

POLICY REVIEW

VAT cut offers hope to rare disease patients

State Council decision will see tax lowered by 13 percentage points from next month

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Fang Yulin, resident of Huaiyang, Henan province

3 percent the rate of the value-added tax on 21 medicines and four active pharmaceutical ingredients for treating rare diseases, which will be cut from 16 percent starting next month



By HU YONGQI huayongqi@chinadaily.com.cn

Fang Haoran, 14, from Huaiyang county, Henan province, was diagnosed with Gaucher's disease, a genetic disorder that enlarges the liver and spleen, in 2015.

It has prevented him from going to school and will kill him if not treated.

To go on living, Haoran needs a special drug, Cerezyme, but each dose costs around 23,000 yuan (\$3,380). He should receive 85 doses a year for the rest of his life, but that would cost close to 2 million yuan a year and his family cannot afford that. With government assistance and money borrowed from relatives, Haoran received eight doses in 2017 and four last year.

His father, Fang Yulin, said that because the cost of the medicine cannot be reimbursed through the social security system, the drug is too expensive, and the family will not be able to afford any more this year.

But Fang, who runs a small shop, said he will not give up on saving his son and his biggest wish is to see a sharp reduction in the price of Cerezyme and the medicine covered by the country's healthcare system.

A new measure adopted by the central government has given him some hope.

Starting next month, the value-added tax on 21 medicines and four active pharmaceutical ingredients for treating rare diseases will be cut from 16 percent to 3 percent to help reduce costs and ease financial difficulties for patients. Cerezyme is one of the drugs that will benefit from the VAT cut.

The decision was made at a State Council executive meeting, presided over by Premier Li Keqiang on Feb 11.

It injected confidence in the capital market, with the stocks of a number of pharmaceutical companies

rising by the daily limit of 10 percent the next day.

“Many patients I know are happy to see the reduction because it sends a very positive signal to help us,” Fang Yulin said. “Though medicine prices cannot drop overnight, the State Council has made us more optimistic.”

China implemented a number of medical reforms last year, including the introduction of a zero-tariff policy on imported anti-cancer medicines in April, and a 1 percentage point reduction in the VAT rate for the pharmaceutical sector in May.

In another move, the National Health Commission said over the weekend that a national coordination network of 324 hospitals, led by the Peking Union Medical College Hospital, will be established as soon as possible to diagnose and treat rare diseases. Each provincial-level region should release its own detailed plan by the end of next month.

There are more than 7,000 rare diseases around the world, and in China about 20 million patients have such diseases, according to the Chinese Organization for Rare Disorders, an NGO based in Beijing.

Because only a small number of people have each disease, patients and their families often find that medicines are too expensive or extremely hard to buy, said Jia

Qianqian, a coordinator with the NGO. The medicines used to treat some rare diseases can cost up to 4.88 million yuan a year.

A statement released after the State Council meeting said prevention and control of major diseases, including cancers and rare diseases, concerns the welfare of millions of people.

