

---

## THE WALL STREET JOURNAL.

### **Costly Cure: In China, Preventive Medicine Pits Doctor Against System --- Hospitals See Threat To Profit, Bonuses; Dr. Hu's House Call**

By Andrew Browne  
2,220 words  
16 January 2007  
The Wall Street Journal  
A1  
English  
(Copyright (c) 2007, Dow Jones & Company, Inc.)

LOUDI, China -- Dr. Hu Weimin has attracted a wide following among the poor in this city by providing free advice on how to avoid high blood pressure and dispensing cheap drugs to treat the condition, one of the biggest killers in China.

His efforts have won him national recognition, and he counsels thousands of patients via the Internet. But Dr. Hu's public health message has turned him into an outcast at his hospital. Fellow physicians shun him, and administrators bar him from the wards.

Like hospitals all over China, Loudi Central earns the bulk of its income from sales of drugs and high-tech testing. Doctors who pull in the most revenue earn the biggest bonuses. That gives them an incentive to pad the bills, not slim them down. Academic studies show that 50% of all Chinese health-care spending is for drugs. In the U.S., the figure stands at about 10%. "Every prescription is a money-making opportunity," says Dr. Hu.

Dr. Hu's experiences show the contradictions that make it difficult for Chinese leaders to fix the country's broken health-care system. President Hu Jintao has made medical reform an urgent priority. But incentives within China's pay-as-you-go system lead some hospitals to fight changes that almost everyone else agrees are desperately needed. That helps explain why Dr. Hu, a rare whistle-blower, has been lauded in the state-owned national media for preaching basic preventive medicine -- but has been treated as a dissident in his own hometown, beaten up by one of his bosses and banished from the hospital wards.

"As a grass-roots doctor in a local hospital, it is amazing that Dr. Hu is trying his best to educate hundreds or even thousands of patients," says Wu Yangfeng, a professor of the School of Public Health at Peking University and former head of Epidemiology and Cardiovascular Institute at Fu Wai Hospital.

China's socialist government once nursed the health of almost everybody. Then, starting in the early 1980s, it launched a privatization program that reversed course. Private spending accounted for 64% of all health-care expenditure in China in 2004, compared with 55% in the U.S. and 14% in Britain. But in China, almost all private spending is out-of-pocket: Private insurance coverage is negligible.

Exorbitant charges are putting health care beyond the reach of millions of people in a country where two-thirds of the 1.3 billion-strong population have no health insurance and must pay cash up front for treatment. If they can't come up with the often-large sums, hospitals simply refuse to treat them.

Popular outrage is growing at the inequities of a hospital system where those with money have a chance to live and those without simply "wait to die" at home. A Chinese health ministry study showed that 43% of hospitalized patients in 2003 discharged themselves against medical advice, two-thirds of them because they had run out of money.

Chinese officials openly concede the system is failing. Just this week, health minister Gao Qiang was quoted by state news agency Xinhua calling for "a hospital management system which stresses public service instead of commercial profit." His chief spokesman Mao Qunan says, "Hospital reform is the biggest problem we face. The actions of some doctors and hospitals are hard to understand." He won't comment directly on Dr. Hu's case, but expresses general sympathy with him.

The system is failing just as China faces a health challenge of immense proportions. Cancers and vascular diseases leading to strokes and heart attacks have risen enough to replace contagious diseases as the leading causes of death in China. That's partly because of more sedentary habits and growing numbers of smokers, both linked to an increasingly urbanized and Westernized lifestyle.

Resentment over health care is increasing. In November, some 2,000 people mobbed a hospital in southwest China after a boy died there. The boy was rushed in by his grandfather after swallowing pesticides, according to a report by the Hong Kong-based Information Center for Human Rights and Democracy. Doctors sent the old man away to fetch more cash, according to the report, but by the time he returned, the boy -- 3 or 4 years old -- was dead. There are conflicting accounts about what treatment the boy received. But angry crowds were convinced that doctors let him die while they waited for money. They smashed hospital windows and equipment and clashed with police. At least 10 people were injured.

