

The Main Challenges Facing Social Policy Makers in Less Developed Countries: A Case Study of Healthcare in China

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Abstract

Population ageing brings additional challenges to many countries around the world. As China became the first country in the world to have more than 1 billion people aged 60 and above in 2010, this has put forward higher requirements for the amount of medical resources, quality of medical services, reliability and fairness in China. Providing a comprehensive health care system is a major challenge for policymakers. The purpose of this article is to discuss the challenges facing policymakers in less developed countries. This paper selects the Chinese healthcare system as a case study for analysis. To explore the effectiveness of the Chinese government's measures to formulate relevant basic medical security policies, reform the medical insurance system and subsidy levels, and comprehensively cover medical insurance. The study found that while health insurance levels have grown significantly, there are still challenges in coordinating programs, and many management and financing issues have arisen in the sustainable development of hospital services. Finally, it will describe how policymakers can use the current health insurance system to address these challenges. This article will discuss in detail two specific challenges facing the health care reform process, one is the discussion on the coverage and segmentation of medical insurance, and the other is the analysis on the future reform of public hospitals.

Keywords

Social Policy Makers; Healthcare System; Challenges; Medical Insurance.

1. Introduction

The aging of the population has brought more challenges to many countries in the world. with China becoming the first country in the world to have a population of more than 1 billion people aged 60 years and over in 2010 (National News Office of the Republic of China, 2015), this poses a supply and demand challenge to the Chinese healthcare system. People demand that China's medical system can expand hospital capacity. In addition, China's current middle class continues to grow, per capita GDP continues to grow, and disposable income and urban-rural income gap continue to expand (OECD, 2017). These factors all place higher demands on the quality, visibility, and fairness of medical services. Surveys have shown that the physical therapy systems in Japan, Hong Kong, Taiwan and other Asian countries and regions are relatively complete (Lum, 2012). The government provides people with comprehensive medical insurance and higher quality medical services. People generally have a higher sense of security. Therefore, providing a comprehensive healthcare system is a major challenge for policy makers.

The purpose of this paper is to discuss the challenges faced by policy makers in less developed countries. This article selects the Chinese healthcare system as a case study. At present, the Chinese government has changed the status quo of the healthcare system and improved people's health by comprehensively covering medical insurance. It has also taken steps to reform the medical insurance system and the level of subsidies to improve health care services

across the country. At the same time, relevant policies have been formulated to provide essential medicines within the affordability of the people and to combine the supplier's payment incentives with the overall goals of the medical system (Wang et al., 2008). Although medical insurance has seen significant growth, it still faces challenges in coordinating various plans. There have been many management and financing issues in the development of the hospital sector.

This article attempts to explore the current social status challenges for policy makers in health care. In addition, it will elaborate on how policy makers use the current health insurance system to address these challenges, and then this article will discuss in detail two specific challenges in the healthcare reform process. One is the discussion on the coverage and segmentation of medical insurance, and the other is the analysis on the future reform of public hospitals.

2. Challenges Faced by Policy Makers

As we all know, the world is aging due to the special combination of reduced fertility and shortened life expectancy. The drastic increase in the elderly population places higher demands on healthcare. Therefore, the improvement and development of healthcare are one of the major challenges faced by decision makers in today's society. As an underdeveloped country, China also faces the current situation of rapid population aging. The increasing demand for access to comprehensive medical services for the elderly has also become necessary. According to statistics, the proportion of people aged 60 and above is expected to increase from 12% in 2010 to 33% in 2050, which will make China the world's oldest country (OECD, 2017). This social status will also impose more stringent requirements on China's healthcare system. Whether the country can provide adequate and comprehensive medical services will become a major challenge for the development of China's medical system.

