

Enhancing Vietnamese Healthcare through Joint Ventures with Japan: A Case Study of T-Matsuoka Medical Center

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Abstract: Vietnam has achieved high economic growth in recent years. Moreover, with compulsory public health insurance since 2015, the demand for medical care has increased rapidly throughout the nation. This study examines the medical services provided by Vietnamese–Japanese joint ventures from the perspective of clinic managers and finds three advantages of such clinics. Further, foreign countries, particularly Japan, have discovered the potential for the development of the medical services market in Vietnam. Consequently, such jointly funded clinics are expanding successfully.

Keywords: *medical care, joint venture, Vietnam, case study*

1. Introduction

Although Vietnam’s economic growth slowed from 8% in 2022 to 3.7% in the first half of 2023, the country has successfully transformed itself from one of the poorest in the world to a lower-middle-income country (The World Bank 2023a). Vietnam’s rapid urbanization has been accompanied by environmental degradation, increased air pollution, and deterioration of lifestyle habits (Nguyen and Trevisan 2020). The traditional Vietnamese diet is healthy since it is low in fat, meat, and fish but rich in vegetables. However, the Vietnamese health profile has recently changed to conform to Western food habits, which has caused an increase in lifestyle-related diseases such as hypertension, diabetes, and hyperlipidemia among the Vietnamese people. In addition, changes to Vietnamese children’s lifestyles have been observed in terms of increased sugar intake, which is associated with increased rates of childhood obesity, type 2 diabetes, and tooth decay or caries (Borriello 2021).

In 2015, a legal amendment made public health insurance (PHI) compulsory nationwide. The PHI uses government tax revenues to subsidize vulnerable people, such as the poor, ethnic minorities, children under six years of age, and older adults above 80 years of age (Nguyen et al. 2023; WHO n.d.). Between 1990 and 2020, the state of medical care changed drastically as infant mortality rates declined and life expectancy rose from 70.5 years to 75.5 years (The World Bank 2023b). The share of health expenditure in Vietnam’s GDP is 4.68%, approximately half of that of Japan (10.8%) and close to the average of low-income countries (5.13%) (The World Bank Data

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2024). As the foreign medical service industry makes inroads into Vietnam, the new destination for such services, this study examines the joint ventures operated by Vietnamese and Japanese medical service providers in Hanoi and elements of the services provided in one such clinic to examine the reasons behind their growth.

2. Case Study

(1) Background

We contacted Vietnamese and Japanese physicians employed at the T-Matsuoka Medical Center in Hanoi, founded in 2022 with funding from Vietnamese and Japanese owners. The facility's equipment status was confirmed through a tour. Hanoi has numerous clinics, including dental clinics, which are jointly funded by foreign and Vietnamese owners. According to our research, seven clinics in Hanoi claimed the ability to communicate in Japanese. In 2023, Hanoi, Vietnam's political capital, had a population of approximately 8,587,141, accounting for about 8.56% of the total population (Vietnam Plus 2024).

(2) Jointly Funded Clinics

Such jointly funded clinics are expanding not only in Vietnam but also in many other countries, including the EU, South Korea, and Singapore. We identified three advantages of such clinics in Vietnam. First, the number of Japanese residents in Vietnam was as high as 18,949 in 2023. This was 13.2% lower than in 2022, but Japanese nationals still ranked in the top 15 nationalities nationwide (Global Data 2021). Second, a total of 1990 Japanese companies expanded into Vietnam. At the time of its establishment, the joint clinic provided medical check-up services for employees of Japanese companies. Health check-up services allow patients to connect with Japanese hospitals via telemedicine and receive medical care from Japanese physicians. Finally, Japanese medical care is highly trusted in Vietnam, and such clinics' health check-up services also target wealthy Vietnamese people who often seek healthcare abroad.

