China Health Bibliography Update  
November 2004

****************************************
EASHD----China Rural Health AAA  
****************************************

****Contents in this update are from the following databases: PubMed, EconLit, Social Science Citation, and Factiva

Special interests:

- China's missing children: The 2000 census underreporting surprise
- Public perceptions of private health care in socialist china
- Fiscal Decentralization, Collusion and Government Size in China's Transitional Economy
- Local Governance and Public Goods Provision in Rural China
- Medical savings accounts in a universal system: wishful thinking meets evidence
- Health sector reform and reproductve health services in poor rural China

In the news from Factiva

- Dow Jones: HIV positive people increasing in China
- AFP: Chinese President shakes hands with AIDS patient, vows to end discrimination
- BBC: China court awards damages for hospital-caused AIDS infection
- AFX: China plans safe drinking water for all rural residents by 2020
- AFP: AIDS cases rising by 40 percent a year
- Xinhua via BBC: China announces major rural-urban gap in MMR
- Strait Times: Many Chinese can not afford to see a doctor
- AFP: High costs keep ill Chinese away from doctors
- China Daily: MOH survey shows over one third Chinese can not afford care
- WSJ: Drug companies look to China for cheap R & D
- Xinhua via BBC: MOH survey shows dramatic increases in health care costs
- NewsRX: US healthcare provider open its 2rd office in China
- China Daily: County in Zhejiang province launches clean toilet campaign
- China Daily: MOCA announces some 840 townships have been merged in 2004
- BBC: China set rules on defaulting payments to migrant workers
- Pharma Japan: China's prescriptions market is predicted to reach $15 billion in 2010
- AFP: Snail fever raises its ugly heard in China
- Xinhua via BBC: Over half Chinese counties join rural health education program
- AFP: China to set up public health emergency response system
- Asia Pulse: China to set up its first health insurer
- China Daily: MOH briefs reporters on new CMS achievements
- China Daily: New CMS benefits farmers
- China Daily: New CMS is expanding cautiously
- Xinhua: China to invest more in rural health
- Xinhua: New CMS achievements briefing
- Xinhua: China sets up first registration system for migrant children
- Xinhua: Beijing city makes medical malpractice insurance compulsory
- Sinocast: China’s non-prescription drugs sales to reach CNY60 billion next year
- China Daily: China setting up system to standardize TCM production
- Shanghai Daily: China CDC with help from a US firm tries to set up national hospital hygiene standards
- AFP: Shortcomings in hospitals create opportunities for foreign investors
- China Daily: Pfizer's China strategies
- Xinhua via BBC: survey shows senior Chinese officials feel negatively about medical reform
- Central News Agency: MOH official on medical reform----privatization not the way out (originally in Chinese)

Being a medical institution with the longest history and most influential TCM academic group, Beijing TCM Learned Society had a 3-stage history in Beijing area. In the Republican period of China in the 1920s, it was set up and organized by the imperial physicians and compiled History of Imperial Physicians in the Qing Dynasty and Yi Tong Zheng Mai (Orthodox Medical Heritage). In the 1930s, the number of its members and achievements reach its zenith. It started to publish China Medical Monthly, compiled many TCM books and extended its influence nationwide. In the 1940s, it was renamed China Medicine Research Association, then joined the International Science Organization. After that it held many academic activities and exchanged many valuable articles. These three phases promoted the development of TCM in Beijing in varying degrees.


We compare the age and sex structure of China's 2000 population census to an estimate of that structure derived from a projection from the 1990 census. Based on China's own official estimates of demographic change, our intercensal analysis indicates a shortfall in enumeration of more than a quarter of all children under age 5 and an eighth of those between 5 and 9, a total of nearly 37 million children missing in the 2000 census. We show that the shortfall is primarily due to underreporting of children in the census. Sex differences in child underreporting were fairly minor. Child underreporting in China is not unprecedented, but child underreporting rates in 2000 were about triple those of previous censuses. We attribute the increase primarily to policy changes beginning in the early 1990s that held officials at all jurisdictional levels personally responsible for enforcing birth quotas.


We present the findings of a United Nations Development Programme-World Health Organization study commissioned by China's Ministry of Health on use of public and private ambulatory care services in three Chinese provinces. We found much unmet medical need (16 percent), attributed mainly to the perceived high cost of care. Seventy-one percent had no health insurance (90 percent in rural and 51 percent in urban areas). For 33 percent, the last consultation was with a private practitioner. Widespread dissatisfaction with public providers (mainly high user fees and poor staff attitudes) is driving patients to seek cheaper but lower-quality care from poorly regulated private providers.


This pilot project in Zhejiang Province, China, aimed at improving the nutrition and health status of students, school personnel and parents, and developing a model project for nutrition interventions for the development of health-promoting schools (HPS) in China. Three primary and three secondary schools participated. Interventions included establishing school-based working groups, nutrition training for school staff, distribution of materials on nutrition, nutrition education for students, student competitions, school-wide health promotion efforts and outreach to families and communities. Results of a pre- and post-intervention survey one and a half years apart showed improvements in nutrition knowledge, attitudes and behavior among all target groups. Primary school students at the pilot schools made the greatest knowledge gains in the areas of
Chinese dietary guidelines (increased from 49.2 to 78.0%, p < 0.01) and adequate dietary principles (increased from 42.9 to 68.0%, p < 0.01). Scores of secondary school students who reported liking school lunches rose at pilot schools from 17.9 to 45.2% (p < 0.01). School staff at control schools who reported taking breakfast declined from 81.4 to 66.6% (p < 0.01), while staff who reported taking lunch at school increased in pilot schools from 87.5% at baseline to 93.9% (p < 0.01). The largest increases in nutrition knowledge among all target groups occurred among parents and guardians. At the pilot schools parents increased their knowledge in the areas of nutritional deficiencies (from 35.0 to 66.2%, p < 0.01) and nutrient-rich foods (from 38.8 to 66.8%, p < 0.01). Talks with target groups confirmed changes in attitudes and behavior, and school visits revealed improvements to school facilities and school health services, establishing of school policies and a positive school climate. This study suggests that nutrition can effectively serve as an entry point to establish HPS in China and that the HPS concept is feasible to improve the dietary knowledge, attitudes and behavior of students, parents and school personnel.


Established in 1933, MPGC was affiliated to Chinese Medical Association to safeguard doctor's legitimate rights and interests and quiet down medical disputes. The authors investigate its function and influence in the Republic of China, which offers a new angle of view in understanding the condition of western medicine in modern China.


This paper examines the public sector in China's transitional economy, with the aim of testing the validity of a variety of hypotheses, namely the Brennan and Buchanan (1980, The Power to Tax: Analytical Foundations of a Fiscal Constitution, CUP, Cambridge); Oates-Wallis (1985, American Economic Review, 75(4) 748-57) version of the decentralization hypothesis and the Brennan and Buchanan collusion hypothesis, on the impact of fiscal decentralization at the provincial level. Pooled cross-section (province) and time-series data are employed with the period under consideration being 1986-1998. An error components technique is also used for the empirical testing. The empirical results provide evidence to support both the Oates-Wallis hypothesis and the collusion hypothesis that an increase in fiscal decentralization leads to a higher level of provincial government expenditure. The study also finds that the central and provincial governments are provided with an incentive to form collusive agreements through extra-budgetary funds.


While China's official statistics are often regarded as of questionable quality, critics are rarely aware of just how difficult it is to compile accurate statistics in a developing and transition economy. This paper traces the challenges economic reforms pose for the development of China's statistical system, establishes a typology of the resulting data problems in official Chinese statistics today, and examines how these challenges and data problems are being addressed through institutional innovations in data compilation. Analysis of China's data compilation methods allows broad judgments on data quality. Special attention is given to GDP data as the aggregate measure of productive activities in China.
Economic transition from a planned to a market oriented economy is often associated with a widening of income inequality. The nature of this change, however, may differ during different stages of the economic transition. This paper investigates the increase in income inequality in urban China during two phases of economic reform: a moderate reform era (1988-95) and a radical reform era (1995-99). It is found that although income inequality increased considerably during both stages, the nature and causes of the increase are different. In the moderate reform period, the increase in inequality was a result of some parts of society sharing more of the economic gain than others, and the main cause of this inequality is regional income dispersion. During the radical reform period income reductions at the lower end of the distribution is observed, and it is mainly due to the large-scale unemployment generated by labor reallocation.

Decentralization is often hailed as a means of improving economic policy because it improves the flexibility of policy-making. This article explains why arguments in favor of decentralization, and in particular, theories of market-preserving federalism, may be overstated in this respect. Although economic decentralization may change the incentives of local officials overnight, the impact of local-center relations on the political and economic institutions of a locality is cumulative. The article uses the Chinese auto sector to demonstrate how local institutional arrangements hinder policy change despite decentralization. Local obstacles to change were only overcome by increased international competition.

In developing countries, identifying the most effective community-level governance mode is a key issue in rural development; therefore, empirical evaluation of these different modes is desperately needed. Since the 1980s, tens of thousands of villages in rural China have held local government elections, providing a good opportunity to investigate the effect of democratization on the level of public goods provision. Using a recent village survey conducted over a significant period of time, this article compares two different governance modes. It finds that elections affect little on the size of revenue but significantly shift the distribution of taxation from individuals to enterprises if possible. However, privatization has made taxation or levies on rural enterprises more difficult. It also shows that elections and power sharing are conducive to improve the allocation of public expenditures.

Medical savings accounts (MSAs) and similar approaches based on flowing reimbursements through individuals/consumers rather than providers are unsuited for systems with universal coverage. Data from Manitoba, Canada reveal that, because expenditures for physician and hospital services are highly skewed in all age groups, MSAs would substantially increase both public expenditures and out-of-pocket costs for the most ill. The empirical distribution of health expenditures limits the potential impact of many current 'demand-based'
approaches to cost control. Because most of the population is relatively healthy and uses few hospital and physician services, inducing the general population to spend less will not yield substantial savings. (C) 2004 Elsevier Ireland Ltd. All rights reserved.


This paper describes and analyses the major reforms and changes that have occurred in the rural health sector of China. Key findings from a number of empirical studies on reproductive health service provision and utilization are summarized in order to assess the implications for reproductive health services of the ongoing health reform. The focus of this paper is what has actually been happening at the ground level, rather than what should have been happening as stated by rural health sector reform polices. It is argued that reproductive health is a missing component of the current health sector reform agenda. It also argued that the rural health sector reform in China is really a passive response to the changed rural socio-economic conditions rather than an active action aimed at improving the health status of the rural population. The ongoing rural health reform has produced both negative and positive implications for reproductive health services and there is a need for both the state, and for women, to play a much stronger role in this reform. Further studies and actions are required, however, to identify the specific type of roles and activities that the state and women need to undertake so as to fulfill the reproductive health goals and objectives set forth by the 1994 International Conference on Population and Development.

Back to top

***************************************************************************************************************
Note: Below are selected search results from Factiva using search builder for news dated Nov. 1-30. Search terms: China and health; China and medical and insurance; 中国,卫生; 中国,医疗. All sources, All companies, Subject: Analysis or Audio--visual links or Commentary/opinion or Country profile or Dow Jones/Reuters Top Wire News or Economic News or Editorial or Intl Pol-Econ Organizations or Interview or Letter or News Digest or Political/General News or Review or Routine General News or Transcript, Region: China, All industries, Language: Chinese simplified or traditional or English, Sort results by: publication date, most recent first
*************************************************************************************************************

**Number Of People With AIDS Virus Rising In China -Report**

494 words
30 November 2004
06:16
Dow Jones International News
English
(c) 2004 Dow Jones & Company, Inc.

BEIJING (AP)--The number of people contracting the AIDS virus in China is rising and infections are spreading from high-risk groups such as drug users to the general population, according to a study released Tuesday.

The report by a U.N. agency and the Chinese Cabinet's AIDS commission called for stepped up measures to gather information on the spread of the virus in China and more prevention efforts.

China says an estimated 840,000 of its people have HIV while 84,000 have full-blown AIDS, spread mostly through prostitution and intravenous drug use. The U.N. AIDS agency says the number of infected people in China could rise to 10 million by 2010 without more urgent action.

"The transmission of HIV is still on the rise," said Dr. Christian Voumard, the chairman of the U.N. Theme Group on HIV/AIDS, the cosponsor of the report.
The report added: "The HIV case reports indicate that the HIV/AIDS epidemic is spreading into the general population."

