

# People Focus And Health Focus: Outcomes Of Performing A New Strategy For Hospital Management In PR China

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## Abstract

A modern hospital operation has its focus on patient health. Along the development of economy and society, the concept of health changes. "to have a good health" is a good will of everyone in the 21st century. Therefore, on the basis of research of health policy, we firstly brought forward a new theory of "people focus" and "health focus" to direct Peking University Shenzhen Hospital's operation, a newly established hospital in the most economically developed city, Shenzhen, PR China. The new theory provides a practical principle for "health industry". This article touches with the theory's background, content, and operation strategy as well as the outcome of this new strategy -directed hospital management.

## BACKGROUND AND CONTENT OF THE THEORY

### DEVELOPMENT OF HUMAN BEING

Since the 1990s, international health organization (WHO) has begun to shift its attention to human development, and considered people's demands and capabilities as the core of human development. WHO emphasizes that no damages should be imposed on the interests of people, neither on us, nor on our next generations. During this period, international organizations such as United Nations proposed the ideologies and strategies of sustainable development of human being, human health, social safety and protection, and developing capital. All of these items were illustrated in the documents of World Summit for Social Development, Copenhagen, 1995 and United Nations Conference on Environment and Development, 1992, which intended to promote worldwide human development through common efforts.

According to the United Nations, development "should start with and lay its emphasis on human being", with intention to enable that all human comprehensively participate in every aspects and area-countries and regions-involved in development activities<sub>1</sub>).

As for the health industry, statistics from SARS, prevailed in some countries and regions this spring, indicated that medical personals are the most vulnerable to be attacked by the pathogens. During the spread of the SARS epidemics,

many medical staff were infected severely and many of them died from SARS-CoV infection, a situation implied that it is not right to confine the target of medical service to patients. The medical service should be accessible to medical personals themselves as well as all others.

Therefore, hospitals must pay their attentions to all people and their health. This is just in line with the demand on human development.

## HEALTHINESS AND HEALTH QUALITY

According to WHO, healthiness means not only the removal of diseases and weakness, but also the perfect physical, intellectual and social status. From this definition, healthiness must contain 3 elements, i.e. physical healthiness, psychological normality and mutual dependence and harmonious development between human and nature, society and social environment. This clarifies the wrong recognition that 'human body without diseases is health', promotes medicinal model shifting from "pure biological model" to "physiological psychological-social-environmental model", and enhances medical mode shifting from simple treatment model to the model of integrated precaution, health care and colony as well as active participation as a one unit. Healthiness quality can be microscopically viewed as social adaptability of human body and psychological reaction of each individual, and macroscopically viewed as comprehensive response to human healthiness in a country or region. Setting up a well off in-all-rounds society, rather than an economic concept

which is only measured by GDP, requests that besides economics development, efforts should be made to upgrade human's health, education, and social development, emphasize on factors affecting social development, so that we can realize healthy, harmonious and sustainable developments between human and society, human and nature, and among human being themselves.

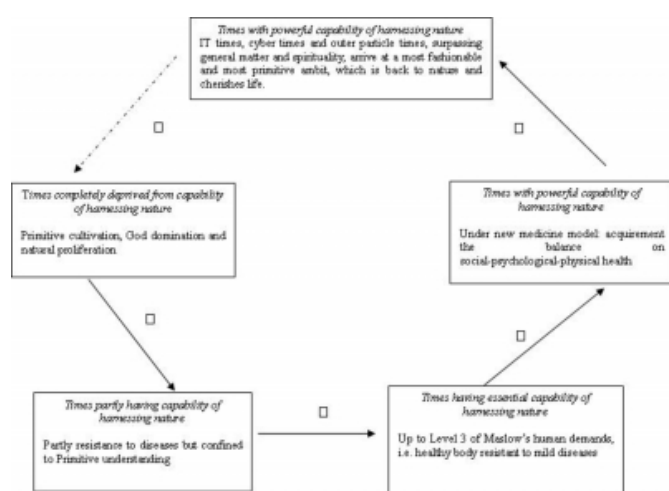
## HUMAN DEMAND ON HEALTHINESS

Since humans have stepped into a new century, life science has been being deepened and developed towards two extremes: the microscopic aspect, i.e. cell, sub-cell, molecule and quanta biology, and the macroscopic aspect, i.e. colony medicine and its relationship with social economy and ecological environment. With social and economic development deepening and self-care enhancing, people begin to understand that health does not only relate itself to biological factors, but also relate itself to many other factors such as social, economic, psychological and cultural elements. Modern social development facilitates new features of health demand at various levels no matter whether it is conscious or not conscious (fig 1).

