Dr. Xin-Bo Liao: to improve the healthcare system via optimized government intervention and market guidance

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DXY.com: Dr. Liao, thank you for accepting our interview. Would you tell us China's healthcare reform highlights this year compared to last year?

Dr. Xin-Bo Liao (hereafter referred to as "Liao"): It's a bit hard for me to summarize any highlight. For me, the healthcare reform schemes share many similarities, and many areas are doing their pilot programs. So it might be meaningless to repeat the same achievements year after year. We'd better pay more attention to the "real world" outcomes rather than some kind of nothingness, or things that are felt by an individual "expert" rather than by the whole society. In my opinion, the "real world" should be the focus of our meetings and also the most important indicator for assessing the effectiveness of health care reform after a certain period of time. If we have to find a highlight for this year' health care reform, the emphasis on the "market-oriented" concept, which was proposed after the third Plenary Session of the 18th CPC Central Committee, may represent a new direction. There is an important principle: those which are not prohibited are then permitted. While it represents a new highlight, it has some limitations in the health care field. For example, how to implement this principle? Which conditions should be included in this concept? The answers are still vague. So, I would like to talk more about my personal feelings rather than some specific highlights. We are the masters of our own thoughts.

DXY.com: Previously, assessment of hospitals in China was mainly hospital-centered. In recent years, there emerged a new concept that such assessment should be hospital director- or doctor-centered. How do you think about it?

Liao: The ways of assessment should be based on the purpose of a specific investigation, e.g., the data you want to obtain and/or the issues you want to address. If the purpose of your investigation is to understand the hospital directors' methods and ideas in managing a hospital and to identify the problems they met during the health care reform, the investigation should be mainly conducted among hospital directors. If you want to know more about the thoughts of doctors, the investigation of course should be doctor-centered. Doctors also differ in terms of seniority, qualifications, and professions. Therefore, when we perform an assessment, its purpose will ultimately affect the interpretation of the results. For example, a recent report in the People's Daily claimed that 90% of the people thought that medical care services had become more "accessible" and 80% felt "affordable". How should we interpret such a report and deal with the results? I once suggested in an online post that the mainstream media should carry out a large-scale assessment on the accessibility and affordability of medical care services. During the survey, the subjects may stratified into six different categories: (I) medical staff; (II) populations covered by the medical services at state expense; (III) populations covered by the New Rural Cooperative Medical Care system; (IV) populations covered by the Basic Medical Insurance for Residents; (V) populations covered by the Basic Medical Insurance System for Urban Employees; and (VI) populations without any medical insurance. Assessment should be conducted among these six categories of populations to identify their satisfaction on health care reform and their attitudes towards medical care services (whether it is cheap or easy). Assessment conducted only in one or two categories, as seen in the People's Daily, will yield inaccurate conclusions. There was another astonishing example: in a survey on the killing of doctors by patients in China, 4,000 of 6,000 respondents replied that "Yes, the doctors deserve it." Was the result of such a survey reliable? In fact, the respondents were not going to kill doctors at all; they were just expressing their anger and objection against some of the current systems. So we need to "wait a moment" before accepting the results of conclusions of certain investigations. Still, take the People's Daily's report as an example: when the majority of the respondents claimed that the medical services were cheap (90%) and easy (80%) for them, we need to find out who were these

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respondents. Were they urban residents or rural residents? Were they government employees or civilians? We need to know the feelings of different populations before we can evaluate and analyze the results in a more objective way. For the health care reform, no standardized assessment report using reliable data has been available. Dr. Zhu Chen, the former Minister of Health once invited McKinsey to conduct some relevant assessments; however, after these assessments were completed, we did not see any relevant report. The only well-known result was the establishment of the largest medical coverage network three years after the initiation of health care reform. After 50% of people in China are covered by this system, 600 or 700 million of people will benefit from it. Now only 100 or 200 million have not been covered yet. However, the role of this health care network remains questionable. Can it resolve all the questions? The answer is unfortunately "No". Among the "Ten Most Beautiful Rural Doctors", five could not pay their medical bills when they themselves became ill. Who are concerned about populations like them? This is a very sad social phenomenon that even rural doctors themselves cannot afford medical services, needless to say other populations living in the rural areas. I think our current health care system should take more responsibilities in caring for these populations. Of course, this is only my personal view.

