

Simple secret to success

Raffles Medical Group's Loo Choon Yong believes that by looking after the patients, the business will look after itself

By GENEVIEVE CUA

LOO Choon Yong, consummate doctor and businessman, took up medicine not so much because of an innate love of the profession from his youth, but more out of filial duty. His father, who worked in a bank, saw medicine as a promising and potentially lucrative career for his son. It was a way to help finance his six other siblings through school. Dr Loo's original strength and interest was in physics.

"My father said – well, it looks like you can go to medical school. You can help me support the rest of your siblings through university. I've never seen a starving doctor. This was in the 1960s, so it was more out of a sense of duty.

"(My father said on physics) So you become a physicist, or you teach – Singapore will never have a nuclear reactor. You won't be an atomic scientist. Forget it."

The road he trod turned out to be fortuitous. The seeds of the Raffles Medical Group (RMG) were sown when Dr Loo ventured into private practice in the 1970s, after three and a half years in a government hospital. With his partner Dr Alfred Loh, they bought Teng's Clinic in 1976 – with two locations at Maxwell House and Cecil St – for S\$80,000. Each forked out a capital sum of S\$20,000.

Today the group has a market capitalisation of S\$2.2 billion. It serves two million patients and over 6,500 corporate clients. As it continues to expand in Singapore – this year it opened a multi-disciplinary medical centre at Shaw Centre and is building a S\$310 million extension of its flagship Raffles Hospital – it also announced a joint venture to build a 400-bed hospital in Shanghai's Pudong area, much to the delight of investment analysts.

Yet, as Dr Loo says in his inimitable homespun style, the success of RMG is very simple – like the cinematic everyman Forrest Gump and his box of chocolates.

"It's very simple. What is the secret of Raffles Medical's success? Look after patients properly. I didn't go to business school. We look after the patients and the business will look after itself. People tell me – you are bluffing right? I say – that's the truth."

In 2010 Dr Loo was named Best Chief Executive in the mid-cap category of the

Singapore Corporate Awards co-organised by *The Business Times*. In 2012, he was named Businessman of the Year. In addition to his post-graduate training in family and cardiac medicine, he also read law at the University of London and is a barrister from Middle Temple.

"How many businesses stray from their core? They forget what they are supposed to do. They muck around, diversify and often it's opportunistic. We never forget. Every day I come to work to make Raffles better so patients will be looked after better... Five thousand patients go through Raffles every day. I challenge myself and all my doctors. We're not perfect. But imagine if we make it better for each of those 5,000 – isn't that wonderful?"

Medicine came alive for him on his first day at work as a houseman. "Prior to that it was just a matter of passing exams. But the first day I was on duty at SGH (Singapore General Hospital) Ward 16, the intensive care unit. In those days acute cases were sent to SGH where you live or die. A lot depends on the houseman on duty.

"So the first night, I realised, wow. This is real, don't fool around. The guy's life depends on you, what you do, what you know or don't know. From that day onwards, I really studied medicine."

He recalls the day he left government service to strike out into private practice. He had been practising as he thought he ought to – refusing, for instance, to use recycled needles.

"It occurred to me, the longer I do this... Maybe I was earning S\$2,500 a month. How can I compensate for the whole system? I would rather look after a small group of patients. I called my co-founder Alfred (Loh)... I never worked for any other practice. I didn't want to pick up any bad habits. I was so idealistic."

In the mid-1970s hospitals recycled needles in an effort to save money; he calls it "inappropriate utilisation of resources". "I said, we can't do this. I used to buy my own needles. I can't tell the world what to do, but I can do what I think needed to be done."

He would tell his grateful patients not to buy him cakes, but he asked for needles instead. "Terumo 23 gauge, buy me five boxes," he laughs.

His private practice was established at a time when the medical landscape was

already extremely competitive. The group operates on an institutional group practice model, which pools together specialists from various fields to care for patients. The model was novel in the 1970s when the predominant clinic was a solo private practice.

"We had a simple business model, that a group of us will put our strengths together and look after a group of patients who must pay us cost-plus, because we're not subsidised. And we give them the best care. So we don't have to argue with people about whether we should recycle needles.

"We shouldn't recycle needles. We will buy new ones, but please pay us for it – and by the way, we also make a small profit. My patients are very smart; they're also business people. They want us to be sustainable. Without profit, we wouldn't be here when they need us. It's very intuitive."

Yet the cost-plus model is not without compassion for those who cannot afford to pay. "There are people we give free treatment to. I'm proud of Singaporeans; they don't take advantage." About half return to pay the bill in full.

In recession years, patients need not

show letters of retrenchment to get concessions. "We just say – please approach the staff... This man has a family, he has fallen on hard times. If he needs hypertension or diabetes medicine, and he doesn't take them he may die or get maimed, and be a greater burden to his family.

"So just take the medicine and pay what you can... For our control, we keep a record. That's how I know half come back to pay."

In the practice of medicine itself, the underlying core ethos is – as Dr Loo puts it – "evidence-based medicine" – looking to well-known practices such as Sloane Kettering Cancer Centre and the Mayo Clinic as role models.

