

# Study to Opinion on For-Profit Hospital Corporation between Medical Beneficiary and Supplier

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## Abstract

**Objectives:** The research was performed to verify the positive and negative factors of medical institutes and provide proper alternatives, by analyzing the cognition on industrialization of health care. **Statistical Analysis:** The public perspective as medical beneficiary and the perspective of medical institutes as medical supplier were examined through frequency and percentage methods. The general characteristics on agreement-disagreement of establishment of for-profit hospitals were examined and calculated on the basis of Chi-squared test and Fisher's Accuracy Test, and they were examined through factorial analysis on 24 questions. This study counted 100 samples may be considered that this condition is well satisfied. **Findings:** This research was performed on 100 personnel serving in health and medicine area in general hospital, their opinions on the permission of for-profit hospital under the circumstances of opening of medical market due to medical industrialization and on their proposals on the issue. First, both male and female respondents answered with higher rate of disagreement and especially the occupational cluster of assessor of National Health Service, medical technician, hospital management and administration personnel showed relatively higher opinion of disagreement. Second, the opinion of agreement on for-profit hospital in the public perspective as medical beneficiary was shown higher in 'Accessibility of social group with vulnerable/insufficient use of medical services' and the opinion of disagreement was shown higher in 'Rich-poor gap in use of medical services'. Third, the opinion of agreement on for-profit hospital in the perspective of medical institutes as medical supplier was higher in the item of 'Possibility of bankruptcy due to management aggravation of domestic small and medium hospitals', and the opinion of disagreement. **Improvements:** Research had the limitation to perform a survey on foreign hospitals which are the further competitors in case of opening medical market; further supplementary researches are considered to be necessary.

**Keywords:** Health Service, Medical Beneficiary, Medical Institutes, Medical Supplier, Profit Hospital

## 1. Introduction

The opening of medical market is a fact that we cannot avoid anymore. The Ministry of Finance and Economy, the Ministry of Health and Welfare and Incheon City announced that they will carry forward the establishment of foreign hospitals with global reputations in the Free Economic Zone in 2008 when the first occupation of the zone is initiated<sup>1</sup>.

If foreign hospitals enters to domestic medical market, it is estimated that domestic hospitals under lots of restrictions and regulations will clearly suffer critical damages, and that the opening of medical market will cause intense

competition between medical institutes so the effort for qualitative improvement of medical services will be promoted, and that the establishment based on joint venture/investment might secure the transference and expansion of advances medical technologies and management know-hows<sup>2</sup>. Also, our society is drastically changing. Besides the domestic competition, nowadays we cannot avoid the competition with global actors in every single sector or area.

The most important paradigm of the global economy is the globalization, and the foreign direct investment is taking the critical role within this paradigm. For the acceleration of globalization, many agreements and treaties are concluded among countries to eliminate trade barriers.

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The wave of globalization is also largely affecting on the health and medical industry. Also the health and medical service sector, even its characteristics are public and not commercial, is considered to be significantly affected by the globalization. The trend of collision of diverse trade barriers is naturally related to the opening of medical service market and by the progress of the Doha Agreements of the World Trade Organization (WTO/DDA), the medical interchange between individuals now is expanded to inter-institutional and international levels, therefore the actual efforts to resolve conflicts and problems are requested and claimed between the parties.

But the representative advanced countries except the United States are providing the health related services in the public sector by setting the health system as public property based on the social insurance/guarantee, and also they are strictly limiting the role of private suppliers. For example, France, Italy, Luxemburg, Netherlands and Spain limit the expansion of hospital according to the health service plans, and in case of Sweden the government is limiting the number of private surgical procedures which are supported by public funds. Many countries in the world were taking passive position on the opening of public services, and different to services of other sectors the public sector relatively showed inactive transactions. But recently the transaction on health and medical services among these countries are increasing progressively<sup>3</sup>. Even though the health and medical service sector is public and non-commercial, it is considered that this sector will be surely affected by the globalization<sup>4</sup>. But recently the government announced the two controversial policies known as 'General Alternative for Expansion of Public Health and Medicine' and 'Medical Industrialization' which are principally against the policies as national health insurance/medical protection which is at least a general and common even though its medical guarantee is very low. More detailed studies to verify if these policies will be other risk factors or if they will act as shock-absorbing factors in our lives.

