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# Survey on Resistance Emotion of NCMS in Information Asymmetry and Countermeasures

ZHAO Lu-gui<sup>1</sup>\*, CHEN Lu-qing<sup>2</sup>

1. Guangxi University of Finance and Economics, Nanning 530003, China; 2. Guangxi Economic Management Cadre College, Nanning 530003, China

**Abstract** Through survey on current situation of NCMS construction in Guangxi, we analyze deep reasons for farmers' resistance to NCMS. Major reasons include inadequate propaganda and training effort; narrow compensation scope influencing institutional functions; unreasonable reimbursement mechanism; low level of informatization management; imperfect supervision mechanism; and imperfect laws and regulations. In these situations, we put forward following countermeasures and suggestions: enhance training to ensure working efficiency; expand compensation scope to raise security level; adjust compensation standard to raise reimbursement proportion; lift level of informatization management to reduce costs for institutional operation; strengthen organizational construction to reinforce fund management; open up fund-raising channels to perfect legal system.

**Key words** Information asymmetry, NCMS, Resistance emotion, Adjustment countermeasures, China

The New Cooperative Medical Scheme (NCMS) is a rural medical mutual assistance system with comprehensive arrangement for serious diseases as the major content. Government is responsible for organization, guidance and support, farmers voluntarily participate in this system, and individuals, collective and government raise funds together. Based on fundamental realities of China, NCMS is a significant measure for solving the problem of farmers' difficulty of getting medical service. It plays an important role in improving farmers' health level, alleviating problems of farmers' poverty caused by diseases and eliminating problems of farmers' falling back to poverty due to diseases, coordinating urban and rural development, realizing the goal of building a well-off society in all-round way and building a socialist harmonious society. Such policies benefiting the people receive positive achievements and information in mainstream media. In fact, however, farmers' resistance to NCMS is spreading by a large scale. In view of this, we conducted survey on current situations of NCMS construction in Guangxi, analyzed deep reasons for farmers' resistance to NCMS, and put forward corresponding adjustment countermeasures and suggestions, with the hope of promoting the implementation of NCMS and policies concerning agriculture, countryside and farmers, and providing advices for new countryside construction.

## 1 Survey on current situations of NCMS construction in Guangxi

In 2010, the NCMS has covered all 109 counties (cities and districts) of Guangxi. The financing standard of NCMS is 100 yuan each person. Central finance subsidies 40 yuan, local finance subsidies 40 yuan (autonomous region finance provides

23 yuan and city and county finance provide 17 yuan), and farmers pay 20 yuan independently. Official statistics show that totally 37 078 100 farmers participated cooperative medical system in Guangxi. The participation rate is up to 90.67%, and hospitalization reimbursement rate reaches 48% for each participant. The number of NCMS participants in the whole country reaches 835 million, with each person 150 yuan and the participation rate up to 95%. The total financing amount in current year exceeds 120 billion yuan, and the hospitalization reimbursement rate within policy range is over 65%<sup>[1]</sup>. Compared with these national indexes, those in Guangxi still have a certain gap.

In view of NCMS topic, we visited 30 villages at 13 towns in Ningming County of Chongzuo City, Bama County of Hechi City, Xingye County of Yulin City, Pubei County of Qinzhou City, Tiandong County of Baise City. The survey received great support from local government, associations for science and technology, and relevant departments. This survey adopts sampling method combined with questionnaire. Totally, we distributed 900 pieces of questionnaire and received 842 pieces. The rate of reception is up to 93.56%. 827 pieces of questionnaire are valid, the validity rate is up to 98.22%.

The questionnaire results indicate that in valid samples, 746 persons participate in NCMS, and the participation rate reaches 90.21%, which is basically consistent with official statistics. Reasons for participation: 28.05% participated after carefully learning NCMS; 58.77% participated along with the public; and 3.39% participated with unwillingness (offered by township government to realize annual performance assessment indexes, like the participate rate). Comment on NCMS: 49.82% of the participants think that the reimbursement procedure is complex or unclear, and 48.13% persons think that the reimbursement proportion is low or unclear of the specific reimbursement proportion. Future plan: 50.27% of the participated farmers trust the NCMS and believe that they will be

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\* Corresponding author. E-mail: zhaolugui@163.com

benefited and are willing to continue participating; 28.82% persons clearly say NCMS is trustless and are unwilling to continue participating.

