

SEEDS OF REFORM

In China, Farmers Become Health-Care Monitors

Test Program Targets Nation's Broken System; Fining the Local Doctor

By NICHOLAS ZAMISKA
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XINLIAN, China—In this remote mountain village, residents were complaining about a local doctor. Some suspected he was prescribing drugs that weren't necessary.

That set off an unusual response: A special council of local health-care monitors—formed as part of an experiment to address sweeping problems in China's health-care system—swung into action. In 2004, they fined the doctor 100 yuan, or about \$13—a significant amount of money in this poor part of China—for overprescribing drugs. "Hopefully, the other village doctors will take this as a warning," they wrote in an official notice posted in the village.

The experiment was launched here in Xinlian three years ago by a Harvard professor, in response to a big gap in China's surging economy. Only a small fraction of China's rural population receives any health-care aid, compared with about 90% in the early 1970s. Efforts to make people pay for their own insurance often meet resistance because patients suspect their payments will simply line the pockets of corrupt government officials.

And the quality of what medical treatment people do receive is often questionable. One pivotal problem: In China, most village doctors make their income solely by selling drugs.

The Xinlian plan drafts a team of local residents to monitor health-care in the village, and

publicize what they find out. It has made progress in weeding out bad doctors—but isn't a perfect fix. The doctor it fined for overprescribing drugs was drummed out of the village health plan, but he kept practicing medicine and only had his license taken away after a tragedy.

As China rapidly pushes industrialization, fixing its health-care system has become a national priority. Late last month, for example, the government announced a major investigation into corruption at China's drug watchdog agency, the State Food and Drug Administration.

In 2003, William C. Hsiao, a senior professor of economics at Harvard's School of Public Health, began enrolling about 60,000 farmers in a health-insurance program he and other academics designed. In Xinlian, the annual cost is about \$4.50 a person, with farmers paying a little less

than half of that. The rest has been subsidized with private funds organized by Dr. Hsiao. Last year, a city in Guizhou province adopted the program for 1.7 million people.

One of the most striking parts of Dr. Hsiao's undertaking is its effort to inject a dose of democracy and accountability into Chinese



William Hsiao

health care. "We set up self-governance. The farmers have a major voice in how to govern the money, on how it's spent," says Dr. Hsiao, a 71-year-old Chinese-born professor who grew up in Queens, N.Y.

Doctors involved with Dr. Hsiao's plan must submit a record for each patient they see, noting what drugs they prescribed, and are expected to charge an average of no more than 10 yuan, or a little over \$1, per patient per visit. The health plan pays doctors a modest salary of \$30 a month, so they won't have to rely on selling prescription drugs for income.

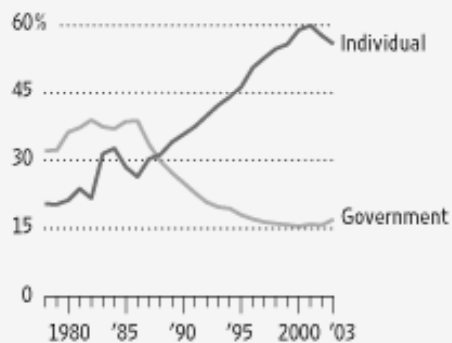
One of the greatest challenges facing Dr. Hsiao was gaining the confidence of farmers, who for years have been hit up for fees by local officials. "The farmers do not trust the government," says Dr. Hsiao, who has a Ph.D. in economics. "When the government collects money from them, they often worry that the money is going into the pockets of the government officials, not being used for the people."

Under his plan, each village elects one of its own to a council that helps administer the system. Villagers can hire and fire doctors. That helps purge those who try to make money by prescribing costly medicines and procedures people don't need—for example, putting people on intravenous drips for a cold, a routine practice in China. And everyone can see how money is being spent because larger insurance reimbursements are written on publicly displayed boards in each village.

The World Health Organization in Beijing issued a report on rural China that cited rampant overprescription and said markups for drugs can be as high as 40% to 80%. One study, published in the academic journal *Health Policy and Planning* in 2000, found that 61% of drugs prescribed by rural doctors for influenza patients were unnecessary.

