

National Free Healthcare or National Healthcare Insurance: The Direction and Path of China's Healthcare Reform

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Abstract: As in the current situation, Chinese communism is chasing an equal and fair society. Social equality has become the most essential thing in China. However, as the gap between rich and poor becomes more extensive, the problem becomes severe. The most significant one is that many people are experiencing a lack of money to do medical health care. Rich people have power but eliminate the poor people's ability. Therefore, this article will investigate the feasibility of free health care for all people by using two examples to compare and contrast to receive an accurate and friendly method on this problem. And also to investigate why these two methods have succeeded or failed. After these, this article will provide evidence and reasons why China is feasible to provide free health care and also give an alternative method for free health care.

Keywords: Free Health Care, Healthcare Insurance, Health Care Reform

1. Introduction

Since the success of the war against Japan and the form of Chinese communism, China has been experiencing significant growth. The country is pushing forward urbanization and industrialization to contribute to human civilization. In the past few years, China's GDP has been dramatically increasing. China has been approaching 30.8 trillion yuan GDP, the 3rd in the world. Simultaneously, China has a history of thousands of years and has experienced many dynasties. Currently, China is an intelligent combination of all dynasties' advantages. This has provided China with many benefits. As mentioned, China is presently under communism's control. Therefore, it is chasing a fair and communist country and approaching this goal differently. As significant as the current medical research is coming, this mission statement. Nowadays, China has the most advanced medical technologies. However, problems arise. At present, relevant studies on China's medical reform mainly focus on whether China should enable more Chinese people to have the ability to treat diseases and reduce mortality in the future. Although relevant studies have enriched the research content of medical reform, they still have joint problems in organizational structure, government economic ability, legal disputes, and lack of systematic comparison between medical insurance and free medical care.

This study used 'small-N comparative' methods. In terms of investigating the feasibility of free health care for all people, this essay will analyze the advantages and drawbacks of this method and use examples to justify the idea further. First of all, this essay will provide the overall outline and structure, and table of contents, then start the background statement, that is, a brief introduction to the

current research on "universal health care," analyze the past literature and point out the problems existing in this health care policy. Secondly, this essay will introduce an example, which is the case of universal free medical care in Shenmu County throughout the whole paper. After presenting the general background, I will compare and analyze why this has failed, followed by the advantages and disadvantages of universal free medical care and the areas that need improvement, using the above case study as a reference. However, by using a method of a few case studies, this essay will also introduce several other examples to make comparisons with the above example. Therefore, see the good and bad parts of this method more transparently. Finally, This essay will propose feasible alternatives, such as free insurance instead of medical provisions. At last, a conclusion will be stated and summarize the whole article.

For universal free medical care, the biggest theoretical problem is the distribution path and matching of medical resources. Still, based on the shortage of national medical help and social issues, free medical care is not feasible in China. Through the comparative study of Shenmu County and Sanming County, we can deduce the feasibility of free medical care and national health insurance in China's social environment. We shall conduct an in-depth analysis of Chinese society's future healthcare policy. Whether it is the implementation of universal free medical insurance or the improvement of the national free medical insurance system, we can provide affordable services to ensure the rights and interests of citizens based on the integration of medical resources and the strengthening of primary health care services. Meanwhile, this study conducted a deep discussion on China's healthcare reform through qualitative analysis, pointed out the ideal direction of China's healthcare reform, and provided new references for further enriching the political economy research about the healthcare system.

2. The Making and Breaking of National Free Healthcare in Shenmu County

There are such examples as local stations pushing national free health care. ShenMu City started this policy in 2009 as a particular and classic model. ShenMu is a small city located in Shanxi, China. Yulin City manages it. It is located in the north of Shaanxi Province, Qin, Jin, and Mongolian provinces (regions) bordering the area. With a total area of 7,635 square kilometers, it is the largest county in Shaanxi Province. As of October 2022, Shenmu has jurisdiction over six subdistricts and 14 towns. By the end of 2022, Shenmu will have a permanent population of 578,800. As ShenMu is one of the biggest City in Shanxi, it holds a generally high GDP of 41.27 billion yuan in 2009. Hence, it provides enough money and conditions for ShenMu to expand in more areas. Regarding making further political efforts, the local government has decided to publish free healthcare for the local citizens [1].

In 2009, a Notice from Shenmu County People's Government on printing and distributing the Implementation Measures for Free Medical Care for All in Shenmu County (Trial) was distributed to people. Following the two purposes, First, to establish the basic medical security system of urban and rural integration, thoroughly solve the problem of complex and expensive medical care for the people of the county so that the achievements of reform and development can genuinely benefit the people of the county, and promote the construction of a harmonious society, these measures are formulated in combination with the actual situation [1].