Beijing health officials say they are reluctant to pump more government money into health care until they fix the system. They are trying to expand rural health insurance, introduce further caps on drug prices, and add a network of community health centers in cities -- but face enormous resistance to changes from some hospitals and the local officials who back them. The central government sees Dr. Hu's saga as a symbol of the need for the hard-to-accomplish overhaul.

Dr. Hu's problems started in 1997 in Loudi, a city of 1.2 million a short drive from the birthplace of Mao Zedong in inland Hunan province. An internist at the hospital, he asked permission to set up a clinic to offer education on high blood pressure.

Dr. Hu is driven by personal tragedy. For several decades, his father lived as an invalid following a heart attack. As a boy, he became aware of the hazards of high blood pressure after a brain hemorrhage felled his primary-school teacher.

The hospital wouldn't free up a room for his venture, but grudgingly agreed to let him use a dank space outside -- the coal shed. There, he set up a wooden desk and hung a white sheet, he says, to hide the piles of dirty coal he'd shoveled to one side. His health messages to the crowds that thronged there were simple and cost-free -- stop smoking, exercise more, avoid greasy foods, go easy on the salt. For two years, his clinic attracted constant traffic. "Then came trouble," he says.

As more people picked up tips, Dr. Hu says attitudes in the hospital turned frosty as fellow physicians noticed their own patient numbers falling, and hospital accountants saw decreased revenues. Government data shows Hunan province is a hot-spot for hypertension, brought on by the region's famously spicy cuisine laden with salt and pork fat. "I kept people out of the hospital," Dr. Hu says.

Hospital authorities and city officials declined repeated requests for interviews to respond to Dr. Hu's allegations.

A bonus system for doctors is widespread in China, as documented in a study by researchers at China's Shandong Medical University and the Harvard School of Public Health. Dr. Hu describes in detail how the financial incentives work in Loudi Central, a sparkling new facility.

Doctors who prescribe a CAT scan collect a personal bonus of 20 yuan (\$2.50), he says. Inducements grow quickly with the sophistication of the treatment. The bonus for laser surgery: 500 yuan (\$63). For a heart pacemaker the reward is as much as 20,000 yuan (\$2,500). In addition, he says, the hospital pays departments collective bonuses based on the value of drugs their doctors prescribe. For expensive Western drugs, it's 3% of the sales price; for cheaper Chinese drugs, it's 5%.

The extra cash makes a huge difference to a hospital doctor in a small provincial city like Loudi, who typically earns less than \$200 a month in salary. Bonuses can be many times basic pay.

Few countries let doctors profit so directly from their patients. China's system virtually forces the profit-making incentive upon hospitals that are still mostly owned by the government -- yet are largely self-funded.

In an effort to make treatment affordable, health authorities set low wages for doctors and impose caps on hospital charges for basic care and common drugs, which are delivered at below cost. To make up for this, hospitals and clinics are permitted to charge a 15% to 20% markup on new drugs, advanced tests and technologies. An unintended consequence: Hospitals have turned into giant pharmacies. Some 60% of their revenue comes from drug sales, according to official data.

By the time a drug arrives at a hospital pharmacy in some parts of China it could have passed through as many as three or four distributors, each taking as much as a 15% markup, says Robert Pollard, director of Synovate Healthcare China, a medical consulting firm.

Doctors massively overprescribe drugs to increase their salaries, numerous studies show. One survey cited in a World Bank study last year showed that less than 1% of drug prescriptions at village clinics in poor areas of China were considered "reasonable" by doctors who reviewed the records.

Similar incentives are undermining China's public health system. A study in the New England Journal of Medicine found that better control of hypertension could have prevented 11% of all deaths in a representative population of men and women over 40 tracked for a decade. It chided government prevention efforts as "unacceptably low."

