

China unveils health-care reform guidelines

China Monday unveiled a blueprint for health-care over the next decade, kicking off a much-anticipated reform to fix the ailing medical system and to ensure fair and affordable health services for all 1.3 billion citizens.

The Central Committee of the Communist Party of China and the State Council, or China's Cabinet, jointly endorsed and issued the Guidelines on Deepening the Reform of Health-care System after about three years of intense debate and repeated revision.

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By 2020, the world's most populous country will have a basic health-care system that can provide "safe, effective, convenient and affordable" health services to urban and rural residents, according to the tone-setting document.

This will be supplemented by a more detailed implementation plan for the three years until 2011. The plan has yet to be published, but the State Council announced earlier this year an investment plan of 850 billion yuan (\$124 billion) for the reform in three years.

The core principle of the reform is to provide basic health care as a "public service" to the people, which requires much more government funding and supervision.

The document said the government role in "formulating policies and plans, raising funds, providing service, and supervising" must be strengthened in order to ensure the fairness and equity of the service.

"This is the first time that basic medical services in China are clearly defined as a public service for all citizens, which is part of essential rights of the people," said Prof Li Ling, of Peking University.

The reform is aimed at "solving pressing problems that have caused strong complaints from the public," the document said, referring to long-standing criticism that medical services are difficult to access and increasingly unaffordable.

Many factors were blamed for causing problems - huge development gap between cities and rural areas, low government funding, weak health-care facilities at grassroots level, and increasing disease burdens - despite the country's effort to double the average life expectancy over the past 60 years.

Soaring medical bills further strained China's social security network, already burdened by expensive education, fast population ageing and unemployment. This forces many ordinary Chinese to save money, instead of spending, as precautionary measures.

"Government's decision to spend more on public sectors such as health care comes at a crucial moment as the country strides to expand domestic markets to offset negative impacts from global economic downturn," said Prof. Zhao Xijun, of the Renmin University of China.

After the founding of the People's Republic of China in 1949, governments covered more than 90 percent of medical expenses for urban residents, while rural people enjoyed simple but essentially free health care.

But when China began its economic reforms in the early 1980s, the system was dismantled as the country attempted to switch to a market-oriented health care system.

Due to low government funding, doctors at state-run hospitals were forced to "generate" incomes for the hospitals through prescribing highly-profitable, sometimes unnecessary drugs and treatment. In many places this could account for 90 percent of a hospital's income.

Soaring fees plunged many into poverty and made medical services less affordable to ordinary citizens.

Statistics from the Ministry of Health show that the personal spending on medical services has doubled

from 21.2 percent in 1980 to 45.2 percent in 2007, while the government funding dropped to 20.3 percent from 36.2 percent in 1980.

In 1997, the State Council moved to correct the previous concept that medical services were a type of commercial product. In the next ten years, a series of medical reforms, such as the basic medical insurance for urban employees and the new cooperative medical scheme for farmers, were gradually implemented.

But the central government admitted in 2005 that previous reform was "basically unsuccessful," then started a new round of reforms that led to Monday's plan.

The long-awaited document has been repeatedly delayed since the government unveiled preliminary version for public scrutiny in October last year. It has drawn wide attentions and debates, and accordingly was revised for many times.

The blueprint highlights the establishment of a basic health-care system to cover all Chinese citizens to be formed on the basis of systems of public health, medical service, medical insurance and medicine supply.

The government will improve the public health network for disease prevention and control, health education, mother and infant health care, mental health and first aid services, according to the blueprint.

Public, non-profit hospitals will continue to be dominant providers of medical services, while more priority will be given to the development of grassroots-level hospitals and clinics in cities and rural areas, which are often ill-equipped and understaffed.

Patients will be encouraged to use more grassroots-level hospitals and clinics, which will be improved to provide more accessible and affordable services. Comprehensive hospitals in big cities will be asked to provide more support to small, local hospitals in terms of personnel, expertise and equipment.

The government plans to set up diversified medical insurance systems in order to have urban employees, urban residents who do not work or are self-employed, and rural residents covered by some sort of insurance plan.

The ratio of those covered by the basic medical insurance is expected to surpass 90 percent by 2011.

The reform is also aimed at improving the medicine supply system so that public hospitals and clinics are supplied with essential medicines with prices regulated by the government, according to the blueprint.

Other highlights include:

- The government to enhance the management and supervision of the operation of medical institutions, the planning of health service development, and the basic medical insurance system.

- Public hospitals to receive more government funding and be allowed to charge higher fees for treatment. But they will be eventually banned from making profits through subscribing expensive medicines and treatment, which is a common practice at present.

- Central and local governments to increase investment in the public health sector, grassroots-level clinics, subsidies for public hospitals, and basic medical insurance systems.

- Governments to increasingly regulate the pricing systems of medical services and medicines, with particular control on the price of basic services at non-profit hospitals and essential medicines those hospitals use.

- Supervision of medical institutions, health insurance providers, and pharmaceutical companies and retailers to be strengthened. Governments will also tighten monitoring of drinking water and food safety, and safety in workplace.

Dr Sarah Barber, a World Health Organization official, said that the aim to improve equitable access to essential health care for all in China was "laudable."

However, the success of the reforms will depend on how effectively this vision is implemented in different sectors and regions across China, Barber said.

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