As evidence of that, Voumard cited a higher number of women contracting the virus and a larger proportion of transmissions through sex.

Large numbers of cases have been found in the provinces of Yunnan in the southwest and Henan in central China, as well as in the northwestern desert region of Xinjiang, according to the report.

It said that might be due in part to more screening of commercial blood and plasma donors, as well as intravenous drug-users.

"That is a call for stepping up prevention measures," Voumard said.

Some parts of Henan have the world’s highest rates of infection after an unsanitary blood-buying industry in the 1990s spread the virus among donors. Drug use is widespread in Yunnan, which borders heroin-producing areas of Southeast Asia.

The report didn't explain the increase in Xinjiang, but the mostly Muslim region was one of 10 areas targeted this year in a program aimed at stemming the spread of the virus. Voumard said China still lacks a nationwide system to gather information on infection rates.

The Chinese government has in recent years launched efforts to control the virus after years of denying it was a problem. But it still harasses activists who agitate for better measures.

In April, health officials began offering free AIDS tests to anyone who wants one and free treatment for the poor. Health officials are also now encouraging pregnant women to be tested.

In some parts of China, the report noted, as many as 5% of pregnant women are infected.

China president shakes hands with AIDS patients, vows end to discrimination

594 words
30 November 2004
05:24
Agence France Presse
English
Copyright Agence France-Presse, 2004 All reproduction and presentation rights reserved.

BEIJING, Nov 30 (AFP) - Chinese President Hu Jintao Tuesday shook hands with AIDS patients and vowed an end to discrimination, signalling a new drive to confront an epidemic which experts warn needs urgent attention.

On the eve of World AIDS Day, Hu paid a visit to You'an Hospital in Beijing and urged Chinese people to end "discrimination and estrangement" towards those suffering from the disease, the Xinhua news agency reported.

His appearance was the first time he is known to have publicly met patients suffering from the condition since becoming president in March 2003.

Last December Premier Wen Jiabao made a similar gesture, also at a Beijing hospital.
Xinhua said Hu, wearing a red silk ribbon, spoke "face-to-face" with 14 patients and encouraged them to "enhance confidence and courage to combat and overcome the disease".

"It is very unfortunate for you to contract the disease, but the (Communist) Party, the government and society will truly care about and help you," said Hu, who was accompanied by Wu Yi, vice-premier in charge of AIDS control and prevention.

**China** for years denied AIDS was an issue and only started seriously addressing the problem in the past two years.

Even so, ignorance about AIDS remains rife in **China**, with sufferers routinely facing widespread discrimination by local police, **health** authorities and the public.

The HIV/AIDS epidemic hit **China** later than many other countries, with the majority of sufferers contracting the disease through infected blood donations and sales and through intravenous drug use.

While **China** maintains it has an estimated 840,000 HIV/AIDS sufferers as of late 2003, international AIDS experts say the actual number is much higher.

Without strong government efforts to address the epidemic, the World **Health** Organisation has predicted that the numbers of Chinese infected with HIV/AIDS could grow to 10 million by 2010.

**United Nations health** officials warned this week that the disease was now rapidly spreading from high-risk groups to the general public.

Hu's visit coincided with the release Tuesday of a joint **China**/United Nations report setting out Beijing's policy on HIV/AIDS for the year ahead.

In it authorities vowed to intensify the fight against AIDS and to work harder on educating the public about the epidemic.

"It is necessary to reinforce the tracking of patients. Efforts are already being made in the worst-hit areas but they should also be reinforced in areas not as badly affected," Vice **Health** Minister Wang Longde said.

"One cannot say that the spread of AIDS has stopped. In the next three years we think we will be able, roughly speaking, to stop contamination by blood transfusions.

"For the remainder, we can only slow down the speed of contamination," he told reporters.

Wang announced a doubling of **China**'s budget to fight HIV/AIDS. He said it had jumped to 810 million yuan (98 million dollars) this year from 390 million in 2003 and would increase further in 2005, without providing figures.

The report identified raising awareness, intensifying monitoring and strengthening treatment and care efforts as key areas to target in the year ahead.

Despite central government concern, Wang acknowledged that persuading local level officials to toe the line was proving difficult.

"Certain leaders at the local level know they have difficulties in their area but they do not want this known for fear that it will have a negative impact on investment," he said, and described it an "important problem."

[Back to top]
Chinese court awards damages for hospital-caused AIDS infection

Wang Weijun is wringing his hands in anguish despite winning a landmark AIDS compensation case against a Hebei hospital.

He has received only 97,000 yuan of the 362,042.55 yuan in compensation his HIV-stricken daughter was awarded after a four-year legal battle ended in April.

Hebei Provincial High People's Court upheld a decision by Xingtai Intermediate People's Court that Kangtai Hospital in Shahe City should compensate Mr Wang and seven-year-old Wang Kaijia for its failure to ensure the blood it gave his wife and her mother, Jin Shuang-ying, was virus-free.

Jin died in May 1999, two years after receiving HIV-contaminated blood in a post-natal transfusion. Kaijia, who had been breastfed, was diagnosed HIV-positive a month after her mother died.

Mr Wang, 36, has used most of the 97,000 yuan to repay loans taken out to pay medical bills.

Whenever Kaijia becomes sick, he worries. Last month, when she was admitted to Beijing Ditan Hospital with chickenpox and fever, he was extremely anxious.

"After all, she is not a normal child. Originally, we planned to stay two to three days for a check-up and blood extraction, but we had to stay longer and spend more money," Mr Wang said. He ended up paying about 2,200 yuan for five days of treatment.

In an almost weekly ritual, Mr Wang takes Kaijia on the one-hour bus ride from the town of Yicheng to Xingtai Intermediate People's Court to chase the compensation, only to be told the person dealing with the matter cannot be found or the hospital - which has just built a three-storey building in its grounds - does not have money.

There is no legal time limit for the court to demand payment from the hospital, said Liu Xiuzhen, a lawyer helping Mr Wang.

"Many cases drag on without decisions being executed," Ms Liu said.

The court's enforcement office chief, Wang Jinzhong, said it sympathized with their plight and had tried its best to help.

He said the court was looking at getting Mr Wang the money by auctioning the privately run hospital's assets and facilities. However, it was waiting for clarification of whether the hospital fell into the welfare category as a welfare unit could not be auctioned.

"If we have a definite answer then we can reinforce our execution power and the money can reach [Mr Wang]," Wang Jinzhong said, adding that the court had frozen the hospital's assets so it could not change hands.
Even though Mr Wang is struggling, the success of his lawsuit has set a precedent for many HIV patients.

Following the Wang case, a Xingtai court ruled in July that a hospital should pay an HIV-positive couple 300,000 yuan in compensation. A month later, relatives of a dead AIDS patient sued Xingtai's People's Hospital and received about 36,000 yuan.

Mr Wang said AIDS was 30 per cent a natural disaster and 70 per cent a man-made disaster.

"If local governments, especially the health bureaus, conducted better supervision of blood sales and testing, these tragedies would not have happened," he said.

"The path I have taken is not without purpose. I have to use my experience to tell others how to use the law to protect themselves."

Late last month, three HIV-affected families from Henan Province visited Beijing in the hope of learning petitioning skills from Mr Wang and to petition central government departments because local courts refused to accept their cases.

Song Xiaoli, 38, mother of 11-year-old HIV-carrier An Jiao, from Zhumadian city's Ping-yu county, said going to court would be their last resort if further negotiations with their county hospital failed.

"Originally I planned to commit suicide with my husband, but he convinced me that China is a country of law and we should use the law to protect our rights," said Ms Song, who earns about 300 yuan a month but has taken out a 28,000 yuan loan to cover medical bills.

Since May she has been trying to file her case with Pingyu county people's court, but it has refused to accept it on the grounds of "a lack of proof, including the medical records" - kept in the hospital - and has told the family to wait while county leaders are reshuffled.

The lack of a national AIDS-prevention and treatment law means the enforcement of rules rests with local governments and courts, said lawyer Yang Shaogang, director of the Centre for HIV/AIDS Law Studies at Shanghai University's law school.

Even if courts accepted the cases, many had gone on for years without judgment, he said. "Some government officials reason that if one person is to be compensated, then how many more will have to be?" Mr Yang said.

**China plans safe drinking water for all rural residents by 2020 - report**

353 words
29 November 2004 02:55
AFX International Focus
English
Copyright AFX News, 2004 All reproduction and presentation rights reserved.

BEIJING (AFX) - China has set the goal of providing safe drinking water to every rural family by 2020, but has yet to work out how it will do so, state media reported.

Zhai Haohui, vice-minister of water resources, was cited by the China Daily as saying that by 2010 the plan was to cut the number of residents without access to clean drinking water by one third.

'By the end of 2020, we are going to reach the goal of basically providing safe drinking water for all rural people,' he said, according to the newspaper.
The program is part of the government's millennium development goals as declared to the United Nations.

'This problem must be tackled as more than 300 mln rural residents throughout China still lack clean drinking water,' said Zhai.

'In some areas, many farmers have to go several kilometres away to fetch drinking water, while some have to drink water with high fluorine or arsenic content or salty water that endangers their health,' he said.

Unsafe drinking water is connected to 80 pct of all diseases and deaths in developing countries, ministry experts say. In China, more than 50 diseases are the direct result of unclean drinking water.

According to earlier state media reports, China's water supply is under greater pressure than ever, and the situation will go on deteriorating until 2030, when the population peaks at 1.6 bln.

The problem is that China is much more wasteful in its use of water than most other countries, even though it has far fewer resources than the world average, according to the reports.

Zhai admitted that the government has yet to work out details of the plan, but said he is confident a blueprint will be possible to meet the target.

Over the past five years, more than 14 mln rural families throughout 27 provinces have gained access to drinking water with more than 800,000 new water processing facilities going into operation, the China Daily said.

China AIDS cases rising by 40 percent a year: report

BOC
215 words
29 November 2004
03:04
Agence France Presse
English
Copyright Agence France-Presse, 2004 All reproduction and presentation rights reserved.

BEIJING, Nov 29 (AFP) - The number of HIV/AIDS cases in China is increasing at a rapid rate of 40 percent a year, a health ministry official was cited as saying by state media Monday.

The official, who was not named, said China had become the second worst-hit country in Asia and the 14th in the world, without providing figures, the China Times reported.

The health ministry told AFP that new data on the number of Chinese HIV/AIDS patients would be made public Tuesday, a day before World AIDS Day.

Until now China has maintained that it has an estimated 840,000 HIV/AIDS sufferers although international AIDS experts say the actual number is much higher.

China has admitted it does not know the real numbers. The United Nations predicts China could have 10 million cases by 2010 if action is not taken.

Since AIDS was first detected in China in 1985, an estimated 160,000 people have died.
Many HIV/AIDS patients were infected by contaminated blood in government-run and illegal blood-selling operations in the 1980s and 1990s.

Intravenous drug use, prostitution and ignorance about the disease are also cited as big problems in its spread.

China announces "major gap" in rural, urban maternal mortality rates

194 words
27 November 2004
07:22
BBC Monitoring Asia Pacific
English
(c) 2004 The British Broadcasting Corporation. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.
Text of report in English by official Chinese news agency Xinhua

(New China News Agency) Beijing, 26 November: The Chinese Ministry of Health said here Friday [26 November] the rate of rural women dying in childbirth in 2003 was 2.4 times that of the urban women.

The maternal mortality rate for rural Chinese women in 2003 was 65.4 deaths for every 100,000 mothers, compared with the 27.6 per 100,000 for the urban women, according to the ministry. But the country's general maternal mortality rate had dropped from 53 per 100,000 in 2000 to 51.3 per 100,000 in 2003.

The mortality rate for infants in rural areas was 2.5 times that of babies in urban areas. But overall, China's infant mortality rate dropped to 2.55 per cent in 2003, compared with 3.22 per cent in 2000, according to the ministry.

The mortality rate for the children under 5 also fell, from 3.97 per cent to 2.99 per cent.