Dr. Hu's battles with his hospital have upended the personal life of the gentle-mannered 43-year-old, who relaxes by playing violin and practicing tai chi. Matters came to a head when he got into an argument with the deputy director of internal medicine, Chen Binhua, in 1999. According to local court records, the row turned violent: There was some pushing and shoving and then Dr. Chen lashed out with a kick that caught Dr. Hu in the groin. The blow was serious enough to put Dr. Hu in the hospital -- and, he says, it rendered him impotent. As a result, Dr. Hu says, his wife abandoned him. Dr. Chen, who has retired, could not be reached.

Over the next few years Dr. Hu had to endure a series of humiliations. The plastic sign advertising his clinic was repeatedly ripped down and smashed. In 2003, the hospital director tried to remove him from medical practice altogether and push him into a new job in the hospital union. Dr. Hu refused to go, but he was barred from working as an internist in the hospital wards, meaning he could only do outpatient work. "I was sidelined," he says.

Finally, in 2004, he resigned and with nothing more to lose took his story to the national media. Investigative pieces detailing his persecution started appearing in prominent state-run newspapers. China Central Television included Dr. Hu in a top-10 list of social campaigners in 2005. Amid all the publicity, the hospital director was removed from his post, with no reason given by the local government.

Dr. Hu withdrew his resignation after two weeks. He says what changed his mind was a petition signed by 3,000 of his patients denouncing the hospital and begging him to stay. "My patients kept me going," he says.

Since then, he has continued his campaign. On one of his recent Sunday morning rounds, he dropped in on Wu Lianhua, 77, in her windowless basement. A frail grandmother with wispy white hair who gulps oxygen from a rusty cylinder by her bed, Ms. Wu said she ran through 50,000 yuan (\$6,300) in three months in another hospital. That exhausted the life savings of the retired textile factory worker and her husband. She borrowed more from relatives and friends. Then, she said, she found the by-then famous Dr. Hu.

Dr. Hu says he immediately took her off a cocktail of expensive imported drugs that he says were working against each other. A Chinese-made generic drug for hypertension plus another for anxiety recently gave her a full night's sleep for the first time in six months. His monthly bill: just 300 yuan (\$38).

"He's a doctor with a conscience," says Ms. Wu. Her husband, Li Fuhua, marvels that Dr. Hu refuses bribes. "I offer him eggs, but he won't take them. He won't even take an apple," Mr. Li says.

These days, Dr. Hu's clinic has moved inside the hospital. The sign now above his door proclaims, in English, "Prevention and Cure Office for Blood Vessel of Heart and Brain." It's standing-room-only on weekday mornings as hypertension sufferers, many of them elderly retirees, swarm in to listen to his practical advice. "The most expensive medicine is not always the best," he lectures the crowd. "Find a drug that works for you."

Dr. Hu's relations with Loudi Central remain frosty. Even though he's now part of a national project collecting data on hypertension, his hospital won't let him back into the wards. With his Web site, he manages some 7,000 patients and runs a high-blood-pressure support group with 50,000 members, though hackers often break through.

Dr. Hu isn't optimistic about prospects for change in Loudi. Local officials, he's concluded, "don't have the health of their people at heart."

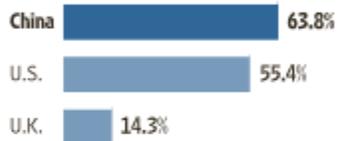
---

Kersten Zhang in Beijing contributed to this article.

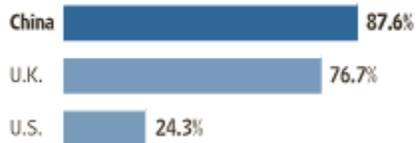


### Emptying Pockets

In China a higher proportion of medical expenses are now paid privately, rather than by a government system...



... And a high proportion of those are paid out of pocket by individuals.



Source: World Health Organization



***Hu Weimin***

[License this article from Dow Jones Reprint Service](#)

Document J00000020070116e31g0002h

