China rural medical reform before 2000

Translated by Mr. George from **iDoctorCloud**(May, 9, 2021)

China is a developing country with the vast majority of rural population. Since the founding of the People's Republic of China, great progress has been made in rural health services. The three-level health service network of rural counties, townships, and villages, the cooperative medical system and the construction of rural health teams have all achieved remarkable results, which have contributed to ensuring the health of rural residents and promoting rural economic development and social progress, It played an important role.

How to deepen the medical reform of the rural areas and develop the rural health services and improve the health of rural residents is directly related to the country's strategic goals of national economy and social development.

Our country has been conducting medical reform pilot projects since 1994, and in 1998 the medical reform entered the organizational implementation stage.

In July 2000, the conference on the reform of the primary medical insurance regulations for city & urban employees and the reform of medical and health System was held, then the reform of the rural medical and health system was carried out in all aspects.

However, on the whole, the reform has achieved low effect, and rural health work is still relatively weak, there are many problems, and many new challenges are faced.

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Ⅰ. Several problems perplexing country's rural medical and health system reform

With the continuous deepening of economic system reform and the gradual establishment of a socialist market economy system, the previous rural medical and health system based on the collective economy has lost its vitality, and the medical and health care of farmers is seriously lagging behind the country's economic development.

1. **Rural public health investment is seriously insufficient**.

The increase in public health expenditure in rural areas was mainly driven by the increase in personnel expenditures, and non-private expenses hardly increased or even declined. Within the non-private expenses, government expenditures have gradually declined, non-private expenses have dropped from 258 million RMB in 1991 to 184 million RMB in 2000. Excluding price inflation factors, the average annual growth rate is minus 10.7%, which result in public health care providers using "paid services" to generate revenue to solve the problem of insufficient funds for health care service.

Funds for rural primary preventive health care services are seriously inadequate, and preventive health work has been weakened. Certain infectious diseases, parasitic diseases, and endemic diseases that have been eliminated or have been controlled have rebounded from time to time in some places, and new diseases have occurred in some places in different degrees.

2. The distribution of medical resources is unreasonable.

The health status of farmers is significantly lower than that of urban residents. According to statistics, the total national health expenditure in 1998 was 377.65 billion RMB, of which government investment was 58.72 billion RMB, and the health expenditure in rural areas was 9.25 billion RMB, accounting for only 15.9% of government investment. . In that year, the urban population was approximately 379 million people,

with an average of 130 RMB per person enjoying government medical and health services; the rural population was 866 million, with an average of 10.7 RMB per person enjoying government medical and health services, the former is 13 times greater then the latter .

The problem of lack of medicine and medical professionals among farmers is serious. Vice Minister of Health Zhu Qingsheng said that nowadays, many people in rural China cannot afford to see a doctor, according to statistics of rural surveys, it is estimated that 40%-60% of people cannot afford medical expenditure, most of them become poor due to illness and return to poverty due to illness, because people can't afford to live in a hospital or see a doctor in the Midwest regions of China, 60%-80% of the people died at home because of the illness.

The World Health Organization usually uses three indicators to measure the health of the residents of a country (or region), namely, maternal mortality, infant mortality, and average life expectancy. According to statistics from the Ministry of Health, there is a significant gap in maternal and child mortality between urban and rural areas in in china till 2000, while the rural maternal mortality rate is 58.2 per 100,000, which is 2.6 times higher than that in urban areas; the urban infant mortality rate is 12.2 per thousand, while the rural infant mortality rate is 33.1 ‰, which is 2.7 times higher than that of towns.

The main results of the third times of national health service survey conducted by the Ministry of Health in 2004 showed that in the past five years, the average annual income level of urban residents increased by 8.9%, rural areas increased by 2.4%, and annual medical and health expenditures in urban and rural areas increased by 13.5% and 11.8 respectively.

For example, Dr. Sen (1989), winner of the Nobel Prize in Economics, pointed out in the late 1980s that although China's agricultural products and peasants' income increased significantly after the reform, their vital statistics were relatively stagnant or regressed. It can be seen that the problem of farmers' medical and health care has severely restricted the

further development of rural areas social economy.