Second, free medical care for all people should adhere to the people-oriented principles, benefitting all people, pooling funds, and prioritizing finance, overall planning, and comprehensive management. This policy is controlled under the unified guidance of the county rehabilitation Work Committee. The county medical insurance office and the combined medical treatment office implement the work of universal free medical care. Supervised strictly by them, such benefits are provided to people, including Free ambulance, free hospital, free treatment, etc. The main structure in ShenMu to control free health care is separated into several departments and led by the government. Firstly, The county

rehabilitation Office collects information and supervises the efficient implementation of the entire program, mainly carrying out supervisory responsibilities, such as the overall coordination and organization of free medical care for all. To supervise the performance of the national free medical care policy and system. Secondly, the County medical insurance office is responsible for the operational department within the local hospitals, such as implementing the free medical care system handling the free medical care of cadres and employees in the county.

To be responsible for the collection, management, and use of cadres and employees' free medical fund and outpatient medical card funds; thirdly, The county health care Office carries out legal supervision-related responsibilities, confirming the identity of residents, preventing false identities, etc; To be responsible for the implementation of the nationwide free medical care system, and to handle the free medical care of urban and rural residents in the county; To be responsible for the collection, management and use of urban and rural residents' participation fund and outpatient medical card funds; Urban and rural residents who are responsible for identifying free medical care.

3. Generation and Development of " National Health Insurance" in Sanming City

Sanming City is located in the western and northwestern part of Fujian Province. At the end of 2022, Sanming City had a resident population of 2.455 million [2]. Among them, the urban resident population was 1.581 million, accounting for 64.4% of the total population. In 2022, Sanming City realized a gross regional product of 311.014 billion yuan, an increase of 3.1% over the previous year [3]. Among them, the added value of the primary sector is 33.960 billion yuan, an increase of 4.5%; the added value of the secondary industry is 158.092 billion yuan, an increase of 3.3%; the added value of the tertiary sector is 118.962 billion yuan, an increase of 2.3%. The primary, secondary, and tertiary sectors are animal husbandry and fishery, industry, domestic and foreign trade, real estate, and tourism.

The fundamental reason for the launch of the Sanmin healthcare reform is that the healthcare fund finally bottomed out in 2012 under the exponential growth of healthcare costs, initiating the healthcare reform policy. The current mechanism for operating public hospitals started at the beginning of the economic reform, as the government stimulated the economy by allowing cross-compensation and utilizing special services, pharmaceuticals, and healthcare services. However, the lack of effective government regulation, asymmetric information on medical services, payment by service items, and especially the uncontrolled profit-driven approach eventually led to the over-expansion of the size of public hospitals, the sharp rise in costs, and the loss of the nature of general welfare. Consequently, Sanming's healthcare costs were very high and paved the way for subsequent reforms.

The Sanming health care reform addresses three issues: the uneven distribution and lack of responsibility for operating health care, the commercial attributes of drugs being more significant than their essential attributes, and the dilution of the public service nature of public hospitals. To solve the problem, the Health Care Reform Panel was given the power to set up a multi-party healthcare fund organization and the ability to adjust salaries [4]. The Government eliminated subsidies for medicine, and financial output was added to subsidize hospitals. In addition, the performance system for doctors was increased to encourage doctors to work without fear and cut gray income (non-medical) [5]; the healthcare reform policy vigorously examined the procurement of medicines.

Responsibilities within public hospitals are effectively distributed. The drive from bonus plus basic salary to performance commission effectively provides an intrinsic system. It also cuts off the cost of the medical staff's internal balance of income and expenditure, effectively creating a positive incentive mechanism. Medical expenses have also been effectively controlled to the point where they can be a little over 100 times the pre-drug reform public price, such as a drug called entecavir

dispersible tablets. The average cost of hospital discharges, outpatient visits, and primary health insurance have all been drastically reduced, reversing the shortfall in revenues over expenditures [6].

4. Why "National Health Insurance" is More Appropriate for China than "National Free Healthcare"

Several reasons contributed to the collapse of this plan in ShenMu, firstly, due to the lack of money. As soon as this plan was launched, the government discovered that the government expenditures experienced a significant increase. This dramatic increase has caused many problems. The increased price of medical support has driven opportunity costs, whereas the government can spend the money elsewhere. However, instead, the government is currently spending more on medical aid, thus causing the other parts of the city, such as the building of infrastructure, the spending on public security, etc., to decrease. Therefore, the ShenMu government discovered that if the expenditure is constantly that high, they must stop the plan. Secondly, as this plan has been published, there are ethical concerns regarding the overall project. The plan outlines that all people can have free medical care as the person provides valid evidence of sickness from the hospitals, and the government will pay all the fees after they have paid it first. This has caused many people to do unethical things to earn money. People are using fake evidence and colluding with hospitals to get money from the government. This has slowly become a black market. Therefore, the government will need to solve this problem. However, the consequence is that the government failed to solve these problems, finally causing the plan to fail [7-10].

There are several reasons why the Sanming healthcare reform has been successful. First, the Sanming healthcare reform is holistic, systematic, and synergistic. Sanming City for the reform of the whole, to "public hospitals to return to the nature of the public good, doctors return to the role of doctors, drugs return to the function of treatment" for the requirements of cutting off the contact between the medical staff and the hospital revenue at the same time, for the doctors to provide a positive work salary incentive system. Secondly, the Sanming medical reform will be a medicine price adjustment, fully realizing medical personnel's value. Medical reform through the drug joint price-limit procurement reform, squeezing the water of the drug circulation area, standardizing the medical personnel's unreasonable medical behavior, and promoting the price of drugs flush. The reasons for the success of Sanming certainly must include the active cooperation of the medical staff, with the assistance of the policy, to combat the pain points of the medical system accurately and to solve them. These reasons created the success of the health care reform in Sanming.