Many Chinese cannot afford to see a doctor

Chua Chin Hon China Correspondent In Beijing
637 words
24 November 2004
Straits Times
English
(c) 2004 Singapore Press Holdings Limited

Fees have risen more rapidly than incomes in rural and urban areas. NEARLY four in 10 Chinese cannot afford to see a doctor because heath-care costs have risen more rapidly than their incomes, state media reported, citing a new national survey on medical services. Fewer people are going to the doctors as the cost of treatment has risen by an annual average of 14 per cent between 1993 and last year, the official Xinhua news agency reported late on Monday.

Charges for outpatient treatment, for instance, rose from 21 yuan (S$4.20) in 1993 to 75 yuan last year.

During the same period, the average bill for those who were hospitalised rose from 933 yuan to 2,233 yuan.
Mr Rao Keqin, of the Health Ministry’s statistics information centre, said 36 per cent of urban patients and 39 per cent of rural patients failed to see a doctor because they could not afford it.

The narrow gap between these two percentages is surprising as health-care costs are widely regarded as a more serious problem in rural rather urban centers.

Observers suggested that the huge influx of migrant labor into the cities and high urban unemployment might account for this development.

The statistics highlight the huge social task ahead for the government.

Figures from the latest China Statistical Yearbook show that the growth in per capita annual income for rural and urban households has lagged behind the 14 per cent increase in health-care costs since 1997.

In particular, the per capita income for rural households has seen only low, single-digit growth of 3 per cent to 6 per cent since 1998.

But Professor Zhao Liang of the China Academy of Health Policy said the situation is not as dire as the figures or newspaper headlines suggest.

He told The Straits Times: 'The problem is not always about not having enough money. Those in the cities may just not have the time to go to the doctor.'

The increase in costs could also be due to more people seeking better and more expensive treatment and facilities as well, he added.

'The increase in medical costs is not just due to supply-side reasons, but also rising demand,' said Prof Zhao. 'We should put the problem into proper perspective.'

But Chinese doctors came in for some flak in Xinhua's report, which said they were 'inclined' to prescribe expensive medication as many hospitals depend on medicine sales for their income instead of the services provided.

Researchers conducting the survey also found that 43.3 per cent of patients had requested for voluntary discharge from hospitals. More than six in 10 cited economic reasons for doing so.

The survey, conducted between September and October last year, involved 193,689 residents in 92 cities and counties.

It followed two other nationwide surveys conducted in 1993 and 1998. Media reports did not say whether the surveys indicate that the overall situation had improved or deteriorated.

When contacted yesterday, a Health Ministry official said the latest survey would be published in full next month, and declined to disclose further details.

The government has been devoting more money and resources to improving medical care in recent years as an ageing population and rapid urbanisation put increasing stress on the system.

Health officials announced recently that the government would invest 1.2 billion yuan in boosting rural health-care services in central and western China, and would encourage more doctors to serve in the countryside, where they are badly needed.
Calling for patience, Prof Zhao said: 'Reforms in China are always gradual. There will be some hiccups along the way, but we need to show some understanding of the scale of the situation.'

High costs keep ill Chinese away from doctors

23 November 2004
00:37
Agence France Presse

BEIJING, Nov 23 (AFP) - More than one third of Chinese people who fall ill do not see the doctor because they cannot afford medical treatment, state media reported Tuesday, citing a government study.

The Ministry of Health's nationwide survey found that 36 percent of ill Chinese in cities and 39 percent in the countryside were unable to pay the costs of seeing a doctor, the Xinhua news agency said.

The problem results from medical care costs rising faster than people's income -- at a rate of about 14 percent annually from 1993 to 2003 -- leading many not to seek medical care when they need it, said ministry officials.

One major reason for the high costs of health care is that doctors often give patients expensive prescriptions or over-prescribe medicine to increase revenue for hospitals, ministry officials said.

Those who seek care often risk a proper recovery to save money, with some 27 percent of hospitalized patients leaving early because of the costs, the survey also found.

In 1993, outpatient services cost 21 yuan (2.54 US dollars) per person, while inpatient services cost 933 yuan (112.82 US dollars).

The cost rose to 75 yuan and 2,233 yuan in 2003, according to the survey, which was conducted late last year and was only China's third nationwide survey on medical service. It sampled 193,689 people in 92 cities and counties.

Based on survey findings, the ministry estimated that the number of cases of diseases in China grew by 710 million from 1993 to reach five billion in 2003.

Despite the increase in sick people, 49 percent did not see a doctor promptly, according to the survey.

China has been weaning its population from free communist-style health care in the past two decades of economic reform.

Government and state-run companies' share of total health expenditure, including financial support for hospitals, drastically fell from 78 percent of the total in 1980 to 41 percent in 2002, according to official figures.

Out-of-pocket spending by patients, meanwhile, increased from 21 percent of the total in 1980 to 58 percent -- or 40 billion US dollars out of a total national health expenditure of 68 billion dollars -- in 2002.
Vice Health Minister Zhu Qingsheng said earlier this month that more than half of China's rural dwellers -- over 390 million people -- are so poor they "cannot afford medical care, and 40 percent to 60 percent slip into poverty after becoming sick."

He outlined plans to give the countryside population medical cover by 2010, under a new voluntary scheme known as Cooperative Medical Services.

Farmers wanting to join will pay a minimum 10 yuan a year which will allow them to apply for partial refunds that cover on average 27.25 percent of hospital bills.

Zhu, though, admitted work still needed to be done to educate farmers about the scheme and elevate fears over the management of the fund in a country where corruption is rife.

EXORBITANT MEDICAL FEES FAIL THE SICK AND POOR

By Guo Zi
380 words
23 November 2004
China Daily
English
Copyright 2004 China Daily Information Company. All rights reserved.

The Ministry of Health revealed on Sunday that nearly 40 per cent of the country's patients cannot afford medical treatment because of high costs.

Expensive medical treatment has been one of the targets of criticism in the country in recent years. Many people simply give up medical treatment, sometimes with fatal consequences.

The numbers are shocking: 36 and 39 per cent of patients in urban and rural areas respectively, did not visit a doctor because of economic difficulties last year.

Medical costs climb at a rate much higher than income. From 1993 to 2003, the cost of medical treatment increased by 14 per cent annually when the price hike factor was deducted. The increase in residents' income was left in its wake.

When the average income of the country's rural residents was only 2,622 yuan (US$315) last year, average in-patient hospital costs for a farmer ran as high as 2,236 yuan (US$270). It means those average households who just begin to get ahead financially are rapidly dragged back into dire poverty when one of its family members falls seriously ill. At present, medical care plans differ greatly: only government employees and State enterprise employees get a certain portion of government medical care subsidies. Others get medical insurance policies from their employers while others buy medical insurance themselves. In most cases, however, it is the rural poor who suffer most as they have to fend for themselves.

The fact that nearly 40 per cent of the sick did not go to see a doctor because of financial difficulties should sound a loud alarm bell that policy makers must heed. It is time to work out a medical care plan which is accessible, if not free, for all the residents in the country. Last year's SARS crisis, or severe acute respiratory syndromes crisis, had caused the government to reflect on its public health and medical treatment system. The country has speeded up its medical insurance reform and planned to implement a new co-operative medical care system for all its rural population by 2010.

This sounds good for our rural residents - if their sick can wait six years.
Drug Companies Look to China For Cheap R&D

By Laura Santini
1,416 words
22 November 2004
The Wall Street Journal
B1
English
(Copyright (c) 2004, Dow Jones & Company, Inc.)

Shanghai -- LONG KNOWN AS a place to produce clothes and toys cheaply, China now is providing the West with another opportunity: developing drugs at lower cost.

Opening a new frontier in outsourcing, pharmaceutical companies overwhelmed by the rising cost of creating drugs are turning to China to conduct research and development. They are finding highly educated scientists who work for a fraction of what their Western counterparts are paid, as well as vibrant and growing biotechnology businesses. And they are beginning to sink significant amounts of money into deals that will further boost China’s capabilities.

"We see the rapid emergence of a Chinese biotech industry," says Daniel Vasella, chief executive of Novartis AG, a Swiss drug maker that recently formed a partnership with the government-run Shanghai Institute for Materia Medica. Scientists there will identify compounds derived from traditional Chinese medicine that Novartis scientists may be able to develop into new drugs.

This month, Roche Ltd. of Switzerland unveiled a research-and-development center on the outskirts of Shanghai, where the drug giant will employ 40 local scientists. Pfizer Inc. of New York is spending $175 million on establishing a new regional headquarters in Shanghai. Although the office will oversee existing manufacturing and marketing operations, Pfizer said last month it also is considering building its own R&D center in China.

With the expense of bringing a new drug to market now sometimes topping $1 billion, big pharmaceutical companies are increasingly searching for a low-cost edge. Drug companies have found that China, where doctorate-level scientists command $25,000 a year, compared with nearly 10 times that in the West, makes a good place to test drug compounds and their efficacy. While some other highly complex R&D -- such as intricate biological testing -- still is mainly performed in the West, China can save companies money, since about 80% of their total R&D costs go toward scientists' salaries.

The savings for the drug-industry giants comes amid increasing pressure on them to expand their pipeline of potential blockbusters. "Doing research in a low-cost setting should allow drug companies to deploy the dollars" they spend in the U.S. and Europe more effectively, says Drew Senyei, a health-care venture capitalist at Enterprise Partners. Despite lower research-and-development costs, however, companies so far aren't planning any corresponding drug price cuts.

At Roche's new Shanghai operation, scientists will focus on "medical chemistry," screening various compounds that have shown promise as possible antiviral or cancer treatments. The group will have access to research conducted at the drug giant's other research centers in Basel, Switzerland, and Nutley, N.J., and it will share its findings with scientists in those laboratories.

Roche executives say they didn't build their $11 million facility simply to save money. "There is very good chemistry done in China," says Jonathan Knowles, the company's global head of research, with many Chinese scientists on the same educational footing as
their U.S. counterparts. The laboratory also should help Roche establish strong ties with
Chinese authorities, something that could prove valuable as the company seeks to expand
operations in China, as well as explore new market opportunities there.

Yet conducting research and development start to finish in China remains years away for
the industry's big players. Linger ing discomfort with the country's level of protection of
intellectual property remains a problem, drug industry executives say. Also, scientists still
require training in the West to gain understanding of cutting-edge techniques and
equipment. In the past, Novartis has trained Chinese scientists at the company's Basel,
Switzerland, headquarters and then transferred them back to China to continue research
efforts.

The labor-intensive screening process for potential new drugs involves testing how a
biological target, such as a protein or gene, responds to certain compounds and repeating
the process hundreds of times to make sure it is a uniform response. Some companies
have broadened their R&D operations to include clinical trials in China, where patient
enrollment is easier and associated hospital fees much lower.

It isn't just the industry's giants that are being lured to China; Western start-up
businesses are moving here as well. The lower costs buy them more time to prove the
viability of their drug prospects between rounds of funding from Western venture
capitalists. Germany's Mologen Inc., for example, is collaborating with Starvax Inc. of
Beijing on a colon cancer drug now undergoing clinical trials in Europe. Rather than
spending on expanded research and development in Europe, Mologen is having Starvax
carry out R&D to determine whether the compound might be effective in treating other
types of cancer.

TargeGen of San Diego, for instance, is developing small-molecule drugs for treating
cardiovascular disease, but it has shifted chemical screening of various compounds to
Shanghai's WuXi PharmaTech Co. "We pay WuXi to do research on our compounds and
then use the results for further development" in the U.S., says Enterprise Partners' Drew
Senyei, a venture-capitalist investor in TargeGen. Mr. Senyei says he would like to
replicate that arrangement at some point with another U.S. biotechnology company trying
to develop cancer treatments.

Through companies such as WuXi, Western drug companies soon will be able to conduct
complex animal testing in China, another vital research tool that is used to find out
whether a compound is safe, not just whether it fights disease. WuXi, for instance, has an
empty building it plans to use for animal testing on a contract basis by mid-2005.

For biotechnology companies whose research projects have stalled or whose cash has run
dry, showing positive results in China can persuade venture capitalists to give them more
capital.

Starvax is typical of a new breed of Chinese biotechnology companies run by
entrepreneurial Chinese returnees. It was started in July by two former classmates at
Peking University, Yiyou Chen, 33 years old, and Justin Chen, 34. The like-named friends
both spent more than a decade in the U.S. earning graduate degrees and working,
respectively, as a scientist and a patent lawyer.

Yiyou Chen previously worked on developing vaccines for viruses that cause cervical cancer
and hepatitis B at Genencor International Inc. of Palo Alto, Calif. Now Starvax is working
on discovering vaccines in the same areas.

