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#### **Profit-orientation of public healthcare institutions and patients' preference for hospital-based services in China**

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Doctors' profit-oriented practices in public institutions were widespread in China. Two major targets of the healthcare reform launched in 2009 were to curb the profit making practices in public institutions and to encourage the citizens to use primary care. After six years, the status of profit-orientation of public institutions remains unknown. Compared to hospitals, there is no trend of increasing use of primary care. Our study aimed to explore the status of profit-orientation of public institutions and patients' utilization preference. The impacts of guanxi (personal relationship), a unique Chinese culture, on patients' utilization of healthcare and doctors' practices were also explored. From September 2014 to September 2015, we conducted focus group and individual interviews, followed by a survey with doctors (n=1111) in Hangzhou, Zhejiang province. Thematic analysis, descriptive analysis and Fisher's Exact Test were conducted to analyze the data. This study found that 36.8% of respondents needed to consider making profits for their institutions, especially the hospital specialists. Up to 38.5% and 40.7% thought that their practices led to patients' worries of unnecessary drugs and tests respectively. Doctors attributed their profit-oriented practices to institutions' agenda setting, poor salary, and an organizational bonus system. Their awareness of breaching medical ethics created a guilt feeling and frustrations. Nearly 65% reported patients' preference for hospital-based care even for minor conditions and 76.2% if the patient was a child. Ineffective gate-keeping mechanism, weak primary care and mistrust in community-based care were major reasons. One-third said that patients would use guanxi to gain better health services and 64.5% reported better dedication when patients were somehow personally connected. Guanxi appears to be an assurance to patients but may affect doctors' practices in some way. In conclusion, profit-orientation still widely exists in public institutions. Patients generally prefer hospital-based services and guanxi affects both patients' and doctors' practices.