Interview with Chung Y Hsu, CEO, China Medical University Healthcare System

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Many key figures in the pharmaceutical industry have told us that the hospitals in Taiwan are the keystone to the country's healthcare industry: the hospitals provide a very important service linking the latest innovations from pharmaceutical companies to the people, and helping encourage growth and innovation. I'd like to start by asking you how you feel about that role as a hospital and where you try to put your priorities in terms of encouraging innovation and also ensuring that there is access for the population?

The Taiwanese healthcare system as you correctly noted is a hospital-based system. It is actually very similar to the US healthcare system. We have many key figures in the healthcare industry here that were trained in the US. The only difference with the US is the prices in Taiwan, which are much lower. We follow the US model very closely, and we follow their new innovations and new developments. But we have some specialities where we outperform the US. For instance, some important diseases, which are more common in Taiwan, like liver transplantation: we are the best in the world.. Chang Kung hospital in Kaohsiung is unique: the president of the hospital, Prof. CL Chen, trained in the US for liver transplantation at the university of Pittsburgh, one of the best centres in the world, is leading the world in liver transplantation.

It's interesting that you draw comparisons with the United States, because I would say from an outsider's perspective that the Taiwanese system in many ways is closer to the UK system: you have a single payer system. In the US the free market means that there is always access to the latest medicines for those that can afford them. Here the situation is

very different because you have pricing boards and reimbursement lists decided by the government. How much of a challenge is it for you as a university hospital trying to be at the cutting edge of innovation to make sure that you have access to these innovative medicines?

I think you are right – this country has a universal health insurance system, similar to the UK and Canada. We are all covered, unlike the US, which has a private insurance system. However, we are somewhat different from the UK. The UK healthcare system has a gatekeeper: a general practitioner who controls whether or not a patient can see a specialist. However here it is very different. Here, you simply decide that a patient can just go straight to a neurology clinic to see a neurologist without being seen by a primary care doctor. Taiwan has a very open, flexible system, with free access. Patients can literally visit the clinic every day of the year. This is one of a number of areas with excessive use of medical resources that remain to be improved.

Also, compared to the UK, we have more liberal applications of brand-name drugs here. Once a drug has been shown to be effective and approved by the FDA and used in the US and Europe it can very quickly be introduced into the Taiwanese market. However, if a drug is only in either Europe or the USA, we need a special reason to approve it.

From what we've heard from the multinational companies, one of the ways that they are trying to improve their speed of access to market is through clinical trials. In this way, patients get access to innovative treatments faster. What role do you think the hospitals can play in encouraging that situation? We understand that the hospitals here are fantastic: what can you do as a hospital to encourage more clinical trials and improve access?

This is one of the most critical mechanisms for Taiwan, and in order to move up the global rankings for clinical trials and new drug development (NDD) the mindsets of some of Taiwan's key decision makers need to be changed. The view needs to be that a university hospital carries important missions in research beyond its primary responsibility of providing healthcare.Developing new drugs is an important task for a university hospital. This will be good for patients, for the national economy, and good for academic institutions, because of the new technology brought in by R&D amongst many other factors. I am the Principal Investigator of the China Medical University's clinical trial centre of excellence, one of the five sponsored by the Taiwanese Department of Health with very good support in order to promote clinical trials. The most important activity that these centres of excellence must carry out is to serve their customers: the principal investigators, the physicians conducting and initiating the trials, and the pharmaceutical industry. We need to be in a position to serve them. We also need to show people that Taiwan has a very solid and efficient IRB review system. Here, our IRB meets every week.

It is also important to remember that the customer is always right. This is rule number one. Rule number two: if the customer is wrong, refer to rule number one.

As university hospitals, we need to keep our customers in mind. We are here to help the PIs carry out a trial in the most effective way, with the highest quality. Multinationals are very well versed in clinical trials. We just try to make it easy for them: they know more than we do in clinical trials. This is the best way for Taiwan to promote clinical trials, to make every phase move fast.

How do you differentiate yourself from the other centres of excellence here in Taiwan? What attracts multinational companies to come and conduct their clinical trials at China Medical University?

I have been involved in many clinical trials over the years, both here in Taiwan and in the US. For drug companies the most important aspect of any clinical study comes down to one sentence: time is money. For new drug development, companies have a patent for new drug, and only a limited number of years before it expires. As a result, companies want to move fast to get the drug through trials and approved. An extra three years of selling an approved drug means a lot of extra money for the company, and they are entitled to see goodreturns because they have spend so much money on R&D.

