Social Science & Medicine 123 (2014) 269–277

Contents lists available at ScienceDirect

Social Science & Medicine

journal homepage: www.elsevier.com/locate/socscimed

To whom do bureaucrats need to respond? Two faces of civil society in health policy

Seunghoo Lim [a], Keon-Hyung Lee [a], Hae Sun Suh [b], Kwi-Hee Bae [c, *]

[a] Askew School of Public Administration and Policy, Florida State University, Tallahassee, FL 32306-2250, USA
[b] College of Pharmacy, Pusan National University, Pusan, Republic of Korea
[c] School of Public Administration, Soongsil University, 369 Sangdo-Ro, Dongjak-Gu, Seoul, Republic of Korea

ARTICLE INFO

Article history:
Available online 16 October 2014

Keywords:
Separation of dispensing and prescribing (SDP)
Civic groups
Interest groups
Policy conflict
Stakeholder analysis
Health policymaking process in South Korea

ABSTRACT

The South Korean government implemented a law that separates the dispensing and prescribing (SDP) of drugs in July 2000. It was one of the most controversial issues in the Korean healthcare delivery system. Drawing on the conflict-cycle view and stakeholder analysis, which was used to examine how multiple stakeholders influenced this policymaking process, this study examines 1) the role of Korean civil society (i.e., civic and special interest groups) in SDP reform and 2) why SDP reform led to unintended consequences. We argue that bureaucrats in the Ministry of Health and Welfare (MoHW) should have played a central role in accommodating the public interest. Because they failed to do so, civic groups assumed major mediating and moderating roles. Due to the civic groups' lack of technical knowledge and professional experience, however, they played a limited role. In finalizing the proposal, therefore, bureaucrats were captured by strong interest groups, leading to unintended consequences, such as the increased use of non-covered services and higher healthcare expenditures. To ensure that the government serves the authentic public interest rather than special interest groups, bureaucrats should be responsible to the public rather than these interest groups. Moreover, civic groups should be strengthened (in relation to strongly organized interest groups) and included systematically in creating health policy.

1. Introduction

In 1999, the Korean government proposed a model to separate the dispensing and prescribing (SDP) of drugs based on gradual implementation schedules from 1999 to 2005. When this proposal became effective in the beginning of July 2000, Korean pharmacists were no longer allowed to prescribe medications, and physicians were forbidden from dispensing medications to outpatients from their offices or hospitals. This law was one of the most controversial issues in the history of the Korean healthcare delivery system and resulted in substantial changes (Kang et al., 2002).

Prior to this policy, physicians and pharmacists had played the same or similar roles in dispensing and prescribing drugs. Korean physicians and pharmacists were both able to prescribe and dispense drugs to patients, which led to duplication of services and the waste of healthcare resources. Furthermore, this duplication resulted in the overuse and misuse of medications among Koreans. As drugs are crucial to patient care and most medical treatments involve medication, this behavior had a major impact on the healthcare system (Kwon, 2003).

Although it was implemented in July 2000, physicians and pharmacists protested against the policy for over two years. By 2002, emergency rooms were shut down, five patients died because of medical strikes organized by the medical society. The government arrested physicians, while the public blamed the government for its inaction. The professional associations of physicians and pharmacists refused to negotiate and rejected the policy altogether; civic groups did try to intervene in various manners, but without success. The newly implemented policy, SDP reform, satisfies no one, and due to the absence of a rational system by which to resolve such conflicts, none of the parties were willing to negotiate. The result was social conflict among the stakeholders.

SDP reform was designed to maximize social welfare and public health by abolishing the inappropriate incentives that arose from the traditional system of integrated drug prescribing and dispensing. The changes in the incentive structure from SDP were intended to improve public health and enhance drug safety;

* Corresponding author.
E-mail addresses: seunghoo.lim@gmail.com (S. Lim), klee2@fsu.edu (K.-H. Lee), haesun.suh@pusan.ac.kr (H.S. Suh), khb07@ssu.ac.kr (K.-H. Bae).

http://dx.doi.org/10.1016/j.socscimed.2014.10.025
0277-9536/

however, the establishment of the SDP system without consensus among the stakeholders caused much social conflict. The government might have had more success had it elicited stakeholder collaboration to foster mutual understanding and efficiently settle the policy disputes. Instead, civic groups played a critical mediating role among multiple stakeholders throughout the reform process (Ahn, 2002; Kim, 2009a, 2009b); however, due to interest group politics (Wilson et al., 2012), the original proposal was revised, with unintended consequences.

The policy goal of the SDP system was to reduce the misuse or overuse of drugs, to constrain excessive pharmaceutical expenditures and to improve drug safety. Unfortunately, although there were positive effects, such as reduced inappropriate antibiotic prescribing (Park et al., 2005), there were unexpected results, including the increased use of non-covered services and higher healthcare expenditures (Jeong, 2005; Kim and Ruger, 2008; Shin, 2012; Lee, 2011). In fact, the rapid increase in healthcare expenditures has become the greatest challenge in the Korean healthcare system after the SDP reform. Drug expenditures increased 10% annually between 2001 and 2006. Since the SDP reform, drug expenditures have increased at a double-digit rate and are close to 25% of total healthcare expenditures, well above the Organization for Economic Cooperation and Development (OECD) average of 14.5% (Jones, 2010).

