

## Report Six

### **A Proposal for the Cooperation for the Township Clinics with Local Government**

Respected Pamela and Board,

In May and June 2004, I paid a investigation trip to the towns and townships in the counties of Ganzi, Baiyu, Sershul and Derge. I would like to point out the common problems with the county hospitals, township hospitals and private charity clinics, and put forward my tentative plan.

#### **The current situation**

This time I visited two county hospitals and three township clinics run by the local government, and two clinics run by the monastery and six private clinics including charity clinics run by rinpoches. They have the following problems:

1, The overall profession level of the county hospital is good, and all of the personnel graduated from formal medical college and vocational medical school, the equipment is also good. They are located in the county seats. The treatment environment is good. But the problem with these kinds of hospital is that the price of medicines and treatment is high.

2, The Township clinics also have high-level professional staff who are mostly graduated from medical college and medical vocational school. But the problem is the equipment is not enough. They are located in remote areas. The medical treatment is bad. The medical environment is also bad. And the medicines and treatment is also high.

3, the profession level in the clinics run by the monastery is low, many of the staff didn't attend medical college or school. They only got some training for a short time. They don't even have medical profession license. It should be prohibitive for them to do the medical professional work according to the regulation, needless to say the equipment. There aren't

enough professional personnel. They are located in the remote areas. The medical treatment is bad. But the medicines and treatment is low. The patients don't need to pay some kinds of fees.

4, Private clinics including the charity clinics run by rinpoches are weak both with professional staff and equipment. There aren't enough doctors and nurses in the clinics. The medical treatment environment is very bad. The treatment and medicines are still high. Many of the staff don't have the medical license. Some are illegal clinics. Of them, only Shangye clinic and Gyalten clinics are considerable to the local people.

Except the clinics run by the monastery, Shangye Clinic and Gyalten clinic, all of the other hospitals and clinics charge the patients very high for medicines and treatment.

The reason for the high price of the medicines and treatment in the government hospitals and clinics is that there are many intermediate links for the purchase of the medicines and equipment. (PLS see the attachment for the price in a county hospital)

The reason for the high price of the medicines and treatment in some private clinics is that they are seeking high profit. Their purpose is for profit. For example, in Axu of Derge county, the clinic charge the patient 2.00 rmb yuan for a penicillin injection, but the purchase price in Chengdu is only 0.29 rmb yuan, and 20.00 rmb yuan for the medicines of Amoxicilin (0.25\*50s), but the purchase price in Chengdu is only 5.6 rmb yuan.

### **My tentative plan**

According to my investigation, I think KAF can cooperate with the government in order to make good use of the profession personnel and equipment of the government hospitals and clinics, together with our support to run the township clinics well for the local people.

The detailed plan is to select Axu Township clinic as an example. KAF cooperates with Derge County Government to invest in the clinic. The county health bureau invests some for the construction of the infrastructure, and KAF donates some equipment and medicines for the clinic. The health bureau supplies the clinic with enough personnel, and KAF donates some funds for the purchase of some medicines and equipment and fix the price of

the medicines and treatment in accordance with the purchase price of the medicines and equipment, the cost of the transportation, loading and unloading fees, and other fees to control the price of medicines and treatment fees within a reasonable range for the local patients. If we are successful, we can gradually promote the program to other clinics.

I think the medicine price in the hospital and clinics can be controlled within 50% more than the wholesale purchase price, (1 + 7% purchase fees + 23% transportation fees + 5% consumption fees + 15% difference between wholesale and retail price). And we can adjust the price according to the situation.

I plan to go to Derge to discuss the matter with the county officials, and sign a contract with the them, and draw a draft plan and arrangement. The program can be undertaken in 2005. So long as we are determined for this program, it can't be changed within 5 years.

The above report is reasonable, please approve.

Doka.

**Attachment:**

*A list of the wholesale price in Chengdu and the retail price in a hospital of some medicines*

Price unit: RMB Yuan

| Item                                   | Type | Unit | Wholesale price in Chengdu | Retail price in a county hospital |
|----------------------------------------|------|------|----------------------------|-----------------------------------|
| Sodium penicillin made in He Bei Prov. | 160M | P    | 0.48                       | 1.09                              |
| Sodium penicillin made in Har Bin      | 80M  | P    | 0.30                       | 0.60                              |
| Cephopirin Sodium made in harbin       | 1g   | P    | 5.50                       | 22.12                             |
| Cepovelin made in                      | 1.0g | P    | 2.36                       | 10.35                             |

|                                              |           |         |      |       |
|----------------------------------------------|-----------|---------|------|-------|
| Har Bin                                      |           |         |      |       |
| 10% glucose injection liquid made in Chengdu | 500ml     | Bottle  | 1.42 | Bb?   |
| 5% glucose injection liquid made in Chengdu  | 500ml     | Bottle  | 1.42 | 3.59  |
| 18AA Amino Acid made in Chengdu              | 250ml     | Bottle  | 3.52 | 18.23 |
| 0.9% Sodium chloride made in Chengdu         | 500ml     | Bottle  | 1.42 | 3.59  |
| Amoxicillin capsule made in Harbin           | 0.25g*50s | Box     | 5.60 | 17.50 |
| distaval V-K made in Guilin                  | 0.25g*30s | Package | 5.50 | 22.75 |
| Centractil made in Zhejiang                  | 250mg*10s | Package | 1.00 | 6.40  |
| A kind of injection liquid made in Xinjing   | 5ml/7#    | P       | 0.22 | 0.60  |

Note: the price might change according to the situation