Another Chinese upstart is moving beyond simply offering research for hire. Crimson
Pharmaceutical in Shanghai plans to license Asian sales rights from its Western partners
and conduct its own development studies to create proprietary products. Chinese drug
companies are eager to secure such exclusive deals.
Patent protection, of course, remains an issue. But with China now a member of the World Trade Organization, some of those concerns are abating. Kenneth Chien, director of the Institute of Molecular Medicine at the University of California, San Diego, believes a homegrown biotechnology industry in China will spur progress in intellectual-property protection. Scientists trained in the U.S. generally should have greater understanding of patent rights, he says, and local companies will begin to demand regulatory cover for their breakthroughs. "Without IP [intellectual property] protection, you have no industry," Mr. Chien says.

So far, Crimson has purchased the rights to four compounds aimed at treating HIV developed by Octamer Inc. of Tiburon, Calif. Chief scientist Sam Lou says Crimson hopes to gain regulatory approval for the drugs and then re-license them to a Chinese pharmaceutical company with sales and marketing muscle. Both Crimson and Starvax got off the ground with just $2 million in seed financing, a pittance compared with the tens of millions of dollars often needed in the U.S.

Although it remains unclear which Chinese start-up businesses will hit the jackpot and which will go under, Western scientists see the burgeoning industry as a positive for drug development. Johnson & Johnson and Pfizer, for instance, recently visited the "incubator building" in Beijing's Life Sciences Park, where Starvax is located, to find out what the new biotechnology companies are doing.

Mr. Vasella, Novartis' chief executive, observes that Chinese biotechnology companies are rapidly adopting Western research standards and knowledge. "It is only a matter of time before China catches up," he says.

---

Percentage of big drug companies' R&D budgets outsourced to third parties:

<table>
<thead>
<tr>
<th>Year</th>
<th>1990</th>
<th>'95</th>
<th>'00</th>
<th>'05 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>35</td>
<td>50</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: China Pharmaceutical Economy Research Center

---

Medical care costs on increase in China

494 words
22 November 2004
11:58
BBC Monitoring Asia Pacific
English
(c) 2004 The British Broadcasting Corporation. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua

(New China News Agency) Guangzhou, 22 November: The cost of medical care in China has increased more rapidly than residents' income, leading many not to seek medical care when they need it, said a director in the Ministry of Health [MOH]. According to a 2003 nationwide Ministry of Health survey, 36 per cent of Chinese patients in cities and 39 per cent in the countryside did not go to see the doctor because they were not able to afford the medical treatment, said Rao Keqin, of the statistics information centre, quoted by Monday's Information Times. Meanwhile, 27.66 per cent of the hospitalized patients in China left because of economic problems.

The survey found the per capita expense of outpatient and inpatient services increased by 14 per cent annually from 1993 to 2003, excluding the growth of consumer price.
Outpatient services cost 21 yuan (2.54 US dollars) per person and 933 yuan (112.82 US dollars) for inpatient service in 1993. The cost rose to 75 yuan (9.07 US dollars) and 2,233 yuan (270.01 US dollars) in 2003, according to the survey.

The ministry made the third nationwide survey on medical service from 18 September to 20 October last year sampling 193,689 residents in 92 Chinese cities and counties. The survey showed that about 14.3 per cent of Chinese residents who receive surgery were ill for two weeks before the operation. This is up 0.3 per cent over 1993. Based on the figure, the ministry estimated that the disease cases in China reached 5bn in 2003, up 710m over 1993.

Despite the increase of the ill, 13.4 per cent of the patients went to hospital in the two weeks before the survey was made, down from 17 per cent in 1993, while 49 per cent did not see doctor promptly. Those who took inpatient service accounted for 3.6 per cent of the total samples, remaining the same as a decade ago.

Doctors are inclined to give patients expensive prescriptions, because Chinese hospitals depend too much on the income from medicines instead of service. This aggravates the high medical expense, said Liu Xinming, senior official of the MOH, at another meeting held early this month at Nanjing of east China's Jiangsu Province. The country has tried to reduce the prices of medicine and cancel the difference between the buy-in and sold-out prices of medicines at the hospital while increasing the fee of service, he said. Meanwhile the central government plans to invest 1.2bn yuan (145.1m US dollars) in improving health care service in rural areas of less-developed west and central China, including funding graduates of medical colleges to serve in rural hospitals for one or two years.

Shanghai United Family Hospital opens

20 November 2004
Obesity, Fitness & Wellness Week
238
English
(c) Copyright 2004 Obesity, Fitness & Wellness Week via NewsRx.com

2004 NOV 20 - (NewsRx.com & NewsRx.net) -- Chindex International, Inc., (CHDX), an independent American provider of Western healthcare products distribution and healthcare services in the People's Republic of China, announced the opening of Shanghai United Family Hospital and Clinics Chindex's second hospital in China and first in Shanghai. Based on the successfully proven model of the company's flagship Beijing United Family Hospital and Clinics, Shanghai United is a joint venture between Chindex and Changning Central District Hospital.

An official ribbon cutting ceremony was held at the hospital in Shanghai and drew the attendance of many high level officials from China and the U.S., including His Excellency, the Ambassador Clark T. Randt, Shanghai Vice Mayor Yang Xiao Du, Shanghai Commissioner of Health Liu Jun, and Governor Robert L. Ehrlich, Jr. of the State of Maryland, as well as numerous business leaders.

Shanghai United is located in the Hongqiao area of Shanghai and will open to provide medical services during the week following the ribbon cutting ceremony. With its 50-bed facility, Shanghai United is the first wholly international standard hospital in Shanghai that will offer a full range of inpatient and outpatient services under one roof.
The medical staff is comprised of expatriate physicians, complemented by internationally trained local specialists. A joint membership program for the United Family Hospital network will be introduced, enabling members to have easier access to both the Shanghai and Beijing hospitals, and to receive similar benefits at both locations without the need to re-register.

Chindex president and CEO, Roberta Lipson, commented at the opening ceremony, "The opening of Shanghai United marks the next step in our strategy to expand our hospital and unique health services network. We are honored by the guests who have joined us today to celebrate both the occasion and our aim to provide world-class facilities and services to Shanghai."

Governor Robert Ehrlich of Maryland congratulated Chindex on its achievement, "The opening of Shanghai United demonstrates how the pioneering and successful business model of the Beijing United hospital can be brought to other cities in China. I am very proud of how Chindex, Inc., which is based in Maryland, has leveraged its vast experience in China to build a nation-wide international standard healthcare network."

Andrew S. Nevin, PhD, president and General Manager of Chindex's United Family Hospital division commented on the development strategy: "The United Family Hospital network is based on a national hospital administration organization and integrated clinical operations in the primary facilities.

"Our strategy is for satellite feeder clinics associated with each facility to expand the geographic reach within each metropolitan area. This system not only offers international healthcare services to the expatriate community, but extends this quality of service into the huge local Chinese market. We believe that the system offers tremendous growth potential," Nevin said.

This article was prepared by Obesity, Fitness & Wellness Week editors from staff and other reports. Copyright 2004, Obesity, Fitness & Wellness Week via NewsRx.com & NewsRx.net.

Smelly rural latrines make way for clean toilets

393 words
19 November 2004
Business Daily Update
English
Copyright 2004 China Daily Information Company. All rights reserved.

Most rural householders in Yuhuan County, East China's Zhejiang Province, joined a "Toilet Renovation Project," launched in 2002 by the local government to turn rural toilets from smelly cesspools to clean restrooms.

The move has already paid off. More than two-thirds of rural residents said farewell to their stinky latrines and have had flush toilets installed in their homes, according to official statistics.

The county has allocated 200 million yuan (US$24 million) for the toilet construction project to transform latrine pits which were once a common sight in rural areas.

"In order to improve rural people's living environment, we have started to transform their traditional farming methods and lifestyles," said Gao Lingyun, director of the Toilet Construction Office of the Yuhuan Health Bureau.
Most of China's toilets in rural areas are squat-style pits with no running water, toilet paper, or hand washing and drainage facilities.

As rural areas lack sanitation infrastructure, smelly and filthy cesspools have become the main source of intestinal infectious diseases, said Gao.

Farmers only need to spend about 200 yuan (US$24) to own a new toilet, as the cost of constructing the drains and waste disposal systems is paid by the local government, according to Gao.

"The great achievement of the project is the changes in rural people's traditional ideas about their living environment," said Gao.

At the beginning, most farmers were reluctant to have new toilets since they had been used to shabby toilets for so many years.

But once they have one, they realized they are able to enjoy a better quality of life, according to Gao.

And about 550 public toilets have been built in Yuhuan to resolve the sanitary problems of migrant workers who usually live in makeshift accommodation lacking toilet facilities. Efforts have also been made on a water conservation project to ensure the supply of clean water to rural people, Gao added.

Moreover, methane tanks were built in some villages in Zhejiang Province as storage pits for human and pig excrement.

This methane is used for lighting and cooking, while residues can be used as fertilizers, Gao says.

Official statistics indicate up to 31.34 million villagers in Zhejiang Province now have access to tap water, accounting for 85.45 per cent of the total rural population.

**JOB LOSSES MUST NOT STOP TOWNSHIP REFORMS**

By Jiao Xiaoyang  
328 words  
17 November 2004  
China Daily  
English  
Copyright 2004 China Daily Information Company. All rights reserved.

The Ministry of Civil Affairs has announced that 876 townships in some 20 provinces have been dissolved or incorporated in the first nine months of this year, cutting around 86,400 jobs among civil servants and 864 million yuan (US$104 million) a year in financial expenditure.

The downsizing campaign was carried out under central government requirements to streamline township administration, relieve farmers' financial burdens and bolster the rural economy.

The move is encouraging considering its scale and speed. By economic standards, the removal of so many rice bowls supported by public money will substantially benefit local people.
Yet it should by no means be the end of township administration reform as much remains to be done.

Ministry officials have admitted that finding new jobs for all those laid-off civil servants is a major problem. How to support them without simply spending what has been saved by sacking them is a question reformers must answer.

They are also just the tip of the iceberg, with thousands of other township administrations needing trimming down.

Township authorities all over the country are reported to have been recruiting two or three times the number of staff they are supposed to have.

Many township authorities have become bureaucracies simply feeding mouths when the money should be going on public services like education and health care.

It is difficult to condone so many grassroots authorities for remaining stubbornly overstaffed and inefficient despite years of reform efforts.

There is no simple answer to a reshuffle of the township administrative system. It will be an intricate and time-consuming job to turn what were bureaucracies into sound public service providers that any modern society needs.

The hope is that the constant economic and social progress nationwide, combined with the government’s reforms, will push township restructuring - not only in quantity but also in a substantial change in their performances.

(Copyright 2001 by China Daily)

Beijing cracking down on unpaid wages of migrant workers

467 words
16 November 2004
06:24
BBC Monitoring Asia Pacific
English
(c) 2004 The British Broadcasting Corporation. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report by Jane Cai entitled: "Pay wages on time or else, bosses warned"; published by Hong Kong newspaper South China Morning Post web site on 16 November

The mainland is cracking down on bosses who withhold wages by ruling they must pay an extra 50 to 100 per cent of the amount owed to workers if they miss a payment deadline set by the Ministry of Labour and Social Security.

The rule is part of a State Council labour regulation that will take effect on 1 December. The rules also allow government authorities to inspect companies and private businesses as a way of protecting workers' rights in an oversupplied labour market.

State Council legal office director Cao Kangtai told Xinhua that some companies pursued their business interests at the expense of workers' rights, but that employees were hesitant to stand up for their rights when jobs were at a premium.

Mr Cao said the regulation was designed to maintain social stability by supporting existing labour regulations, detailing inspection procedures and punishing parties found breaking the rules.
Peking University labour law professor Ye Jingyi said the regulations were in part triggered by the emergence in recent years of the issue of unpaid migrant workers. The China Federation of Trade Unions estimates 100bn yuan in pay is owed to 100 million migrant workers.

The situation is particularly acute in the construction industry, where workers have frequently threatened to commit suicide because they have no money to take home for the Lunar New Year.

Under the regulation, companies that delay payments will have to pay compensation of between 50 to 100 per cent of the outstanding salary. Bosses will also risk penalties if they overwork their staff, fail to arrange for health checks, fail to sign employment contracts and do not contribute to an employee social security fund.

