



The General Office of the State Council's Notice on Printing and Distributing the Key Tasks for Deepening the Reform of the Medical and Health System in 2024¹

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Introduction

To the People's Governments of all Provinces, Autonomous Regions and Municipalities directly under the Central Government, as well as all Ministries, Commissions and directly affiliated Institutions of the State Council:

Key Tasks for deepening the Reform of the Medical and Health System in 2024 have been approved by the State Council. Please implement it conscientiously in accordance with actual conditions. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a crucial year for achieving the goals and tasks of the "14-5" (14th five years) Plan. Deepening the reform of the medical and healthcare system must adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guidance. It fully implements the spirit of the 20th National Congress of the Communist Party of China and carry out the decisions and arrangements of the CCP Central Committee and the State Council. It should focus on the coordinated development and governance of medical insurance, healthcare services and the pharmaceutical sector. It should promote high-quality development of the health industry and enhance people's happiness and sense of security.

1. Strengthen the organizational leadership of medical reform

(1) Strengthen the overall coordination of medical reform efforts: Promote local governments at all levels to further fulfill their responsibilities in deepening medical reform, consolidate and improve the reform promotion mechanism and promptly solve major issues arising in the reform process. Explore the establishment of unified and efficient policy coordination, information

¹ Translated by Health Law Asia – Pharmaceutical, Medical Device, and Cosmetics Law



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sharing, regulatory linkage mechanism for medical insurance, healthcare services and the pharmaceutical sector. Enhance medical reform monitoring, promptly summarize and promote local reform experiences and best practices.

2. Deeply promote the experience of the Sanming (Fujian Province) medical reform

(2) Adapt and promote the Sanming medical reform experience according to local conditions: All regions should follow the path of “creating space, adjusting structure and ensuring connections”. Based on local realities, all regions should increase exploration, promote the overall linkage of reforms, foster coordination between services at different levels, deepen the public welfare-oriented reform of public hospitals and shift the focus from treating diseases to prioritizing people's health.

(3) Promote the quality improvement and expansion of centralized bulk procurement of drugs and medical consumables: Carry out new batches of national centralized procurement of drugs and medical consumables and promptly carry out follow-up work for batches that reach the end of their agreements. In 2024, each province should carry out at least one provincial-level (including inter-provincial alliance) drug and medical consumables centralized procurement, with the goal of achieving a total of 500 drugs and the continuation of medical consumables centralized procurement at the national and provincial levels.

Further strengthen the implementation of centralized procurement, implement the policy of retaining medical insurance fund surpluses from centralized procurement, improve the incentive and constraint mechanism, promote medical institutions to accurately report procurement volumes and prioritize the use of selected products. Strengthen quality supervision of the drugs and medical consumables selected through centralized procurement. Improve and enhance the functions of the pharmaceutical procurement platform, strengthen online procurement supervision and increase the online procurement rate of drugs and medical consumables.

(4) Deepen the reform of medical service pricing: Guide three pilot provinces (Inner Mongolia, Zhejiang, and Sichuan) to carry out province-wide trials of the deepening medical service pricing reform. Guide five pilot cities (Tangshan, Suzhou, Xiamen, Guangzhou and Leshan) to further explore and establish new mechanisms for medical service pricing. Promote the dynamic adjustment of medical service prices, and in regions where price adjustments are deemed necessary based on evaluations, implement the adjustments in a timely manner.

(5) Deepen the reform of medical insurance payment methods: In 2024, all coordinated regions shall implement payment reforms based on Disease Diagnosis-Related Groups (DRG) or Disease-Based Payment (DIP), reasonably determine payment standards, and establish a dynamic adjustment mechanism. Implement total payment for medical insurance in closely-knit medical consortiums, improve total payment calculations, the retention of surpluses and the



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mechanism for sharing reasonable overspending. Carry out pilot programs in order to finance Traditional Chinese Medicine (TCM) with clear advantages. Research policies that provide preferential treatment for innovative drugs and the application of advanced medical technologies through additional payments outside the DRG/DIP system.

(6) Deepen the reform of the salary system in public hospitals: Develop methods to connect medical service income with the salary system. Focus on stabilizing the income of medical staff and providing effective incentives, further enhancing the protective function of the salary system. Strengthen guidance and supervision of internal distribution in hospitals and prohibit set revenue targets for departments and medical staff. The salaries of medical staff should not be linked to income from drugs, medical materials, inspections, tests and other services. Further implement salary policies for grassroots healthcare institutions.