In order to meet this objective, China Medical University conducts high quality trials and moves their trials as quickly as possible: we try to recruit a large number of patients into the trial, and always endeavour to finish the trial with high quality and in a timely manner. That’s the most important thing. We follow the rules and go by the book, and so companies don’t have to spend a lot of time going over regulatory affair issues with us.

Next week you are due to sign a memorandum of understanding with Novartis. This is obviously great news for CMU. How did the partnership come about and what does it mean for your hospital?

Novartis is a very reputable pharmaceutical company, and in Taiwan their operation is very solid. Their goal, which is both noble and visionary, is to devote a portion of their profits to charitable operations. The aim of this work is to help Taiwanese hospitals run better, save money and to impart some of their professional knowledge. So when Novartis needs our help, we naturally make their requests our top priority. We have mutual trust.

It helps that CMU has a very good relationship with Novartis. In terms of attracting clinical trials from other multinationals, how easy is it to build relationships with other companies?

We are doing very well, but these relationships are not built through sales and marketing departments, but rather through a hospital’s track record. When we enrol the patients at very good speeds, then the company has a good experience with us. The next time we collaborate, we are

able to streamline our procedures because of our working experience, which makes the experience of working with CMU get better every time. We let our performance speak for itself.

This is a very interesting moment for the industry in Taiwan: the government is really pushing the development of the biotech sector. On top of this, the relationship between Taiwan and China is improving on a daily basis. The healthcare section of the ECFA agreement will be discussed in the coming months. Some industry leaders are more optimistic than others as to how it will relate to clinical trials. As the CEO of a university hospital here in Taiwan, how do you feel about the potential future for your relationship with China?

This is an important issue. It really is dependent on how the two sides interact and collaborate in a very constructive way. The healthcare system here and in China is very different: in many ways, China today is like Taiwan 30 years ago.

China needs expertise to help it develop. Institutions like China Medical University are helping big companies like BenQ, who recently built a large hospital in China. Recently the head of a Chinese province came to CMU to ask for help for the region to build and run a new hospital. They need help with hardware, software, and they are far behind. So we really can help in this regard.

The important question is how do we do it in a way that is mutually beneficial to both parties? This is a very big issue, but the answer lies inthe size of the Chinese population: 1.3 billion compared to Taiwan’s 23 million, which has implications not only for patient care but also healthcare professionals. The Taiwanese government under pressure from local healthcare professionals imposes restrictions on importaint medical manpower from China. However, Taiwanese doctors are free to work in China: they are a large country and lacking expertise.

If a new drug sponsored by a multinational pharmaceutical company and tested in Taiwan is effective, there is a very high chance that it will also be effective in China because we have the same ethnic and genetic background, and our trial quality is high. This may not be the case with drugs tested in the US and Europe, which may not be effective for people of Chinese ethnicity. This is a real opportunity for Taiwan to take advantage of its strengths in the field of clinical trials and apply it to the Chinese market.

In the next few years, what are your personal goals as CEO of CMU? What do you want to achieve?

As the CEO it is my job to execute the plans set by the Board of Trustees. CMU has a legendary leader, Prof. Chang-Hai Tsai, the Chairman of the Board. The CEO follows the decisions made by the Board. I am among the CMU leaders who carry out the orders, the mission. But if you are creative CEO, you are not a yes man. You provide feedback: you don’t just follow orders on blind

faith. Once a decision is made by the Board, we cannot divide, we need to be well-organised and very efficient to push ahead.

I should say then that the CMU has an institutional vision, led by Chairman Chang-Hai Tsai. He is a physician, a paediatric neurologist, and a very successful one. But on top of that he is a very well respected “Whitecoat Executive” who has made this hospital and this healthcare system as well as the university very successful, and he has a very high global objective – he built another university and is advancing biotech and pharmaceutical development. He himself has created three biotech companies. The reason he did this is that he believes that the university and the hospital needs resources, especially financial resources to help it grow, and envisioned that these three companies would help him to achieve that. The profit from these businesses go to the university.

CMU is a 3000 bed healthcare system. Now we are building another hospital with 2000 extra beds. We are a biotech and pharmaceutical oriented institution. We always keep R&D as a focus, and are also developing traditional Chinese medicine. This is why the institution is called China Medical University: because it started as a Chinese medicine university. Today this work entails combining western medicine with Chinese medicine. That is a very unique area: not too many multinational companies have this particular strength. As a result, this is a very important mission.

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