Regulations on the Supervision and Administration of the Use of Medical Security Funds

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Chapter I — General Provisions

Article 1 — These Regulations are formulated, in accordance with the Social Insurance Law of the People’s Republic of China and other relevant laws, for the purpose of strengthening the supervision and administration of the use of medical security funds, safeguarding the safety of such funds, promoting the effective use of such funds, and protecting the lawful rights and interests of citizens in medical security.

Article 2 — These Regulations apply to the use of, and the supervision and administration of the use of, medical security funds such as the basic medical insurance (including maternity insurance) funds and the medical assistance funds within the territory of the People’s Republic of China.

Article 3 — The use of medical security funds shall adhere to a people’s-health-centered approach, keep the level of protection commensurate with the level of economic and social development, and follow the principles of lawfulness, safety, openness and convenience for the people.

Article 4 — The supervision and administration of the use of medical security funds shall be implemented by combining government supervision, social supervision, industry self-discipline and individual trustworthiness.

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Article 5 — People's governments at or above the county level shall strengthen leadership over the supervision and administration of the use of medical security funds, establish and improve the supervision and administration mechanism for the use of medical security funds and the fund supervision and administration enforcement system, strengthen capacity building for the supervision and administration of the use of medical security funds, and provide safeguards for the supervision and administration of the use of medical security funds.

Article 6 — The competent medical security administrative department of the State Council shall be in charge of the supervision and administration of the use of medical security funds nationwide. Other relevant departments of the State Council shall be responsible for the supervision and administration of the use of medical security funds within their respective scopes of duties.

The medical security administrative departments of local people's governments at or above the county level shall be responsible for the supervision and administration of the use of medical security funds within their respective administrative regions. Other relevant departments of local people's governments at or above the county level shall be responsible for the supervision and administration of the use of medical security funds within their respective scopes of duties.

Article 7 — The state encourages and supports news media in carrying out public-interest publicity on medical security laws, regulations and knowledge, and in exercising supervision by public opinion over the use of medical security funds. Publicity and reports concerning medical security shall be truthful and fair.

People's governments at or above the county level and their medical security and other administrative departments shall, through such means as soliciting opinions in writing and holding symposiums, listen to the opinions of deputies to people's congresses, members of the Chinese People's Political Consultative Conference and representatives of insured persons on the use of medical security funds, keep open the channels for social supervision, and encourage and support participation by all sectors of society in the supervision of the use of medical security funds.

Entities such as medical institutions and pharmaceutical business operators (hereinafter collectively "medical and pharmaceutical institutions") and medical and health industry associations shall strengthen industry self-discipline, standardize medical and pharmaceutical service conduct, promote industry standardization and self-restraint, and guide the lawful and rational use of medical security funds.

Chapter II — Use of Funds

Article 8 — The use of medical security funds shall conform to the payment scope prescribed by the state.

The payment scope of medical security funds shall be organized and formulated by the competent medical security administrative department of the State Council in accordance with the law. The people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall, in accordance with the authority and procedures prescribed by the state, supplement and formulate the specific items and standards for the payment of medical security funds within their respective administrative regions, and file them with the competent medical security administrative department of the State Council.

Article 9 — The state establishes and improves a nationwide unified medical security handling management system, provides standardized medical security handling services, and achieves full coverage of the province, city, county, township (sub-district) and village (community) levels.

Article 10 — Medical security handling institutions shall establish and improve their business, financial, safety and risk management systems, properly handle work such as service agreement administration, expense monitoring, fund appropriation, benefit review and payment, and periodically disclose to the public information such as the income, expenditure and balance of medical security funds, accepting social supervision.

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Article 11 — Medical security handling institutions shall establish a collective negotiation and consultation mechanism with designated medical and pharmaceutical institutions, reasonably determine the budget amount and appropriation time limit of medical security funds for designated medical and pharmaceutical institutions, and, in accordance with the needs of protecting public health and of administration and services, negotiate and sign service agreements with designated medical and pharmaceutical institutions to standardize medical and pharmaceutical service conduct and clarify the conduct violating the service agreements and the liability therefor.

Medical security handling institutions shall promptly publish to the public the list of designated medical and pharmaceutical institutions with which service agreements have been signed.

The medical security administrative department shall strengthen supervision over the conclusion and performance of service agreements.

Article 12 — Medical security handling institutions shall, in accordance with the service agreements, promptly settle and appropriate medical security funds.

Designated medical and pharmaceutical institutions shall provide medical and pharmaceutical services in accordance with the relevant provisions, improve service quality, use medical security funds rationally, and protect citizens' health rights and interests.