3. The quality of rural health personnel is low and talents are scarce.

Health professional is an important part of health resources and an important indicator that reflects the level of health services in one country and region.

4. The implementation of the new rural cooperative medical system is difficult.

Establishing a new type of rural cooperative medical system is an important measure taken by the central government to effectively solve the problems of agriculture, rural areas, and farmers and coordinate the development of urban and rural areas, regions, and the economy and society under the new situation.

However, many problems have been discovered through the pilot work.

First of all, farmers have insufficient understanding of the new rural cooperative medical system and have many doubts. There are reasons for the lack of publicity and education. The more important reason is that farmers have low confidence in the stability and systematicness of the country's rural health policy, and the predictable benefits are small.

Secondly, drug prices remain high and farmers are overwhelmed. After the reform and country's open policy, although the income of farmers has increased and the problem of food and clothing has been solved, the situation of seeing a doctor has become more and more difficult. In 2003, the per capita income of farmers in China was 2,622 RMB, while the average cost of hospitalization for farmers was 2,236 RMB. In other words, if a farmer is hospitalized, his annual income may be spent on medical expenses.

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Third, the management of rural medical institution and health care points is chaotic. By the end of 2003, a total of 515,000 village clinics had been established nationwide, including 277,000 village-run clinics, 36,000 joint ventures, 26,000 township clinics, and 158,000 private clinics. [6] Moreover, quite many village-run clinics are not matching their advertisements. Therefore, private or family-style medical service outlets make farmers feel insecure about their capital investment.

Ⅱ. The medical reform has not fundamentally solved the problem of rural medical and health care.

The orientation and direction of rural health reform in some extend has improved the rural medical and health services, government has also adopted a series of policies, such as the division of medicines and doctors, the bidding and procurement of medicines, the classified of medical institutions or organizations, the combination of rural health service and management, and the establishment of New Rural Cooperative Health Care System and so on,

The achievements of the reform and public's expectations are far different, and the key reason is that the government is not clear for self-positioning and development direction of rural health reform.

1. The government has an inescapable responsibility for the development of rural health services.

We must realize that rural medical and health services are social public resources, it is a public welfare undertaking. "The issue of agriculture, rural areas and peasants is always a fundamental issue related to the overall situation of the country." It mainly depends on government financial support, and it must not simply be market-oriented. The supply of public resources in China has always implemented the "dual track" system of urban and rural separation. Providing farmers with basic and guaranteed public resources is conducive to changing the

basic pattern of urban-rural division, accelerating the coordinated development of urban and rural areas, and also conducive to adapting the nation's basic rural policies to the process of reform and development.

Since the 1980s, the rural cooperative medical system has basically disintegrated, and the vast majority of farmers have become self-funded medical treatment groups. Since the growth rate of farmers' income cannot keep up with the increase of medical expenses, the problem of farmers' inability to afford diseases is more prominent. For the majority of farmers, "health is wealth, and disease is poverty." Therefore, rural medical and health services should be regarded as basic public affairs and require strong support from the country finances. Only when the government effectively provides rural public health services, resolves rural social conflicts and reduces social risks, can the country maintain long-term stability and sustainable social and economic development.

2. Government must narrow the gap between urban and rural areas.

For the sustainable development of China's social economy and long-term interests, the policy of "health and development" is implemented in the vast rural areas to increase farmers' income and improve their ability to resist natural and man-made disasters. For example, in 2004, the Central Government's No. 1 document decided to implement "two reductions and three subsidies" for farmers (eliminating taxes on special agricultural products other than tobacco leaves, reduction and exemption of agricultural taxes, direct subsidies for grain farmers, subsidies for high quality seed plant, and subsidies for the purchase of large agricultural machinery). Chinese farmers have directly benefited 45.1 billion RMB. At the same time, subsidies to grain farmers through financial fund transferring(to underdeveloped areas) and tax reductions to encourage grain production and increase farmers' income are contingent decisions in public economic decision-making.