The regulation calls on local labour authorities to set up inspection teams and make regular and unscheduled visits to companies, checking on how well employers implement labour laws and regulations.

Professor Ye joined discussions to frame the regulations and said local labour authorities did not have enough staff to carry out the checks. But some staff would be trained to conduct the inspections.

"The [new rules are] expected to professionalise the inspection teams and make the checks more effective," she said. Investigations had been hamstrung because workers were afraid of losing their "rice bowl".

"The inspection will check company records and files and social welfare arrangements for employees. Talks with employees will also be held," she said. The effectiveness of the system would depend on how well inspectors were able to talk to workers.

Source: South China Morning Post web site, Hong Kong, in English 16 Nov 04

China's prescription drug market to reach US$15 Bil. in 2010.

98 words
15 November 2004
Pharma Japan
13
English
(c) 2004 Elsevier Engineering Information www.ei.org

Synovate Health Care of the UK has forecast a prescription drug market in China of $15 bn by 2010. Also forecast is a total market of $8.16 bn in 2004. The growth is likely to be driven by the increase in diseases such as HIV, hepatitis and lung cancer. For lung cancer Chinese patients are likely to total 500,000 by 2005 with two-thirds of that total being males. Lifestyle disease continues to grow in China.

Pharma Japan No. 0285-4937

Parasitic snail fever raises its ugly head in China

BMS
1,027 words
13 November 2004
22:27
Agence France Presse
YUEYANG, **China**, Nov 14 (AFP) - For six years He Xiaosheng, a rice farmer in **China**'s central Hunan province, has battled snail fever -- a parasitic disease that slowly eats away at the liver, intestines and spleen.

Every year, like most of his neighbours in Jinxing village, he takes Praziquantel (PQT), a potent medication that kills the blood flukes which otherwise suck him of the energy and vigour he needs to make ends meet.

And every year the parasites return -- afflicting him and his family and the other 1,000 villagers of Jinxing who depend on the irrigation of the region's murky rivers that flow from one of **China**'s largest lakes, Dongting.

"I feel like I have no strength but I have to work even if I'm sick," He, 36, said of the illness that Chinese once called "laziness disease."

"I get thinner when I'm really sick," said He, whose 12-year-old daughter was also recently been diagnosed with the parasite.

Less than an hour's drive south from Hunan's second largest city Yueyang, He's small brick home is a 10-minute walk from the silent waters of the Feijia river.

Countless numbers of larvae-hosting-snails that cause schistosomiasis or snail fever can be seen there.

He and the others know that millions of free-swimming larvae infest the river water, which on contact will penetrate the skin in 10 seconds.

Yet every day the farmers and fisherman of Jinxing go there to work. They are not fatalists but realists.

"We have to go there to plant rice, we have to go there to raise water buffalo, we live on it," said He, who earns 3,000 yuan (360 dollars) a month for his family of four.

He and the others are not much different from their forefathers.

Snail fever has been wreaking havoc on lives here for some two millennia, or as long as the Chinese have been tilling the fiery red earth of this fertile central plain.

At the turn of last century as many as 100 million Chinese were infected with snail fever before it was brought under control in the first half of the 20th century.

The World **Health** Organization now estimates that some 200 million people worldwide are infected and 120 million display symptoms, while another 600 million people are at risk of infection.

In central **China** and particularly in hot and humid Hunan -- home to 66 million people and one of the country's most important bread baskets -- snail fever still poses a major **health** risk.

Although infection rates are much lower than 50 years ago, they have been climbing since the mid-1990s.

This is due to the ending of a decade-long World Bank funding program, coupled with poor prevention methods and seasonal natural disasters that savage the region, said Li Yuesheng, director of Hunan Institute of Parasitic Diseases.
The lack of funds meant medicines intended for distribution were sold and medical workers were not paid. Poor farmers unwilling to fork out for treatment further obstructed prevention efforts, he said.

Li does not directly allege corruption, but some do.

"They don't kill the snails and they don't ensure people's health. If it's not corruption, then what else could it be?" said one Jinxing villager.

Fang Jincheng, director of Hunan Provincial Office of Schistosomiasis Prevention, acknowledged that problems exist.

"The county-level governments are short of money and it's not only the medical workers who cant get paid, but also other government employees," Fang said.

"We are very concerned about it but the funds for the schistosomiasis can be only be spent on the prevention work and patients' treatment, and can't be spent on salary," Fang added. Now, thirty-one million yuan (3.7 million dollars), 10.9 million yuan more than last year, has been allocated to fight the disease, while free medicine will be available to 400,000 people and 120,000 head of livestock, he said.

Snail fever is second only to malaria in the number of diseases it causes. According to a 2003 survey Hunan makes up almost one-quarter, or more than 200,000, of China's nearly one million infections.

At risk are another six million people who live around the region's vast and contaminated waterways.

Among the sick only about 1.8 to 3.0 percent will reach the final stage, which is characterized by a protuberant belly filled with a build-up of fluid in the abdomen. Statistics on snail fever deaths are almost impossible to estimate because the actual cause of death may be liver failure or intestinal ruptures.

Although neighbouring Hubei has some 70,000 more sick, eradicating the problem has proved particularly difficult in Hunan.

"When we put medicine in the water to kill the snails, unless we can kill all of them at once it is very likely that they will come back in one or two years," Li said.

Perhaps most importantly, every year the plains of Hunan, central Hubei and Jiangxi, eastern Anhui and Jiangsu and southwestern Yunnan and Sichuan provinces are inundated with clockwork precision.

When the mighty torrents of the Yangtze River arrive, as in the especially disastrous floods of 1998, the overflowing silt-laden yellow waters not only sweep away people and homes but also deposit more snails.

"Every year in June and July, people in the neighbourhood have to go to build a dam by the side of Dongting Lake and it's easy to get infected since it's hard to avoid touching water," said Fan Zhifu, a doctor at the local clinic.

Fan, 54, who still suffers liver problems 11 years after coming down with snail fever, said that in Xingfu village, 80 kilometres (50 miles) northwest of Yueyang, nearly all of the 40,000 residents have or have had the illness.

But he said that when it comes to fighting floods residents have no choice. "Who wants to go? But it's a natural disaster, there's just no way out."
Chinese deputy minister promotes rural health education initiative

Beijing, 10 November: Sixty per cent of China's 1,832 counties, have joined a health education initiative for rural population, said Deputy Health Minister Gao Qiang here Wednesday [10 November]. Gao made the announcement at a 10 year anniversary seminar on the National Health Promotion Project for Chinese Farmers. The project aims to universalize health education among China's 900 million rural population who lack basic hygiene knowledge.

Statistics show that more than 80 per cent of China's infectious diseases occur in rural areas. Absence of medical service network is one reason. Another is ignorance of basic, daily hygiene knowledge. According to a survey of the Health Ministry in 2000, only 36 per cent of rural population over fifteen years old had some basic knowledge about the importance of clean water, clean environment and prevention of diseases.

The initiative plans to set up health education classes in 90 per cent, 80 per cent and 70 per cent of elementary and middle schools respectively in eastern, central and western provinces. The programme will also enable 90 per cent, 70 per cent and 50 per cent of village clinics for health consulting services in the three regions. As a result, 80 per cent, 70 per cent and 60 per cent of rural population of the three should recognize critical healthcare messages.

Largely media-based, the programme has produced 24 TV programmes and 30 radio programmes, which are broadcast in over 2,000 rural counties. Also, it has published several books on health and hygiene written in simple language and dotted with illustrations. China fails to build a medical service network for its rural population since the rural medical cooperation system, a collective economy mechanism offering cheap medical service, collapsed in 1980s [sentence as carried].

There are 1.2 million junior medical staff in rural clinics, who, according to Gao, are "almost incapable of curing diseases" for lack of professional training. In addition, rural areas lack sanitation infrastructure, which makes them vulnerable to infectious diseases. "Many diseases could be prevented by basic hygiene knowledge. We are trying to enable them to help themselves," said Gao.

Source: Xinhua news agency, Beijing, in English 1511 gmt 10 Nov 04
BEIJING, Nov 10 (AFP) - China will set up a public health emergency response system next year to better deal with a rising number of disease outbreaks and serious accidents like chemical leaks, state media reported Wednesday.

In the coming year, the country will focus on building a nationwide network not only to respond to emergencies but share public health information, the Xinhua news agency quoted health ministry and other officials as saying.

System planners will tap into the experience of developed countries in dealing with emergencies, the report said.

To make the system effective, China will clarify the roles and responsibilities of various departments and levels of government and increase funding for emergency response, Xinhua said.

The system should also help collect accurate information about epidemics and curb the spread of diseases.

China's current emergency response system is unable to handle public health emergencies effectively due to untimely and inaccurate information and uncoordinated efforts, officials admitted.

Experts believe public health crises such as the outbreak of Severe Acute Respiratory Syndrome (SARS) and bird flu make it imperative to build such a system in China.

Currently, each locality responds to its own emergency, often not informing the national government, covering up problems and refusing to share information with other departments or neighboring areas that could be affected.

SARS, which first surfaced in southern Guangdong province about two years ago, was initially covered up by provincial leaders and later by Beijing authorities.

The slow response contributed to the spread of the disease to other parts of China and the world, eventually killing almost 800 people in an outbreak that infected more than 8,000. In another example, a major chemical spill in southwest Chongqing municipality last December caused more deaths than it would have because company officials did not immediately alert authorities, delaying evacuations.

It killed 243 people and poisoned thousands more.
According to an official of China Insurance Regulatory Commission, the watchdog for the insurance industry, Xinhua (New China) Health Insurance Co. is also under preparation, and is expected to become the second such insurer in China.

At present, more than 50 insurers are qualified to operate health insurance service in China, among which 29 life insurance companies and eight property insurance companies have already started the business, with a total of 300-odd products. Premiums from health insurance in China totaled 24 billion yuan (US$2.9 billion) in 2003.

China's health insurance market is expected to form a capacity of 150 to 300 billion yuan before 2008, according to a forecast by McKinsey.

PROMOTING THE RURAL HEALTHCARE SYSTEM

By Guo Zi
500 words
9 November 2004
China Daily
English
Copyright 2004 China Daily Information Company. All rights reserved.

At a news conference held by the State Council last Friday, Vice-Minister of Health Zhu Qingsheng briefed reporters on the latest achievements of the rural co-operative medical system established in 2002.

By the end of June, the co-operative healthcare system had covered areas with 95.04 million residents, among whom 68.99 million had joined the system. The co-operative healthcare fund had reached 3.021 billion yuan (US$365 million), among which governments funded 1.501 billion (US$181 million), individual participants paid 1.088 billion (US$132 million), and the rest were collective funds and other social donations. And 41.94 million people had received a total reimbursement of 1.394 billion yuan (US$168 million).

These accomplishments deserve applause. But the hard work needed to complete and improve this rural healthcare system cannot be overlooked.

First, the proportion of rural population covered by the system is still small.

Farmers can participate freely in the co-operative medical service system designed to help them out from the burden caused by serious diseases. But it has only been tried out in 310 counties or cities in 30 provinces, autonomous regions and municipalities so far.

There are still about 30 million rural residents living in poverty and 60 million others living close to the poverty line. Besides the rural residents who have participated in the co-operative healthcare system, the other 90 per cent of the country's rural population have to pay medical expenses solely by themselves, and many of them are unable to afford treatment when ill. It is going to be a strenuous task to popularize the system all over the country.

Besides, the design of the system should be improved to better serve its participants. The system was based mainly on a financial-pooling-against-serious-disease scheme. The proportion of healthcare expenses that can be covered by the system is still too low. When the annual income of a farmer was 2,622 yuan (US$315) on the average last year, average in-patient hospital costs for a farmer ran as high as 2,236 yuan (US$270). Only medical bills exceeding 600 yuan (US$72) can be covered by the medical insurance policy. And only 27.25 per cent of the hospitalization expenses on average have been
reimbursed in the past. The rest of the money farmers have had to cover by themselves and that places many families in poverty and stopped them from going to see a doctor again.

What is more, the management of the allocated funds is a worrying issue. Many local governments have difficulties in allocating the required part of the money. Some were even found diverting the funds improperly. Such malpractice may harm farmers' confidence in the system.

Thus, strict supervision on medical funds management at the grass-roots level should also be enhanced to ensure the success of the co-operative system.

