Report on Reforms to and Development of the Medical and Healthcare Industries in 2012

Fang Lijie*

Abstract

The new round of healthcare reform that begun in 2009 has now advanced into its fourth year. On the whole, the new healthcare reforms are being implemented on the basis of the idea that “everybody should enjoy access to basic medical and healthcare service.” They emphasize the “public welfare nature” of restoring the health service system and aim to transform health service models in order to respond to changes in both the population structure and the spectrum of diseases. The reforms have clarified funding institutions and have begun building a basic framework for grassroots medicine. In 2012, healthcare reform entered the most central, and also the most complicated area: reforms to public hospitals. Nevertheless, there are still great uncertainties in reforms to grassroots healthcare providers. Reforms to public hospitals remain in the initial stage of framework construction, especially in regard to financing, and have not yet evolved into corresponding services. In the future, reforms to healthcare providers will be the focus of overall healthcare reforms.

Keywords

healthcare service system – healthcare provider reforms – grassroots medicine – public welfare

From 2009 to present, there have been great changes to the Chinese medical and healthcare systems every year. These changes were the result of the new round of healthcare system reforms initiated in 2009. The depth and breadth

* Fang Lijie. Sociology Doctorate, associate researcher at the Chinese Academy of Social Sciences Sociology Institute.

The author was assisted greatly by Mr. Zhao Hongwen of the World Health Organization and his friends, and would like to express gratitude for that help here.
of the reforms indicate that the central government has decided to implement fundamental reforms to the healthcare system. Healthcare system reforms are an extremely complicated process. The Chinese Minister of Health Chen Zhu has described the process as possessing “four beams and eight pillars.” The “four beams” are systemic reforms to the public health system, the medical service system, the medical assurance system, and the drug supply system. The “eight pillars” are medical regulation bodies, operating bodies, investment bodies, price formation mechanisms, regulation bodies, technological and human resources guarantees, information systems, and legal mechanisms. The new round of healthcare reform is targeting these “four beams and eight pillars” in order to reconstruct the healthcare “building.”

1 Progress of Healthcare Reform

Of the four systems for medical and healthcare, the earliest to be reformed was the medical assurance system. The CCP and the State Council Resolution to Further Strengthen Rural Healthcare Work [中共中央、国务院关于进一步加强农村卫生工作的决定] determined that pilots would be launched starting in 2003 to comprehensively plan for the New Rural Cooperative Medical Scheme (NRCMS) and the rural medical assistance system, and that the coverage of the NRCMS would be greatly expanded. Its target was a participation rate of over 90 percent in all of China’s rural areas. In 2007, urban resident basic medical insurance pilots were also initiated. Prior to the comprehensive initiation of healthcare reforms in 2009, great achievements in medical assurance had already been made. From the perspective of healthcare reform, as the NRCMS for the first time clearly defined the State’s fiscal duties in providing rural medical assurances, the Scheme became a turning point for the development of healthcare in China. All reforms that followed were continuations of “expanding the government’s responsibilities.” From the perspective of social welfare, the NRCMS and urban resident medical insurance systems, as well as the urban worker medical insurance system begun in 1998, created an institutional framework for insurance that covers the entire population. That hinted that previous medical and welfare benefits, previously called “labor assurances” targeted at only the conventional urban employed population, were now going to be upgraded to a “social assurance” system in the true sense, one which covers the entire population. This was also a portion of the transformation of welfare models in China.

Behind the 2009 healthcare reform were the ever more severe problems widely bemoaned as “seeking medical assistance is expensive” and “seeking