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Beijing to test hospital reform

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A patient undergoes treatment in the emergency room of the Armed Police General Hospital in Beijing this month. (Photo source: Zou Hong/China Daily)

In the ongoing public hospital reform in China, Beijing's measures to introduce a medical care service fee is a test to fine-tune the structure of hospitals' incomes, experts said.

The fee, from 42 yuan (\$6.70) to 100 yuan, depending on the qualifications of the doctor, would replace the current 5 yuan registration fee and 14 yuan consultation fee, according to local health authorities. Patients will be reimbursed 40 yuan under insurance policies.

Meanwhile, hospitals will be prohibited from selling drugs at a 15-percent markup, according to a slew of measures announced on Friday.

China's public hospitals have long relied on drugs sales as a major source of income, a practice that many say drives up overall medical costs and harms the doctor-patient relationship.

Under the new model, scheduled for trial in July, patients with medical insurance will pay at least 20 yuan to see a senior specialist first at Beijing Friendship Hospital.

To see a top specialist, the out-of-pocket cost will rise to 60 yuan.

A staff member at the hospital information office, speaking on condition of anonymity, said she was concerned the fee hike would affect a number of patients, especially those without insurance.

However, Han Xiaofang, head of the capital's medical reform office said: "The new medical care service fee better represents the value of physicians' work and will help improve the quality of medical care."

According to Han, the adjustment is part of the city's pilot medical reform programs. Beijing Friendship Hospital and four other hospitals will be testing different reform programs.

"The pilot program will be assessed later and might be scaled up to citywide," Han said.

Beijing Friendship Hospital will cut the 15-percent markup it charges on drugs — a decades-old practice that helped hospitals supplement the government funding they received, which covered only one-fifth of their operating costs.

"It's in line with the principle of public hospital reform, separating medical services from drug management and boosting doctors' income," said Wu Ming, director of the Health Policy and Management Department at Peking University. Wu is also a member of the expert panel for the Ministry of Health.

The potential economic losses will be compensated for by the medical care service fee, Han said.

Patients with public health insurance will pay only 2 yuan to see a general practitioner at Beijing Friendship Hospital, and 20 yuan, 40 yuan or 60 yuan to consult senior physicians and specialists.

The initiative will help to better utilize the city's limited medical resources, according to Wu.

"We set different prices for different doctors to optimize the resources," Han said.

Because of the low prices charged in the current system, people with minor ailments tend to consult specialists.

The new pricing system will also help reduce patients' out-of-pocket costs because doctors will have less incentive to prescribe drugs, Han said.

The city's medical reform office's survey shows that patients visiting a general practitioner will save about 11 yuan with the new pricing plan, as 1.3 billion yuan more will be expended on the public health insurance fund for covering the fees.

"Whether the initiative works well to help reduce patients' costs and improve service quality needs professional assessment later," Wu said.

Hu Shanlian, a professor of public health at Fudan University in [Shanghai](#), agreed.

"Patients' reactions and opinions should be reviewed primarily while assessing the reform measures," Hu said on Monday.

"We have to check whether the patients' out-of-pocket health-care costs go up or down," he said.

The policy may lower the incentive to prescribe unneeded, expensive drugs, "but other loopholes remain, like performing unnecessary medical examinations," he said.

Moreover, many drugs are already marked up before the hospitals get them, and in many cases physicians directly receive kickbacks from pharmaceutical companies, according to Hu.

"The new initiative will hardly put an end to that," he said.

Hu said doctors' incomes currently come from medical service fees, hospital income from the 15-percent markup on drug, hongbao — tips — from patients, and kickbacks from drug companies for drug sales.

Given that the measures so far do not touch upon other medical procedures, like surgery fees, "I'd still give hongbao to a surgeon before an operation," said Wang Lingli, a middle school teacher in Beijing.

"To stop the practice of hospitals relying on drug sales for income is totally right, but how to make up for the economic loss medical institutions incur still crucially needs to be studied," Hu said.

Given that the practical situations vary in different regions, public hospital reforms cannot be uniform, he added.

According to Hu, Shanghai will initiate reforms in October at four large public hospitals in the Pudong New Area and the city suburbs.

The precise measures remain undecided but approaches like introducing new insurance payment methods are included, he said.

Before reform pilots at large urban public hospitals, the Ministry of Health unveiled trials at county-level public hospitals in 2010.

According to a ministry plan, some 300 county-level hospitals will see a change in their funding this year.

Wu Ming said reform to county-level hospitals was easier to implement and would help in acquiring experience that could be applied to hospitals in large cities.

Wu said the reform of large urban public hospitals will require a partnership among different health, finance, human resources and social security authorities.

Hu said the reform also aimed to curb fast-rising medical expenditures in the country, which registered an annual growth of 15 to 20 percent.

"The ever-increasing part mainly came from drug sales and it's mainly the patients who took care of that," he said.

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