The current medical and health system in China has problems with internal management and external feedback. According to a survey, one of the reasons for the frequent contradictions between doctors and patients in hospitals is the lack of management transparency and lack of basic medical knowledge, and medical personnel did not rationally coordinate the two in the process of medical services (China Social Sciences Aging Science Research Center, 2007). For example, due to the special nature of the elderly, medical personnel may lack patience in conducting medical services. In addition, the professionalism of medical personnel is also the focus of attention. Specialized medical services can not only improve medical efficiency but also reduce the occurrence of medical accidents. According to the survey, doctors with at least a medical degree in the national hospitals increased by 14% to 62% within five years, but the proportion of these qualified doctors is still less than 10% (WHO, 2012). Therefore, providing a satisfactory medical service environment and high-quality medical services for the general public is a problem faced by Chinese policy makers today.

The level of modern medical services in China is extremely low. Some countries in the world have introduced modern medical services to realize the integration of medical treatment and rehabilitation. According to the survey, this modern medical service exists only in the top-tier cities in China's top-three hospitals, for example, the Shanghai Xujiahui Central Hospital provides professional rehabilitators for post-operative rehabilitation training to help them successfully return to society and perform normal tasks (Burack, Weiner and Reinhardt, 2012). This kind of modern medical service is the yearning for all patients, but due to the unbalanced regional development and uneven distribution of medical resources, there is basically no such modern medical service in Chinese small and medium-sized cities. Forty years ago, the implementation of 'one-child' policy in China led to a shortage of caregivers and the return of patients to their families did not give them any care (Lum, 2012). Especially in rural areas, this phenomenon is even more serious. Due to economic poverty, most children have to work in

developed cities in China to maintain their livelihood, this is the phenomenon of ‘empty-nest’ families in China (World Bank, 2010a). The number of caregivers taking care of elderly patients is insufficient. Some patients may not receive professional rehabilitation and care after receiving treatment. Secondary admissions also occur from time to time. Therefore, the popularity and development of rehabilitation institutions is also a major challenge for today's policy makers.

3. Examination Policy Makers' Response to These Challenges in the Current Healthcare System

At present, China's healthcare industry has obvious characteristics of marketization and commercialization, which violates the public welfare nature of medical and health services (Wang et al., 2012). From the point of view of medical security, the traditional public medical and labour insurance medical systems have encountered great difficulties. The medical insurance system for urban employees and the new rural cooperative medical system that is being implemented also have varying degrees of problems. The ‘New Medical Reform’ plan in 2008 seems to be perfect, but there are no specific institutional innovations and concrete measures for government investment. Therefore, with regard to the current problems and challenges in the healthcare system, policy makers have not fundamentally solved them properly.

Almost all (more than 90%) hospitalization services in China are provided by public medical institutions. The heavy reliance on public financial allocations has greatly affected the cost, quality, and popularity of medical services (Lloyd, 2002). Since the implementation of reforms in the late 1970s, the financial allocations for healthcare have shrunk because public investment has shifted to other areas, the hospital is under pressure from operating costs (Lee, 2009). In order to solve the problem of shortage of hospital operating funds, the government has formulated policies that allow hospitals to charge patients higher fees when using high-end treatment methods and providing high-end services (medicine, equipment, surgery). The reason is that hospital bonuses encourage physicians to use these expensive treatments more often, healthcare providers link technology competition between hospitals and bonuses to attract patients to these treatments and maximize the use of these therapies (Li, 2011). Although this increases the income of public hospitals, it also raises the cost of medical care. With the current imperfect medical insurance, the burden of self-paid patients is increased (because medical insurance does not cover these treatment items). For patients, because of the unbalanced development of the medical system, they have flocked from all over China to tertiary hospitals in the city that can obtain high-tech medical services because they think that these hospitals can provide better medical services and the level of doctors high. As a result, they bypassed local hospitals and clinics (such as township health offices), resulting in underutilization of the resources of these medical institutions, while urban hospitals are overcrowded.

The Chinese medical system tried to achieve the same results in terms of medical cost, quality, and popularity. However, China's medical investment accounts for only 5% of GDP and is facing high and rising medical costs (Hu et al., 2011). This shows that China's healthcare reform has not achieved the goals expected by policy makers. At present, China's rising demand for medical security, policy makers have begun to pay attention to the reform of the medical insurance industry, and the goal of the reform is to increase the rate of population participation and hope to expand coverage of medical services by reducing charges.