Figure 1: Human desire of back to nature is more anxious in a period with more powerful capability to harness nature. However this nature is different from that in primitive times, as it belongs to more advanced level. This brings a new content to human life and activities.

**Figure 1**

Figure 1: Features of human demands on health



## HEALTH CARE AND HEALTH INDUSTRY

Obviously, health care is closely related with health industry. With the development and reform of our health system,

changes of social demands on medical services and its way of payment heavily influence hospital management. Whether business strategy collaborates with exterior market environment or not is a key factor to a hospital's sustainable development. Only a combination of business strategy with health cause viewing health care as health industry, may the health system operate more smoothly, more powerful and more profitable. Meanwhile, attentions must be paid to expand market demand on health of healthy people, taking as one of the main focuses of the transformation, application and industrialization of hi-tech achievements, turning social and economic performance health industry into solid material foundation on which modern hospitals are based and strengthened.

## BOTTLENECKS OF MEDICAL HEALTHCARE

Medical healthcare is commonly regarded to be one of the three most challenging problems faced by each government worldwide. Macroscopically, medical and health resources are irrationally allocated among cities, countries and hospitals located in developed and undeveloped areas. In some countries, serious imbalance, excessive supplies or shortage simultaneously exist. Furthermore, precaution, healthcare, healing and health education as well as family planning, which are closely related with human health and equally emphasized with medical treatment, are being ignored to extreme extent. Microscopically, so called "systematic hindrances" exist in public-owned hospitals, domestic or international, characterized by overstaffed departments, dull response to changing market and policy-making inefficiency.

As stated in the 3<sup>rd</sup> plenary session of 16<sup>th</sup> Chinese Communist Party Central Committee (CPCC), efforts should be made to meet the requirements of planning, as a whole, the rural and urban development, regional developments, economic and social development, human and nature development, and domestic and international development. Meanwhile, market economics in allocating resources will actively play essential role to provide well-off setting up society with systematic supports. This is not only a significant requirement to our current social and economic development but also to the future.

Briefly, time advance and social demand are calling on reforms and innovations, especially on medical reshuffles and development adjustment. Under this background, through many years of research, questioning and practice, a whole new philosophy of "Human focus and health focus" is

born in time.

## **IMPLICATION**

The philosophy of patient-centered service is an advancement or innovation on the conventional system of disease-centered and doctor-centered service. But, the analysis from the views of sociology, anthropology and market economics, shows that the patient-centered causes that hospitals consciously or unconsciously focus on or confine their attentions on patients came from the heavy influence of the planning economy. In fact, the difference between humans and patients in modern society is blurring. Body health is neither equivalent to psychological health, nor to full satisfaction of health demand. Human demand-on health have greatly exceeded viewing hospital a traditional facility of disease- treatment and patient rehabilitation.

New hospital's function is focusing on mobilizing all hospital resources to serve for human health. Based on this principle, medical market needs to be recognized, guided and innovated, and the hospital functions need to be extended and their intangible assets and tangible assets including HR, capitals and materials need to be revitalized. In return, such practice will stimulate human demands on health and expansion of health market, thus form a nice interaction in modern medicine. This is the very definition “human-centered and health-centered” service. Among such practice, medical treatment covers 90%-95% healthy or sub-healthy humans, rather than patients in traditional concept, thus expands market shares 10 times. Exploring healthy or sub-healthy market expands hospital business scope, which is the purpose of Health Industry firstly being introduced.