(Copyright 2001 by China Daily)

Medicare system benefits farmers

1,360 words
8 November 2004
Business Daily Update
English
Copyright 2004 China Daily Information Company. All rights reserved.

It is the first time that Wang Senyan, a farmer in East China's Jiangxi Province, has been able to enjoy the benefits of an insurance system in his 27 years.

In August, he broke one of his fingers in a motorbike accident at his hometown, Qiukou Town of Wuyuan County, 4 hours' from Nanchang, the capital city of Jiangxi Province.

"I only got 96.6 yuan (US$11) in the end, but I was quite happy with that," Wang said. The system, a new type of rural medicare insurance service, has been piloted in the county since August by the local government.

Under the scheme, farmers pay 15 yuan (US$1.8) for medical insurance each year. Central and local governments contribute an additional 10 yuan (US$1.2) for each farmer. Of the total premium, 10 yuan is put into an account to help Wang pay for outpatient services with some minor diseases in village clinics.

The rest goes to a pool for rural co-operative medicare.

If farmers fall ill, part of their medical expenses are covered by the fund. It cost Wang 1,319 yuan (US$160) to have his broken finger treated at the only county-level hospital in Wuyuan.

This is nearly 25 per cent of his annual income of about 5,000 yuan (US$600). His annual income is about the same as that of a well-educated employee in big cities like Beijing and Shanghai would earn in a month.

In Wang's case, the first 600 yuan (US$72) was deducted from the medical bill, which includes the cost of medicines and examinations which are not covered by the system. Wang had to pay for these himself.

Twenty per cent of the rest of the money is reimbursed by the system, which is 96.6 yuan (US$11).

The county's insurance policy only contributes to medical bills exceeding 600 yuan (US$72) in county-level hospitals, or 300 yuan (US$36) in township-level hospitals.
In this way farmers are encouraged to see doctors in township hospitals if they are equipped to treat the problem, preventing a rush to county-level hospitals that may crash the fund.

The bottom line must be drawn because as yet the insurance system is not strong enough, said Cheng Hongliang, director of the Health Bureau of Wuyuan County.

Main function

Reimbursements will be bigger if medical costs are, Cheng said.

If the cost is between 20,000 yuan (US$2,400) and 30,000 yuan (US$3,600), the reimbursement rate will increase to 50 per cent.

But because as yet not many people have bought into the system, there is a shortage of funds available for reimbursement. Of the 15 yuan (US$1.8) that each farmer currently pays, just 5 yuan is used for hospital treatment and the rest goes to outpatient services.

The central government says farmers should not pay more than 0.8 per cent of their annual income into this system.

Wang's family of eight pay a total of 120 yuan (US$14) a year.

Wang is the first to benefit from the system.

"I now know from experience how it can work for us, and in the future I know how it will help the family," Wang said.

Actually Wang is not the only farmer in Wuyuan to have benefited from the new system. By the end of September, 48,782 farmers in Wuyuan claimed pay-outs of 5.38 million yuan (US$640,000).

More than 85 per cent of the 266,000 farmers in Wuyuan have joined the system, pooling 7.98 million yuan (US$960,000).

The remaining 2.6 million yuan (US$310,000) in the fund will be put into next year's budget, when it's time to collect in the year's premiums. Wuyuan's special office in charge of the fund plans to raise the pay-out rate gradually in the coming years, Cheng said.

Meanwhile, the office is also widening the scope of diseases that are partially covered by the insurance.

Traffic accident injuries and crime victims will also be covered, as well as some serious illnesses such as cancer and heart and brain disease.

"The intention is that every penny we gather in from premiums is in turn paid out for farmers' medical care," Cheng said.

A special committee has been set up, including representatives from the local people's congress, to strengthen supervision of the fund management.

Initial achievements

In Jiangxi, the ongoing pilot project is in force in seven counties including Wuyuan, with a total of 2.48 million farmers. As of September, 88 per cent of them had joined the system. Latest statistics suggest that by the end of June, the insurance had covered 68.99 million rural residents in the whole country.

The fund has reached 3.02 billion yuan (US$364 million) in China, with its population of 1.3 billion and nearly 800 million rural residents.
The annual per capita income is about 2,500 yuan (US$300) in Wuyuan, which is quite good for Jiangxi Province, said Huang Shengui, deputy director of the county’s health bureau.

On average, a farmer in Wuyuan spends about 60 yuan (US$7) a year in medical treatment.

Unlike most urban workers, who enjoy government subsidies or are covered by medical insurance, villagers have to pay medical expenses themselves.

Unable to afford good doctors, they are treated by village doctors or even use a form of witchcraft, but still find themselves in a lot of debt and often give up treatment. Few rural people have regular physical check-ups in their daily lives.

But now, encouraged by the new medical insurance system, older people are choosing to seek medical help at hospitals, Huang said.

What’s more important, he added, the system can ensure rural residents enjoy healthier and longer lives.

One farmer in Fenshui Village in Wuyuan spent more than 20,000 yuan (US$2,400) on treating his illness. Without the help of the new system, he said he would have given up treatment a year ago.

Farmers are tending to go to the best hospital in the county, the Wuyuan People's Hospital. Before August 2003, only 70 per cent of the beds in the hospital were filled.

Now beds are in short supply. Because child-birth is also covered by the system in Wuyuan, more women now prefer to give birth in hospital.

Voluntary membership of the system certainly seems to be getting popular.

Relevant and vital factors

In rural areas, a big obstacle to a sound medical service is the high price of medicines. Farmers have to pay 10 or more times the original medicine price, according to Qi Hua’an, director of the Food and Drug Administration Bureau of Wuyuan.

Outdated medical networks in rural areas, including a shortage of equipment and trained staff, is also a major problem. Wuyuan County has only 468 village doctors, many of them farmers who have never gone to professional medical college and have only been trained for several months.

Although more and more students have graduated from professional medical colleges, most of them prefer to stay and work in big cities and refused to work in village and township clinics.

Vice-Premier Wu Yi also pointed to local governments’ poor implementation of the central government policy of establishing a rural medicare insurance system.

Wu, also the Health Minister, told a national meeting on rural co-operative health care last week that a number of pilot counties have not established a reasonable mechanism for collecting premiums from farmers.

Meanwhile, some local funds have not been used properly, she said. The vice-premier stressed that another long-standing problem is the lack of government input in health.
In Jiangxi, financial investment in health from the provincial government only accounts for 2.3 per cent of its total expenditure.

The rate is almost the same on the national front.

Most government expenditure is used in urban areas and only a small part of it goes into the rural medical network.

Healthcare co-ops expanding cautiously

593 words
8 November 2004
Business Daily Update
English
Copyright 2004 China Daily Information Company. All rights reserved.

The number of pilot medical co-operatives in China's countryside is growing rapidly, but the central government is taking a cautious attitude.

"We should have a clear mind that there are still some problems, such as poor public awareness, laggard rural medical capacity, and potential risks in the management of (co-operative) funds due to a lack of qualifications," said Zhu Qingsheng, vice-minister of health.

With about 70 per cent of the population living in rural areas without medical insurance, China decided to establish new co-operative medical networks in October, 2002. The programme is being tested until 2010, when it will be expected to cover every rural resident.

Response has been strong, with the number of new co-operatives set to grow to at least 500 in 2005 from the current 310 scattered across 310 counties.

"A more solid foundation will be laid for the full implementation of new programme by setting rules, developing supporting policies and improving management," Zhu said. Local governments have shown interest in the approach to funding medical care.

However, the central government has decided to expand the programme gradually while improving financial management, rural healthcare systems, and strengthening the capacity building of executive agencies of co-operative funds.

While the problem is not the lack of funds, difficulties arise in strengthening the capacity building of rural healthcare and treatment systems and fund management, which are vital for the smooth development of the co-operative service, but may take time to develop, said Zhu.

Another big problem is the lack of investment in health from local governments in rural areas.

In 2002, China's total health expenditures were 568.4 billion yuan (US$68 billion), some 5.5 per cent of its gross domestic products.

However, the majority of this money is used in urban areas with only 30 per cent of the country's population, Zhu said.

In 2003, the annual income of a farmer was 2,622 yuan (US$315) on the average.
However, average in-patient hospital costs for that same farmer ran as high as 2,236 yuan (US$270).

In China, especially in western parts, between 40 to 60 per cent of farmers do not have enough money to see doctors or be hospitalized.

And among all the illness related deaths in western and central China, 60 to 80 per cent were in the home instead of in a hospital, Zhu said.

One of the new measures to strengthen rural health coverage will be to better train the 1.2 million doctors in rural areas. Many of them are not competent.

Better-trained doctors would further boost the comprehensive financial coverage provided by the co-operative model.

The co-operatives are based on a mutual help system to cover treatment in the case of a serious illness.

Generally, farmers willing to join pay a 10 yuan (US$1.2) premium per person per year. Those premiums are then pooled with 20 yuan (US$2.4) contributions from the central and local governments.

Members can then have part of their medical expenses covered.

Since July 2003, co-operatives have grown to cover 95.04 million farmers. Of them, 68.99 million or 72.6 per cent have joined the scheme.

So far, a total of 3.021 billion yuan (US$364 million) in premiums has been collected. By the end of June, 41.94 million claims had been processed, and 1.394 billion yuan (US$168 million), or 46.14 per cent of the funds was disbursed.

Back to top

China to make more input in health care in rural areas

208 words
8 November 2004
Xinhua's China Economic Information Service
English
(c) 2004 Xinhua News Agency. All Rights Reserved

BEIJING, November 8 (CEIS) -- The Chinese government has decided to increase expenditure on health care, with most of the increase going to rural areas, said Vice Minister of Health Zhu Qingsheng here on November 5.

Zhu made the remark at a press conference held by the Information Office of the State Council.

This year the Ministry of Health added 4 billion yuan (482 million US dollars) to its total medical budget expenditure, and 70 to 80 percent of the added money went to rural areas, he said.

The new spending policy aims to narrow the gap between city and countryside in health care.

Zhu noted that in recent years only 30 percent of the total governmental expenditure on health care has been used for rural areas, where about 70 percent of the total Chinese population live.
"Only 1.6 to 1.7 percent of the central government's total expenditure is for health care, and 70 percent of the health spending is used in urban areas, leaving only 30 percent for rural areas," he said.

Urban people, accounting for 30 percent of the total population, enjoy 70 percent of all medical resources across the country, he said.

About 70 million farmers join new medical service system in China

290 words
8 November 2004
Xinhua's China Economic Information Service
English
(c) 2004 Xinhua News Agency. All Rights Reserved

BEIJING, November 8 (CEIS) -- Some 69 million rural people have joined a new kind of Cooperative Medical Service (CMS) system in China, which was kicked off in 2002 to help farmers to pay medical treatment, said Vice Minister of Health Zhu Qingsheng at a press conference held by the Information Office of the State Council here on November 5.

The rural CMS system, which is still in trial implementation, covers 310 counties in 30 provincial areas, he said, noting that a total premium of just over 3 billion yuan (364 million US dollars) has been collected.

"Different levels of governments contributed 1.5 billion yuan, farmers contributed 1 billion yuan and social groups contributed 432 million yuan," he said. By the end of June 2004, 1.4 billion yuan, or 46.1 percent of the total fund, was disbursed, and 27.3 percent of hospitalization expenses were paid by the fund, he said.

Farmers joining the CMS program pay 10 yuan annually, and the government contributes another 20 yuan to the premium pool for each person. The fund is then deposited in a national commercial bank or community bank under a special account. When a rural patient joining CMS goes to a hospital for medical treatment, he can get direct partial reimbursement immediately.

Over 10,000 yuan may be reimbursed to a patient from the CMS fund pool, he said. The CMS system, mainly targeting treatment of serious illnesses, is not a kind of social security system, so its influence is limited, he said.

In China's rural areas, a number of people still cannot afford medical treatment, including hospitalization, and some become impoverished due to illnesses, he said.

China sets up first registration system for migrant children

239 words
8 November 2004
Xinhua's China Economic Information Service
English
(c) 2004 Xinhua News Agency. All Rights Reserved

BEIJING, November 8 (CEIS) -- China has set up its first registration system for migrant children under the age of 16 in Wuxi, east China's Jiangsu Province and Shijiazhuang,
north China's Hebei Province, according to a national seminar on migrant children held here on November 4.