4. Two Specific Challenges Need to be Addressed

4.1. The Perfection of a Medical Insurance System

In recent years, the coverage of medical insurance in China has continued to expand. The government has made progress in integrating different plans, but it still cannot meet people's actual needs. In 2008, China formulated three medical insurance plans with different characteristics and geographical differences. However, the system is not uniform and it cannot guarantee that everyone enjoys basic medical services. The reform announced by the State Council in 2009 clearly identified the key tasks to overcome these difficulties.

These three programs are targeted at different groups and are managed by different levels of government, the funding methods and coverage of benefits vary. The longest-running urban worker basic medical insurance plan covers more than 230 million people. All employees and retirees in the urban area must attend. However, Wang et al. (2012) suggested that not all employers actually provide employees with insurance. The urban residents' basic medical insurance plan is aimed at the non-labour population of urban residents. The number of people participating in the plan is about 195 million (Hu et al., 2011). This plan is also managed by the municipal government, each city has different conditions, funding methods, and benefits, and this plan is voluntary. Funding comes partly from government subsidies. The expansion of insurance coverage mainly comes from the gradual introduction of the new rural cooperative medical system. It targets the rural population. The number of people participating in insurance in 2014 was 936 million, accounting for more than 95% of the target population (National News Office of the Republic of China, 2015). In 2010, the plan was managed by the county government and was voluntary. Sources of funding include fixed premiums paid by individuals and subsidies provided by central and local governments. As a supplement to the above medical insurance plan, the Ministry of Foreign Affairs (MFA) aims to ensure that the poorest people have access to healthcare and to prevent further poverty due to medical problems. In 2014, the number of medical aid programs covered slightly more than 10.3 billion people (National Bureau of Statistics, 2015).

The gradual implementation of these plans has ensured a substantial increase in the proportion of people covered by basic insurance. By 2011, this proportion has reached about 95% (National Bureau of Statistics, 2015). Correspondingly, the proportion of private healthcare expenditures has fallen sharply from 60% in 2001 to around 35% in 2011 (Liu, 2014). The government is working hard to expand insurance coverage and limit the patient's own costs. Specifically, the government intends to further improve the coverage of medical insurance, establish a national basic medicine system, improve basic disease screening and prevention services, and conduct public reforms in pilot hospitals. Improve hospital management and achieve the goal of providing safe, economical and effective medical services to all citizens by 2020 (Li, 2011).

Although the government has already implemented measures, it still faces many challenges in coordinating various insurance plans and aims to cover different levels of protection for different groups of people. In particular, the division of the medical insurance system has a great impact on the effective coverage of migrant workers. In general, migrant workers are all new rural cooperative medical systems. Under this system, if migrant workers are to bear high expenditures, they must apply for subsidies from their hometown and county governments. Not only the number of subsidies is low, but also the application process for grants takes a long time (Hermer and Brody, 2016).

4.2. Further Reform of the Public Hospital System

Hospital reforms have been incorporated into important policy agendas, particularly addressing outstanding issues in the management and financing of public hospitals. However,

as of now, progress has been limited. The increase in national income and expectations, combined with the expansion of medical insurance coverage, has led to the rapid expansion of the hospital sector. However, the increase in hospital capacity in China is not consistent. The expansion of hospitals is mainly concentrated in urban areas, especially hospitals that rely on universities to provide high-tech services. Adwok and Kearns (2013) added that although there are more small hospitals, the occupancy rate of beds is extremely low and the proportion of beds has gradually decreased. According to the survey, there are only 2.5 beds per 1,000 inhabitants, while the average figure of the OECD is 4.9 (World Bank, 2010b). However, due to the increase in chronic diseases, the OECD has now begun to reduce the size of the hospital sector, such as hospitals for the centralized treatment of chronic diseases, rather than scattered care in the community, which is expensive and often inefficient (Wang et al., 2008). The number of beds in OECD countries has been steadily declining. The experience of these countries shows that hospitals should focus on the development of new comprehensive medical models to prevent and treat people who need fewer beds but need stronger grassroots.