3. Further Improve the Healthcare Service System

(7) Improve public health service capabilities: Promote the construction of infectious disease monitoring and emergency response capabilities. Advance key projects such as the establishment of national emergency medical rescue bases and national major infectious disease prevention and treatment bases. Increase the per capita fiscal subsidy standard for basic public health services by 5 yuan. Promote integrated services for the prevention and management of multiple diseases at the grassroots level, as well as the integration of medical and preventive services. Launch pilot programs for the coordination of infectious disease prevention and control in the integration of medical and preventive services. Implement pilot programs for the health supervision system in medical institutions. Explore pilot programs that grant prescribing authority to public health doctors.

(8) Strengthen the capacity of primary healthcare services: Improve the infrastructure conditions of primary healthcare institutions and promote smart healthcare auxiliary information systems. Enhance the development of central township hospitals. Organize secondary and tertiary hospitals to support primary healthcare by dispatching personnel, providing telemedicine services, conducting training and offering mobile medical services. Explore the implementation of performance evaluations for primary healthcare institutions. Conduct performance evaluations of comprehensive pilot zones for primary healthcare and improve the dynamic adjustment mechanism.

(9) Advance the establishment of National Medical Centers and National Regional Medical Centers in an orderly manner: Set up these centers (hereinafter referred to as "dual centers") in a reasonable manner according to planning. Promote the implementation of dual center construction projects. Develop guidelines for the construction of National Regional Medical Centers. Focus on clarifying functional positioning and enhancing their leading role. Improve the management system, operational mechanism and tracking evaluation mechanism of the dual centers.



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(10) Deepen the reform of compact medical consortia: Promote pilot programs for compact urban medical groups and explore the improvement of related management and operational mechanisms. Expand the establishment of compact county-level medical communities on a provincial basis. Strengthen the capacity of county-level hospitals. Encourage eligible county-level traditional Chinese medicine (TCM) hospitals to take the lead in forming compact county-level medical communities. Conduct performance evaluations of compact urban medical groups and monitor the effectiveness of compact county-level medical community development. Support state-owned enterprise medical institutions and military hospitals in participating in various forms of medical consortia.

(11) Promote the inheritance, innovation and development of traditional Chinese medicine (TCM). Advance the construction of national TCM inheritance and innovation centers and flagship hospitals for integrated traditional Chinese and Western medicine. Support leading enterprises in the traditional Chinese medicine industry in establishing a full industrial chain layout and accelerate the development of a full-chain traceability system for traditional Chinese medicine.

(12) Enhance the capabilities of healthcare professionals: Formulate guidelines on deepening the collaboration between medical education and healthcare services to accelerate the reform of clinical medical talent training. Improve the mechanism of collaboration between medical education and healthcare services, promote the implementation of recruitment based on demand and reasonably determine the scale and structure of student admissions. Implement classified guidance and management for standardized training bases for resident physicians and improve the dynamic management mechanism.

Standardize and strengthen the management of continuing medical education. Implement the High-level Medical Talent Program. Implement the Excellence in Traditional Chinese Medicine (TCM) Faculty Training Program. Recruit approximately 8000 rural order-based free medical undergraduate students for township health centers in central and western regions. Continue to implement the Rural Doctor Special Program for university students. Ensure that university graduates, who enter village health clinics after 2020, are included in township health center staffing management. Furthermore, increase the proportion of licensed physicians in the rural doctor workforce. Launch a national training program to improve the capabilities of medical professionals in integrated health and elderly care.

(13) Conduct Pilot Reforms for High-quality and Efficient Healthcare Service Systems: Guide selected cities to carry out pilot projects, focusing on coordination between upper and lower levels, supported by talent and information technology. Deepen and expand institutional and systemic reforms and take the lead in building a high-quality, efficient, integrated healthcare service system.

5. Promoting the High-Quality Development of Public Hospitals



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(14) Promote the high-quality development of public hospitals at all levels and in all categories: Implement the hospital director responsibility system under the leadership of the hospital party committee, adhere to the principle of public welfare, expand inclusiveness and improve accessibility. Deepen the implementation of the action plan for the high-quality development of public hospitals and the performance evaluation of public hospitals. Promote the pilot program to enhance clinical research and capabilities of high-level hospitals. Promote the operation and management of public hospitals with a focus on the integration of business and finance. Strengthen debt risk management in public hospitals and guide categorized resolutions of long-term debts in public hospitals across various regions. Promote guiding documents on strengthening the nursing workforce and optimizing nursing services, expand the recruitment scale of professional nursing talents, ensure the treatment of nursing staff, reasonably adjust and increase nursing service fees and improve the patient nursing service experience.