Article 13 — Where a designated medical and pharmaceutical institution violates the service agreement, the medical security handling institution may urge it to perform the service agreement, and may, in accordance with the service agreement, suspend or refuse to appropriate expenses, recover the expenses in violation, suspend the medical and pharmaceutical services involving the use of medical security funds by the relevant responsible personnel or the department where they work, or even terminate the service agreement; the designated medical and pharmaceutical institution and its relevant responsible personnel shall have the right to make statements and defenses.

Where a medical security handling institution violates the service agreement, the designated medical and pharmaceutical institution shall have the right to demand correction or to request the medical security administrative department to coordinate and handle the matter or urge rectification, and may also apply for administrative reconsideration or institute an administrative lawsuit in accordance with the law.

Article 14 — Designated medical and pharmaceutical institutions shall establish an internal management system for the use of medical security funds, have a special institution or personnel responsible for the administration of the use of medical security funds, and establish and improve an assessment and evaluation system.

Designated medical and pharmaceutical institutions shall organize and carry out training on the relevant systems and policies for medical security funds, periodically inspect the use of medical security funds by their own institutions, and promptly correct irregular conduct in the use of medical security funds.

Article 15 — Designated medical and pharmaceutical institutions and their staff shall implement the provisions on real-name medical treatment and medicine purchase administration, verify the medical security credentials of insured persons, provide reasonable and necessary medical and pharmaceutical services in accordance with diagnosis and treatment standards, truthfully issue expense documents and relevant materials to insured persons, and shall not split hospitalizations or conduct bed-occupying hospitalization, provide excessive diagnosis and treatment or excessive examinations in violation of diagnosis and treatment standards, split prescriptions, prescribe excessive or repeated medication, charge repeatedly, charge above standards, or split items for charging, substitute medicines, medical consumables, diagnosis and treatment items and service facilities, or induce or assist others in seeking medical treatment or purchasing medicines under false identities or falsely.

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Designated medical and pharmaceutical institutions shall ensure that the expenses paid by medical security funds conform to the prescribed payment scope; except for special circumstances such as emergency treatment and rescue, where medical and pharmaceutical services beyond the payment scope of medical security funds are provided, the consent of the insured person or his or her close relatives or guardian shall be obtained.

Article 16 — Designated medical and pharmaceutical institutions shall, in accordance with the relevant provisions, keep materials such as financial accounts, accounting vouchers, prescriptions, medical records, treatment and examination records, expense details, and the in-and-out storage records of medicines and medical consumables, promptly and comprehensively transmit the data related to the use of medical security funds through the medical security information system, report to the medical security administrative department the information required for the supervision and administration of the use of medical security funds, and disclose to the public information such as medical and pharmaceutical expenses and expense structure, accepting social supervision.

Article 17 — Insured persons shall seek medical treatment and purchase medicines with their own medical security credentials, and shall proactively present them for inspection. Insured persons shall have the right to require designated medical and pharmaceutical institutions to truthfully issue expense documents and relevant materials.

Insured persons shall properly keep their medical security credentials and prevent others from using them under false identities. Where it is necessary to entrust another person to purchase medicines on their behalf for special reasons, the identity certificates of the principal and the entrusted person shall be provided.

Insured persons shall enjoy medical security benefits in accordance with the relevant provisions and shall not enjoy them repeatedly.

Insured persons shall have the right to require medical security handling institutions to provide medical security consultation services and to put forward suggestions for improving the use of medical security funds.

Article 18 — In the course of the use of medical security funds, the medical security and other administrative departments, medical security handling institutions, designated medical and pharmaceutical institutions and their staff shall not accept bribes or obtain other illegal income.

Article 19 — Insured persons shall not use the opportunity of enjoying medical security benefits to resell medicines, accept returned cash or physical objects, or obtain other illegal benefits.

Designated medical and pharmaceutical institutions shall not provide convenience for insured persons to use the opportunity of enjoying medical security benefits to resell medicines, accept returned cash or physical objects, or obtain other illegal benefits.

Article 20 — Entities such as medical security handling institutions and designated medical and pharmaceutical institutions, their staff, and insured persons and other personnel shall not defraud medical security funds by means such as forging, altering, concealing, mutilating or destroying relevant materials such as medical documents, medical certificates, accounting vouchers and electronic information, or by fabricating medical and pharmaceutical service items.

Article 21 — Medical security funds shall be used exclusively for their designated purposes, and no organization or individual shall encroach upon or misappropriate them.

Chapter III — Supervision and Administration

Article 22 — Departments of medical security, health, traditional Chinese medicine, market regulation, finance, audit and public security shall divide their work, cooperate with one another, and establish mechanisms for communication and coordination and case transfer, so as to jointly carry out the supervision and administration of the use of medical security funds.

