

Chapter 61

Public Hospitals in China: The Next Priority for Meaningful Health Care Reform

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ABSTRACT

China has had some initial success in its current health care reform efforts. Five areas of reform have been targeted and include providing universal coverage, equitable access to basic health insurance, establishing an essential medicine system, and improving primary health care facilities. The last area, the reform of the public hospitals, remains the most difficult to reform. General guidelines have been established by the national government and movement is being taken to delegate authority to local units for implementation. The aim of this paper is to compare China's formal government sponsored health care reform plan for public hospitals to the acknowledgement and acceptance by a sample of health care leaders in Guangzhou. Challenges are strong and include cost accountability, doctor training, employee empowerment, improprieties, and the influence of private hospitals. Based on this qualitative research, conclusions and recommendations are made by the authors as to what is necessary to have effective public hospital reform in China.

INTRODUCTION

China's health care reform is on the right track. Due to a decade of a growing economy, this country has been able to dedicate resources to increase medical access to its immense population. It has not been a smooth ride to achieve the results nor will it be easy to progress further in its reform. Some see the health care reform efforts prior to 2012 as a failure (Zhang and Navarro, 2014; Ramesh et al., 2013). Others credit the recent reform measures as a good testimonial to the Chinese policy development process (Korolev, 2014). In any case, this is an historic time for China to use its recent wealth to build infrastructure to support a new model for its health care delivery.

DOI: 10.4018/978-1-5225-1674-3.ch061

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The country recognizes that this fundamental change will take several years to accomplish. President Xi Jinping operates from a very solid power base so now is an opportune time to make the structural changes needed (Roach, 2013). The latest measure to assess if efforts are productive is from the three year reform plan launched in 2009 (Ho, 2011). The main provisions of China's Reform Plan 2009-2011 are listed in Table 1. This reform plan signaled the need for a systematic and comprehensive approach (Lin, 2012). Up until now though, it has not been well coordinated among the different areas within the health care delivery system. One sector is not likely to succeed without reforms in the other sectors (Cao et al., 2012).

In this earlier reform plan, China committed to double its government annual spending on health care. This new funding has provided improvements to public health, has built infra-structure, trained providers for the delivery of primary health care, and subsidized enrollment in insurance programs. Two large components that were not, however, impacted as hoped were addressing 1) the high cost areas of pharmaceutical sales and 2) reforming public hospitals. Nevertheless, significant progress has been made in the other areas (Yip et al., 2012).

More specifically, the first initiative was to provide affordable and equitable basic health care for all by 2020. With the initiation of three national health insurance programs, covering the basic health needs for urban residents, rural farmers and those living in poverty, China is well on its way to universal coverage. Research shows over 95% of the Chinese population now has some form of health insurance (Meng et al., 2012). Unfortunately, problems still exist even with this increased coverage. The rural and urban residents' insurance plan problems include reliance on local government capacity, reimbursement ceilings, and rates. Plus, there are incentives for unnecessary care and waste in the design of the programs (Barber and Yao, 2011). Also, recent studies show that even though access is increasing, the financial burden placed on patients has also increased (Long et al., 2013).

Making public health services available and equal to all is a lofty but necessary goal in any developing country. The increase in insurance coverage has led to advances in achieving equal access to services across and within regions. However universal health insurance coverage alone cannot mitigate the existing inequity in healthcare (Sun et al., 2014). Wide differences in the allocation of healthcare resources between urban and rural areas are still evident when comparing healthcare expenditures, the number of healthcare facilities, available beds, and personnel (Chen et al., 2014).

Another initiative was to establish a national essential medicines system to meet everyone's primary needs for medicine. A new national list of essential medicine consisting of 307 Western drugs has been created. Additional provincial approved and traditional Chinese medicines are being added to the formu-

Table 1. China's reform plan 2009-2011

Main Provisions of Reform Plan
1. Providing universal access to basic health insurance
2. Offering equitable access to basic public health services (greater rural and urban parity)
3. Introducing an essential medicine system
4. Improving primary health care facilities
5. Establishing pilot reform of state-run (public) hospitals

Source: Xinhua News Agency, April 11, 2009 (An, L. Editor).

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