

urban residence. Diabetes has become a major public health problem in China and that strategies aimed at the prevention and treatment of diabetes are needed.

Avraham Ebenstein and Steven Leung "Son Preference and Access to Social Insurance: Evidence from China's Rural Pension Program" *Population and Development Review* 2010, 36(1): 47-70.

The introduction of a voluntary old-age pension program in rural China in the 1990s presents the opportunity to examine (1) whether parents with sons are less likely to participate in pension plans and (2) whether providing access to pension plans affects parental sex-selection decisions. *The paper found that parents with sons are less likely to participate in the pension program and have less financial savings for retirement and that an increase in county-level pension program availability is associated with a slower increase in the sex ratio at birth.*

POLICY AND PRACTICE UPDATES

The Pilot Reform of Public Hospitals officially launched

Source: China Economic Times 2010-02-24

Five central government bodies including Ministry of Health jointly released the "Guidelines for the Pilot Reform of Public Hospitals" (Guidelines). The Guidelines emphasize the public servant role for the public hospitals, aiming to gradually eliminate the hospital drug mark-ups which have been a major source of hospital revenues. The lost drug revenue will be compensated with several new income sources: prescription fee which is to be included into the reimbursement list of health insurance plans, increased physician service charge, and more government subsidy.

The Guidelines also emphasizes the cooperation between the government and the market mechanism, encouraging private capital to invest in the health care delivery system, allowing the creation and development of hospitals of different ownership types. The Guidelines have appointed 16 experimental cities for the pilot public hospital reforms, i.e., Anshan, Shanghai, Zhenjiang, Xiamen, Weifang, Shenzhen, Qitaihe, Wuhu, Ma'anshan, Luoyang, Ezhou, Zhuzhou, Zunyi, Kunming, Baoji, and Xining.

The essential medicine system: harder than expected

Source: 21st Century Economic Report 2010-03-16

According to the China health care reform agenda, the essential medicine policy would be reinforced among 30% of the health care infrastructure units (community and county clinics) by the end of 2009 and covers 60% of these units in year 2010. The essential medicines are to be purchased and redistributed to these clinics by the provincial health bureaus through a standard channel, and "Zero mark-up" policy will be maintained to make sure the hospitals and clinics do not have any added revenues in the final sale of the drugs. However, according to recent survey study by Zhu Hengpeng, Research Associate in Chinese Academy of Social Sciences Institute of Economics, this essential medicine policy is having great difficulty in implementation on the local level. After eliminating the drug revenues, local hospitals can no longer make ends meet with the current means, and the local governments do not have enough resources to cover the financial loss either. Increasing diagnostic charges and introducing the prescription fees have been seen as a solution, but according to Zhu, they also will not produce sufficient revenue to compensate for the lost income.



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