In this situation, the adoption of for-profit corporate medical institutes which are becoming a very great issue is explained to enable the satisfaction of high level and luxurious medical service with the qualitative improvement. The civil society organizations are clearly against this explanation stating that the permission for the for-profit corporate medical institutes will cause incogitant competition among medical institutes, intensification of social polarization, intensification of discrimination in

use of medical services and the medical treatment focused on the profit of the shareholders more than the rights of the patient and thus, that it will critically hinder the realization of public health rights assurance<sup>5</sup>.

Therefore, in this study the research was performed to provide a basic study to verify the positive and negative factors of for-profit corporate medical institutes and thus to provide proper alternatives, by analyzing the cognition on medical industrialization of health related personnel who are the fastest targets which may percept the changes in relation with the opening of medical market.

## 2. Method of Study

This research was performed on the personnel serving in health and medicine area in general hospital, university and relevant instituted after majoring health science in graduate school, by distributing questionnaires from January to February of 2015, by self-completing method and re-collection. Among them, according to the evaluation of suitability as research data, there was excluded 6 samples with omission, double entry and uncertain entry and finally 100 samples were adopted as valid samples for the study. The tools used in this study is the supplementation and modification of the questionnaire of acknowledged for its reliability<sup>6</sup>. The detailed contents of the questionnaire were composed by 4 questions on effects on domestic medical service market, 4 questions on national industry development, 4 on the perspective of medical policy, 4 on effects on medical system, 4 on perspective of use of medical services and 4 of legal and systematic perspective which are 24 in total, and these were modified, supplemented and re-categorized according to the two main perspectives which are the public perspective as medical beneficiary and the perspective of medical institutes as medical suppliers.

## 3. Result

The cognition of 90 research targets on the establishment of for-profit corporate hospital is as stated. The gender composition was 47.1% of men and 52.9% of women and the majority in ages was the 30s. In scope of occupation, medical personnel were the majority with 32.8% and the occupations in order of assessor of national health insurance, others, hospital management and administration personnel were verified as 18.5%, 17.4% and 15.7% each. Also in the cognition on the establishment of for-profit

corporate hospital according to social-demographic characteristics of the targets, the agreeing group in the scope of age the 30s showed 51.8% and in case of occupation the medical personnel showed 27.5% which was verified as not very different to the group disagreeing the establishment of for-profit hospitals are shown in Table 1.

In the results of factorial analysis the order was set according to bigger factor accumulation value. The total of

3 factors explains the 72.31% of the entire questionnaire. Therefore the finally defined measurement tool for investigation on cognition of for-profit corporate hospitals were classified as 8 questions (4 questions in the public perspective as medical beneficiary and 4 questions in the perspective of medical institutes as medical suppliers) on 2 sectors, which secured high validity of the questionnaire tool shown in Table 2.

**Table 1.** Cognition on establishment of for-profit-hospital according to social-demographic characteristics of the targets Unit: Person (%)

Variables	Detailed items	Total	Establishment of for-profit corporate hospital		Significance probability
			Agreement	Disagreement	
Gender	Men	47(47.0)	14(48.2)	33(46.3)	<0.05*
	Women	53(53.0)	13(51.8)	40(53.7)	
Age	20s	10(10.0)	5(17.2)	5(19.5)	<0.05*
	30s	52(52.0)	12(51.8)	40(53.6)	
	40s or older	38(38.0)	10(31.0)	28(26.9)	
Occupation	Assessor of National Health Service	13(13.0)	3(11.1)	10(13.6)	<0.05**
	Medical Personnel	12(12.0)	6(22.2)	6(8.3)	
	Medical Technician	52(52.0)	15(55.6)	37(50.7)	
	Hospital Management and Administration Personnel	23(23.0)	3(11.1)	20(27.4)	
TOTAL		100(100.0)	27(100.0)	73(100.0)	

\* Calculated on the basis of Chi-squared test.

\*\* Calculated based on Fisher's Accuracy Test.