(3) Services Offered

At the T-Matsuoka Medical Center in Hanoi, experienced care workers from long-term care insurance facilities in Japan provide Japanese hospital-style medical services, such as bowing politely and making eye contact when talking to patients. T-Matsuoka Clinic provides medical check-ups and treatment for Japanese people living in Vietnam, as well as for native Vietnamese people. Moreover, the clinic treats lifestyle-related diseases, such as diabetes and high blood pressure, as well as orthopedic issues. The medical check-up services provided at the clinic are the same as those received by Japanese people in Japan. X-ray and computed tomography (CT) images taken by technicians in Vietnam are transferred to Japan via the Internet and are interpreted by specialist physicians there. These services are made possible by a partnership with T-Matsuoka Medical Center's clinic in Hanoi, which specializes in medical check-ups and healthcare facilities in Japan. An economic partnership agreement (EPA) between Japan and several foreign countries was concluded in 2008. Although the number of candidates decreased due to the COVID-19 pandemic, 22 nurse candidates and 131 care workers participated in this program in 2022 (MHLW n.d.). Candidates who studied and worked in Japan under the EPA have used their experiences to improve the quality of medical care they provide after returning to Vietnam's T-Matsuoka Medical Center in Hanoi.

(4) Advantages

Vietnam has high-quality human capital. Although ethnic differences exist, the literacy rate

is over 98% (Global Data 2021). In Vietnam, medical licenses include medical practice certificates, meaning that courses for physicians and nurses are part of the same qualification. To obtain medical qualification in Vietnam, it is necessary to undergo on-the-job training for a certain period (physicians: 18 months; nurses: 12 months; midwives: 9–12 months). Physicians working in public hospitals are civil servants, and their salaries are low.

Consequently, securing enough physicians for such clinics is an issue. Nurses' salaries are even lower and are not very different from those of ordinary office workers. As a result, it may be advantageous for hospital managers to keep nursing personnel costs low. However, in terms of nurses' professionalism, care provided by family members and nursing care provided by professional nurses may be considered similar in Vietnam.

The joint clinic operates with Japanese and Vietnamese employees, and communication takes place in Japanese, English, and Vietnamese. Educational terms used in Vietnam differ from those used in Japan. Therefore, it is essential to have a manual in place for Vietnamese and Japanese staff, who have different cultures, educational backgrounds, and qualifications, so that they may work together seamlessly. Diagrams and flowcharts regarding infection control and patient safety are posted as easy-to-understand rules within the hospital, and medical supplies for emergencies are handled using the same standards as those in Japan.

Vietnam has friendly ties with Japan. It recognizes Japan's high medical standards and the high level of trust in Japanese medical professionals facilitates the successful operation of the collaborative clinic. After the clinic opened, a Japanese doctor and nurse were stationed there to oversee its operations. Subsequently, a medical team from Japan regularly visited the clinic to inspect it based on Japanese medical standards. Vietnamese staff who could speak Japanese received EPA training in Japan and acquired a good understanding of the Japanese style of medical care, as taught by Japanese professionals. This is useful for the training and educating of Vietnamese staff because these individuals can act as liaisons between the two groups.

(5) Challenges

Vietnamese medical treatment is partially funded by PHI, with the remaining amount being paid by the patients. The fees not covered by PHI may include services incidental to medical care, such as facility fees, interpretation fees, and staff hospitality services. Vietnam's wealthy population travel to other countries, including Thailand, Singapore, and Japan, for medical treatment, spending an estimated 2 billion USD per year on medical tourism (MCST n.d.). It is hoped that, in the future, the medical expenses and expectations of wealthy Vietnamese people can be met domestically through the establishment of such joint clinics.

3. Conclusion

Although Vietnam's economic growth has slowed, it remains an economically developing country. We found three reasons for the expansion of joint-venture clinics in Vietnam and other countries. First, Vietnam's population is nearly 100 million, making it an attractively large market. Second, patients are allowed to use mixed medical insurance to pay for treatment. Third, the wealthy in Vietnam spend large amounts on medical tourism, leading to high healthcare expectations within the country. Hanoi contains many joint ventures between Japanese and Vietnamese clinics, and dental clinics are operated by dentists from other countries.

In conclusion, in this study, we conducted interviews with Vietnamese people who were involved in the EPA in Vietnam to find out where and how they worked after returning to Vietnam. We also surveyed clinics from countries other than Japan that have opened in Vietnam to investigate

their characteristics. Further research into these issues is necessary, as well as detailed explorations of the most effective strategies for offering training in Japan to facilitate success after returning to Vietnam. Additionally, future studies will need to examine how jointly-funded clinics improve the health of Vietnamese people.

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