While free healthcare and national health insurance have advantages, why did China choose the latter? There are still social problems, such as the potential crisis of returning to poverty due to illness, the high cost of medical care, and the issues of over-testing, over-treatment, and over-medication. The two forms of "free health care" are the "national health insurance" model, which is mainly financed by taxes, and the "social health insurance model," which is funded primarily by employers' and employees' contributions. The second is the "social health insurance model," financed mainly by employer and employee contributions. Therefore, "free health care" does not exist in the strict sense of the word. However, in both Japan and the British, the health performance of this model of direct government service provision is abysmal; in most cases, it is inefficient, of poor quality, and highly corrupt, and it is the officials in charge of the health care system who enjoy the benefits of "free health care." Although we have opted for the latter, our existing health care benefits are significantly better than in most countries with free health care. All medical services provided by public medical institutions in India are indeed free of charge. Still, the scope of medical service coverage is only common minor illnesses and minor diseases. There are serious problems such as high misdiagnosis rate, poor medical equipment, chaotic management, and low level of doctors, which has led to some better-off Indians giving up this free benefit and opting for private hospitals that charge much money.

Another example is that Brazil incorporated national free healthcare into its constitution in 1988, covering 70% of the population at its peak. Still, its implementation results in public hospitals needing more competitive pressures, and effective incentives are of low quality, inefficient, poorly serviced, and shockingly wasteful, forcing Brazil to liberalize private healthcare. And universal health care solves these problems and combats the root causes of high drug prices, widespread kickbacks, and over-medication, all subsidized through health care. This shows that national health care is a more appropriate and more innovative approach for the whole country.

4.1. Demographic Factors

Implementing national free healthcare will not only not enhance the fairness of the people's access to healthcare, but the efficiency and quality of healthcare services cannot be guaranteed. In contrast, national health insurance can ensure the above. Currently, China's implementation of universal health insurance is consistent with the country's economic development and financial capacity of a health insurance system. The first level includes medical assistance to solve the problem of vulnerable groups and low-income people; the second is basic medical insurance, including employees' and residents' medical insurance; and the third is some supplemental medical insurance, such as significant disease insurance. These multiple synergies have effectively resolved the problem of the heavy burden of medical care on the general public, reflecting fairness, reasonableness, and sustainability of development. Our country is a large country with a population of 1.4 billion. Suppose free medical care is implemented and underwritten by the treasury. In that case, it will bring about tremendous financial pressure, leading to a waste of valuable medical resources and, at the same time, lead to inefficiency in the provision of medical services. After the treasury has provided for the doctors and the medical institutions, the quality of medical services provided by the doctors has been called into question. As medical resources are scarce, this may aggravate resource constraints, lead to queuing problems, affect the accessibility of medical services, and aggravate some social conflicts.

4.2. Resource Factors

There are two health insurance systems: employee health insurance and urban and rural residents health insurance. Employee health insurance is a mandatory contribution paid by working people who have an employer; urban and rural residents' health insurance is for people who do not have a job of an employable nature. Though much less, the individual bears the costs, and it is not compulsory.

Health insurance benefits can be high reimbursement, which is beyond the reach of national free healthcare because this policy only guarantees primary healthcare. According to the China Medical Insurance magazine, which the Medical Insurance Bureau sponsors, the number of medical visits in China, from 2.082 billion in 1999, exceeded 8 billion in 2017, as universal health insurance has helped many people. Without a fully developed economy, national free healthcare is a complete figment of the imagination, as the current distribution of healthcare resources is entirely restricted. The party magazine Half Moon Talk has reported that in Hongjiang District, Huaihua City, Hunan Province, the health insurance fund lost 38.32 million yuan from 2010-2012, and in 2013, in the first quarter alone, it lost another 6.28 million yuan. In general, health insurance resources are heavily skewed. The eastern region is relatively developed, with a large influx of people, and the pressure on health insurance is relatively low. The problem is more severe in many provinces in the central, western, and northeastern parts of the country, where the development of traditional industries has been hampered, and there has been a massive outflow of population, leading to a tightening of employee protection.

5. Conclusion

In summary, the article suggests that China is incapable of free health care right now due to the low efficiency and the allocation of resources. If free health care is published to people, the consequence will show a relatively low efficiency of medical support, which will cause more problems. Besides, as China is experiencing a large gap between rich and poor, allocating resources is essential. Putting too much money into free medical health care will form many opportunity costs. Therefore, it could be more feasible. However, instead, an alternative method of free health insurance can be published due to the large population in China. It will successfully avoid low efficiency, as well as the inefficient allocation of resources. This article is meaningful for society because it shows the negative result of China's publishing free health care and suggests the free insurance method. In the future, we should focus more on the detailed way of how free health insurance works, which this article should have introduced more fully. This becomes an exciting topic.

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