**Table 2.** Results of factorial analysis on cognition on for-profit-hospital

Classification	Questions	Factor 1	Factor 2
Public perspective as medical beneficiary	Accessibility of social group with vulnerable/ insufficient use of medical services	.888	
	Rich-poor gap in use of medical services	.845	
	Incurrence of downward standardization of medical services	.711	
	Conflict with current value of medical service as social security	.689	
Perspective of medical institute as supplier	Excessive possession of high price medical equipments		.799
	Possibility of bankruptcy due to management aggravation of domestic small and medium hospitals		.656
	Drastic increase of medical costs		.621
	Avoidance of treatment for patients of low income group		.610
Cumulative variance(%)		32.33	72.31

\* Factor extraction method : Main component analysis.

\*\* Rotation method : Varimax with Kaiser Normalization

In the problem of ‘Accessibility of social group with vulnerable/ insufficient use of medical services’ were resulted higher with 83.1% of YES by the group disagreeing the establishment of for-profit corporate hospital in contrast to the agreeing group of 81.4%. In the item of ‘Rich-poor gap in use of medical services’, the disagreeing group showed higher results of 95.8% of YES in contrast to the agreeing group with 74.0%. Thus, in the group disagreeing the establishment of for-profit corporate hospital showed higher opinion that the problem will cause the rich-poor gap in use of medical services. And in case of ‘Incurrence of downward standardization of medical services’ was higher in the agreeing group with 86.4% of YES taking the majority in this item shown in Table 3.

The group disagreeing the establishment of for-profit corporate showed higher results in the item of ‘Excessive possession of high price medical equipment’ with 72.6% of YES in contrast of 62.9% of the agreeing group. In the item of ‘Possibility of bankruptcy due to management aggravation of domestic small and medium hospitals’ both groups showed high results with YES, and in the item ‘Drastic increase of medical costs’ the disagreeing group showed higher results with 82.1% of YES in contrast to agreeing group of 51.8%. Thus, the group disagreeing the establishment of for-profit corporate showed higher results in the opinion that the issue will cause drastic increase of medical expenditure. Also in the item ‘Avoidance of treatment for patients of low income group’

**Table 3.** Perspective of medical institute as supplier  
Unit: Person (%)

Questions	Agreement(n=27)		Disagreement(n=73)	
	YES	NO	YES	NO
Accessibility of social group with vulnerable / insufficient use of medical services	22(81.4)	5(18.6)	60(83.1)	23(16.9)
Rich-poor gap in use of medical services	20(74.0)	7(26.0)	70(95.8)	3(4.2)
Incurrence of downward standardization of medical services	15(55.5)	12(44.5)	63(86.4)	10(13.6)
Conflict with current value of medical service as social security	20(74.0)	7(36.0)	53(72.6)	20(27.4)

**Table 4.** Perspective of medical institute as supplier  
Unit: Person (%)

Questions	Agreement(n=27)		Disagreement(n=73)	
	YES	NO	YES	NO
Excessive possession of high price medical equipments	17(62.9)	10(37.1)	53(72.6)	20(27.4)
Possibility of bankruptcy due to management aggravation of domestic small and medium hospitals	20(74.0)	7(26.0)	70(95.8)	3(4.2)
Drastic increase of medical costs	14(51.8)	13(48.2)	60(82.1)	13(17.9)
Avoidance of treatment for patients of low income group	15(55.5)	12(44.5)	71(97.2)	2(2.8)

the disagreeing group showed higher results of 97.2% of YES in contrast to agreeing group of 55.5% shown in Table 4.

#### 4. Conclusion

U-healthcare is a convergence service combining traditional medical industry and Information Technology (IT)<sup>7</sup>. And there was significant positive correlation between the sub-domains of organization effectiveness, personal image, psychological capital, and organization communication<sup>8</sup>. Synthesizing all the above studies’ results, the systematic incentive, promotion and support for consolidation of competitiveness through change and innovation of domestic medical market must be performed. But at the same time, self alternatives for drastic change and innovation for consolidation of competitiveness by the hospitals are required, and it is required an in-depth deliberation on large foreign medical capitals, adoption of private medical insurance in connection to domestic problems, thus after detailed examination of these issues the further negotiations and agreements must be prepared. As this research had the limitation to perform a survey on foreign hospitals which are the further competitors in case of opening of the medical market, therefore, further supplementary researches are considered to be necessary.

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