These show that farmers' enthusiasm for NCMS is not as great as described in mainstream media. To some extent, certain resistance emotion still exists. Following we analyze the deep reasons for farmers' resistance to NCMS.

## 2 Deep reasons for farmers' resistance to NCMS

**2.1 Inadequate propaganda and training effort** Many farmers have low education level and weak insurance awareness, and do not understand or know relevant policy. From the result that 58.77% of farmers participated following the mainstream, we can know that farmers need relevant advisory service. However, our survey found that as major propagandist of relevant policy, village cadres are not familiar with corresponding policy. Besides, the propaganda method is simple, and propaganda content is not scientific and not easy to understand. For instance, they explain relevant policy by "firstly paying insurance premium, in case of getting medical service, you will be reimbursed", when some farmers fail to get reimbursement when they are treated for disease outside the scope of NCMS coverage, they will feel being deceived. As a result, the propaganda and guidance functions of NCMS will be greatly reduced, and the overall effect will be softened.

**2.2 Narrow compensation scope influencing institutional functions** The NCMS is mainly established for serious and severe diseases, which often requires hospitalization. Many farmers reflect that bed fees in large hospitals are rather high and unaffordable. If they go to designated hospitals, travelling expenses, meals and lodging expenses, as well as high arbitrary charges make farmers hard to bear, even though they get reimbursement. The survey indicates that the actual admission rate of farmer patient is only 2%, while 98% are clinical common disease, frequently occurring disease, and chronic disease. Besides, some medicines, diagnosis and treatment, and public health items are not incorporated in NCMS coverage, so reimbursement is impossible. Furthermore, minor illness but costly treatment occurs frequently, and the problems of farmers' poverty caused by diseases or falling back to poverty due to diseases are not effectively alleviated<sup>[2]</sup>.

### 2.3 Unreasonable reimbursement mechanism

**2.3.1 Improper reimbursement for hospitalization.** NCMS hospitalization compensation is set in a ladder-type payment. The expenses below the lower limit and above the upper limit will be paid by the individual. For township appointed medical institutions, the lower limit is generally 50 yuan; for counties (cities) appointed medical institutions, the lower limit is 200 yuan, and for appointed medical institutions in other counties (cities) of the patient, the lower limit is 400 yuan. The upper limit is 30 000 yuan in principle. For farmers participating NCMS who suffer from the same disease in one year and need transfer hospital for treatment, it will only calculate the lower limit of compensation once for the highest level of hospital.

Farmers generally reflect that the reimbursement compensation rate is low, and the lower limit and upper limit of compensation is not scientific. In township appointed medical institutions, namely, grass-roots health organizations, the expenses above 50 yuan can be compensated. This is the largest part of compensation and conforms to original intention of the State to encourage farmers to get medical service from grass-roots medical institutions. Unfortunately, low service capacity of these grass-roots medical institutions frustrates farmers' demand of getting medical service. Take the example of a county in this survey, 7 835 person-times get compensation for hospitalization in 2010, including 1 175 person-times treated in third-class hospitals, 3 134 person-times treated in second-class hospitals, and only 3 526 person-times (accounting for 45.00%) treated in township level hospitals.

**2.3.2 Unsmooth procedure of compensation service links.** There is no full-time staff in township NCMS management station, so farmers often fail to find the person handling the procedure for reimbursement. Most farmers who experienced reimbursement application say it is easy to pay but difficult to get. Some of them come and go for many times. Thus, it not only consumes time, but also takes effort.

**2.3.3 Low clinical planning proportion.** Each time of NCMS participants seeking clinical and medical service only has a proportion of 30%. The clinical and medical service costs are major expenses of participants. However, the clinical planning proportion and compensation proportion are low. As a result, participants' interest is greatly reduced. Besides, higher level medical institutions have high lower limit of compensation, and problems of prescribing many medicines beyond the scope of basic medicine list and excessive charges widely exist. Consequently, the actual reimbursement rate of participants is not greater than 40%, leading to many township hospital resources left unused and increase of farmers' expenses in seeking medical service. The survey indicates that there is a large amount of NCMS fund balance.