"The database is essential to protect the rights of these children who would otherwise be virtually 'non-exist,'" said Christian Voumard, UNICEF representative for China at the seminar, which was jointly sponsored by the National Working Committee for Children and Women (NWCCW) under China's State Council and the United Nations Children's Fund (UNICEF).

Since 2001, local NWCCW branches in Wuxi and Shijiazhuang have been using jointly designed management software to keep track of migrant children under 16. The software tracks education status, place of origin and health status, and is a powerful tool for local departments such as education, public health, birth control.

In September 2003, Huangtian police in east China's Jiangsu Province found a boy who didn't know his address since he had just moved there with his parents.

Getting his name, the local police has soon found his temporary address and sent him home.

"The two cities have demonstrated a model for the management of migrant children, and their experiences and initiatives will scaled up all across the country," said Zhang Liming, an official with the NWCCW. (?)

MEDICAL MALPRACTICE INSURANCE COMPULSORY

By Li Fangchao
385 words
5 November 2004
China Daily
English
Copyright 2004 China Daily Information Company. All rights reserved.

The Beijing Municipal Health Bureau plans to compel all the capital's public medical organizations to take out medical malpractice insurance.

Coverage will extend to doctors and other professionals against liability arising from patient care, reports the Beijing News.

Since 1998, the city has encouraged its medical organizations to take out medical malpractice insurance.

High premium

That has been met by little response on the part of many, citing high premium costs as the main reason for their low take-up, an official from the bureau was quoted as saying.

According to a report by the Beijing Insurance Regulatory Committee released this June, less than 20 city hospitals have taken out medical malpractice insurance. And only two insurance companies, PICC Property and Casualty Co Ltd and the Beijing Branch of Taiping Life Insurance Co Ltd, offer such a policy.

But medical malpractice and doctor-patient disputes which frequently arise are becoming an increasing headache for the normal running of medical organizations.

Six years on, the bureau has decided to take matters in hand.
Under the new directive, all State-owned non-profit-making medical organizations are required to have medical malpractice insurance.

An independent third party, most likely an intermediary, will assess any medical liability claims and mediate disputes.

"It (insurance) is compulsory for those State-owned hospitals," said the official, adding: "All district and county-level health bureaux should organize the medical organizations within their areas to get insured."

Privately run medical organizations are also entitled to take out insurance under the same regulations, he added.

The bureau said the relevant intermediary organization should comprise medical, legal and insurance professionals.

Since the cost of insurance is shouldered by the medical organizations concerned it will not increase the financial burden of patients.

Some doctors are backing the changes.

Insurance

"Without insurance, a lot of doctors are facing great psychological and economic pressure once a medical accident happens," Chen Wei, director of the doctor-patient relationship office of Jishuitan Hospital, was quoted by the Beijing News as saying.

And that it is impacting medical practice, he asserted.

"At present, a few doctors would rather use some conservative measures in their treatment than to use some new ways which may be more effective," he said. (Copyright 2001 by China Daily)

China to See Non-prescription Medicine Sales of CNY60bn Next Year

162 words
4 November 2004
SinoCast China Business Daily News (Abstracts)
Page 1
English
(c) 2004 SinoCast LLC. All Rights Reserved.

BEIJING, November 04, SinoCast -- China's turnover of non-prescription medicines last year topped CNY 29 billion, and the figure is likely to hit CNY 60 billion by the end of 2005, according to sources from the 6th Asia Pacific Regional Conference of the World Self-medication Industry (WSMI).

The conference is the first international conference held for self-medication industry in China, and about 400 representatives from more than 20 countries like China, US, South Korea and Australia attended this conference.

Self-medication is a kind of self health care method that people use for curing or preventing gently ailment and keeping healthy.
Following China's economic development and the penetration of scientific knowledge, self-medication has become an important component of the national health care system, and people have a consensus of curing serious illness in hospital and only purchasing some non-prescription medicines in drugstores for gently illness.

System to standardize medicine production

China is setting up a system to standardize the production of its traditional Chinese medicines (TCM) in order to introduce more varieties to the world.

The system is to be finally established by the end of 2010, according to Li Boxi, a researcher from the Development Research Centre of the State Council. He announced the decision at the Sixth Asia Pacific Pharmaceuticals Roundtable earlier this week in Shanghai, gathering many large international pharmaceutical giants and experts. "In China, TCM now holds about one-fourth market share, but contributes approximately 40 per cent of the profits of the pharmaceutical sector," said Li.

"If we can determine the exact effective components in TCM and accord them with international standards, we will be able to promote them to a wider international market," said Jiang Zhenwei, general manager of the Shanghai Medicines and Health Products Import and Export Company.

The Chinese Government is paying more and more attention to the innovation and development of TCM, and has included the innovation into its next five-year plan, according to Li.

Although chemical compound medicines still play the main role in the world's healthcare products consumption, botanical medicines, which fall into the category of TCM, have shown strong growth in recent years.

The first botanic recipe from China will hopefully be approved by Food and Drug Administration (FDA) in United States, and will go into clinical tests early next year. "Apart from this recipe, which cures cancer, we plan to introduce more botanic medicines to the international market, said Samantha Du from Hutchison MediPharma, under Hutchison Whampoa Limited, a Hong Kong business giant.

"The biggest challenge for us to introduce TCM to the world is how to probe their exact chemical composition, and define their clear effects and side effects."

Hutchison MediPharma opened its new research centre, focused on botanic medicine development, in Pudong of Shanghai at the end of last month, and has put in some US$30 million investment for the first phase.

Hutchison Whampoa signed a preliminary agreement with Guangzhou Baiyunshan Pharmaceutical Co Ltd to form a 50-50 medical joint venture in Guangzhou, which will mainly involve research and development, production and marketing of TCM.

"Hutchison is exploring more co-operations with local big Chinese medicine producers," said Du.
Two pharmaceutical giants, Roche and Pfizer, each established research and development centres and regional centres in Shanghai at the end of last month.

**Dirty hands are health concern**

393 words
3 November 2004
Shanghai Daily
English
Copyright © 2004 Shanghai Daily Company. All Rights Reserved

Two local hospitals are taking part in a program run by the China Disease Prevention and Control Center and a US-based medical company in an effort to establish the nation's first guidelines on hand hygiene in hospitals.

**Health** authorities expect to work out a national hand hygiene rule next year to regulate medical staff, most of whom don't undergo training on the issue.

The center and US-based GOJO Industrial started the program in February and launched a trial in May in eight domestic hospitals in Shanghai, Beijing and Guangzhou. Shanghai East Hospital and Ruijin Hospital are the two local facilities involved.

"The program included a survey on medical staff's hand washing habits and how they wash their hands," said Zhu Yumin, GOJO's local agent responsible for medical staff training. "The most effective way to prevent infections within a hospital is regular hand washing, while many domestic medical workers haven't received such training and there is no rules to regulate the issue."

According to the survey, which covered about 500 doctors and nurses nationwide, only 41 percent of nurses and 16 percent of doctors wash and disinfect their hands more than three times a day. It also found that 20 percent of nurses and 34 percent of doctors dry their hands on their uniforms after washing them.

Local doctors said they have trouble in washing their hands during work, since there are not many washing facilities. Moreover, there are always four to six patients in the same ward, while there are only one or two patients in a ward in foreign hospitals.

The China Disease Prevention and Control Center estimates that Chinese doctors deal with 12 patients a day on average, while nurses handle 22 patients.

Zhu said the program introduced hand washing facilities and training used in the United States.

"Following the US hospitals, we put detergent that doesn't need to be rinsed off with water on the wall in ward areas and on nurse's carts. They can wash their hands after treating each patient," Zhu said. "If successful, the program can be promoted to more hospitals, based on the experiences in East and Ruijin."

Yu Dehua, vice president of East Hospital, said the program is working well and it is beneficial to both medical staff and patients.
BEIJING, Oct 31 (AFP) ----Sitting on a soft leather sofa in an elegant cream-colored reception area, a Beijing woman waited for a doctor's appointment.

The scene in a foreign-invested hospital contrasted sharply with that often seen in Chinese hospitals, most of which are state-run and notorious for their long lines, dirtiness and ill-tempered staff.

"We come here because the conditions are good," said the woman at the Beijing United Family Hospital who gave her surname as Yang.

"I have many Chinese friends who come here for check-ups during pregnancy. There's no need to line up and the attitude of the staff is nicer."

Foreign investors are putting their money into turning around existing hospitals or opening new facilities and are banking on middle-class people like Yang and her friends.

Since the Chinese government began allowing foreign investment in hospitals in 2000, interest has steadily grown, with more and more foreign-funded outpatient clinics in operation and speciality and general hospitals also starting to open.

Previously targeting expatriates, the facilities now also lure the increasing number of well-to-do Chinese willing to pay more for better care.

"The interest is rising at a steep rate," said David Wood, president of investment consultancy firm The ChinaCare Group.

"Our survey shows people are willing to pay two to three times more for a higher standard of care."

In the past two decades of economic reform, government and state-run companies' share of total health expenditure, including financial support for hospitals, drastically fell from 78 percent of the total in 1980 to 41 percent in 2002, according to official figures.

Out-of-pocket spending by patients, meanwhile, increased from 21 percent in 1980 to 58 percent -- or 40 billion US dollars out of a total national health expenditure of 68 billion dollars -- in 2002.

The government is hoping investors will become a new source of funding for the beleaguered healthcare system by giving the hospitals an injection of funding to pay for renovations, new equipment and expertise.

On a scale of one to 10, some 8,500 Beijingers who participated in a recent Beijing health bureau survey of 49 hospitals in the city gave the facilities an average satisfaction rating of just five.

"The number one reason for dissatisfaction is the attitude of the staff and doctors. Patients thought they didn't treat them like human beings, or respect their privacy or confidentiality," Wood said.
Chinese patients are also frequently charged unnecessary fees from over-prescription of medicine -- a common way for state-owned hospitals to make money as prices for services are largely government-mandated.

Patients have no choice but pay overworked, underpaid and disgruntled doctors additional money stuffed in red envelopes to ensure quality care.

Long lines are often seen outside the few reputable facilities.

"The number of patients exceeds the number of hospitals in Beijing," said Kevin MacDonald, chairman of the Beijing International Heart Hospital Co. Ltd., a US-invested 98-bed specialty hospital that will open in July in Beijing.

MacDonald said the company was investing in China because it saw a need. "Chinese people are repeating the unhealthy lifestyle of the West. I believe the need for cardiovascular services are going to expand tremendously in the next several years," he said.

Most of the foreign investment so far has been in outpatient clinics, with investments averaging in the several millions of US dollars, with investment in speciality and general hospitals reaching the tens of millions.

Two weeks ago, US-based Chindex International Inc., which owns Beijing United, opened the Shanghai United Family Hospital, a 10-million-dollar project which is the first foreign-managed private hospital in the eastern metropolis.

The Beijing United hospital, which Chindex opened in Beijing in 1998, has seen its Chinese patient load increase to about 14 percent of the total.

"The local portion of the market is steadily increasing, especially in certain departments such as ob/gyn (obstetrics/gynecology)," said Beijing United spokeswoman Lily Sun.

"Our prices are on average more than 10 times higher than that of Chinese hospitals, but for middle-class families, they feel they can afford it."

It costs about 6,000 dollars to deliver a baby at the facility, several year’s income for the average wage earner.

With falling government spending, privatization of some of the country’s 17,700 mostly non-profit hospitals, is seen by some experts as the only way to go, but it’s unclear how much control the government will relinquish.

China currently requires investors to find a Chinese partner and own no more than 70 percent of the joint ventures.

Investors are leaning towards opening their own hospitals as few who choose to take over management of Chinese hospitals have proven successful, encountering difficulties trying to turn around years of bad management.

Projects in the pipeline include ones pursued by a British cardiology center, a German gynecological firm, an American cancer center and an ambulatory surgery company, and a Canadian eye surgery center, Wood said.

Despite the enthusiasm by investors, foreign hospitals will not take the place of Chinese hospitals and they do not set out to do so, experts said.

"We only target a certain niche market," said Sun.
So far foreign-invested medical facilities are not full-service general hospitals. Beijing United, for example, deals with less acute problems.

Chinese hospitals, meanwhile, have invested in "luxury" wards to draw foreigners and rich Chinese and imported the latest equipment.