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The medical security administrative department shall strengthen supervision over medical service conduct and medical expenses included in the payment scope of medical security funds, standardize medical security handling business, and investigate and handle, in accordance with the law, conduct involving the illegal use of medical security funds.

Article 23 — The competent medical security administrative department of the State Council shall be responsible for formulating measures for the administration of service agreements, standardizing, simplifying and optimizing the procedures for the designation application, professional assessment and negotiation of medical and pharmaceutical institutions, and preparing and periodically revising the model service agreement.

When formulating measures for the administration of service agreements, the competent medical security administrative department of the State Council shall listen to the opinions of the relevant departments, medical and pharmaceutical institutions, industry associations, the public, experts and other parties.

Article 24 — The medical security administrative department shall strengthen information exchange and sharing with the relevant departments, innovate supervision and administration methods, promote the use of information technology, establish a nationwide unified, efficient, compatible, convenient and safe medical security information system, implement big-data real-time dynamic intelligent monitoring, and strengthen the whole-process management of the use of shared data to ensure the safety of shared data.

Article 25 — The medical security administrative department shall, on the basis of factors such as medical security fund risk assessment, clues from reports and complaints, and medical security data monitoring, determine the focus of inspection and organize and carry out special inspections.

Article 26 — The medical security administrative department may, jointly with the departments of health, traditional Chinese medicine, market regulation, finance and public security, carry out joint inspections.

For the use of medical security funds across regions, inspection shall be carried out by the medical security administrative department designated by the common medical security administrative department at the next higher level.

Article 27 — When carrying out supervision and inspection, the medical security administrative department may take the following measures:

(1) entering the site for inspection;

(2) questioning the relevant personnel;

(3) requiring the object being inspected to provide documents and materials related to the matters under inspection, and to provide explanations and clarifications;

(4) collecting relevant circumstances and materials by means such as recording, audio recording, video recording, photographing or duplicating;

(5) sealing materials that may be transferred, concealed or destroyed;

(6) engaging qualified third-party institutions and professionals such as accounting firms to assist in the inspection; and

(7) other measures prescribed by laws and regulations.

Article 28 — The medical security administrative department may, in accordance with the law, entrust organizations that meet the statutory conditions to carry out medical security administrative enforcement work.

Article 29 — When carrying out supervision and inspection of the use of medical security funds, there shall be no fewer than two supervision and inspection personnel, who shall produce their enforcement credentials.

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When the medical security administrative department carries out supervision and inspection, the object being inspected shall cooperate, truthfully provide the relevant materials and information, and shall not refuse or obstruct the inspection or make false or concealing reports.

Article 30 — Where a designated medical and pharmaceutical institution is suspected of defrauding medical security fund expenditures, during the investigation period the medical security administrative department may take measures such as increasing the frequency of supervision and inspection and strengthening expense monitoring to prevent the expansion of losses. Where the designated medical and pharmaceutical institution refuses to cooperate with the investigation, the medical security administrative department may, upon approval by its principal person in charge, require the medical security handling institution to suspend the settlement of medical security funds. After investigation, where it constitutes defrauding medical security fund expenditures, the matter shall be handled in accordance with Article 40 of these Regulations; where it does not constitute defrauding medical security fund expenditures, settlement shall be carried out in accordance with the relevant provisions.

Where an insured person is suspected of defrauding medical security fund expenditures and refuses to cooperate with the investigation, the medical security administrative department may require the medical security handling institution to suspend the network settlement of medical expenses. The medical expenses incurred during the period of suspension of network settlement shall be advanced in full by the insured person. After investigation, where it constitutes defrauding medical security fund expenditures, the matter shall be handled in accordance with Article 41 of these Regulations; where it does not constitute defrauding medical security fund expenditures, settlement shall be carried out in accordance with the relevant provisions.

Article 31 — Before making an administrative penalty or administrative handling decision for a violation of these Regulations, the medical security administrative department shall listen to the statements and defenses of the party concerned; when making an administrative penalty or administrative handling decision, it shall inform the party concerned that he or she has the right to apply for administrative reconsideration or institute an administrative lawsuit in accordance with the law.

Article 32 — Entities such as the medical security and other administrative departments, medical security handling institutions and accounting firms, and their staff, shall not use the materials or relevant information of the object being inspected obtained or learned in the course of work for purposes other than the supervision and administration of the use of medical security funds, and shall not disclose, tamper with, destroy, or illegally provide to others the personal information and trade secrets of the parties concerned.