Emergency corrective interventions on the slow growth of farmers'

incomes and declining food production over the past seven years have achieved very obvious results. In terms of rural medical and health care, the No. 1 Document of 2005 stipulates: “Adhere to the policy of the rural-focused health care service, actively and steadily accelerate the new rural cooperative medical care pilot and rural medical assistance work, and implement the rural medical and health infrastructure construction plan, speed up the training of rural medical and health personnel, improve the level of rural medical services and the ability to respond to public health emergencies. " It also needs substantive measures to benefit farmers.

3. Legislation must consolidate the reform of rural medical and health system.

Increasing awareness of adhering to the law and strengthen health legislation. The reform of rural medical and health services must have a clear direction and stable policies, and must not change day by day, otherwise, farmers will have many doubts so that they will wait, wait and see or even resist the country’s guidelines, policies, and measures. The China government has issued a number of supporting reform documents and formulated relevant regional health plans, community health services, and rural health services. The reform documents of management integration, health supervision system, and health personnel system have formed a policy system to comprehensively accelerate the reform and development of China’s urban medical and health system. In October 2002, the Central government issued the "Further Strengthening the Rural Health Care System", the National Rural Health System Construction Conference was convened, and it was decided to establish a new medical system of rural cooperation. However, due to the complexity of the medical and health reform field and the need for in-depth coordinated efforts, and because it involves the vital interests of farmers, legislation must be adopted to ensure the reform and construction of the multi-level medical insurance system and rural medical and health system. Moreover, the state's financial investment in the public medical and health system and the transfer of medical and health funds to (underdeveloped) rural areas should also

be protected by law to prevent country's decision with arbitrary and repeatability. In terms of the operation and fund management of the rural cooperative medical and health system, it is also necessary to through fairness, justice, and openness rules and regulations and establishment of non-profit management department, under the supervision experts formed by farmers, governments, agencies, and experts, which jointly ensure the successful operation of the cooperative medical system.

Ⅲ. Goal of 2010

Countermeasures to strengthen the reform of rural health services must be achieved the goal of " To **2010s'** the whole country's rural areas have basically established a rural health care service system and a rural cooperative medical system that meet the requirements of the socialist market economy system and the level of rural economic and social development. " it must consider all factors in the country and make rational decision.

Structural hierarchy of the administrative divisions in China				
1	**2**	**3**	**4**	**5**
Province	Sub-province or Prefecture	County	Township	Community or Village

1. **Taking township hospital as core unit and county level management as core body.**

Governments of different levels in accordance with hierarchical management, MUST be based on county level, assume overall responsibility to strengthen leadership over rural health work. Implementing the integrated management of rural health organizations and establishing the CORE POSITION of township hospitals in rural health

services. The county level government could enhance the supervision and management of rural health services. Under the unified management of township hospitals as the CORE body, the two-level(county and village) rural health organizations can form a service system with hierarchical operation, complementary functions, and coordinated development. Only through the unified management of township health centers, can the county-level health administrative departments have the possibility to provide assistance to rural health care points and cover all aspects' management, leading the rural health reform to the track of positive development.

The core of the integrated management of rural health organizations is COUNTY LEVEL MANAGEMENT, which can revitalize existing health resources, motivate enthusiasm, and strengthen preventive health care and public health service functions. Emphasizing the county's function of supporting and supervising, which can improve the comprehensive service capabilities of rural health care points, and comprehensively improve the service quality and management level of rural health care points.

2. **Increase government investment in rural health**

Support the construction of rural medical and health infrastructure. At present, China's health expenditure accounts for 1.6% to 1.7% of fiscal expenditure. In this part of the fiscal expenditure, 70% of medical expenses are spent in cities and 30% in rural areas; while 70% of the population in China is in rural areas, which means that 30% of the population occupies 70% of health resources. Under the conditions of a market economy, the government's investment must take the dominant position in all social sources (considering the community financing, charitable financing, service charges, etc.). Therefore, financial investment from government in health services should be appropriate to the rural areas obliquely, increase support for rural health services. The nation's finance shall provide subsidies for the infrastructure construction and equipment purchase of rural health institutions in poor areas.