Out of Pocket

Since China's farming communes and the health-care systems that served them were dismantled, health costs have shifted to the individual; as a percentage of the total:



Source: China National Health Economic Institute

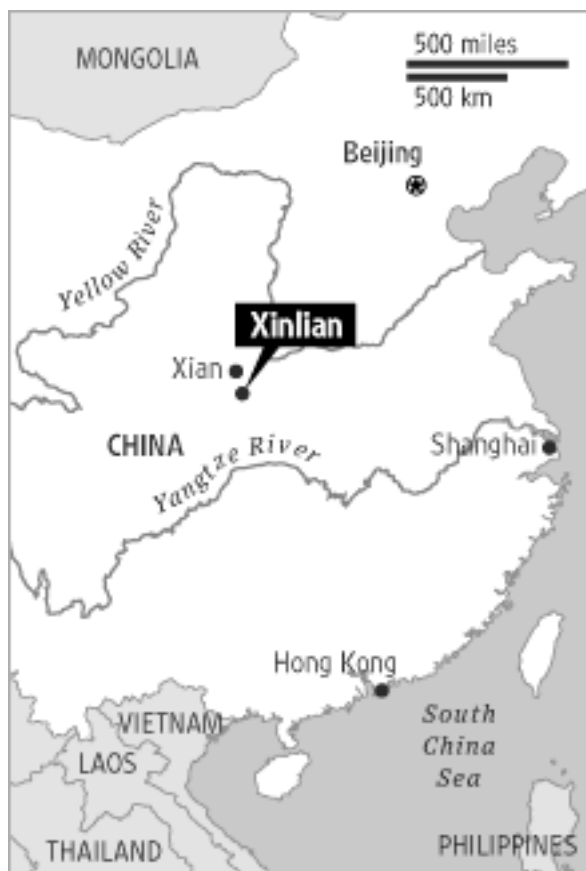
Mao Qunan, spokesman for the Ministry of Health, says the Chinese government is watching Dr. Hsiao's program closely. "If it turns out well, we will use the experiences of the experiment for reference in the health-care policy making for rural areas in the future." Harvard's School of Public Health hopes the model could thrive in other developing countries. India, Ghana and Tanzania are already working on implementing similar projects, based in part on Dr. Hsiao's academic work. The experiment in Xinlian ended recently and the local government is now running the program.

Dr. Hsiao's experiment addresses only a small piece of a much broader crisis, including a lack of funding for health-care services and an ailing set of state-run hospitals. The government is rolling out its own health-care plan for farmers, but it covers only catastrophic illness and, critics say, fails to deal with the corruption that breeds malpractice.

Dr. Hsiao's plan, like the government's, only reimburses villagers for part of their costs—less than half—and forces them to pay for hospitalization before they receive treatment.

Given that surgery can cost as much as a year's income or more for a farmer, many are forced to go deeply into debt or forgo care. Dr. Hsiao thinks the government will eventually have to boost the fees it charges for insurance, as well as increase its own contributions, to reduce the burden on patients.

Xinlian, which has about 1,600 residents, held its first election in 2003 to select villagers who would help manage the new health-insurance program.



When the plan was announced, some thought the annual fee the government was asking them to pay would simply go into party cadres' pockets, not provide them with health care. "Some farmers didn't believe this would work. They don't believe this is true," says Zhu Zhizeng, a farmer now enrolled in the program. "We used to pay all kinds of fees. When the government asked us to pay, we paid."

Dr. Hsiao contended that the more the villagers understood about where their money was going, the more they would want to participate. When elections for council representative rolled around, villagers were eager to take part. Local officials distributed a notice to each household, asking for nominations. A half-dozen of the most popular candidates were selected to vie against one another.

One candidate was Liu Yuzhang, a 65-year-old retired wheat farmer, who is often asked to organize weddings and funerals, an honor in rural China. When he learned he had been nominated, "I was not only surprised, but I felt the burden of responsibility on my shoulders," he says.

A few days later, more than 200 people, representing each house in the village, gathered to select one of the six to be council representative. Votes were counted in front of the villagers. Mr. Liu won, edging out his nearest rival by around 70 ballots, he remembers.

"I was very excited to attend that meeting, because I voted for someone who will serve us," says Ni Shicheng, a farmer in his 40s. "Mr. Liu is a senior old person. He has the trust among us." Mr. Ni says he has paid his fee each year partly because Mr. Liu is helping make sure the money is put to good use.

Not long after the election, Mr. Liu began receiving complaints from people in the village about one of the local doctors, Wang Bangmin. Some suspected he was prescribing drugs simply so he could sell them. Mr. Liu even heard that the doctor would take advantage of illiterate villagers who would leave their "chops"—stamps in red ink that are the Chinese equivalent of a signature—with which he would forge receipts.

