

## **POLICY AND PRACTICE UPDATES**

### **Educating the Future Rural Doctors for Free**

Source: The Caixin Online 2010-06-10

<http://www.caing.com/2010-06-09/100151171.html>

Rural doctors, a particular group of health workforce that work for village and township clinics, are now in a serious shortage. According to a survey conducted by the Development Research Center of the State Council, only 1.9% of the rural doctors in 118 villages and townships hold a college degree, 70.6% have a technical school degree, and the other 19.2% have no degrees.

In order to meet the challenge, the Chinese government recently launched a program which offers free education for the future rural doctors. The program details were published online on June 8th, saying that about 5000 people can benefit from this program in 2010. Most of the participants will be medical students from countryside. Students who want to participate in the program should first take the college entrance examination and then choose this program as a special major. Also, they have to sign an agreement with the local health bureau promising that they will work for the rural primary care institutions for 6 years after graduation. The students will then be able to enjoy a free college education without paying tuition or boarding fees. Qualified candidates can also receive living subsidies for about 6000 Yuan each year.

### **Zhenjiang – the Only City that Meets the National Health Reform Criteria**

Source: People's Daily 2010-07-01

<http://unn.people.com.cn/GB/14748/12025982.html>

The city of Zhenjiang has launched the medical insurance transferability program, thus becomes the first to fully achieve the national requirement. According to the Ministry of Social Security and Human Resources, from July 1, 2010, migrant workers in other provinces can move to Zhenjiang with their medical insurance. On June 28, China Central TV reported the Zhenjiang experience.

Zhenjiang first implemented its health reform in 1995. Since then it has continuously put forward innovative health policies. Most recently, Zhenjiang has focused on removing the barrier of population flows, establishing the basic medical insurance systems, and building the interchange between basic medical insurance systems.

Several lessons can be learned from the Zhenjiang experience. For example, a “human focused” medical insurance system is needed to balance the development between the urban and rural areas; the insurance transferability problem may be solved through the market power, with a unified platform for insurance policies.

### **Minister of Health on the Main Challenges of the Healthcare Reform**

Source: Xinhua News Net 2010-07-15

<http://news.sohu.com/20100714/n273508522.shtml>

The Minister of Health, Chen Zhu, recently visited public hospitals in Beijing such as Chaoyang Hospital and Jingsong Community Health Center. During his visit, he outlined 5 key tasks to meet the challenges of the current healthcare reform.

First, he emphasized that the mission of public hospitals is to offer public medical service, not to seek profit. He mentioned the payment system reforms as a key measure. Second, he stressed on the financial challenges of many hospitals, citing that 57% of the medical service items ended up losing money in the 11 hospitals he visited. “How to properly finance the public healthcare and let the medical prices reflect the true cost is an important issue”, Said Minister Chen. The other three

challenges are: designing the right policies to encourage the development of private hospitals, building an effective preventive care and gate-keeper system, and covering the migrating population, especially the rural migrant workers, with the public health insurance system.

### **Roadmap for Healthcare Reform – 30 Provinces in Comparison**

Source: 21<sup>st</sup> Century Economic Report 2010-07-24

<http://www.21cbh.com/HTML/2010-7-26/5NMDAwMDE4ODQ5Nw.html>

After the roadmap for the healthcare reform was published in 2009, provincial and municipal governments have been working hard on their plans for health reforms on the local level. Recently, 30 provinces have made their plans public in response to requests by the Ministry of Health. According to the Research Group of Health Care Reforms, several issues remain with these local plans. First, the arrangements have mostly focused on how to reform the basic medical insurance, and seldom explained how the other research efforts will be taken. Second, many plans simply copied the contents of the national roadmap, without putting out corresponding countermeasures to intensify the reforms. Third, few provinces made specific arrangements on resolving such common health reform problems such as the essential drug policy and public hospital reforms. In their conclusions, the research group commented that the local plans were lack of positive initiatives and exploratory acts.

### **Prescription Drug Dispensing Fee Launched in Dispute**

Source: 21<sup>st</sup> Century Economic Report 2010-08-17

<http://www.21cbh.com/HTML/2010-8-17/3MMDAwMDE5MjM3MQ.html>

At the end of July 2010, Guangdong province started to collect the prescription drug dispensing fee among six pilot cities/regions that launched the experimental charge. This means that the long-disputed fee schedule has finally been put into practice, but it is still largely unclear what items should be charged, how much should be charged, and how the money should be used to compensate for the cost of public hospitals. This enormous uncertainty makes it extremely difficult to implement the drug dispensing fee reform. The journalist contacted many hospitals at Shenzhen and Zhongshan city, and all the interviewees suggested that they are still waiting for the further policy clarifications from the authorities. Meanwhile, a report from Beijing pharmaceutical advocates that it is time to discuss the implementation details of the dispensing fee reform rather than still arguing whether the fee should be made as standard charge across the nation.

### **New Policy on Privately Funded Hospitals: Tax Benefits for Basic Medical Services**

Source: First Finance Journal 2010-11-10

<http://finance.ifeng.com/news/20101110/2854086.shtml>

A new policy proposal is currently under consideration by the State Council. The proposal aims to encourage more involvement of private capital in providing the basic medical care to the public and enhancing the public health services. The new policy offers generous tax benefit for private capital investment in the health care industry. For example, any medical institutions run by private capital which provides sufficient basic medical care will be exempted from sales taxes. Moreover, if the pretax profit is used on medical treatment and public health, the corporate income tax will also be exempted. However, if the profit is used for bonuses, the corporate income tax will be levied.

Li Keqiang, China's Vice Prime Minister, has stressed the importance of establishing viable market and competitive mechanisms in the seventh plenary session of the party. He encouraged innovative ways of running medical institutions and promote orderly competition in the industry. Spokesman of Ministry of health, Deng Haihua expressed in a news conference that the health reform pilot cities have had steady progresses, and new pilot projects addressing public hospital reforms, social security and the New Rural Cooperative Medical Insurance Scheme reimbursement schemes will be underway soon.