**2.4 Low level of informatization management** Heavy collecting work and complicated reimbursement procedure greatly increase the costs for institutional operation. At present, the level of informatization management is not high in township and village health departments. The popularization of NCMS and fund collection at grass-roots level are usually carried out by cadres from house to house. Every year, the collection of NCMS fees, personal information registration and other overall planning works are done simply by hand, which consumes great manpower, financial resource and time. In addition, inadequate staffing results in failure to carry out survey and verify and hard to raise the working efficiency. Furthermore, the existing NCMS fund has low amount allocated for clinical consumption, but involves a wide range, and it requires identification. Thus, the management costs are high and efforts in benefiting farmers are small, leading to strong objection of cadres at grass-roots level. Some towns and villages fail to establish fixed NCMS bulletin board and fail to post up and disclose monthly reimbursement to villages. Combined with trust crisis of NCMS, a vicious circle forms and worsens the

financing difficulty and high operational costs.

## 2.5 Imperfect supervision mechanism

**2.5.1** The supervision is weak. In the existing NCMS, there are problems of low management ability of handling institutions, and particularly the weak supervision of appointed medical institutions. In 2011, appointed medical institutions in Fusui County of Guangxi violated provisions of NCMS and committed crime of falsely making out receipts to get compensation fund. This on one hand indicates that some appointed medical institutions are just seeking profits and lack of self-discipline. On the other hand, there are flaws in management of NCMS handling institutions, and the supervision is not put in place.

**2.5.2** The disclosure system of fund operation is not in place. Our survey shows that the disclosure system for reimbursement of NCMS is not well established in towns and villages. As a result, farmers doubt this "good thing" and worry about whether the supervision is effective, whether the fund is secure, whether the system is persistent, and whether the NCMS management office is fair.

**2.6 Imperfect laws and regulations** Firstly, the State attaches greater importance to NCMS construction in recent years, but fails to incorporate NCMS into mandatory provisions, so the legal status of NCMS fails to be confirmed. Secondly, to strengthen working effort, many places take this work as top priority. They often sign the liability statement to directly connect with actual performance of relevant persons, with the hope of encouraging grass-roots cadres to participate in organization and implementation of NCMS. Nevertheless, such administrative measures are easily influenced by change of macro-policies, leaders, as well as adjustment of local central works, so they are very arbitrary. Thirdly, during the implementation of NCMS, no contractual relation is established between farmers, medical institutions and government. When farmers' rights and interests are infringed upon, medical institutions often play two roles, "athlete" and "referee", so farmers have no way to appeal.

## 3 Policies and suggestions

Every new thing needs a development and perfection process. Many problems exist in the implementation of NCMS, including unreasonable compensation mechanism, narrow compensation scope, low level of compensation, and lack of supervision system. Some farmers resist NCMS or do not pay the fees. As a result, the participation rate shrinks. However, as long as these problems are solved in time, NCMS will receive better development.

**3.1 Enhance training to ensure working efficiency** Training work is the most basic and important part in promotion of NCMS. Through training, persons participating in all levels of NCMS can know well relevant policies, working flow, working method and relevant skills, improve their working ability and professional skill, and enhance their sense of duty and urgency to perform NCMS works. These can lay a solid foundation for normal implementation of works. Village committee cadres have low education level but directly get in touch with villagers. Thus, they should be trained for many times to fully understand

the latest NCMS policies. The more effectual of training of village cadres, the higher the NCMS working efficiency.

## 3.2 Expand compensation scope to raise security level

It is required to expand compensation scope to make the basic medical fund account not only available for disease treatment, but also possible for prevention and health care. For example, in combination with family planning policy, from the point of view of respecting women and caring about women, the government should make special caring policies for examination and treatment of rural common gynaecological diseases, and for parturition. Besides, it is proposed to provide some free health-care services for children. If free physical examination is provided for those farmers on whom no medical expenses occur, they will realize the benefit and get attracted. Thus, it will be favorable to raising participation rate of NCMS, achieving not going out of villages for illness and not going out the region for serious disease, so as to reduce burden of medical costs on farmers. When NCMS is widely accepted by farmers, it is expected to cancel family account and concentrate the fund on Foverall planning for serious diseases.