"If there is evidence that something works, please do it. If there is no evidence, don't waste money or time. We won't sell you things that are not proven."

Unnecessary treatment, he contends, does more harm than good. "We don't sell you a surgery; I don't want to make money that way. You have surgery only if you need it. Based on evidence, half a per cent of people who go under GA (general anaesthetic) never come back. For every 200

patients, one will die. That's a risk doctors seldom tell patients. If someone has cancer and you have to remove the tumour, that's worthwhile, or an appendix, or to fix a fracture. But is it worthwhile to suck fat out?

"Is it worthwhile to go through GA to enhance certain body parts?... We struggled a long time with that. Eventually we said, ok – we tell patients all the risks. If they must do it, and we know they will shop elsewhere, at least we have the consolation that it's done safely here."

He adds: "If you need one surgery and I give you two free, is that better health? A lot of Singaporeans think that if you get more healthcare it's better. More healthcare is not better; I can guarantee you that it means worse health."

The investment community is made aware that the group shuns the get-rich-quick route. "We're still run like a practice even though we are listed and for-profit. I tell fund managers – you can invest. But we're very particular about how we make money. If I want to double my profit, that's easy, but why should I do it? It means I may have to do it in ways that are not so right. That'll be the end of us. If you buy

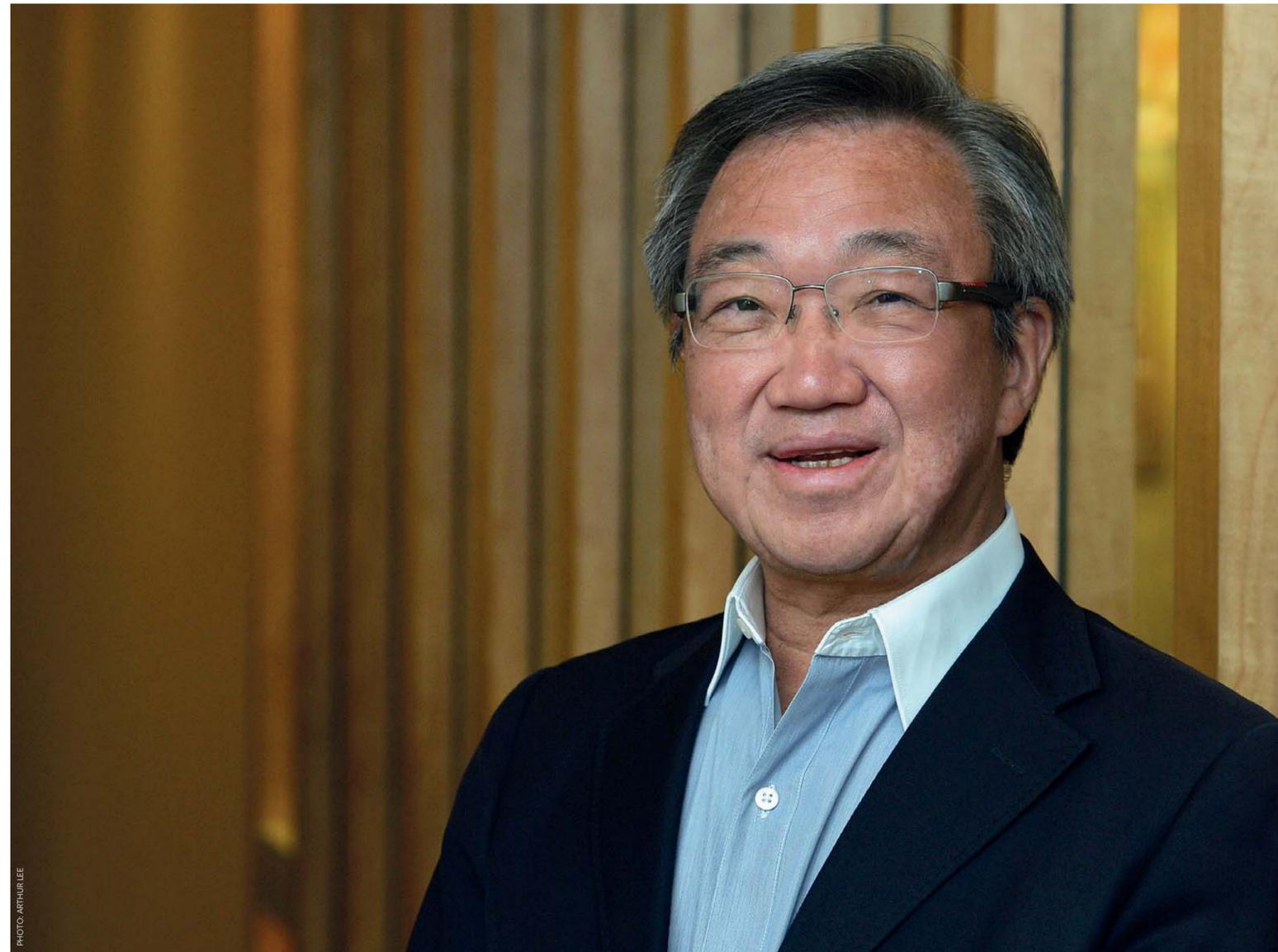
our shares, beware. We don't put patients in hospital one day longer than necessary."