Beijing's state-run Xiehe Hospital said the demand for state-run hospitals would remain strong despite the foreign competition.

"Foreign investors' goals are different from ours," said a spokeswoman surnamed Duan. "We serve the general population. They're just trying to attract rich people."

PFIZER CHINA TAKES GIANT STEP IN LOCAL MARKET

By Hu Yan
768 words
30 October 2004
China Daily
English
Copyright 2004 China Daily Information Company. All rights reserved.

SHANGHAI: Pfizer China announced on Friday the establishment of its new regional headquarters in Shanghai and the founding of the Pfizer Investment Holding Company, signalling its confidence in the significant Chinese market.

Senior Pfizer officials said they have been evaluating the establishment of a research and development (R&D) centre in Shanghai.

"China is an important part of Pfizer's global development strategy," said Alan Taylor, Pfizer Pharmaceutical's regional president for Asia, during a new conference at the event. "We wanted an increased presence here and an entity to help us to expedite our investment, and that is the core mission of the new regional headquarters," he added. With registered capital of US$175 million, the new company is able to further integrate all Pfizer's resources and oversee its operations in China: four state-of-the-art plants in Dalian, Suzhou and Wuxi, a management centre in Beijing and a trade company in Shanghai. As one of the largest foreign pharmaceutical enterprises in China, Pfizer has more than 1,500 employees nationwide.

Meanwhile, the new company will also strengthen Pfizer's long-term commitment to the development of China's healthcare environment despite the ongoing patent dispute for Viagra, one of its best-selling ED (erectile dysfunction) drugs worldwide.

"The company will provide an investment vehicle to facilitate our business expansion in China," said Alan Gabor, chairman and general manager of Pfizer Investment Holding Co. "In the next five years, we plan to introduce another 15 innovative drugs into China, three times the number of products launched in the past five years," Gabor added.

With annual GDP growth exceeding 9 per cent, China's healthcare industry has maintained a continuous increase and multinational companies with their rich experience in global business are battling for a greater share of the rapidly growing market. Experts predict that by 2010, China will become the fifth-largest pharmaceutical market in the world.

After entering China in the early 1980s, Pfizer's investment for its pharmaceutical business alone has exceeded US$500 million. After the acquisition of Pharmacia's China business last year, Pfizer China has expanded its business coverage to three sectors including human pharmaceuticals, drug delivery and animal health products.
Pfizer has introduced over 40 pharmaceutical products into the Chinese market, maintaining category leadership in cardiovascular, endocrinology, neuroscience, infectious diseases and other areas. Seven of Pfizer's 10 products with global sales over US$1 billion have been marketed in China.

Close Shanghai ties

Statistics from the Shanghai Foreign Investment Committee show that by mid-October, a total of 88 leading international companies have chosen Shanghai as their regional headquarters location. And Pfizer becomes the 89th.

When asked why it chose Shanghai as its new headquarters location, Pfizer's Taylor said that Pfizer's strategy of expansion noted Shanghai's efficient government management and strong intellectual property protection.

"Shanghai, as a world class city, needs world class healthcare service and the city is a source of great talent," said Gabor. And he especially stressed the Shanghai Municipal Government's commitment to protecting intellectual property, which is key to innovation-based pharmaceuticals.

During the past several years, Pfizer has closely co-operated with local government departments in fighting counterfeit drugs.

Early this year, Pfizer has established a strategic partnership with the Shanghai Food and Drug Administration Bureau on anti-counterfeit training, bringing global experience in this area to Chinese drug officials.

Education programmes

In Shanghai, Pfizer is involved with a Teen Healthcare Education Programme together with the Shanghai Pudong Social Worker's Association. The company also works with the Shanghai Huashan Anti-infective Institute to guide physicians on the appropriate use of antibiotic medications.

Furthermore, Pfizer will soon launch an Anti-Cancer Education Programme with the American Cancer Society.

Pfizer China's confidence in Shanghai may be best reflected in its consideration of setting a R&D centre in Shanghai, which is one of the major drug research bases in China. Located its Pudong district, the Zhangjiang High-tech Park gathering abundant drug researchers and facilities has won it global fame as "drug valley."

"We have been thoroughly evaluating the establishment of a R&D Centre in Shanghai," said Gabor.

"We have made great progress (in evaluation) and will quickly reach a conclusion," said Gabor.

Pfizer could be the third pharmaceutical giant with such a centre in Shanghai, following AstraZeneca and Roche.

Part of the centre's strategic plan is biometrics which would be to support the development of new drugs.

(Copyright 2001 by China Daily)
Survey conducted on senior Chinese officials' opinions on reform

Beijing, 29 November: In the eyes of senior Chinese officials, the top three problems of 2004 are "income gap", "public security", and "corruption", accounting for 43.9 per cent, 24.3 per cent and 8.4 per cent, respectively, of their responses to a survey, Monday's 29 November Beijing Daily reported. The survey was done by a research group of the Party School of the Chinese Communist Party (CCP) Central Committee, the training centre for Chinese senior officials. The participants were 107 senior officials at or above city level across China studying at the school, the paper said.

Compared with the survey in 2003, noted the paper, "unemployment" dropped from 23.3 per cent to 3.7 per cent, and "corruption" dropped from 15.5 per cent to 8.4 per cent. "The survey result shows that the unemployment and corruption problems have been alleviated in 2004, while the public security concerns rose sharply," Prof Qing Lianbin from the Party School of the CCP Central Committee, told the paper.

The survey shows that about 88.8 per cent senior Chinese officials feel confident in the prospect of the ongoing reform while merely 1.9 per cent of them do not have enough confidence in reform. About 61 per cent of them think that the overall pace of reform is good while 28 per cent of them deem it as "too slow" and 6.5 per cent deny "no progress", the paper reported.

"Properly handling the relation between the CCP and government" ranked first among the decisive factors to the success of China's political reform, followed by "expansion of democracy inside the CCP" and "further shifting the function of governments," the paper acknowledged. Nearly 59 per cent of senior officials consider "maintaining social stability" the most decisive factor to the smooth development of the reform, the most popular answer for the second year in a row, the paper said.

"Income distribution reform" and "political reform" rank first and second on the list of their three most concerns selection. If they only had one choice, "personnel reform" would be the choice of 28 per cent, according to the paper.

"Senior officials' opinions on reforms will inevitably be affected by what the reforms impose on their individual interests. So we pay much attention to their opinions on the relation between the reforms and their individual interests," Qing told the paper.

Nearly 80 per cent of them think that they will benefit from "salary reform", followed by "political reform", picked by 60.7 per cent. "Medical reform", "house distribution reform" and "endowment insurance reform" are considered the top three imposing negative influence on their interests, while more than half of them do not know the possible impact of "company management reform" and "employment reform", according to the paper.

Source: Xinhua news agency, Beijing, in English 1300 gmt 29 Nov 04
China’s health institutions will be divided into three categories in the future, said Xinmin Liu, DG of Policy and Regulation Department of MOH. The first category of these institutions will be government-affiliated hospitals. The government will not only manage hospitals but also open more hospitals. The second category is socially-run non-profit hospitals, and the third is for-profit hospitals.

According to Liu, health sector must be dominated by governments as medical services concern the basic needs of the people. Due to the natural monopoly position hospitals enjoy in providing medical services and the information asymmetry existing between the providers and patients, the next step of urban health reform in China is “definitely not marketization, neither is it private-running nor privatization altogether”.

Liu indicated that China is going to adjust its urban health care provision system to make it two layers: hospitals on the higher end and community hospitals in the lower end. The goal is to have 70 to 80 percent of the patients with common diseases treated at community hospitals. In the meantime the current way of categorizing health institutions needs to be adjusted to move away from the for-profit and non-profit categorization.

Liu pointed out that government-affiliated hospitals should dominate health sector and government hospitals and socially-run non-profit hospitals should be the main players of health care provision system to reflect the public goods nature of health sector. For-profit hospitals are to complement these two above-mentioned hospitals and are subject to different policies and regulations.

News all around the net from Chinese websites

http://www.xmwb.com.cn/yw/t20041106_278314.htm

Zhu Qingsheng, the Vice Minister of MOH, said at a news briefing held at State Department on Nov. 5th that about half of Chinese farmers can not afford to see a doctor.
The situation is even worse in middle and western part of China. According to Zhu, Around 60 to 80 percent of the farmers there who were dead died at home because they could afford not to go to hospitals.

Zhu used statistics to show his points. According to China Statistical Yearbook and China Health Statistics Yearbook 2004, the rural household net income per capita a year in China in 2003 was CNY2622.2, while the average hospitalization expense was CNY2236. Given the fact that net rural household income included non-cash income, it’s safe to say that one hospitalization could well exhaust all the annual income a farmer could get. Therefore, illness is the major reason of farmers’ falling into poverty or falling back to poverty.

Zhu also mentioned that in recent years health only accounted for 1.6 to 1.7 percent of total central government expenditures. Of which around 70 percent was used for urban areas, and the rest 30 percent went to rural areas. He made a comparison by saying that about 70 percent of China’s population live in rural areas while their share of national health funds from the central government was only 30 percent. He said that the central government had made it clear in its 2002 decision to strengthen the rural health work that all the increased funding to health from the government in 2002-2010 would have to be used for rural health work. This year between 70 to 80 percent of the additional CNY4000 budget that were allocated to MOH were used in rural health sector, including major disease prevention and control, public health and CMS. He said the technical capacity of rural health personnel was still weak and it’s especially important to train more qualified people.

Mr. Zhu stressed that China’s new CMS was based on the principle of voluntary enrollment and the practices of forcing farmers to join are absolutely not allowed.

In particular, Mr. Zhu pointed out that local governments are not allowed to give quota, deadlines or specified a targeted enrollment rate to their subordinates and to demand these quota, deadlines or targets to be met.

Furthermore, he stressed the importance of sufficient funding and the proper use and management of the funds. The matching funds from the central and local governments must be put in place on time and be properly handled and managed. Money should be deposited in an account devoted to CMS in a state-owned commercial bank and separate the people who actually handle the money and the people who administer the funds. CMS service providers should also be separate from CMS administration departments. Funds should be kept in banks or CMS administration department and can’t be used for other purposes. Various supervision and auditing mechanisms should be established to make the system transparent.

Zhu pointed out that the new CMS was different from the old one in that they have different funding mechanisms.

....

**New envisions on how to set up an appropriate new CMS**

By Lin Wan

*From Journal of Fudan University, November 10 2004.*

Although many studies have found that economic development, government support, the mode and level of CMS management and public awareness of CMS are crucial to the success of CMS, there are some mixed signals. For example, some studies showed that there were no direct relationship between high economic development and CMS success and rich farmers are not willing to participate in CMS.

We must be clear that farmers’ willingness to participate in CMS are influenced by psychological factors, values, and the rural social factors. First of all family is at the core of
Chinese rural life and Chinese farmers are known for their culture of "not asking for help beyond family when help is needed". Therefore mutual help among farmers are usually done through family or familial bond. Second insurance is a new concept for farmers and farmers have a hard time understanding the concept of “paying premiums in hope to be paid back when something goes wrong”. Third, CMS focuses on catastrophic diseases and beneficiaries have to pay deductibles which some of the poor farmers just don’t have the ability to pay. Fourth, CMS intends to increase farmers’ utilization of health services, which can to some extent stimulate the rise of medical expenses and consequently lead to a situation in which farmers’ burden of medical expenses go up instead of going down and eventually CMS fall into insolvency.

Based on the above analysis, I would propose the following CMS model: combine family account with social risk pooling fund. Individual contributions made by farmers will go to family accounts and a certain portion of government matching funds will go to family accounts as well while the rest of the government matching funds go to social risk pooling funds. Funds in family accounts can be used for outpatient care and can be carried over for next years. Social risk pooling funds are to be used for inpatient care. People have to pay deductibles and co-payments for claiming inpatient benefits and there are ceilings for benefit packages also. I would suggest to reduce deductibles, increase benefit packages, adjust the co-payment ratios and ceilings so more farmers can be benefited from CMS.

Under this proposed model, farmers’ contributions are essentially prepayments for family outpatient care while government subsidies are to be used to help farmers with catastrophic diseases. This model will have the potential effect of containing medical costs by limiting total hospitalization costs to the total amount of social risk pooling funds available. The prepayment nature of family accounts can be used to control outpatient costs.