Article 33 — The competent medical security administrative department of the State Council shall establish a credit administration system for designated medical and pharmaceutical institutions and personnel, carry out hierarchical and classified supervision and administration in accordance with credit evaluation ratings, incorporate the results of routine supervision and inspection and administrative penalties into the national credit information sharing platform and other relevant information disclosure systems, and implement sanctions in accordance with the relevant provisions of the state.

Article 34 — The medical security administrative department shall periodically disclose to the public the results of supervision and inspection of the use of medical security funds, intensify the exposure of illegal cases concerning the use of medical security funds, and accept social supervision.

Article 35 — Any organization or individual shall have the right to report and complain about illegal and irregular conduct that infringes upon medical security funds.

The medical security administrative department shall keep open the channels for reports and complaints, promptly handle the relevant reports and complaints in accordance with the law, and keep the information of reporters confidential. For verified reports, rewards shall be given to reporters in accordance with the relevant provisions of the state.

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Chapter IV — Legal Liability

Article 36 — Where a medical security handling institution falls under any of the following circumstances, the medical security administrative department shall order it to rectify, and the directly responsible person in charge and other directly responsible personnel shall be given sanctions in accordance with the law:

(1) failing to establish and improve its business, financial, safety and risk management systems;

(2) failing to perform its duties of service agreement administration, expense monitoring, fund appropriation, benefit review and payment; or

(3) failing to periodically disclose to the public information such as the income, expenditure and balance of medical security funds.

Article 37 — Where a medical security handling institution defrauds medical security fund expenditures by means such as forging, altering, concealing, mutilating or destroying relevant materials such as medical documents, medical certificates, accounting vouchers and electronic information, or by fabricating medical and pharmaceutical service items, the medical security administrative department shall order it to return the funds, impose a fine of not less than two times and not more than five times the amount defrauded, and the directly responsible person in charge and other directly responsible personnel shall be given sanctions in accordance with the law.

Article 38 — Where a designated medical and pharmaceutical institution falls under any of the following circumstances, the medical security administrative department shall order it to rectify and may interview the relevant person in charge; where losses to medical security funds are caused, it shall order the return of the funds and impose a fine of not less than one time and not more than two times the amount of losses caused; where it refuses to rectify or causes serious consequences, the designated medical and pharmaceutical institution shall be ordered to suspend the medical and pharmaceutical services involving the use of medical security funds by the relevant responsible department for a period of not less than six months and not more than one year; where other laws or administrative regulations are violated, the competent departments shall handle the matter in accordance with the law:

(1) splitting hospitalizations or conducting bed-occupying hospitalization;

(2) providing excessive diagnosis and treatment or excessive examinations in violation of diagnosis and treatment standards, splitting prescriptions, prescribing excessive or repeated medication, or providing other unnecessary medical and pharmaceutical services;

(3) charging repeatedly, charging above standards, or splitting items for charging;

(4) substituting medicines, medical consumables, diagnosis and treatment items and service facilities;

(5) providing convenience for insured persons to use the opportunity of enjoying medical security benefits to resell medicines, accept returned cash or physical objects, or obtain other illegal benefits;

(6) including medical and pharmaceutical expenses that do not fall within the payment scope of medical security funds in the settlement of medical security funds; or

(7) other illegal conduct causing losses to medical security funds.

Article 39 — Where a designated medical and pharmaceutical institution falls under any of the following circumstances, the medical security administrative department shall order it to rectify and may interview the relevant person in charge; where it refuses to rectify, a fine of not less than 10,000 yuan and not more than 50,000 yuan shall be imposed; where other laws or administrative regulations are violated, the competent departments shall handle the matter in accordance with the law:

(1) failing to establish an internal management system for the use of medical security funds, or having no special institution or personnel responsible for the administration of the use of medical security funds;

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(2) failing to keep materials such as financial accounts, accounting vouchers, prescriptions, medical records, treatment and examination records, expense details, and the in-and-out storage records of medicines and medical consumables in accordance with the relevant provisions;

(3) failing to transmit data related to the use of medical security funds through the medical security information system in accordance with the relevant provisions;

(4) failing to report to the medical security administrative department the information required for the supervision and administration of the use of medical security funds in accordance with the relevant provisions;

(5) failing to disclose to the public information such as medical and pharmaceutical expenses and expense structure in accordance with the relevant provisions;

(6) except for special circumstances such as emergency treatment and rescue, providing medical and pharmaceutical services beyond the payment scope of medical security funds without the consent of the insured person or his or her close relatives or guardian;

(7) refusing supervision and inspection by the medical security and other administrative departments or providing false information.