Providing continuing roving medical care/medical checkup service, including donating medical equipment, personnel training, technical guidance, roving medical treatment, diagnosis and referral, medical discipline establishment, cooperative management, etc., and focusing on supporting county-level and township-level health care services and construction of hospitals. It is necessary to improve the effectiveness of investment and adjust the focus of finance to support public health, preventive health care, personnel training, and the establishment of a medical health care system.

3. Reasonable and effective use of existing health resources.

With the development of rural economy, transportation, regional and basic rural organizations, the previous three-level medical organizations are unreasonably arranged with repeated roles in some regions, which needs adjustments and reforms.

The first is to change the layout of administrative divisions, solve the problem of repeated establishment of township health centers, and adhere to the principle of"one township, one hospital" and "one village, one clinics" . The establishment of township hospitals and village clinics should consider the number of people they serve and the size of their service radius.
The second is to implement sharing between township health centers and township family birth planning guidance stations to solve the waste of resources caused by the coexistence of the two.

Third, those township health centers that are too close to county-level medical centers/hospitals with poor adaptation/flexibility should be removed, merged, and transferred to share resources and avoid low-level redundant construction.

The fourth is to control the number of rural doctors and improve their professional ability, strictly implement the qualification system for rural doctors.

Fifth, under the premise of clarifying service functions, strictly control the purchase of high-end equipment to reduce idle waste of resources.

Ⅳ. Establishment of training and education system

Reform the training of rural health care personnel and enhance the continuing education system. Professionals are the key to the development of rural health services, according to current situation of the low quality of rural health care personnel and the shortage of medical professionals:

Firstly is to encourage potential professionals, such as medical college graduates and in-duty or retired health professionals to serve in rural areas, the government can arrange special funds to entrust medical colleges and universities to train general practitioners for rural areas, or the medical colleges and local governments can jointly organize rural-oriented junior college classes, that is, the school and the local government sign an agreement or contract, and all students will be assigned to county, township, and village medical and health care services.

Secondly is to strengthen the continuing education system and strengthen the professional knowledge and skills training of rural health nurses or physicians, at present, the age structure, educational level, medical knowledge, operational skills, and service attitudes of rural health care providers in our country are still far behind the standards of general practitioners. It is necessary to strengthen general medical education and training for in-service rural physicians, furthermore, encourage qualified rural doctors to receive higher medical institution education, our goal is to help most of rural health care physicians obtain the national medical qualification to be a doctor assistant or above by 2010.

Ⅴ. Supplement:

1. The problem of farmers becoming poverty due to illness.

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Since the "Decisions of the Central Committee of the Communist Party of China and the State Council on Health Reform and Development", and the "Guiding Opinions on Rural Health Reform and Development" jointly issued by the State Council's Economic Reform Commission, the State Planning Commission, the Ministry of Finance, the Ministry of Agriculture, and the Ministry of Health, In rural areas, the reform of the medical and health system has been implemented to accelerate the development of a new type of rural cooperative medical service, and certain results have been achieved.

Rural primary the health care network has been further consolidated and improved, and the overall rural health work has also been greatly developed. However, due to various reasons, there are some new contradictions and difficulties in rural health work at this stage. On the whole, rural health work is still relatively low, system reforms are lagging, medical investment is insufficient, health professionals are scarce, infrastructure is backward, rural cooperative medical care is facing many difficulties, and **the problem of farmers becoming poverty due to illness and returning to poverty due to illness is prominent.**

2. Rural medical and health conditions are still very poor.

Quite many township hospitals and village clinics were built in the 1970s and 1980s. The houses are dilapidated, the equipment is quite old, no new generation with good education background, lots of hospitals cannot perform simple surgery operations, the special disease cannot be treated, and the public are unwilling or distrustful of health centers. Village clinics are even worse, some are with households, they are quite similar as individuals practicing medicine without any qualification and medical equipment.

