

Introduce fair competition mechanism in China healthcare system

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Following the economic progress, China is currently performing very well in many areas, particularly in industrial manufacturing. The number of international scientific publications has also soared. Healthcare or medical treatment is probably one of the areas where China is underperforming. Currently both patients and doctors are complaining of the healthcare system.

However, if we look at some of fundamental numerical figures, they do not look too bad at all. According to the World Bank data, in 2010 China had 1.8 doctors per 1,000 residents and this number is probably increasing in recent years (1); while in 2010 India had 0.6 doctors, South Korea had 2.0 doctors, Japan had 2.3 doctors, Canada had 2.1 doctors, Cuba had 6.4 doctors (1). Therefore overall China does not lack doctors.

If we look at the total health expenditure in percentage of gross domestic product (GDP), in the year of 2012 China spent 5.4%, India spent 4.0%, South Korea spent 7.5%, Japan spent 10.1%, Canada spent 10.9%, and Cuba spent 8.6% (2). China has higher health expenditure than India, and China's figure is not very different from that of South Korea's. In Western Europe, a medical specialist's salary is approximately 2-3 times of the national average salary (3). In China medical specialists' salary on average is already no less than 2-3 times of the average salary (the salary of low income workers is also taken into count).

Then how to move the Chinese healthcare system forward and improve it quickly? While China might continue to invest in healthcare to the level of South Korea, it is difficult for China to match the level of Japan or Canada in the near future, as these nations are at different development stages. Relatively wealthier nations tend to

spend more on healthcare in percentage GDP than the less developed nations. Therefore to improve the efficiency of the Chinese healthcare system will be the key to solve the current problems, for example, to improve Chinese doctors' clinical skill, to decrease unnecessary or repetitive laboratory or imaging examination, to avoid over-treatment. The poor quality of junior doctors' residential training is probably one of the weakest links in Chinese healthcare system. Unlike other science disciplines, in many instances junior doctors cannot master clinical skills by self-learning; instead they can only be trained by more experienced doctors, sometimes being taught hand-by-hand. Recently compulsory 3-year residential training scheme is being introduced. However, it remains unknown whether this scheme will be much better than the 3-year professional master degree scheme already in place for many years. One big obstacle, particularly in surgical specialties, is that in China senior doctors are reluctant to coach junior doctors. In some hospitals the key surgical operations are monopolized by a small number of senior surgeons and junior trainees have no chance to learn, as these surgical skills bring the senior surgeons huge prestige and various other benefits.

History has clearly proven that fair competition improves efficiency and productivity. In China fair competition has already led to very high efficiency in manufacturing. Concerning healthcare, Nobel prize-winning economist Milton Friedman wrote:

"...I am persuaded that licensure has reduced both the quantity and quality of medical practice...It has reduced the opportunities for people to become physicians, it has forced the public to pay more for less satisfactory service, and it has retarded technological development...I conclude that licensure should be eliminated as a

requirement for the practice of medicine." (4).

Lori B. Andrews, Professor of Law and Norman and Edna Freehling Scholar, Chicago-Kent College of Law, also wrote:

"Licensing has served to channel the development of health care services by granting an exclusive privilege and high status to practitioners relying on a particular approach to health care, a disease-oriented intrusive approach rather than a preventive approach...By granting a monopoly to a particular approach to health care, the licensing laws may serve to assure an ineffective health care system." (5).

I am certainly here not to suggest the abolition of medical licensing in China. However, part of the problem in China healthcare is that it is heavily protected by the state and biased against competition. Because of the structural problem of the Chinese resident training program for junior doctors, it is unlikely that China is able to train sufficient skilled doctors in the very near future. On the other hand, since the healthcare expenditure accounts for 5.4% of China's GDP, and China has the second largest economy with a GDP of 9.3253 trillion USD in 2013, the money available shall attract many international healthcare providers to enter China market if the regulatory restriction is lessened. A fair competition in China healthcare market will not only provide better service to patients, lead to

efficient usage of available resources, and also very likely additionally improve the clinical skill of Chinese doctors.

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