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PRESS RELEASE

NOTICE ON DEEPENING THE REFORM OF THE MEDICAL AND HEALTH SYSTEM HAS BEEN PUBLISHED FOR PEOPLE'S ADVICE

Beijing, China – October 20, 2008 (Weiwei Ye) - After two years of discussion and modification, the Notice on Deepening the Reform of the Medical and Health System (the “Draft Notice”) has been published by the State Council. The new draft notice, which aims at achieving the goal that every person could enjoy medical and health service, establishes a new medical and health reform structure as well as the basic principle of public service on medical and health.

Summary of the Draft Notice

The Draft Notice has set up a general goal—to establish the basic health care system covering urban and rural residents, to provide citizens with secure, effective, convenient and cheap medical service, and to reach the goal that every one can enjoy basic medical and health service.

Some attractive measures

1. The draft notice provides that the responsibilities of medical and health investment among government, society and individuals shall be cleared and government shall be the dominated party. Public health care service mainly depends on government investment and both urban and rural residents shall enjoy the same amount of money. Basic medical service shall be divided reasonably among government, society and individuals. Special medical service shall be paid by individuals or paid by commercial health insurance.
2. The price of health care service and medicine shall be decided by the government as well as the market. For non-profit medical institutions, the price of health care service shall be decided by the government; the price of health care service of others medical institutions shall be decided by those medical institutions themselves. The government shall decide the price of medicine reasonably and encourage innovation of medical enterprises.

Several years ago, China had started a medical and health reform, but it failed for many reasons. It is undeniable that, in public administration and major decision-making, the knowledge and information of government departments is limited, so it needs to listen to public views and draw on

10-2 Liangmaqiao Diplomatic Compound, No. 22 Dongfang East Road, Chaoyang District
Beijing 100600 China

Tel: (86)(10)-8532 1919 Fax: (86)(10)-8532 1999

Email: mail@lehmanlaw.com

www.lehmanlaw.com

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collective wisdom. In this sense, the Draft Notice which published for public advice is attractive. In fact, a viable and reasonable health care reform programs needs public participation. The Draft Notice reflects a positive step in the reform of the health care system in China.

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This article was prepared by Wei Wei Ye from Lehman, Lee and Xu's Beijing office.