

Research on the Evolution Logic of China's Health Policies since the Reform and Opening-up

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Abstract: Since the implementation of the Reform and Opening-up policy over forty years ago, China's health undertakings have achieved remarkable successes, which are closely related to the continuous adjustment and optimization of health policies. This paper conducts an in-depth analysis of the periodic evolution of China's health policies since the Reform and Opening-up, including the stage of market-oriented exploration (1978 - 1996), the stage of policy adjustment and improvement (1997 - 2002), and the stage of return to public welfare and comprehensive deepening of reform (2003 - present). It also explores the internal logic of policy evolution from the aspects of the drive of economic system reform, the guidance of social demands, and the transformation of government concepts. Finally, it summarizes the achievements and reflections of policy evolution and prospects the development of future health policies. The study helps to accurately grasp the historical context of the development of health undertakings and provides valuable experience and theoretical guidance for the scientific formulation and effective implementation of future health policies.

Since the implementation of the Reform and Opening-up strategy in 1978, China's social economy has achieved leapfrog development. As a key field for safeguarding people's well-being, the health sector has also made remarkable achievements. As the core tool for the government to regulate the health sector, the evolution of health policies is closely linked to national development strategies and social needs. Over the past forty-odd years, China's health policies have undergone multiple major adjustments - from the early exploration of introducing market mechanisms, to problem-oriented adjustment and improvement, and then to the comprehensive deepening of reform emphasizing public welfare. Each transformation has reshaped the development landscape of the health sector and profoundly influenced the public's health rights and interests.

1. The Periodic Evolution of China's Health Policies since the Reform and Opening-up

1.1 The Stage of Market-oriented Exploration (1978 - 1996)

In the early days of reform and opening-up, China's health undertakings faced severe challenges. On one hand, there was an extreme shortage of health resources, failing to meet the growing medical and health needs of the people. On the other hand, the single public-ownership medical

system led to a lack of vitality and low efficiency in health service provision. Against this backdrop, health policies began to explore the path of marketization.

In August 1980, the State Council approved the Report of the Ministry of Health on Allowing Individual Practice of Medicine, which opened the door for social forces to participate in medical services and broke the monopoly of public ownership. In 1985, the State Council forwarded the Report on Several Policy Issues Concerning Health Work Reform of the Ministry of Health, proposing to "relax policies, streamline administration, delegate power, raise funds from multiple sources, broaden the development path of health undertakings, and invigorate health work." [1]The core of the policies during this period was "delegating power and allowing profits," which aimed to expand hospital autonomy and encourage hospitals to make up for funding shortages through revenue generation.

The market-oriented exploration during this stage achieved certain results. The entities providing medical services became increasingly diversified. Besides state-owned and collective medical institutions, individual clinics and private hospitals began to emerge, alleviating problems such as "difficulty in seeing a doctor, being hospitalized, and undergoing surgery" to a certain extent. However, the marketization process also brought about many negative effects. Medical institutions overly pursued economic interests, leading to the prevalence of the practice of "supporting medical services with drug sales." As a result, medical costs rose rapidly, increasing the medical burden on the public. Moreover, due to insufficient investment and insignificant economic benefits, public health services were neglected. Consequently, the gap in health development between urban and rural areas and among different regions further widened.

1.2 The Stage of Policy Adjustment and Improvement (1997 - 2002)

In response to the problems in the market-oriented exploration stage, policymakers began to reflect on and adjust health policies. At the end of 1996, the first national health work conference was convened, emphasizing the social welfare nature of health undertakings and clarifying the important responsibilities of the government in the development of health undertakings. In 1997, the Health Reform and Development was issued, stating that the development of health undertakings must be coordinated with national economic development, and the protection of people's health must be adapted to the level of economic development.

During this period, the reform of the urban employee medical insurance system became a key area of policy adjustment. In December 1998, the State Council issued the Decision on Establishing the Basic Medical Insurance System for Urban Employees, aiming to establish a basic medical insurance system covering all urban employees, adopting a model that combines social pooling and individual accounts to address the issue of employees' medical expenses^[2]. In rural areas, in 2002, the Further Strengthening Rural Health Work was introduced, proposing strategic deployments such as strengthening the construction of the rural health service system and establishing the new rural cooperative medical care system to improve the medical security of rural residents.

Significant progress was also made in health legislation. A series of health laws and regulations, such as the Law on Licensed Physicians, Blood Donation Law, and Regulations on the Management of Medical Institutions, were successively promulgated, providing a legal basis for standardizing medical and health service behaviors and protecting public health rights and interests.

1.3 The Stage of Return to Public Welfare and Comprehensive Deepening of Reform (2003 - Present)

The outbreak of the SARS epidemic in 2003 exposed the vulnerability of China's public health system, highlighting the importance of the public welfare nature of health undertakings. This

prompted health policies to return to public welfare and initiated a journey of comprehensive deepening of reform.

