DIRECTION OF—AND CHOICES IN—NEW HEALTH CARE REFORM IN CHINA

Edward Gu

Abstract

In 2008, the most significant event in China’s health sector was the release for public examination in mid-October of the draft of the official proposal for a new round of health care reforms. The blueprint for constructing a basic health care security system is clear. The institutional framework for this system is actually already in place, comprising three public health care insurance schemes targeting urban employees, urban residents, and rural residents, as well as medical assistance schemes in urban and rural areas. In comparison, the direction of health care delivery system reform remains unclear. One approach is to restore a planned economy for community health care services, while the other is to push forward with a corporate system of public hospitals. How these two approaches will interact with each other in the future will become a major problem.

Keywords: public health care insurance; corporate system of public hospitals; privatisation; planned economy of health care services

In 2008, the most significant event in China’s health sector was the release of the draft of the official proposal for a new round of health care reforms. On October 14, the State Council Interdepartmental Cooperation Working Group for the Deepening Reform of the Healthcare System issued Opinions on Deepening Reform of the Healthcare System (Draft for Comment) on the National Development and Reform Commission website to solicit opinions from society at large. Although, the Draft for Comment gave the first impression of being “recondite” (according to one CCTV commentator), the fact that opinions are being solicited nonetheless reflected the atmosphere of reform in China’s public policy decision system. The Draft for Comment was aimed to cover various aspects of the healthcare system, but the originally cross-correlated and integrated reform measures have been dispersed in different parts of the Draft for Comment.
The overall objectives of this new round of healthcare system reform are to “establish a basic health system for urban and rural residents, and provide safe, effective, convenient, and inexpensive health services.” “Basic health system” comprises four components, namely the public health service system, medical service system, medical security system and drug supply security system. The public health service system also retains issues of how government guidance can be reconciled with the market mechanism, but this problem was not explicitly elaborated in the Draft for Comment. The public health and medical service systems are however a completely different matter, and portions of the public health system may to a certain extent become independent. This paper will not therefore discuss the reform of the public health service for the moment, but emphasises the medical security and medical service system. Against a background of the “High expense and difficulty involved in consulting a doctor”, these two systems are very much on people’s minds.

The Draft for Comment more explicitly elaborates the construction of the medical security system, namely establishing a basic medical security system which incorporates public health insurance for both urban employees and urban residents, rural new cooperative medical services as well as medical assistance schemes in urban and rural areas. Under the current basic medical security system, many details still urgently require improvement, especially the reform of the public health insurance payment mechanism. The medical security function is simple; first, it raises funds; second, it makes payments. A public health insurance institution which operates properly under ordinary conditions raises money for all medical services, so that the institution is then able to pay the majority of medical expenses for these services when policy-holders fall ill. Therefore, the function of the public health insurance institution is to act as a good agent for policy-holders to purchase medical services and medication services from medical service organisations. In short, the expansion of coverage by the medical security system and the purchase of good services by the public health insurance institution are two indispensable criteria for the healthy development of the medical security system. The Draft for Comment emphasises the expansion of coverage in the dual-track development of the medical security system.

Regardless of whether the Draft for Comment or associated experiments all show that urban and rural community health service organisations will form an administrative management system, the various local