## **INNOVATIVE OPERATION—NEW MODEL OF HEALTH SERVICE**

### **MARKET RESEARCH AND MARKET IDENTIFICATION**

In the point view of an economist, goods refer to things that enhance consumers' utility. It is obvious that health may enhance consumers' utility, incur happiness and to be most valuable wealth. In this sense, it thus belongs to goods. Its quantity means anyone's health status at certain time point, referring to stock of health. Any improvement on human's health status at certain time point will definitely influence human health status. If improvements on human's health status or incremental stock of health may be obtainable by means of medical facilities, benefits will last in afterwards time or even lifetime. In this sense, we may deem it as

durable goods. Production of health is to convert health inputs into health outputs, resulting in incremental stock of health. And demand on production of health is a derive demand from output of production of health. Here below is function of health production. In this equation refers to inputs of health production, including foods, energies, medical treatment, etc.

$$H = g ( m ; D )$$

(H: health; g: goods; m: medical treatment; D: shifting parameter. The relationship between m and H will change along with D's change.)

Therefore, health is an output, also a utility. Because of imbalance between human development and social development, demands on health are imbalanced, multi-layered, diversified and individualized. Under guide of patient-centered, attentions are only paid to target market covering 3-5% of humans, but according to the innovative philosophy of human-centered, scanning extends to both patients and healthy humans. It is reasonable to forecast the era of health industry is approaching us since health service is profitable, and health service is the main field for investment.

## **DEMANDS STIMULATION AND MARKET START UP**

Because Shenzhen enjoys advantages of adjacent to Hong Kong and Macao, having many foreigners and white-collars, with lower mean ages and high cultural education as well as nice economic conditions, it is reasonable to forecast that health industry in this city will be prosperous in not far future.

We, therefore, grasp the opportunity to start of the setting up health industry by focusing on physical examination, special clinic, and medical hi-technology, and by penetrating quality service into every corner and every life aspect of the city. For example, we implement the procedure of preliminary examination, reexamination and overall physical examination, quality control and examination facilities with interface to computer terminals. Personalized suggestions were attached on each examination report, and we also provide door-to-door physical check, preventive injection, community consulting and hold health education workshops. Improvement on services and qualities bring changes on ideas and flow of patients and examinees. Some companies took physical examination for their staff as employee

welfare. Some people purchase the health cards as gifts to their relatives and friends. Some foreigners or foreign businessmen select our hospital as their No. 1 choice of medical examination. The hospital also attract overseas patients to our hospital for physical examination or doctor's visit.

## **MARKET EXPANSION**

With preliminary success of the healthy service reform, we begin to think about health consumption market. In addition to the door-to-door health educational classes, health consultation and preventive injection. There is a physical examination center covering 900 square meters, a special clinic center covering 1,900 square meters and priority area to keep special clinic patient in hospital. All services, from registration, diagnosis readiness, examination, payment, pills taking, treatment, reexamination, consultation, prevention, rehabilitation are available in physical examination center. There are ten types of services supplied in the center: overall physical examination, routine examination, advanced examination, simplified examination, in-hospital examination, clinic examination, door-to-door examination, extensive examination, special case examination, tourists drop-in examination. In addition, physical examination center is also the authorized centre to execute medical and physical examination for Chinese and foreigner government leaders at various levels from state to province, from different insurance companies and also provide services for SOS.

## **CHAIN OPERATION FOR MARKET PENETRATION**

With development of health industry, we are continuously exploring outside opportunities and implementing the strategy of "going out for medical treatment". We positioned our target market on most profitable hi-technology enterprises, which have many white-collars and high-level residential community. Such an example is that we set up a clinic department two years ago, in Huawei Technologies Co., Ltd (one of the largest private telecommunication company in China). The clinic has made net profits of over RMB two and three million respectively in each year. This practice provides Huawei staff the first-class medical services. The collaboration between hospital and enterprises results in double-wins outcome. Up to date, another healthcare center has been set up in campus of Shenzhen Universities. Five-ten centers or clinic departments of same kind will be set up in Shenzhen Hi-technology Development

Park, Tax Bonded Zone, rich residential communities, and even in foreign countries. Continuous effort will be paid to such chain operations.