There is ample evidence that China's hospital system is inefficient. The most obvious example is that China has been hospitalized longer than OECD countries, the average length of hospital stay in Chinese emergency beds was 9.2 days, far exceeding the OECD average of 6.5 days (OECD, 2017). This means that lowering the average length of stay can bring considerable benefits in terms of improving efficiency. For township health centers, which are mainly located in rural areas, the issue of efficiency is particularly acute. The occupancy rate of these beds is very low because most patients choose to skip and go directly to the county or city hospital (Alex, 2014). This is because township medical centers lack funds and medical quality is low. The problem at the policy level is that township health centers should continue to be part of the hospital system or be transformed into mobile clinics (Liu, 2014). Under the new reform system, they will accept government subsidies and provide basic public health services. Marmor (2011) admitted that the direction of this practice is very correct, but Marmor proposed that China must now make a decision on whether to further improve the urban medical center, that is, transfer rural medical care to county-level hospitals, and gradually make the urban medical center a rural primary medical center.

The expansion of medical insurance coverage has provided an opportunity for the modernization of hospital departments. Under the current administrative pricing system, Wu et al., (2017) proposed that there is a disconnect between the cost of supervision and the cost of providing medical services, at the very least, it should increase costs to pay for service fees, rather than high-tech service fees. More importantly, inflationary tendencies are based on service charges (Marmor, 2011). This is the main reason why most OECD countries choose to abandon it. At present, most OECD countries have begun to adopt case-based charging systems and are usually combined with the overall budget (New York Times, 2013). Although the case-based charging system is also suitable for China to help reduce the average length of stay, it cannot control the number of people hospitalized. In the past decade, the number of people hospitalized in China has been increasing (Hermer and Brody, 2016). In order to establish a mixed diagnosis-related group budget system in hospitals, China must thoroughly reform the current inconsistent medical insurance system.

Due to the ongoing large-scale reforms, China has the opportunity to rethink the role of expanding the hospital sector and consider the fact that many countries are reducing their dependence on hospital care. Expanding primary and community care while reducing dependence on hospitals is a policy goal of many OECD countries, witnessing the deprivation of psychiatric treatment and the development of community care for people with mental illness (Adwok and Kearns, 2013). Wu et al., (2017) also pointed out that for other diseases such as diabetes or hypertension, early diagnosis and treatment should be strengthened and public information should be strengthened. The healthcare system must provide support to the

patient to ensure that the patient understands his or her chronic condition and follows the doctor's recommended treatment plan. People with chronic conditions often need medication for life, so they need to establish a comprehensive primary care and patient support system. The increase in chronic diseases will become a major challenge for China in the future. The medical system must be adjusted. Alex (2014) suggested that the direction of development should be to strengthen the reliance on primary health care and provide medical care through primary medical services together with specialist hospitals.

5. Conclusion

China has a large population, and the aging situation in recent years has made people more demanding on healthcare. At present, the main challenge faced by policy makers is how to provide the public with comprehensive medical services when the current development of healthcare is not perfect and the phenomenon of aging is gradually serious. Under the current background of medical care, the contradiction between doctors and patients is currently an obstacle to the orderly implementation of medical services. The professionalism of medical staff needs to be improved, and the irrationality of regional distribution of medical resources is also increasingly prominent. In addition, the main obstacle to the development of medical insurance is the coverage of medical insurance is still very low, and the financial security of public hospital management and medical expenses is still a prominent issue. In view of the above-mentioned reality, Chinese policy makers have realized the current situation and are advancing medical reforms and macro-control of medical resources. In response to the reform of the medical insurance system, the government has introduced three kinds of medical insurance systems, the Basic Medical Insurance Plan for Urban Employees, the Basic Urban Residents Medical Insurance Plan, and the New Rural Cooperative Medical System. With the government's determination, public support and the help of information technology, China's health care reform will aim to provide universal health insurance for all citizens and create a low-cost, high-efficiency modern healthcare system. However, it is undeniable that there are still many problems in China's medical system, the reform of the medical insurance system still has a long way to go and cannot be relaxed.

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