Formulating a Guidance Document for Hospital Ward Renovation and Improvement, Promoting Elderly-Friendly and Convenient Renovations of Hospital Wards. Develop policies to standardize the development of special medical services to meet the diverse medical service needs of the public. Formulate guidance rules for mutual recognition of medical test results among medical institutions. Strengthen the management of public hospital reforms and high-quality development projects, adding a batch of new project cities. Enhance overall planning and standardized management, strengthen support and guarantees and promote the high-quality development of medical institutions managed by state-owned enterprises.

5. Promoting and Improving the Multi-Tiered Medical Insurance System

(15) Improve the Basic Medical Insurance System: Improve the financing and benefit adjustment mechanisms for basic medical insurance, increasing the per capita financial subsidy standard for resident insurance by 30 yuan. Promote provincial-level coordination of basic medical insurance. Formulate policies for including village clinics in the designated management of medical insurance. Guide local authorities to implement policies for classified subsidies for participation in basic medical insurance and ensure that all eligible individuals are covered. Establish a risk warning mechanism for the basic medical insurance fund. Strengthen the construction of a joint outpatient reimbursement mechanism for employee medical insurance.

(16) Develop Commercial Health Insurance: Develop guidance documents to standardize city-specific commercial health insurance. Promote the expansion of commercial health insurance products to cover innovative drugs. Select some regions for pilot projects to explore online quick settlement of medical expenses for commercial health insurance. In regions with the necessary conditions, explore allowing flexible employees who participate in employee medical insurance to also simultaneously participate in maternity insurance.



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7. Deepening Reform and Innovation in the Pharmaceutical Sector

(17) Improve the use and management of medications: promote coordination between the national essential medicines list, the national medical insurance drug list, drug centralized procurements and the consistency evaluation of generic drugs quality and efficacy. Optimize the national essential medicines list as appropriate. Research and formulate policy documents for establishing a linked management mechanism for medications in grassroots medical and health institutions. Strengthen the clinical comprehensive evaluation of innovative drugs and promote the accelerated and rational application of new drugs.

(18) Deepen Reform of the Drug Review and Approval System: Formulate comprehensive guiding documents to foster the development of innovative drugs throughout the entire supply chain. Expedite the review and approval processes for innovative drugs, treatments for rare diseases and drugs urgently needed in clinical practice, alongside innovative medical devices and drugs critical for epidemic prevention and control. Additionally, develop and release the fifth batch of the list encouraging the research and development of pediatric drugs, as well as the fourth batch of the list supporting the advancement of generic drugs.

Improve the evidence system for Traditional Chinese Medicine (TCM) review and approval, accelerate the review and approval of TCM compound formulations from ancient classical prescriptions and promote the transformation of TCM formulations in medical institutions into new drugs. Support medical institutions that meet the requirements to allow the transfer and use of their formulations between national regional medical centers and project hospitals.

(19) Improve the Drug Supply Security Mechanism: Build a modern pharmaceutical circulation system to enhance the capacity for drug supply security. Improve the reporting mechanism for ensuring the supply of shortage drugs and measures for tiered responses. Promote the monitoring and sharing of information regarding the production reserves, production stoppages, abnormal prices and circulation inventory of drugs that are prone to shortages. Improve the drug usage monitoring mechanism. Research and improve the drug supply security mechanism for pediatric medications. Fully implement the unique identification system for Class III medical devices (including in vitro diagnostic reagents).

7. Coordinating and Promoting Other Key Reforms

(20) Promote Digital Empowerment in Medical Reform: Conduct in-depth actions to promote nationwide information sharing and interoperability among healthcare institutions. Promote the development and utilization of public data resources in the healthcare sector. Advance the mobile handling and online handling of medical service matters. Integrate medical and



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pharmaceutical data resources. Build service platforms focused on the transformation and commercialization of innovations in key areas like innovative drugs.

(21) Further Promote “One Elderly, One Child” Related Reforms: Further advance the construction of an infant and toddler care service system and develop affordable childcare services. Promote the use of comprehensive health assessments for the elderly in medical institutions. Deepen the integration of medical and elderly care services. Carry out community-based capacity-building actions for the integration of medical care and elderly care.

(22) Strengthen Comprehensive Supervision in the Pharmaceutical and Healthcare Sector: Implement rigorous measures to combat corruption in the pharmaceutical sector nationwide, deepen systemic and institutional reforms, strengthen integrity construction and continuously advance full-chain, full-factor and all-encompassing governance. Conduct checks on high-cost and abnormal cost cases. Explore the use of transparent supervision to improve regulatory effectiveness. Research and issue compliance guidelines for pharmaceutical companies to prevent commercial bribery. Improve the “flying inspection mechanism” for medical insurance funds and establish a “review mechanism”. Formulate policies to promote and regulate the development of private hospitals.



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