## **RESEARCH ENHANCEMENT AND MARKET FORTIFICATION**

Focusing on scientific research projects with intellectual rights and potential of industrialization, we gradually introduce the definition of health industry into research and development, transformation, application and industrialization of medical hi- technology achievements. For example, we set up a clinic in a Chinese-France joint venture, a company produces and develops an automatic pill distributing system which will dominate a huge market worth RMB 5 billion in China. In addition, we have just finished a state fund project-visualization of anatomic changes after the treatment with traditional Chinese acupuncture. Paralleled the research into the mechanism of Chinese acupuncture treatment, a serial of diagnosis reagents, medicines and healthcare products are being manufactured. The hospital has collaborated with the Ministry of Public Security and Ministry of Judiciary of People's Republic China, and developed a Chinese herb based treatment peoples addicted to MDMA, a popular drug used in China. The clinical test shows convincing de-toxin effect of the Chinese herbs, and the research group was honorably prized. In addition, cooperating with Huazhong University of Science & Technology, the hospital has started a training program of postgraduates major in health management, and successfully developed a serial of software for monitoring and evaluating hospital services, drug stores and medical insurances performances. All achievements mentioned above revitalize the resources such as staff, equipments and lands, and thus promote the development of health industry.

## **ACHIEVEMENT INDUSTRIAL STRUCTURE**

Through a 4-year's operation, the hospital's health structure has been formed (fig. 2).

**Figure 2**

Figure 2: Structural organizations of Peking University Hospital health industry



## PRELIMINARY SUCCESS OF SERVICE AND ITS HIGH QUALITY INFLUENCE

Ten types of physical examinations provided in the physical examination center are warmly welcomed. Special clinics and patient rooms are set up to need the patient's demands. Many national, provincial or municipal healthcare VIPs and foreigners as well as patients from Hong Kong and Macao ranked the hospital as a reliable medical institution. We have had preliminary success in terms of service and its quality of our new established health industry.

## HIGH RETURN AND SUSTAINABLE DEVELOPMENT

Until 2002, the health examination center had completed examinations over 220,000 person-times. Foreigners who invested in Shenzhen, Hong Kong and Macao, as well as in Dongguan, Huizhou and Guangzhou, especially those from Japan, Singapore, Thailand and Korea, prefer Peking University Shenzhen Hospital as their healthcare centre. Up to now, foreign visitors or businessmen from over 26 countries had their treatments in the hospital. A total of 61 overseas organizations, insurance companies and SOS have signed long-term medical healthy care services with the hospital (table 1).

**Figure 3**

Table 1: Summary of the last three years' services

Items	Total Service	Organizations	International	Foreigners
Year	Operson-times	served	Organizations	Visited Operson-times
2000	50076	435	14	332
2001	116723	665	25	614
2002	147851	986	43	1764
Total	314650	2086	82	2710

The total health industry revenues for years 2000, 2001 and 2002 were RMB 14 million, 33million and 50 million, respectively. Compared with other industries, the health industry input-output ratio ranked the first, which was higher than average ratio. The high capital return has brought the hospital following changes:

1. The hospital is able to realize the goal of “ high quality with low expenses”. The hospital's service price is 5% lower than that of other hospitals in the city. Average clinic prescription fee, average daily hospital expense, average out-patient expenses and average medicine expenses were the lowest among municipal comprehensive hospitals.
2. Good operational performance has guaranteed the installment pay-back of over RMB 60 million loan for medical facilities. The total current assets value including updated and replenished equipment is worth over RMB 260 million.
3. Staffs' welfare gradually rises, and working environment has been stabilized and working energy is consolidated in the hospital.
4. The hospital has been gradually recognized by the governments, citizen and partners with good reputation and high appraisal.

## PERFECT INTERACTION BETWEEN MEDICAL TREATMENT AND EDUCATION

Whom the hospital's development depends on?

Governments? Society? Or itself? All of them! The hospital is dedicated to acquire reasonable financial supports, to provide for rational medical expenses which patients can afford. The hospital keeps its financial balance with slight

surplus on expenses over revenues, thus mobilizes self-development. Original motivation for sustainable development is derived from scientific management and innovations. In order to maintain powerful and long-term development, health industry should not only greatly expand medical market, but also support its stride-type development and interaction between medical treatment and health education supported by the high capital return. Meanwhile, high capital return of health industry will not only facilitate governmental experiments on health investment system, but also efficiently implement national policies on healthcare, thus inject vigor into the hospital's sustainable development.

It may be predicated that with social advancement, economic development, living improvement and enlargement of demand on health, the philosophy of "people focus" and "health focus" will be increasingly approved, applied and

widely promoted.

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