DXY.com: The Report to the Seventeenth National Congress has proposed "Four Separations", namely, separation between government and institutions, separation between administration and enforcement, separation between drugs and medical services, and separation between profiting and non-profiting organizations. Would you comment on these four separations?

Liao: None of these four separations had succeeded. For the "separation between government and institutions", we have seen too many strange titles: the academicians are equal to the deputy provincial governor, and a doctor equals to a division-level cadre in the government. In my opinion, a hospital is just a hospital; the leaders of a hospital should be responsible for the hospital, not for the "official" titles. Again, "separation between administration and enforcement" is a false proposition for me. Why should we emphasize "separation between administration and enforcement"? Will we fail without such a separation? No. Administration and enforcement are not separated in the hospitals run by British government. Notably, the "separation between administration and enforcement" has been realized in Hong Kong, in which a clear-cut system has been establish to allow a management body inside the hospitals to run the monies invested by the Hong Kong government in the hospital construction. In mainland China, however, the government does not invest financially under "separation between administration and enforcement", and the government has no way to administer the human and financial resources in the hospitals. Thus, there has been no success story on the "separation between administration and enforcement". Even worse, the "separation between administration and enforcement" neither improves the hospital performance nor resolves the accessibility and affordability of medical services. The initial purpose of the "separation between drugs and medical services", or known as "separation of dispensing from prescription (SDP)", was to cut off the illegal profit chain and resolve the infamous effects of "Subsidization of Medical Services with Profits from the Sale of Medicines". However, these goals have never been realized. For example, the regulations on the national essential drugs are established to address the above issues, but unfortunately resulted in the lack of such drugs. Thus, the separation between drugs and medical services also failed. Finally, the "separation between profiting and non-profiting organizations" is hard to realize. An increasing number of public hospitals begin to provide VIP services and other for-profit services, which have even become core services in some hospitals. Again, this can be blamed by the lack of government input. Ultimately, a core problem in the health care reform is the input mechanism. Up to now the input mechanism is far from perfect. Who will provide the inputs? According to the new health care reform scheme, inputs are required in the large-scale construction of hospitals, purchasing of major equipment, scientific research, and public health events for the staff, and pensions. It is still unclear who shall and will provide these inputs. Some hospitals (large or small) have established partnership among them, and others even formed hospital consortium. Again, the government did not provide any financial support, at least in Guangdong Province. For example, according to the government's scheme, one provincial hospital should help one county-level hospital to reach the criteria of a secondary A-level hospital. However, how many years will this task be completed? How to measure the progress? Again, no specific answers have been available. The government just gives you a task and then urges you to complete it. For a hospital without specific instructions, how can they help other hospitals needing supports? Thus, the public hospitals replace the government in exerting certain duties. Sadly, this situation has not been widely recognized. Many doctors and

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hospital directors are very friendly. They just have performed their duties, or, to certain extent, they dare not to propose any requirement from the government. Anyway, they do have obtained some advantages that are not shared by the general public. So, I would like to say that the directors of Chinese hospitals are the best hospital managers worldwide. As least, they have successfully run their hospitals with limited inputs from the government. Here we can feel the power of market.

DXY.com: Five years have passed by since the initiation of health care reform. Many people have not felt any solid effectiveness from this reform. Are there any quantitative indicators that can be used to evaluate the effectiveness of health care reform?

Liao: The Report on Health Care Reform developed by the Health Care Reform Research Center of Renmin University of China did not provide us sufficient data. Why not? Maybe they just did not want us to know the data. It's somehow funny that an authoritative research conducted by an authoritative institution could not give any authoritative data. It is actually not too difficult to obtain data from hospitals in China. The only problem is whether we are willing to tell the truth. Of course, the credibility of the data obtained from hospitals is also questionable. A survey conducted in Guangdong by a university showed that the mean debt of the county-level hospitals in Guangdong has reached 40 million yuan. However, further verification showed that the debt was zero. Here we have to mention the informationization of health care systems during the health care reform. Informationization has been regarded as one of the cornerstones for the health care reform. But, has it been realized? The actual status quo is: every hospital has its own system and no complete information network has been established and combined. Medical information has not been shared and is relatively isolated; it is not shared within one province, let alone the nationwide inter-communication. In fact, many costs have been wasted during such informationization of health care systems. Since the affordability of medical services remains one of the most urgent issues, the priorities of health care reform must be carefully set.