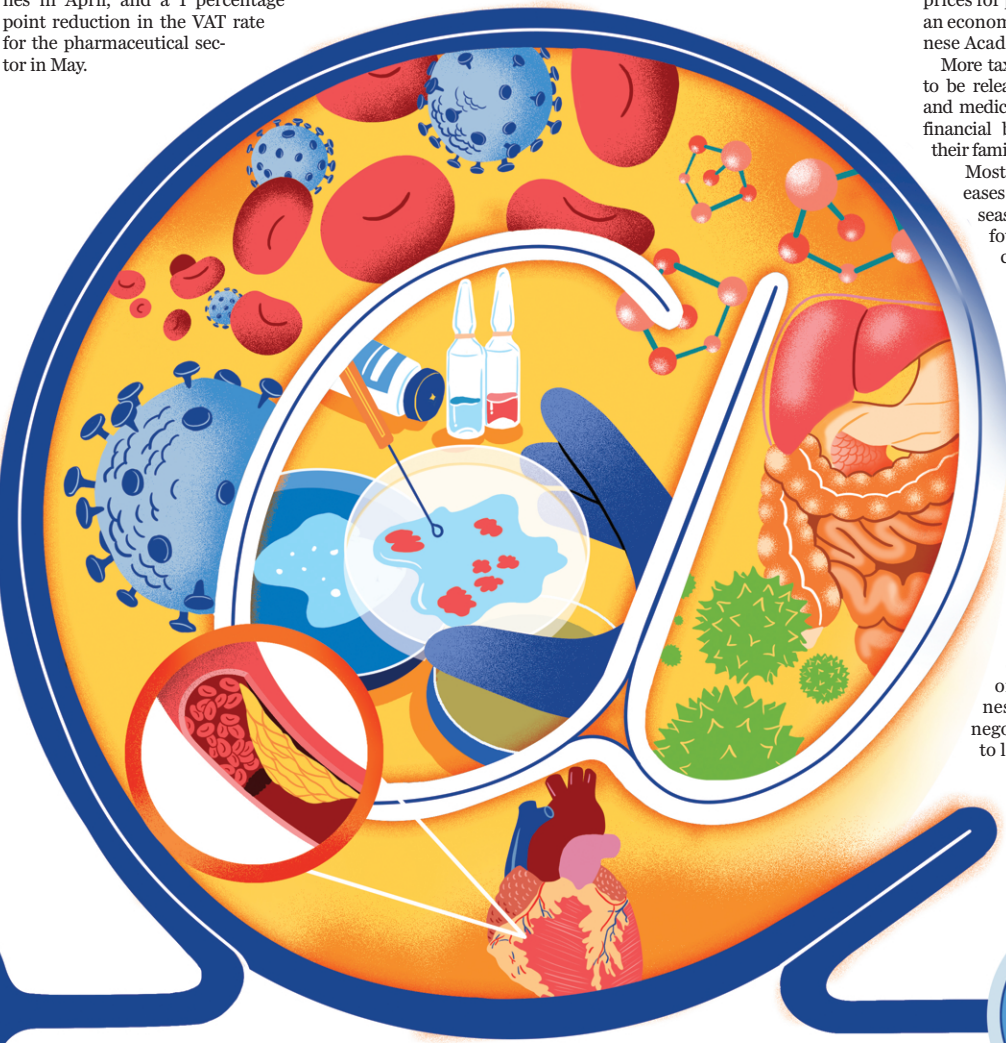
Reduction in VAT is expected to help drug producers lower their costs and possibly lower medicine prices for patients, said He Daixin, an economic researcher at the Chinese Academy of Social Sciences.

More tax reductions are expected to be released for other medicines and medical equipment to ease the financial burden on patients and their families, He said.

Most medicines for rare diseases are developed by overseas companies, Shi Lichen, founder of Beijing Dingchen Consultation, told the National Business Daily newspaper. Great risks, stemming from the limited number of patients and the difficulty in developing medicines, made pharmaceutical companies reluctant to invest in their research, development and production, he said.

Shi said pharmaceutical companies did not take the initiative to drop prices after the introduction of the zero-tariff policy on anti-cancer medicines, but some provinces negotiated with producers to lower prices.

The government should implement follow-up policies to further lower medicine prices, he said.



SHI YU / CHINA DAILY

POLICY RESPONSE

Students' awareness of infection to be stepped up

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Several ministry-level departments, including those for education, commerce and natural resources, have responded recently to issues of public concern.

College students to receive health education

University students in China will receive regular training on infectious disease prevention and control, according to a guideline published on Friday.

The guideline, jointly released by the Ministry of Education and the National Health Commission, said university students should receive at least an hour of health training and education each year, and that freshmen should receive such instruction in the first month of the first semester.

Universities must also ensure that students and school staff receive regular physical examinations and maintain health records. They are also urged to report any confirmed or suspected cases of infectious diseases to local health authorities and take necessary preventive and control measures following guidance from health agencies.

The guideline also highlighted



the importance of ensuring safe drinking water and environmental hygiene for students.

Plan aims to reduce incidence of tooth decay

The National Health Commission has launched a plan to improve oral health over the next six years that includes measures to boost oral health education and reduce sugar consumption by children and adults.

The plan urges shops in primary and middle schools and nurseries to restrict sales of sugar-laden beverages and snacks and calls on school canteens to offer less sweetened beverages and sugar-rich foods. The promotion of parents' oral health knowledge will be a priority, and more will be done to reinforce the knowledge and skills of those responsible for the feeding of infants.