## 3.3 Adjust compensation standard to raise reimbursement proportion

Firstly, it is proposed to reduce the lower limit of compensation for hospitalization, raise the upper limit of compensation for hospitalization. For instance, for township appointed medical institutions, the lower limit of compensation for hospitalization may be 40 yuan; for counties and cities appointed medical institutions, it may be 100 yuan, and for appointed medical institutions in other counties (cities) of the patient, it may be 200 yuan. The upper limit of compensation may be 50 000 yuan. Secondly, it is required to revise such unreasonable provision that the reimbursement for participants who transfer hospitals for the same disease will be executed as per the compensation criteria for the highest level medical institution, so as to expand benefit scope of farmers. Thirdly, it is recommended to fix the working time of staff in township NCMS management station, to facilitate farmers' application for reimbursement and improve the service level. Fourthly, we may raise the clinical planning proportion. For example, we may raise the clinical planning to 60%, to attract farmers to participate in NCMS. Fifthly, it is preferred to combine NCMS and medical aid system, cancel the lower limit of compensation for persons below the poverty line, raise the reimbursement rate, and practical change the situation that persons below the poverty line still fail to seek medical treatment after participation in NCMS.

## 3.4 Lift level of informatization management to reduce costs for institutional operation

The informatization construction of NCMS involves NCMS information system and appointed hospital information, and mainly includes computerization and informatization of management of NCMS, supervision of supervisory body, management of NCMS medical service organizations and businesses.

At present, heavy collecting work and complicated reimbursement procedure in some towns and villages greatly increase the costs for institutional operation. The informatization of NCMS can play a significant role in raising efficiency and re-

source sharing, reducing error, and speeding up information collection, to provide a brand-new platform for health department to properly plan, adjust and rapidly make decisions for overall medical and human resources. For instance, in 2009, Nanning City of Guangxi implemented informatization management of NCMS, completed the construction of NCMS information management system at county level and information management platform at city level, as well as interconnection of networks in counties and towns. The NCMS management office can implement real-time supervision and management of participating farmers' reimbursement for medical expense. This can realize "standardization of management, transparency of supervision, and automation of statistical reporting", lift management level of appointed medical institutions, and further improve quality and level of NCMS service.

**3.5 Strengthen organizational construction to reinforce fund management** It is required to strengthen construction of management organization and supervision of appointed medical institutions and NCMS fund, to ensure security and normal use of fund. First, it is proposed to standardize the medical service supply, perfect mechanism for selection of appointed medical institutions, and strengthen standardized management of medical practice. Second, we should make clear rights and obligations of hospital, patient and payer, to establish a mutual restriction relation. Thirdly, it is proposed to perfect basic medicine list and establish special window for reimbursement compensation at clinical hall of appointed medical institutions. After patients leaving hospital, the settlement and reimbursement of medical expenses can be checked on line and cashed on site. Fourthly, medical and health management authorities should perform their functions, regularly go to counties, towns and villages to take spot check, inspect routine work of NCMS, strengthen business management of medical institutions, and play a role of mediator between patient and hospital on principle of openness and fairness. Fifthly, it is required to establish effective mechanism for expense control, properly regulate farmers' flow of seeking medical treatment, raise the proportion of persons seeking medical treatment at appointed medical institutions below the county level, and directly reduce or exempt medical expenses at city or provincial medical institutions, so

as to facilitate farmers' seeking medical treatment and reduce workload of handling organizations. Sixthly, we advocate the method of government purchasing medical security service, explore and entrust qualified commercial insurance companies to handle various medical security management service, and enhance commercial insurance companies to participate in NCMS and improve the ability to ward off risks.

### 3.6 Open up fund-raising channels to perfect legal system

**3.6.1 Open up fund-raising channels.** Firstly, we should actively encourage and guide investment of collective fund and social fund at the same time of enhancing government and financial support. When issuing formal documents, we can allow township enterprises to disburse expenses of NCMS investment before taxation, or deduct or exempt certain amount for enterprises, to raise their enthusiasm for participation in NCMS investment. Secondly, we should actively explore operation mechanism for multi-level fund raising and compensation in participating farmers, to satisfy demands of farmers with different income level.

**3.6.2 Perfect legal system.** It is required to regulate administration of government and handling organizations by making laws, to constantly improve their management ability and raise management efficiency. Besides, we should safeguard benefits of government, hospital and farmers in NCMS, and bring into full play coordination and balance mechanism of legal system, to really maintain the fairness of NCMS. Finally, it is hoped to achieve the goal of "there being laws to abide by, and ensure that law breakers be prosecuted" for NCMS, and realize effective operation of NCMS. These play an irreplaceable role in promoting healthy and orderly development of NCMS and building a harmonious society.

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