DXY.com: A few months ago we carried out an online survey on the best hospitals in China. More than 20,000 clinicians participated in this survey, which evaluated the hospitals in terms of payment, promotion chances, and hospital policies. Have you ever read the report of that survey?

Liao: No, I am afraid not. But I happened to have read a report on the salaries of Chinese doctors. According to that report, the average income of doctors in Chinese tertiary hospitals ranged 3,000 to 8,000 RMB; doctors with a salary around 8,000 RMB account for 16% whereas over 70% of the doctors have a salary of 3,000 to 5,000 RMB. So we need to consider the value of a doctor. If the doctors are employed by the government, the salary should be at least 5,000 RMB. At least, the government can pay the grassroots doctors. If the government can retain the grassroots doctors by increasing their basic incomes, many problems can be resolved. The problem is: most medical students who have completed their professional training in the current five- and eight-year medical education programs are not willing to serve in the grassroots institutions. Propaganda is never enough. Without certain income or career future, most medical students are unwilling to be a grassroots student. Shortage of grassroots doctors damnifies the capacities of grassroots institutions and makes these institutions unable to provide the essential health care services. The patients, in return, are unwilling to seek treatment in the grassroots hospitals, resulting in the extreme overload of tertiary hospitals. This should also be addressed during the health care reform. Thus, both the senior doctors and the patients are highly concentrated in large hospitals, and the public hospitals are growing rapidly. This is the market, and the market will for sure further expand. It is an absurd thought to construct a "Health Care City". If we establish a so-called "Health Care City" at Dongsankou of Guangzhou City, should we dismantle the Ming Street or even the Martyr's Cemetery? It will be extremely expensive to demolish these buildings. As a result, only high-end medical services, instead of essential ones, will be developed in such areas. It is impossible for the government to use the money obtained from commercial lands for hospital construction. Then, some people may turn to loans, blindly. But who finally have to struggle to pay the loans? The doctors!

DXY.com: Since good doctors and good hospitals are concentrated in large cities. Thus, medical services are concentrated in large cities. How do you think about the new policy allowing the doctors practicing in multiple hospitals?

Liao: Multi-site practicing definitely can be restricted under certain conditions. First, while the public hospitals must perform their own duties, they cannot take on so

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much work. If there were upper thresholds for the scale, patient number, and disease types for a public hospital, the hospital would not be able to employ more medical staff. Second, tertiary hospitals are the bases for the standardized training of doctors. The doctors trained in these hospitals are national doctors, not just the hospitals' doctors. It is a similar practice in the United States, where the standardized training is funded by state or federal government based on the prices determined by the market. Training of the doctors can benefit both the hospitals and the government. For the government, the doctors run their own clinics are also serving the country; the government will not suffer a deficit; rather, it can collect more taxes. Unfortunately, our theories in this regard are incomplete, and our ideas have not advanced with time. Too many good things have been destroyed and still have not been recovered.

DXY.com: What were these "good things"?

Liao: The three-tiered health service network was a good thing. In the three-tiered health service network, the first tier refers to the medical services provided at the village level or lower, the second tier refers to those provided at the county-level hospitals or lower, and the third tier refers to those provided at the municipal cities or higher. All these tiers bear their own duties. The main duties of a tertiary hospital are to teach and train excellent doctors, resolve difficult diseases, and treat patients with severe conditions. The secondary hospitals are committed to treating the common diseases at the county level. Therefore, the promotion of doctors should not be based on the number of scientific articles. The main tasks at the first tier include social security, disease prevention, and essential health care. The roles of these institutions are quite clear. Actually, a similar system is used in Europe, whereas their health care systems are mainly run by the governments. No such leading force is available in China. It is actually controlled by the market, which lacks such capacity. Both government intervention and market guidance are important and therefore should neither side should be overestimated.

DXY.com: Dr. Liao, thank you for accepting our interview.

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