Food manufacturers will be encouraged to promote the consumption of “reduced sugar” or “sugar-free” foods through appropriate labeling, and more measures will be adopted to help consumers learn how to identify added sugar in ingredient labels. The plan sets the goal of cutting the incidence of tooth decay among 12-year-olds from 34.5 percent in 2016 to under 30 percent by 2025.

Direct selling approvals, registrations suspended

The Ministry of Commerce said on Thursday it has suspended registrations and approvals of direct-selling enterprises as it beefs up efforts to protect the interests of consumers.

Gao Feng, a spokesman for the



ministry, told a news conference that it is also working with other government department to enhance oversight of the health food market.

He said the ministry will improve the regulation system, tighten market access and speed up the building of a credit-based monitoring system for those engaged in direct selling.

Local authorities investigated Quanjian Nature Medicine Technology Development, a health products company based in Tianjin, in December after it was accused of making exaggerated claims in advertisements and being involved in a pyramid scheme.

Map printers, importers, exporters told to obey law

Chinese authorities will step up regulation of the import and export of maps, according to a notice published on Saturday.

The notice, jointly released by the Ministry of Natural Resources and three other departments, said incorrect maps will mislead the international community about the Chinese government's position on its territory, causing severe damage to the national interest and the government's image.

Map printers and importers and exporters should conduct their operations in accordance with the law, the notice said.

It added that the authorities will step up the enforcement of laws targeting unqualified printers of maps and those governing export and import procedures for such products.

Policy digest

Financial support for private business boosted

China will beef up financial support to private businesses with targeted monetary and credit policies, according to a guideline published on Thursday.

The guideline, issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council, aims to provide an effective solution to the financing difficulties faced by private businesses, which include the high cost of funding.

It also seeks to increase the vitality of micro-sized enterprises and give play to the role of private businesses in promoting economic growth and creating jobs.

It also aims to give businesses equal access to financing services, irrespective of their ownerships structure.

Financial institutions will be encouraged to lend more money to private enterprises and small and micro-sized businesses, the guideline said.

Eligible private companies will be able to expand direct financing and be supported in the issuance of corporate bonds. Financial institutions should increase their investment in corporate bonds issued by private businesses, the guideline said.

Financial institutions will receive support to replenish their capital through the financial market, and banks will be encouraged to step up the settlement of non-performing assets so that funds can be directed to private businesses.

The guideline also calls for the establishment of information service platforms. Credit agencies will be encouraged to offer credit products and services to private enterprises.

The government will actively foster angel investors and venture

capital companies that invest in private companies pursuing technological innovation, the guideline said.

It also highlighted the importance of improving private enterprises' access to financing. The proportion of corporate loans to private companies should be lifted, and private companies should not be discriminated against when applying for loans.

Plan urges training of more high-quality workers

The State Council has rolled out a plan to further reform vocational education in a bid to train more high-quality workers.

The country will push forward reform of vocational education and its training system to meet the development demands of a modern economy and enable better and higher-quality employment, the plan said.

The plan, published on Wednesday, has set the goal of diversifying the operations of China's vocational education institutions, which are now mostly government-run, so that more nongovernment entities and personnel can participate in the next five to 10 years.

It also details measures to improve national systems and policies related to vocational education and lift the quality of both secondary and higher vocational education in the country.



A system of national standards for vocational education will be established and measures will be taken to ensure standards for teaching, education materials and teachers will be met.

Cooperation between vocational schools and enterprises will be promoted, and a number of high-level training bases will be established, according to the plan.

Enterprises will be encouraged to take a leading role in hosting vocational education, and large businesses will receive support to open high-quality institutions.

Poverty alleviation efforts to be intensified this year

China will make unrelenting efforts to ensure at least 10 million people are lifted out of poverty this year, according to a decision made at a State Council executive meeting on Feb 11.

The meeting, chaired by Premier Li Keqiang, said efforts to help extremely poor areas will be intensified this year.

A statement issued after the meeting said increased poverty alleviation funds from the central government budget will mainly be channeled to such areas, and the government will make the implementation of projects under the 13th Five-Year Plan that strengthen weak links in poor areas a priority.

The meeting also urged greater strides in cross-regional pairing arrangements for poverty alleviation and improvement of the quality of poverty alleviation efforts. The difficulties poor people face in meeting the essential needs of food, clothing, compulsory education, basic healthcare and a place to live will be tackled down to the level of every household, the statement said.

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