

“Healthcare Reform and Economic Growth”

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<Keynote Speech>

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"From a stand alone hospital system to an Integrated Healthcare Network in a region"

I am [Nobuhiro] Nishizawa of Saku Central Hospital. Today I will speak on the subject "From a stand alone hospital system to an Integrated Healthcare Network in a region." Kouseiren are the healthcare business organizations of the Japan Agricultural Cooperatives Group. They were formed to help people living in rural areas to protect their own health. They have 117 hospitals and 64 clinics. Their operating revenue is 627.7 billion yen. Kouseiren are organized in each prefecture. They are non-profit public-benefit organizations and are thus tax-exempt. They are self-supporting, and they provide not only acute care but also health management and long-term care for the elderly.

Nagano Kouseiren is the second largest of all the Kouseiren. Nagano Prefecture is located in the center of Japan. It has a population of 2.2 million. Nagano Kouseiren operates 11 hospitals. Saku Central Hospital is one of them. It is located in Saku City. Saku Central Hospital's medical region is the Toshin region. The Toshin region has a population of 420,000. Saku Central Hospital is the only emergency hospital in the region. The Toshin region's area is the same as that of Kanagawa Prefecture, which has a population of 8.5 million. South of Saku Central Hospital is a mountainous area dotted with small villages. In fiscal 2008, Nagano Kouseiren posted operating revenue of 78.1 billion yen and current profit of 950 million yen. Current profit during fiscal 2009 was 2.4 billion yen, and all 11 hospitals operated in the black. The hospitals operate with a great deal of independence. Management goals, human resources, and finances are run semi-independently. A board of directors forms the core of their operational structure.

Saku Central Hospital has 29 specialties and 1,193 beds. Besides the 821-bed main campus, there are the Misato and Koumi Satellite Hospitals, long-term care facilities, and six outpatient clinics. Saku Central Hospital has 1,924 employees, including 215 physicians. Looking at the hospital's bottom line for fiscal 2008, operating revenue was 21.6 billion yen, of which 12.7 billion came from inpatient services and 6.5 billion from outpatient services. Net income was 810 million yen. Saku Central Hospital has operated in the black ever since its founding in 1944.

Saku Central Hospital holds up the "5: 3: 2 Method" as the proper way to operate. If the hospital's total resources equal 10, then 5 are dedicated to inpatient care, 3 to outpatient care, and 2 to public health activities. In other words, Saku Central Hospital contributes not only to prevention, but also to community care and social welfare. "Prevention beats treatment" is one of the hospital's slogans.

The biggest management problem for regional hospitals is securing enough physicians. Saku Central Hospital has addressed the problem by establishing its own physician training program. Hospital physicians are generally dispatched from universities. In the case of Saku Central Hospital,

about 50 of our 215 doctors have been dispatched from universities. We have university doctors for certain specific specialties, but in the core fields of internal medicine, surgery, and general practice, our physicians have been with us since the internship stage. The interns are attracted to Saku Central Hospital's basic philosophy rather than dispatched by universities.

Saku Central Hospital's basic philosophy might be described as "wearing two hats." The first is highly advanced medical treatment. Nevertheless, we also concentrate on healthcare rooted in the community, namely, primary care at clinics and so on, home care, and general practice, as well as advanced treatment. In our system, specialists and general practitioners work together. Thus, Saku Central Hospital has been self-contained. It has been a hospital that does everything by itself.

We have provided healthcare as a stand-alone hospital, but as might be expected, the limits of this system have become apparent. There are intrinsic and extrinsic causes for this. The intrinsic reasons include medicine becoming more specialized and advanced compared to community-rooted healthcare. Another intrinsic factor is the aging of hospital buildings. Furthermore, the number of both inpatients and outpatients has increased. This reflects an extrinsic cause, the functional decline of nearby medical institutions. We have therefore come to believe that a shift to a regional IHN is necessary.

Consequently, we have developed a concept for rebuilding Saku Central Hospital. In short, we will divide our facilities. Consolidation of hospitals is common in Japan. Our idea is to reverse this and to divide our hospital rather than to consolidate. When individual hospitals engage in selection and concentration on an ad hoc basis, mismatches with the overall medical needs of communities can arise. When we considered the needs of community medicine, we decided that a central hospital is necessary. The idea is to build a hospital focusing on acute care in another location, while concentrating advanced specialty care. Community-rooted healthcare is to be shared with other medical institutions, including the existing locations. We will build a new hospital we call our Core Medical Center in a location convenient to transportation. It is to be completed in 2013. We also decided that our management system needs reform too. Beginning with the current fiscal year, we appointed a Director-general to oversee the entire Group. We thus aim to create a Japanese-style IHN.

Regarding what to do with clinical protocols, we plan to use DPC for internal analysis and comparative analysis with other hospitals. We will use the results to make improvements. We have already begun a Nagano Kouseiren benchmarking program that links data from six of our eleven hospitals. These six hospitals understand the content of the care each provides. DPC data can be shared at the case level. This brings about friendly competition among the hospitals.

A goal of the benchmarking program is to make the benchmarks transparent, to foster a sense of competition. The number one goal is the overall standardization of Nagano Kouseiren hospitals. In addition, Nagano Prefecture is a prefecture where healthcare costs are low. We hope to analyze that as well. The Nagano Kouseiren DPC research Committee has been established based on the

benchmark program. Mainly through the benchmarking program, each hospital shares information on its strong points and problem areas and looks to improve. We are creating shared pathways and implementing nursing benchmarks and cost accounting. The aim for these actions is management integration. Ultimately, we aim to standardize clinical protocols, drugs, and medical supplies.

To summarize, Saku Central Hospital aims to become the number one regional healthcare provider in Japan by building a seamless stand-alone regional healthcare delivery system in the Saku area. We also want to enhance management integration as Nagano Kouseiren.