redevelopment, company research year town



Policy Implications

- Jeju Healthcare Town should have a second look into its business direction and cluster strategies by shifting its focus from foreign investments to include Korean companies and clarifying the meaning of cluster plans. Above all, the participation of public institutions and the government should be considered to provide high quality healthcare service to Jeju residents. From a long term perspective, the project should proceed based on strategic leadership, engaging all stakeholders such as Jeju Special Self-Governing Province, Jeju residents and JDC.
- Based on the analysis of health conditions of Jeju residents, it is essential to conduct an in depth review of which healthcare services will have a bright market outlook and enable efficient business operations to meet growing needs. In this regard, overseas success stories in integrative medicine should be taken into consideration to find ways to deliver integrative medicine in Jeju Healthcare Town. Most of all, the introduction of a medical simulation center is proposed to enhance the capabilities of healthcare services in Jeju. A medical simulation center can bridge universities, businesses, and research institutes in the region and contribute to enhancing overall medical technologies and capabilities of healthcare workers.
- It is necessary to establish strategies that connect the MICE industry and medical tourism within Jeju Healthcare Town and develop content unique to Jeju Healthcare Town. Jeju Healthcare Town should devise ways to raise its profile by aggressively pursuing training programs targeting healthcare workers at medical institutions in Korea and abroad, and brand the region by promoting the strengths in the MICE industry and medical tourism.
- The global expansion by Korean medical institutions are creating an imbalance in supply and demand of healthcare workers. The top priority is to fill the gap caused by a brain drain of highly skilled healthcare workers from Korea. Above all, despite disparate credential recognition policies across countries, Korea lacks an integrated organization which can take the lead in the qualification process in the healthcare sector and assist Korean healthcare workers advance into global markets. Jeju Healthcare Town should be able to sharpen its competitiveness if it can induce health workers to stay longer on Jeju by attracting training or education institutes that can prepare healthcare workers for global markets. It is necessary to develop distinctive strategies through healthcare personnel training in the belief that patients will follow doctors to where they are located.