3. The medical and health professionals are scarce, and the medical level is low.

The low educational background, low qualification, and low skill of the

staff in township health centers are common. Because township hospitals are far away from cities and towns, conditions are relatively poor, and treatments are low. Some township medical and health workers are reluctant to work and find ways to leave by taking college entrance examinations, while some resign, young health care providers cannot work comfortably and turnover rate is high, which also affects the quality of medical care.

4. **Resolving the national civil servant and social insurance for the rural health care providers**

A large number of medical graduates are not willing to work in rural health care centers. The contradiction between the shortage of rural medical and health care workers and the "false" excess of graduates who cannot find jobs has severely restricted the further development of rural medical and health undertakings from the perspective of talents.

5. The management of village clinics needs to be strengthened.

The conditions of village-level clinics in many places are different, and most of them do not meet the national requirements. The condition of some village clinics is very backward, and the management mode is based on individuals which causes some outstanding problems: the house is living and medical dual purpose, the room is too small, and the functional areas are not divided; one physician with multiple jobs, no financial subsidies, low education and level of medical staff(Insufficient physician assistants and practicing physicians); some village doctors buy drugs freely, without prescriptions, and various drug prices; there is no disinfection of equipment, and medical waste is disposed without proper process.

6. The reimbursement ratio from government is low.

VI. Solution

In response to the above problems, we propose the following suggestions:

1. Increase investment in rural primary-level medical and health services.

Pay attention to rural health work, increase financial investment, and especially increase support for relatively poor areas. In terms of personnel protection, equipment, and financial support, it is necessary to intensify efforts, especially in some remote towns and areas with poor traffic conditions, to ensure that they have the most basic medical conditions and first aid provisions. It can ensure that patients receive treatment in the first time, so as not to delay the time of medical treatment.

2. Accelerate the reform of the rural medical and health system

Actively explore various forms of rural health care centers business model. Optimize and reorganize the management system of township health centers. Village clinics can be organized collectively by the village committee, jointly run by village doctors, or led by the township hospitals. Encourage social organizations, enterprises, institutions, and individuals to donate funds to establish non-profit medical health care points, and allow various sectors of the economy to invest in the establishment of for-profit hospitals in rural areas.

3. Reform the current rural medical employment system

Change the abnormal phenomenon of the coexistence of a shortage of talents and a "false" surplus of medical personnel. Special policies should be provided for medical and health talents who has a college degree or above and willing to work at the rural health care centers , so that they can stay comfortably, and they will be given special care such as higher salary, more training, relative higher job title etc

4. Strengthen the management of the rural medical industry

Manage various rural medical health care centers in strict accordance with the relevant national medical and health regulations, establish a

supervisory system, and randomly check health centers, clinics, individual clinics and private hospitals, strengthen supervision of drug purchases, prices, quality, usage, service quality, and medical waste disposal, along with registration and archive systems.

5. Increase the reimbursement ratio of the new rural cooperative medical system.

Individual payment can be increased from 10 RMB to 30 RMB per person on a voluntary basis by farmers to increase the reimbursement ratio and increase farmers' enthusiasm for insurance participation(because patient could get more reimbursement payment when they get serious disease) . The government should set up a special agency to undertake fund-raising and operation, so as to avoid misunderstandings caused by the propaganda from the rural health centers to farmers.

P.S, By 2019, the individual payment of farmer increase to 520RMB per person, because country is also enhancing the medical insurance expenditure which can cover more diseases and more patients when farmers get serious disease, and the patients could receive more funds when they get serious disease.

At the same time, various forms of health education should be carried out to enhance farmers' awareness of self-health care and health investment, popularize health and epidemic prevention knowledge, improve farmers' living and sanitary environment, and help farmers cultivate scientific and civilized hygiene habits, reduce diseases, and promote health. Lay a solid foundation for further liberating labor productivity and building a well-off society in an all aspects.