

## China frames a policy for hospital drug purchases

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**Singapore:** The Chinese health ministry has recently issued an policy stating that hospitals must purchase drugs only from pre-approved suppliers, in a bid to regulate a system rife with corruption. The country's Council Office also mentioned that the hospitals should pay distribution fees directly to logistics companies to reduce intermediate links.

The Ministry has also introduced a "multi-party negotiation mechanism" to formalize price negotiations between hospitals and suppliers. The document further stated that the move will help in aiding hospital reform, regulating medicine supply and will help improve state policies.

Efforts should be made to ensure drug supply in outlying regions, the statement said, adding that the process should be transparent and any legal violations should be "harshly dealt with". The new system aims at improving healthcare expenditure by reducing costs and safeguarding public health interests.

There had been a trend of doctors prescribing unnecessary, expensive drugs to reap profits for hospitals. Sometimes, they were encouraged to prescribe certain drugs in return for kickbacks given by drug companies.