

Key Work of the New Rural Cooperative Medical System in China

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This notice is published to implement related requests set by the notice of the State Council on key jobs of intensifying healthcare reform in 2014, to consolidate and perfect the new rural cooperative medical system, to deepen healthcare reform and to safeguard people's health benefits. The details are as follows:

1. To continue to improve financing and security level

Different levels of national budget shall raise the subsidies for the new rural cooperative medical system to 320 yuan (\$51.80), with the national average individual contributions increasing to 90 yuan per person, according to the notice on increasing fundraising standard of the new rural cooperative medical system and urban medical insurance. This is jointly issued by the Ministry of Finance, National Health and Family Planning Commission, and Ministry of Human Resources and Social Security. As a result of the adjusted and optimized compensation plan, the reimbursement rate of hospitalization expense remains above 75%, and the reimbursement rate of outpatient expenditure remains above 50%.

2. To accelerate supportive work on crucial illness insurance under the new rural cooperative medical system

In 2014, local authorities nationwide should purchase critical illness insurance with the new rural cooperative medical funds, under the principle of government guidance, market operation, benefit for the people and capital preservation. Provincial and city governments should introduce commercial insurance companies to undertake critical illness insurance, and should establish a sound bidding system and standard operation. All commercial insurance companies can take part in the bidding, and shall sign contracts that expressly state their rights and responsibilities. Reasonable adjustments should be made every year according to the capacity of the new rural cooperative medical funds and the bank balance over the previous year, and the use of multiple fundraising channels is highly encouraged. The security on certain major diseases should be further improved. Phenylketonuria in childhood and hypospadias will be added into the insurance coverage that already includes 20 major diseases such as childhood leukemia, end-stage renal disease, severe mental illness, opportunistic infection of AIDS and lung cancer. Links should be strengthened among the new rural cooperative medical system, critical illness insurance system, medical assistance system and emergency rescue system to provide one-stop service to the people and to

integrate system effectiveness. An examination and evaluation mechanism should be built to assess the effectiveness of both the new rural cooperative medical system and the critical illness insurance system.

3. To adjust paying regulation and support healthcare reform

Rural doctors will be allowed to increase their basic medical user fee, which should be no less than 5 yuan, by 1 yuan, paid by the new rural cooperative funds. Those medical institutions carrying out public hospital reforms should include the adjusted charge for medical staffs' technical services (treatment costs, surgical charge, care service fee, etc.) into coverage of the new rural cooperative medical system. They should also increase medical expenditure on the technical services while controlling the coverage and ratio of payment on the use of drugs, value medical supplies and large medical equipment. Day surgery fees should also be included into the coverage of unified planning funds. New paying regulations should be researched and drafted to encourage the use of essential drugs and lower-cost drugs, guide medical institutions and medical personnel to save health service costs, rationalize prescription and reduce the financial burden of patients. Eligible village clinics, private hospitals and medical institutions within elderly care institutions shall be allowed to become a contract hospital for the new rural cooperative medical system.

4. To actively promote the establishment of a grading clinic system

The grading clinic system utilizes the leverage and incentive role of the new rural cooperative medical system to guide people to visit primary care institutions for first diagnosis, to smooth dual referral paths, to split patient flow in accordance with their condition, and to encourage hospitals of different tiers to make joint efforts. By widening the gap of reimbursement rate between different hospitals, the system will lead patients to receive treatment in a rational order. Local authorities at all levels should publish first-diagnosis and referral regulations under the new rural cooperative medical system: to reimburse those patients who visit primary care institutions for first diagnosis; to reduce the reimbursement rate for those who do not follow the procedure; or to cancel their qualification of reimbursement step by step. Also, the referral path from superior hospitals to primary hospitals should be smoothed, and the deductible for the referral should either be lowered or canceled to guide patients in the chronic phase or recovery phase to primary hospitals. Medical treatment combinations are encouraged to explore service packages. Hospitals of different levels inside the combination should actively work together under a collaboration mechanism where they share common interests and responsibilities.

5. To strengthen the supervision on new rural cooperative medical funds and standardize fund use

On the basis of the review on the rural cooperative medical system in 2013, and in light of the Mass Line educational practice, local authorities at all levels should continue to strengthen

the supervision over the raising, storage and use of new rural cooperative medical funds and implement the supervision down to primary medical institutions. The historic balance of the fund should not exceed 25% of a single year's revenue. The current year balance should not exceed 15% to the year's revenue. Deficit spending should be avoided. The fund use should continue to be publicized at the town, county and village levels, and letters and reports of the people should go through open channels and be dealt with timely. According to the judicial interpretation of Article 266 of China's criminal law, defrauding medical insurance and other social welfare commits crime of fraud on public property. The relative authority should report the violation cases so as to stop illegal acts.

6. To intensify payment method reform to change the payment method from "postpaid" to "prepaid" is a key work of the new rural cooperation medical system. For those regions that are carrying out payment method reforms in county-level public hospitals, other contract medical institutions should be included too. For those regions that already launched reforms thoroughly, related authorities should continue to summarize experiences, perfect the reform, explore, and cover all patients by various payment methods including diagnosis-related groups, service units and retrospective payments. The incentive and restraint mechanism of the new rural cooperative medical system shall be enhanced by strengthening checks on hospital readmission rates, costs not covered by the list of essential medicines and average dispensing fees. The paying mechanism that the insurance companies, hospitals and pharmaceutical suppliers negotiate together for their own purchases should be expanded to a larger scale. We should also integrate critical illness insurance into the new rural cooperative medical system step by step on the basis of our experiences in the healthcare system of 22 major diseases, and based on the practices of clinical pathway and diagnosis-related groups under defined cost.

7. Regulate medical services in primary hospitals. Local authorities at all levels should strictly follow the regulation on management of medical institutions, thoroughly implement safety-related rules and regulations, practice medicine in accordance with law, and ensure health care safety. Medical institutions and their staff should strictly follow the requests of clinic guides, standard and clinical pathway. They should standardize clinical examination, diagnosis, treatment, care, and use of drugs and medical devices. In order to promote rational use of medicine, local authorities should effectively implement the Prescription Administrative Policy and Guiding Principles for Clinical Application of Antibiotics by reinforcing the management of antibiotics and intravenous infusion in primary hospitals. The efficiency of new rural cooperative medical funds shall be increased by regulated medical services and controlled medical expenses.

8. To advance information construction of new rural cooperative medical system and to pilot offsite reimbursement

The provincial-level government should speed up the construction of the new rural cooperative medical system's information platform to connect to the national-level platform,

with the goal of connecting 15 provinces by the end of 2014. We should use the information platform to examine offsite reimbursement and crack down insurance fraud. Those regions not connected should inspect offsite reimbursement via phone calls, letters, Internet and on-site verification. Conditional regions can launch pilot programs on inter-provincial reimbursement through the information platform, independent consultation or entrusted commercial insurance companies.

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