All doctors in the experimental health-care program receive the monthly salary, plus a bo-

nus of one yuan for every villager treated. Doctors are supposed to sell only certain drugs—at prices set by the government—and submit records of each prescription.



Doctor Ni Shiqiao

Ni Shiqiao, a 37-year-old doctor in a nearby village, whose father and grandfather were both village doctors, says that before the experiment started, he made nearly all his income selling prescription drugs. Now he makes a monthly salary and prescribes fewer drugs than before, he says.

Some villagers suspected Dr. Wang was violating the new rules. "Every time he saw a patient, he tried to get more money from the patient," says Mr. Liu, the council representative. "He would overcharge them and prescribe drugs they didn't need."

Si Wenming, a 30-year-old farmer, remembers falling ill once and going to see Dr. Wang. When she arrived at the doctor's home—which doubled as an office and a pharmacy—she says she was given an injection of medicine. Ms. Si says the medicine later caused an allergic reaction. "And then he would prescribe more drugs to treat the allergic reaction," Ms. Si says.

Mr. Liu took the complaints he was hearing to the council of representatives from local villages. They gathered in March 2004 in the

town's dusty government building. After discussing options, they decided to fine Dr. Wang 100 yuan for overprescribing drugs and posted a notice in the village.

A few months later, managers of the health-care plan reviewed Dr. Wang's prescriptions again and calculated that from January to June, he had made 187 prescriptions. They said he had cheated villagers out of 982.2 yuan, the equivalent of a year's income for some farmers here. On July 21, the village council held another meeting, and decided to fire Dr. Wang from their health-care program.

But even though he was expelled from the health-care program, Dr. Wang continued to prescribe and sell medicines to villagers on his own, according to Chen Wendong, one of the program administrators.

"To take away the license of the doctor—that's beyond our power," says Harvard's Dr. Hsiao. "We can remove him from our roster, so the insured people cannot go to him. That usually would reduce his income drastically. He probably would have to turn to some other occupation."

But some villagers continued to see Dr. Wang, who had treated residents for years. In the fall of 2004, Yang Zhao, an 8-year-old boy, complained of a headache to his teachers at the Yellow Dragon primary school. His grandmother took him to Dr. Wang, who prescribed and sold her a combination of Chinese and Western medicines, including ribavirin, after diagnosing that the boy had the flu, according to Dr. Ni. Ribavirin is an antiviral agent seldom used in Western countries to treat the flu.

The boy began clenching his teeth and fell into a seizure, according to Mr. Liu. At one point, Dr. Wang tried to pry open the boy's mouth with a pair of chopsticks, but one snapped and

cut into his face, according to a doctor at the local hospital who saw the child later that day. An ambulance was called and Ding Shiquan, the schoolmaster at Yellow Dragon, rode with the boy to the hospital along a bumpy dirt road. He recalls the boy moaning during the trip, with his arms and legs twitching. When the ambulance arrived at the hospital at around 3 p.m., the child was unconscious.

The boy died that night. An official government investigation later concluded that overprescription contributed to the boy's death, according to Kou Wenrai, a local township official overseeing the health-care program, who has reviewed the report.

An official in the county health department says the precise cause of the boy's death was never determined, because the boy was buried before an autopsy could be done.

Dr. Wang was prohibited from practicing medicine for six months following the incident, according to an official in the county health department who identified himself only as Mr. Ma. Dr. Wang was also forced to pay the parents of the boy about \$1,500 as compensation, according to Mr. Liu, the village representative.

Not long after the boy's death, Dr. Wang left the village for a neighboring province to find work in a coal mine, according to villagers. Reached by phone, Dr. Wang declined to discuss the matter. "It has all been past, and I don't want to recall those experiences which have been a mental scar to me," he said.

One day last autumn, his old house in Xinlian was shuttered and farmers used the doorstep to dry soybean plants. A smattering of the drugs the doctor used to sell could still be seen through a dirty window.

In the village, there was a blackboard by the side of a dirt road. On it, payouts from the insurance plan are written in chalk. Recently, the board indicated that one farmer, Hu Wenchai, broke his left hip and was reimbursed about \$50 for the operation. Another had urinary tract problems for which he got about \$75 to cover the fees.

Mr. Kou, the local official, says the blackboard is intended to promote accountability and honesty, by showing people where their money is going. "The purpose of doing this," he says, "is to let every villager be a supervisor of this system."

Zhou Yang in Beijing contributed to this article.

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