Article 40 — Where a designated medical and pharmaceutical institution defrauds medical security fund expenditures by the following means, the medical security administrative department shall order it to return the funds and impose a fine of not less than two times and not more than five times the amount defrauded; the designated medical and pharmaceutical institution shall be ordered to suspend the medical and pharmaceutical services involving the use of medical security funds by the relevant responsible department for a period of not less than six months and not more than one year, up to termination of the service agreement by the medical security handling institution; where the relevant personnel hold practice qualifications, the competent departments shall revoke their practice qualifications in accordance with the law:

(1) inducing or assisting others to seek medical treatment or purchase medicines under false identities or falsely, providing false certification materials, or colluding with others to falsely issue expense documents;

(2) forging, altering, concealing, mutilating or destroying relevant materials such as medical documents, medical certificates, accounting vouchers and electronic information;

(3) fabricating medical and pharmaceutical service items; or

(4) other conduct defrauding medical security fund expenditures.

Where a designated medical and pharmaceutical institution, for the purpose of defrauding medical security funds, commits any of the acts specified in Article 38 of these Regulations, causing losses to medical security funds, the matter shall be handled in accordance with this Article.

Article 41 — Where an individual falls under any of the following circumstances, the medical security administrative department shall order him or her to rectify; where losses to medical security funds are caused, it shall order the return of the funds; where the individual is an insured person, the network settlement of his or her medical expenses shall be suspended for a period of not less than three months and not more than 12 months:

(1) handing over his or her own medical security credentials to others for use under false identities;

(2) enjoying medical security benefits repeatedly; or

(3) using the opportunity of enjoying medical security benefits to resell medicines, accept returned cash or physical objects, or obtain other illegal benefits.

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Where an individual, for the purpose of defrauding medical security funds, commits any of the acts specified in the preceding paragraph, causing losses to medical security funds; or uses another person's medical security credentials to seek medical treatment or purchase medicines under a false identity; or defrauds medical security fund expenditures by means such as forging, altering, concealing, mutilating or destroying relevant materials such as medical documents, medical certificates, accounting vouchers and electronic information, or by fabricating medical and pharmaceutical service items, in addition to handling in accordance with the preceding paragraph, the medical security administrative department shall impose a fine of not less than two times and not more than five times the amount defrauded.

Article 42 — Where the medical security and other administrative departments, medical security handling institutions, designated medical and pharmaceutical institutions and their staff accept bribes or obtain other illegal income, the illegal gains shall be confiscated and the relevant responsible personnel shall be given sanctions in accordance with the law; where other laws or administrative regulations are violated, the competent departments shall handle the matter in accordance with the law.

Article 43 — Where a designated medical and pharmaceutical institution violates these Regulations, causing major losses to medical security funds or other serious adverse social impact, its legal representative or principal person in charge shall be prohibited from engaging in the management activities of designated medical and pharmaceutical institutions for five years, and shall be given sanctions by the relevant departments in accordance with the law.

Article 44 — Where, in violation of these Regulations, medical security funds are encroached upon or misappropriated, the medical security and other administrative departments shall order the recovery of the funds; where there are illegal gains, the illegal gains shall be confiscated; the directly responsible person in charge and other directly responsible personnel shall be given sanctions in accordance with the law.

Article 45 — Funds returned shall be returned to the original special financial account for medical security funds; fines and confiscated illegal gains shall be turned over to the state treasury in accordance with the law.

Article 46 — Where entities such as the medical security and other administrative departments, medical security handling institutions and accounting firms, and their staff, disclose, tamper with, destroy or illegally provide personal information or trade secrets to others, the directly responsible person in charge and other directly responsible personnel shall be given sanctions in accordance with the law; where other laws or administrative regulations are violated, the competent departments shall handle the matter in accordance with the law.

Article 47 — Where staff of the medical security and other administrative departments abuse their powers, neglect their duties or engage in malpractices for personal gain in the supervision and administration of the use of medical security funds, they shall be given sanctions in accordance with the law.

Article 48 — Where a violation of these Regulations constitutes a violation of public security administration, public security administration penalties shall be imposed in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Where a violation of these Regulations causes losses to the relevant entities or individuals, compensation liability shall be borne in accordance with the law.

Chapter V — Supplementary Provisions

Article 49 — The supervision and administration of the use of medical security funds such as the major-amount medical expense subsidies for employees and the medical subsidies for civil servants shall be carried out by reference to these Regulations.

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The use of resident critical illness insurance funds shall be carried out in accordance with the relevant provisions of the state, and the medical security administrative department shall strengthen supervision.

Article 50 — These Regulations shall take effect on May 1, 2021.

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