Health reform is a political challenge involving the redistribution of significant benefits and costs among stakeholders (Glassman et al., 1999; Reich, 1995). In particular, SDP reform confronted complex obstacles in creating a more pluralistic environment, such as the first government changeover to the opposition party, the substantial role of civic groups in representing public interests, and the increased openness of public policy decision making. Although many previous studies have examined SDP reform, they offer little insight into the public policy process, in which multiple stakeholders have different levels of resources and interests. The problem of how the interactions of various stakeholders in conflict affected SDP reform and its policy outcomes (given that the Korean political environment had evolved around the SDP reform) has not been systematically studied.

The aims of this study were 1) to examine the societal and political role of civic groups and interest groups in SDP reform, and 2) to investigate why SDP reform had unintended consequences. Thus, we reexamined the process and consequences of SDP reform.

2. Methodology

We employed a policy-conflict approach and stakeholder analysis as our theoretical framework. Stakeholder analysis (Brugha and Varvasovszky, 2000; Varvasovszky and Brugha, 2000) is useful in identifying critical dynamics in relationships among actors within the policy-conflict framework inherent in SDP reform. We used multiple methods to improve the validity and reliability of the stakeholder analysis. To examine the relationships among the stakeholders and their concerns, we searched relevant prior studies and reports using the MEDLINE and local databases, including KoreaMed (www.koreamed.org), KMBASE (kmbase.medric.or.kr), RISS (www.riss.kr), KISS (kiss.kstudy.com), and PRISM (www.prism.go.kr), with various combinations of search terms, including “Korea,” “health reform,” “separation,” “dispensing,” and “prescribing,” in the title and abstract of works published through April 30, 2013. In addition to the literature search, expert consultations (i.e., experts from the Korean medical society, the pharmaceutical society, government officials, and academics) were performed to identify the key stakeholders, changes in their interests or positions over time, and the issues causing conflict. Stakeholders can be broadly defined, but our definition included the primary stakeholders (individuals who were directly affected by the policy change, such as physician and pharmacist professional groups), secondary stakeholders (intermediaries, such as civic groups), and official policy formulators (i.e., the president, bureaucrats of the principal public agency, and the ruling party in the legislature).

From March to May 2012, the research team members met at least once in person at separate time periods and made occasional phone calls with the four pharmacists who represented the KPA's viewpoint, the five physicians representing the KMA's perspective, the three bureaucrats who have been involved with health policy issues, and the two academics who have investigated the role of civic groups in health policy. We did not include the representatives from civic groups in our expert consultations because the SDP reform happened over ten years ago and the composition and agendas of the civic groups might be different from that period of time. Instead we consulted with two academics who have investigated the role of civic groups in health policy. Between November and December 2012, these experts reviewed our preliminary results and findings in duplicate.

The SDP policymaking can be divided into four stages based on major events representing “triggering mechanisms” (Cobb and Elder, 1983) that prompted or hindered dialog among the stakeholders, such as agreement proposals to resolve the dispute or collective actions by interest groups. The four stages are 1) conflict latency, 2) conflict emergence, 3) conflict escalation, and 4) conflict resolution (Fisher, 1994; Kriseberg, 2003). Based on the policy-conflict approach (Baert et al., 2010; Lan, 1997), this study examines changes in the contexts, actors, contents, and processes (Giarelli, 2004) in SDP reform through a stakeholder analysis.

Policy change is likely to be conflictual and problematic when it involves a complete departure from the status quo, targets multiple stakeholders, and is intended to have long-term effects (Cleaves, 1980; O'Toole, 1986). SDP reform involved a comprehensive change from the previous distribution, causing resistance from parties with vested interests. Furthermore, the political climate in Korea was in flux; political power transitioned peacefully for the first time in history in early 1998. Civic groups' monitoring of well-organized powerful professional interest groups was rapidly increasing; and the top-down approach to public policy dominated by bureaucrats was being replaced by active participation by civil society. Therefore, we develop the proposition that competition among stakeholders and the dynamics inherent in this reform would affect bureaucrats' implementation of SDP reform during the prolonged and expanded policy conflict.

3. Findings and results

Based on the literature review and expert consultations, we generated a list of the key stakeholders, along with their interests and resources. The key stakeholders are the president, Ministry of Health and Welfare (MoHW), Korean Pharmaceutical Association (KPA), Korean Medical Association (KMA), Korean Hospital Association (KHA), civic groups, and ruling party. Table 1 summarizes the interests and resources of the key stakeholders at the initial policymaking stage. The president was regarded as the master of the bureaucracy and its subordinates in South Korea's “imperial presidency” (Hahm and Plein, 1997). Furthermore, the SDP dispute occurred under a unified government, in which the president's party, as the majority, controlled the legislature, and the legislature's ability to check the president's powers was more likely to be limited. Early in the SDP policymaking phase, as shown in Table 1, the president, MoHW, and ruling party aimed to implement SDP reform policy because the president had pledged to do so during the presidential election on the grounds that the change would