As part of its governance and discipline, every inpatient case is audited 30 days after the patient is discharged. "We audit every case. We want to know why the patient was admitted, why he was operated on, how he was treated after discharge, and we look after any complications. Why did complications take place? We know sometimes it's unavoidable.

"Outside America a few distinguished organisations do (audits). Others don't do it. It's not required by law or by the medical council, but we commit to this standard."

The audit committee counts external professors among its ranks. "This is not an eye wash; we want to do it. We have rules to keep honest people honest, that patients should get what they need, no more and no less. If we do too little, we are negligent; too much means we are over-servicing. We don't want that." ■

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PHOTOS: RAFFLES MEDICAL GROUP

LOO Choon Yong, executive chairman and co-founder of the Raffles Medical Group, pooh-poohs, when told that he is named by *Forbes* as among the wealthiest in Singapore for a few years running. In 2014 he ranked 30th with wealth estimated at US\$895 million.

“Wealth – it means nothing. Nothing. How much money do you need to live? Very little. The first half of your life you make money. The second half you must give it away. It’s a matter of who do you give to? Your children, your school, charity. You can’t take it with you. Money has no meaning; it can’t give you love or happiness.

“How much do you want to eat and drink? The more you eat and drink, the faster you die. How many houses do you need? You sleep in one bed at night. It has no meaning. It’s just a score.”

He is also a philanthropic role model. In 2008, he was named by *Forbes* as one of Singapore’s “philanthropy heroes”. For more than 20 years, he has been active in the fight against drug abuse, efforts that were recognised in 2003 with the award of a Public Service Medal, and the Distinguished Service Award in 2005 from the Ministry of Home Affairs.

In 2003, he also founded the Asian Medical Foundation to care for the medical and healthcare needs of the underprivileged. At that time he pledged US\$5 million in shares. That he remains grounded despite Raffles Medical’s – and his personal – unparalleled success is likely a testament to an upbringing steeped in hard work amid modest circumstances. His mother ran a school tuck shop. His father worked in a bank, working his way up from bookkeeper to general manager prior to retirement.

He has strong views on the issue of excessive medical charges and unnecessary procedures, which impact patients directly not just in terms of potential physical harm, but also in higher costs which is manifested in escalating insurance premiums.

“We used to have a schedule of recommended fees in the old days under the Singapore Medical Association (SMA). At least you know the minimum and maximum, and it’s a guide for the profession and the public. Then came the Competition Commission of Singapore which said this was against competition. They were not wise. They forgot that there is a big difference between the medical scale and the fees of architects and lawyers. (The latter) is to prevent unsavoury undercutting. Our scale of fees is to prevent over-charging... That decision should be revisited.”

SMA’s medical fees guideline was withdrawn in 2007.

Insurers, he says, are “repeat buyers” of the group’s services on policyholders’ behalf. That, he says, is an implicit endorsement of Raffles Medical’s prudent approach towards treatment. “For every 100 or 1,000 cases sent to us, we have the

fewest admissions.” The group has its own insurance subsidiary.

He believes Singapore’s portable insurance, the private Integrated Shield plans under the CPF (Central Provident Fund) umbrella, runs the risk of the “buffet” syndrome where policyholders over-consume healthcare. “It’s not just what is charged, but whether you need to be admitted in the first place, and do you need to stay so many days?... The scale of charges will affect behaviour. Some insurers offer “as charged” plans, which encourages doctors to charge.

“In the end, who pays? The insured must pay because it’s a risk pool and the premiums go up. Everyone uses more unnecessary healthcare, doctors charge more. That’s wastage... Insurers only see the bills not the care. Medishield is supposed to have a co-payment co-insurance portion, but some insurers go and sell a rider. You buy a rider, you destroy the mechanism. It becomes a buffet free-lunch syndrome, which the government was worried about. How did we get to this?”

Integrated Shield plans must be designed with a deductible and co-insurance, based on the premise that having a portion of bills borne by the policyholders should encourage them to take care of their health. But many insurers offer riders to cover both the deductible and co-insurance portions.

Meanwhile, Raffles Medical recently announced a joint venture to build a 400-bed hospital in China. This is a challenge as China’s healthcare system is transitioning from a state-funded system to private operators.

In China, the concept of *guanxi* is extended to healthcare. “In China, hospitals are not well funded by the central government so everyone tries to survive – the hospital, managers, doctors. Sometimes patients bring trunkloads of money. Open charges are low but when loved ones go to hospital you have to give *hongbao*...”

“I’ve looked at China healthcare for 30 years... The top 10 per cent of Chinese people can afford my standard of healthcare. People pay money or *guanxi* to get an appointment with a good doctor. What is a good doctor? The layman doesn’t know. The top 10 per cent is 130 million people. The market is there.

“It’s a big challenge. My own nurses say – Dr Loo, if you do in China what you do in Singapore, you will have no shortage of patients. Our business model has to be the same as in Singapore if it carries the Raffles Hospital brand. That’s the brand promise. So if patients in China give *hongbao*, we get it together for charity, which is what we do in Singapore.” **W**