In terms of public health system construction, the State Council approved the implementation of a three-year plan for public health system construction. Continuous progress was made in the construction of urban and rural grassroots health service systems. The Plan for the Construction and Development of the Rural Health Service System was implemented, with the state investing 21.7 billion yuan to improve the three-level rural medical and health service conditions. The Guiding Opinions on Developing Urban Community Health Services was issued to accelerate the construction of the urban community health service system.

In terms of the medical security system, since 2003, the new rural cooperative medical care system has been established, effectively alleviating the problem of rural residents falling into or returning to poverty due to illness. In the second half of 2007, the pilot program for basic medical insurance for urban non-employed residents was launched. In 2009, the Deepening the Reform of the Medical and Health System was released, proposing the overall goal of establishing and improving a basic medical and health system covering urban and rural residents and launching comprehensive reforms in various fields¹.

2. The Internal Logic of the Evolution of Health Policies

2.1 The Drive of Economic System Reform

Since the Reform and Opening-up, China's economic system has undergone a profound transformation from a planned economy to a market economy, which has had a far-reaching impact on health policies. In the early days of reform and opening-up, to meet the needs of market economy development, market mechanisms were introduced into the health sector. However, as the market economy developed, its limitations in the health sector gradually emerged. To address market failures, the government began to redefine its responsibilities in health undertakings, strengthening macro-control and promoting health policies to return to emphasizing public welfare.

2.2 The Guidance of Social Demands

Social demands are an important guiding factor in the evolution of health policies. With economic development and social progress, the public's demands for medical and health services have continuously increased. In the early days of reform and opening-up, the shortage of health resources made increasing service supply the top priority. However, as living standards improved, the public's demands for the fairness and public welfare of medical services became more intense. The transformation of these social demands has prompted policymakers to adjust health policies, strengthening the construction of the medical security system, promoting the reform of public hospitals, and improving the capacity of grassroots medical and health services^[3].

2.3 The Transformation of Government Concepts

The deepening understanding of the nature of health undertakings and the transformation of governance concepts by the government have dominated the evolution of the value orientation of health policies. In the early days of reform and opening-up, influenced by the concept of prioritizing economic development, health policies focused on improving the development efficiency of health undertakings through market-oriented means. With economic and social development, the government gradually realized that health undertakings are not only a support for economic development but also an important area related to people's well-being and social fairness and justice.

The proposal of concepts such as the Scientific Outlook on Development and the people-centered development ideology has prompted the government to pay more attention to the public welfare and fairness of health undertakings.

3. Achievements and Reflections on the Evolution of Health Policies

3.1 Achievements of Policy Evolution

The evolution of health policies since the Reform and Opening-up has achieved remarkable results. The medical and health service system has been continuously improved. From 1978 to 2020, the total number of medical and health institutions nationwide increased to 1.023 million, the number of hospital beds reached 9.101 million, and the number of health workers reached 13.475 million, forming a huge service network that has greatly improved the accessibility of medical services. The medical security system has achieved full coverage, effectively reducing the medical burden on the public. The capacity of public health services has been significantly enhanced, with a significant decline in the incidence of infectious diseases and a gradual improvement in residents' health literacy. The health level of residents has been significantly improved, with the average life expectancy increasing from 68.2 years in 1978 to 78.2 years in 2021, and key health indicators such as maternal and infant mortality rates continuously improving, reaching or exceeding the average level of middle- and high-income countries.

3.2 Reflections on Problems in the Process of Policy Evolution

During the evolution of health policies, some problems have also emerged. There is a lack of continuity in policy coordination, and the adjustment of policies in different stages sometimes lacks sufficient transition, leading to fluctuations in policy implementation. Policy implementation efforts vary in different regions. Due to factors such as economic development levels and the attention paid by local governments, the implementation of some policies is ineffective in less developed regions. The public participation in the policy-making process needs to be improved. The formulation of some health policies mainly relies on government departments and experts, with limited channels for collecting public opinions, resulting in a certain deviation between policies and the actual needs of the public.

4. Conclusions and Prospects

4.1 Research Conclusions

Since the Reform and Opening-up, China's health policies have evolved from market-oriented exploration to a return to public welfare, and from emphasizing efficiency to balancing fairness and efficiency. The reform of the economic system, the guidance of social demands, and the transformation of government concepts constitute the internal logic of policy evolution. While the policy evolution has achieved remarkable results in improving the medical and health service system, enhancing medical security, strengthening public health services, and improving residents' health, there are still problems such as poor policy coordination, differences in implementation, insufficient public participation, and lagging responses to new challenges.

4.2 Prospects for the Development of Future Health Policies

In the future, China's health policies should be further optimized and improved based on

historical experience. Strengthen the top-level design of policies, pay attention to policy continuity and stability, and ensure the smooth transition of policies in different stages. Strengthen policy implementation supervision, establish a scientific and reasonable policy implementation evaluation mechanism, narrow the gap in policy implementation among regions, and ensure the effective implementation of policies. Continuously deepen the reform of the medical and health system, consolidate and expand the achievements of reform, promote the high-quality development of health undertakings, and provide the public with more high-quality, efficient, and fair medical and health services.

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