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Wednesday Seminar

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Changing Landscape of Chinese Health Services

Speakers: Prof. Rama V. Baru, Professor, Centre of Social Medicine and Community Health, Jawaharlal Nehru University and **Dr. Madhurima Nundy,** Associate Fellow, Institute of Chinese Studies (ICS).

Chair: Patricia Uberoi, Chairperson, Institute of Chinese Studies

16 September 2015
Institute of Chinese Studies, Delhi

The presentation by Rama Baru and Madhurima Nundy sought to analyze the changes in healthcare services in China since the economic reforms that began in the 1980s. The presentation was an attempt to look at the health sector reforms in China through the lens of commercialization. The speakers began by explaining how the idea of commercialization was intrinsic to the neo-liberal health sector reforms and not enforced upon China by the World Bank Group as was in India. The speakers argued that the changes in Chinese healthcare system post-1978 reforms could be aptly described by the term 'commercialization' than 'privatization'. Public hospitals continue to operate and handle the lion's share of workload (no. of outpatients/inpatients) as compared to private hospitals, but they are increasingly operating as profit-making corporations.

Delving into the main part of the presentation, the speakers divided the course of healthcare commercialization in China into four distinct phases. The first phase began with the opening up of the economy in 1978. Since the primary focus of reforms during this period was economic restructuring, healthcare was relegated to individual self-reliance and a vast majority of population was left to the vagaries of market forces. Market principles such as user fees and charges for drugs and diagnostics emerged in public hospitals as well. State investment in healthcare declined significantly by 2001which led to a subsequent rise in out-of-pocket expenditure.

The second phase spanning from 2002 to 2008 was marked by the SARS outbreak in late 2002 when the relevance of a state-driven heath care system gained salience in the debates surrounding policymaking in China. The initial mishandling of the disease precipitated a political crisis resulting in certain minor reforms in the healthcare system. A rather shallow insurance coverage was provided, while the out-of-pocket expenditure remained exorbitant.

Moving on to the present decade, the third phase of health sector reforms was seen to exist from 2009 to 2012 as a period of deep crisis in the Chinese healthcare sector. Both preventive care and disease surveillance came to be neglected. Pro-state advocates blamed the pro-market policies for the crisis. As a result, the state responded by increasing public investment in healthcare and expanding the depth of insurance coverage. At the same time, efforts were made to bridge the ideological divide that existed between pro-state and pro-market camps. The efforts bore fruit in the form of a compromise, which sought to strengthen the public health services but did not address commercial interests within and outside the public sector. A new set of reforms were undertaken which had five main pillars: (i) accelerate the establishment of the basic medical security system, (ii) set up the national essential medicine system, (iii) improve primary healthcare services system, (iv) promote equalisation of public health services, and (v) pilot public hospital reform.

According to the speakers, the most recent phase in healthcare provisioning in China started in 2013 and is continuing. This phase is marked by a perceptible shift from the earlier pro-state phase to a pro-market phase, which is broadly in resonance with the ideology and values of the Chinese political class. The entry of private capital is welcomed ardently by public hospitals, wherein, investors are allowed to set up for-profit hospitals. Big investors such as Fosun Pharma, Concord Medical Services Holdings Limited, Jinling Pharmaceutical Co. Ltd. have acquired more than 50 percent of ownership stakes in several public hospitals in China. In the private sector, investors from Hong Kong, Macau, Taiwan, and Singapore are allowed to establish wholly foreign-funded and foreign-owned hospitals in free trade zones. Private health insurance is also gaining popularity. Apart from this, transnational actors such as private equity investors, venture capitalists, consulting groups are also getting actively involved in the private healthcare sector in China.

The speakers concluded the presentation by discussing the challenges currently being faced by the Chinese healthcare sector and suggested plausible solutions. With an increase in for-profit hospitals and the continual corporatization of public hospitals, the Chinese government will need to reconcile the conflict of interest between private and public ethics in public goods provisioning. Shortage of qualified medical personnel will also require transfer or co-sharing of human resources. There has been a significant increase in reported incidents of violence, outrage and conflict between health personnel and patients, which is indicative of a deep crisis in the health services. The effect of public-private partnership arrangements on the culture of public hospitals also remains to be fully understood.

Discussion

In the ensuing discussion, several questions were raised regarding access to healthcare for migrant workers without *hukou*, the source of revenue for private hospitals, the role of health foundations as transnational actors, the role of pharmaceutical companies in deciding profit motives, as well as regarding the orientation of healthcare policy with respect to the ageing

Chinese society. The speakers reiterated their finding that public hospitals are increasingly behaving as a commercial entity not only as a result of the reform programme, but also owing to involvement of non-state actors. Access to healthcare is becoming increasingly non-uniform across the lines of region, urban/rural, and income. At the same time, many indigenous and international not-for-profit and NGOs are actively involved in healthcare, thus indicating the rise of philanthro-capitalism.

Report prepared by Prateeksha Tiwari, Research Assistant, Institute of Chinese Studies.

About the Speakers

Rama V. Baru is a Professor at the Centre of Social Medicine and Community Health, Jawaharlal Nehru University, New Delhi. Her major areas of research interest include commercialisation of health services, infectious diseases, comparative health systems and health inequalities. She is the author of two books - *Private Health care in India: Social Characteristics and Trends* and *School Health Services in India: The Social and Economic Contexts*. She has publications in journals and edited volumes. She is on the Ethics Committee of the Medical Council of India and the Research Committee of the Revised National Tuberculosis Programme of the Ministry of Health, Government of India.

Madhurima Nundy is Associate Fellow at the Institute of Chinese Studies (ICS), Delhi. She holds a PhD in Public Health from the Centre of Social Medicine and Community Health, Jawaharlal Nehru University, New Delhi. Before joining ICS she was Senior Programme Coordinator at the Public Health Resource Network and has been a Technical Consultant with the National Commission on Macroeconomics and Health. Her areas of interest include studying health service systems, health policies and health inequalities.

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