

08<sup>th</sup> Oct 2013, GAPC 2013

# Expected failure

: a case study on a hospital sponsored by  
alcohol industry in Korea

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# Introduction



- **Alcohol consumption in Korea** (WHO, 2011)

- Adult (15+) per capita consumption (in litres of pure alcohol), in 2003-2005 average;

	Korea	WPRO	WHO
Recorded	<b>11.8</b>	4.8	4.3
Unrecorded	<b>3.0</b>	1.6	1.8
total	<b>14.8*</b>	6.2	6.1

\* 13<sup>th</sup> among WHO member states

## • Alcohol-related problems

- 1-year prevalence of alcohol-use disorders (15-64 yrs, 2004) (Rehm et al, 2009)

	Korea	WPRO	WHO
Male	<b>13.1</b>	8.5	6.3
Female	0.4	0.3	0.9

- Alcohol-attributable deaths in Korea, in 2005 (Chun and Son, 2007)

	Total deaths	Alcohol-related deaths	(%)
Male	135,405	<b>26,058</b>	<b>19.2</b>
Female	110,106	<b>13,570</b>	<b>12.3</b>
Both	245,511	<b>39,628</b>	<b>16.1</b>

\* Global alcohol-attributable deaths, 2004 (WHO,2011) : M 6.2%, F 1.1%, both 3.8%

- **Consumption pattern in Korea** (WHO, 2011)

	Spirits	Beer	Wine	Others
<b>In litres</b>	<b>9.57*</b>	2.14	0.06	0.04
<b>%</b>	<b>81.1</b>	18.1	0.5	0.3

\* 1<sup>st</sup> among WHO member states

# •Alcohol control in Korea

– In WHO country profile... (WHO, 2011)

## ALCOHOL POLICY

Excise tax on beer / wine / spirits	Yes / Yes / Yes
National legal minimum age for off-premise sales of alcoholic beverages (selling) (beer / wine / spirits)	19 / 19 / 19
National legal minimum age for on-premise sales of alcoholic beverages (serving) (beer / wine / spirits)	19 / 19 / 19
Restrictions for on-/off-premise sales of alcoholic beverages: Time (hours and days) / location (places and density) Specific events / intoxicated persons / petrol stations	No / No No / No / No
National maximum legal blood alcohol concentration (BAC) when driving a vehicle (general / young / professional), in %	0.05 / 0.05 / 0.05
Legally binding regulations on alcohol advertising / product placement	Yes / No
Legally binding regulations on alcohol sponsorship / sales promotion	No / No

– Price control based on liquor tax

- same on beer & soju (72%), not commensurate with % alcohol
- Soju (16.5 ~ 25% alcohol) 360ml = 1000~1500 KRW (app. \$1)
- Beer 335ml (4% alcohol) = 1200~1800 KRW

- **Case study**

- **Scope:** focusing on the alcohol industry

- **Objective:** to reveal the industry's strategy to avoid effective alcohol control policy

- **Main issue:** opening and closing of the KARF hospital

- **Data:**

- 1) White/Gray papers, articles and books related to this issue

- 2) Parliamentary inspection report

- 3) the industry's publication ([30years' history of Korea Alcohol & Liquor Industry Association (**KALIA**)], 2011)

# Findings



- **History - establishment**

- Congress proposal for taxing on alcohol, so called 'Health Promotion Fund'(Dec 1996)
- The industry's response
  - Immediate launch of 'consumer protection program' (special meeting of the board of directors of the KALIA, Jan 29<sup>th</sup> 1997)
  - Development of argument against taxation
  - Participation in a variety of seminars, symposiums and debates to disseminate their contentions



- **The KALIA's argument** (KALIA, 2011 : 270)

- 1) positive effects of drinking; social, health and economic
  - 2) not identical with tobacco
  - 3) personal behavior problem of a few problematic drinkers  
(unfair to the majority of reasonable and mild drinkers)
  - 4) contribution to national economic development and agriculture
  - 5) **industry's voluntary effort is more effective than compulsory regulation by the government**
- the KALIA decided to establish a foundation working for preventing & treating alcohol-related problems (Oct 6<sup>th</sup> 1999)
- **memorandum** to MOH; contribute app. \$5mil every year

- Establishment of KARF(Korean Alcohol Research Foundation)  
(Apr 2000); the 1<sup>st</sup> chairperson of the board - a former official of  
NTS

- Opening of KARF hospital (Feb 2004)

- 100 beds
- the only hospital specialized  
for alcohol-related problems in Korea
- voluntary admission policy
- rehabilitation programs for patients and their family
- more accessible to the poor (1/4 to 1/3 discount)
- prevention work (40+ counseling centers nationwide)



- **History - “exit strategy”**

- the KALIA started trying to draw back from the agreement (2006)
- trying to sell the building at the board meeting (2006, 2010, 2011)
- has stopped funding since 2006
- **no binding force of “the memorandum” + the authority’s lethargy**  
= KARF hospital became out of business in May 2013

- KALIA' argument

- The mission of the KARF is not treatment but prevention
- There are many treatment facilities elsewhere
- Member companies complain about being a simple donor

- BUT in fact,

- 100+ patients were admitted by the time of closure
- no alternative institution with such expertise
- substantial record of performance (2012)

		Increase (compared with prev. year)
<b>In-patient</b>	72.6/day	+2.2%
<b>Out-patient</b>	24.9/day	+37.6%
<b>Rehab program participations (1,998 programs)</b>	32,003/year	+21.0%

# Discussion



- **Expected failure of a hospital sponsored by alcohol industry**
  - **unprecedented case**
  - **how come?**
    - 1) **stopgap measure**; impose tax on alcohol → price ↑ → sales ↓ → profit ↓
    - 2) **naïve attitude of the government**
    - 3) **no public health perspective**; objective of bill of imposing 'National Health Promotion Fund' on alcohol was to fill in the deficit of National Health Insurance

# 1) Stopgap measure of the industry

- decided to fund consumer protection program in a month (Dec 1996 – Jan 1997)
- **hasty decision**
  - Medical detoxification is considered as an effective policy (Barbor et al, 2010 : 243-248)
  - Rising concern of the industry: “Sponsoring of treatment facility by the KALIA could give misconception that the problem was caused by the alcohol producers”
- **avoiding alcohol tax was the industry’s top priority** (not people’s health)

## **2)The government was naïve**

- no binding force of “memorandum” + no strong will for restoring
- all policies funded by or aligned with the alcohol industry have failed (Barbor et al, 2010 : 231-234)
- this case can be added to a list of fiascos

### 3) No public health perspective

- the government's perspective on alcohol has been a major source of "tax revenue"
  - ; revenue from liquor tax consisted of 1.2% of total revenue (2009)
  - ; all revenues from liquor tax go to fund regional development
- "**Bluebird Plan 2010**" as national alcohol control policy was funded by the industry



- **History of policy failures**

- several attempts to impose tax on alcohol

Date	Proposer
Dec 1999	Lawmaker Jung EH
Nov 2001	Lawmaker Kim HS
Jul 2005	Lawmaker Kim CJ
Mar 2010	Lawmaker Baek WW
Apr 2010	Lawmaker Kang MS
Jun 2010	Lawmaker Kim CJ

→ **all failed, in the context of strong counter-attack of the alcohol industry**

- **Ongoing problem**

- more public attention is needed

- national alcohol control policy focus should be on public health

- the government is responsible for prevention & treatment of alcohol-related problems

- keep in mind that the industry's vested interest is not compatible with public interest



**Thanks for your attention**

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