

Grade Administration Standard for Senior Care Institutions Carrying Out in Some Cities

By Michael Qu Qin

Recent years have seen the implementation of grade administration standard for senior care institutions in some cities or districts. On last September, Qingdao, as the first city in Guangdong Province trial on the STAR ranking for nursing homes, released the Measures for Grade Administration of Senior Care Institutions (the Measures) by the Civil Affairs Bureau. According to the Measure, both public and private run facilities are welcomed to voluntarily participate in the grade assessment upon application. The grade ranges from one to five stars according to the differences in bed amount, greenery rate, living areas and internal equipment, infrastructure for medical, rehabilitation and activities, operational system, personnel, catering and other operation status. At the meantime, the Measure also stipulates the responsible organization in charge of the assessment activities and its rules and procedures, along with the administrative approach on utilization of the ranking result.

Similarly, Beijing has in 2011 implemented the Classification and Assessment Standards for the Service Quality in Senior Care Institutions, while in Shanghai Pudong, the assessment work for senior care facilities was also started as of 2011.

From the contents of these measures or standards, there are highlights worth noting. For example, in the Qingdao's Measure, more emphasis is putting on the construction and execution of the service and operation system, besides the requirement on hardware construction. The Measure especially focuses on the medical service within the facility. It requires the facilities above three star should equipped with internal clinic and rehabilitation room, while facilities at four or five star level shall have standardized and personalized service—for example in a five star facility, seniors with Alzheimer's disease should be kept in record when treatment and assessment is rendered, and psychological counseling for such seniors is also a must have on a regular bases.

However, it is still far from to say these practices have realized the purpose to encourage more senior care institutions to participate and eventually taken shape a standard for the whole industry. The first priority is to address the problem on how to attract more participation from the private-run facilities. Even though in Beijing, facilities granted with stars will acquire funding rewards from tens to hundreds thousand, and Shanghai Pudong government will provide certified facilities with more opportunities of project development and funding resources, apart from certain amount of subsidies, the fact remains that many private-run facilities are inactively echoing to the government's advocate.

That being said, we've seen what the government has initiated in unifying the operational management system for senior care facilities, especially, the government has started to consider making use of the resource of industrial association. Such practice is similar to the accreditation procedure in other countries that is conducted by third party organizations. More important is these non-compulsory rules and procedures maybe in the future evolve into compulsory regulation by some local authorities. For instance, the government may categorize the pricing in the senior care institutions in accordance with the accredited grade. So investors should be well aware of these local regulations in doing the senior care business. ■

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Having represented international companies in their investment in the Chinese market, our clients can benefit from our deep industry knowledge and experience, and from our creative, solution-oriented and responsive approach. Especially we can assist senior care investors and developers with the following issues:

- Advice on structuring business models
- Conduct legal due diligence on project acquisition
- Business incorporation and licensing and negotiate with joint venture partner
- Draft and standardize documents on (i) construction, operation and business transaction; (ii) third-party agreements and vendor's contracts; (iii) policies and procedure for residency
- Advice on finance, tax and government relation
- Deal with issues on intellectual property, licensing, general liabilities and employment.