

Health Care Reform in China

-Issues, initiatives, and implementation

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Outline

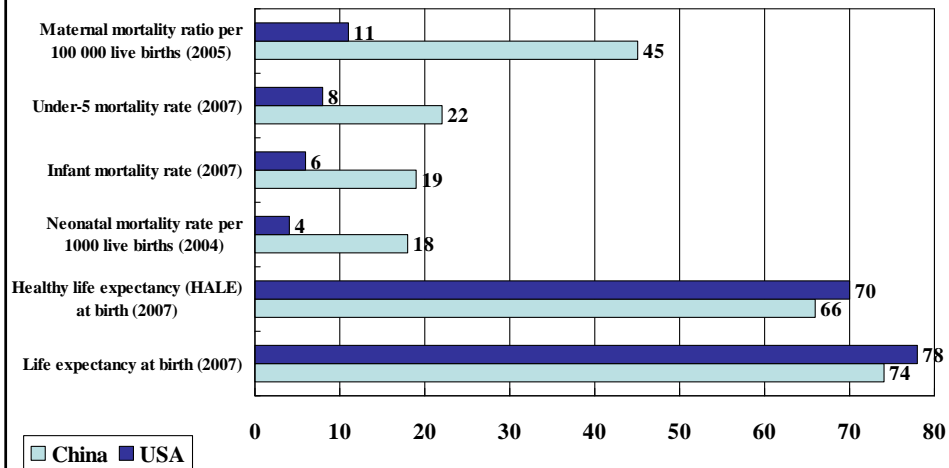
- **Basic facts**
- **Brief Introduction to health system in China**
- **Introduction to China health care reform in 2009**
- **Progress of China health care reform**
- **Challenges**

Basic Facts

Basic data

- Population (2010 census): **1.34 billion**
 - Urban: 0.67 billion (49.68%)
 - Rural: 0.67 billion
 - Urbanization accelerate and an estimated 261 million migrants are now “floating”
- Population above 65 years old(2010): **119 million, 8.87%**
- Life expectancy(2010): **73.5 yrs**
- Infant mortality(2011): **12.1‰**
- Maternal mortality(2011): **26.1 per 100,000**

Health indicators



Source: WHO. World Health Statistics 2009

Main diseases for population death

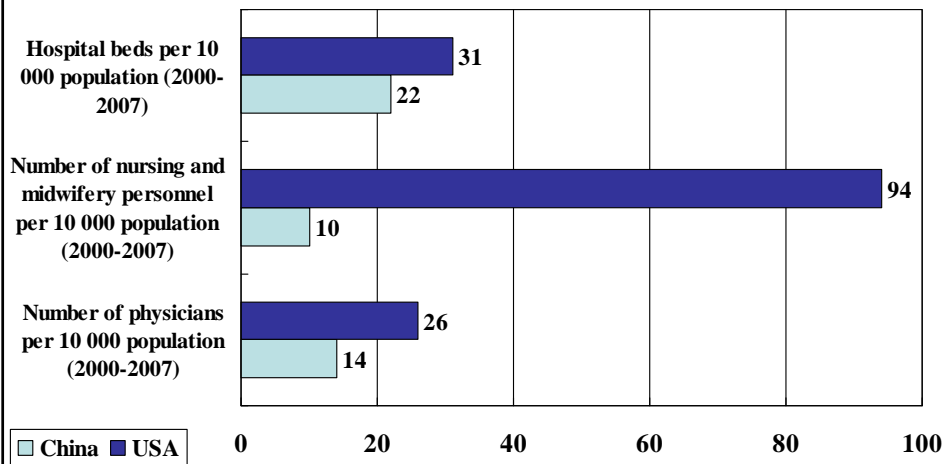
Urban

- Malignant neoplasms
- Cerebrovascular disease
- Heart disease
- Respiratory diseases
- Injuries and poisoning
- Digestive diseases
- Nutritional/endocrine disorders
- Diseases of the genitourinary system

Rural

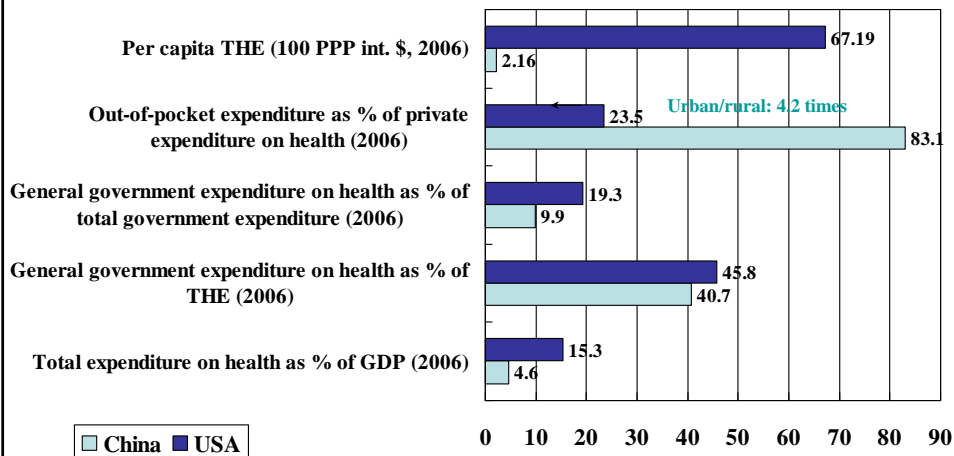
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Health workforce and infrastructure



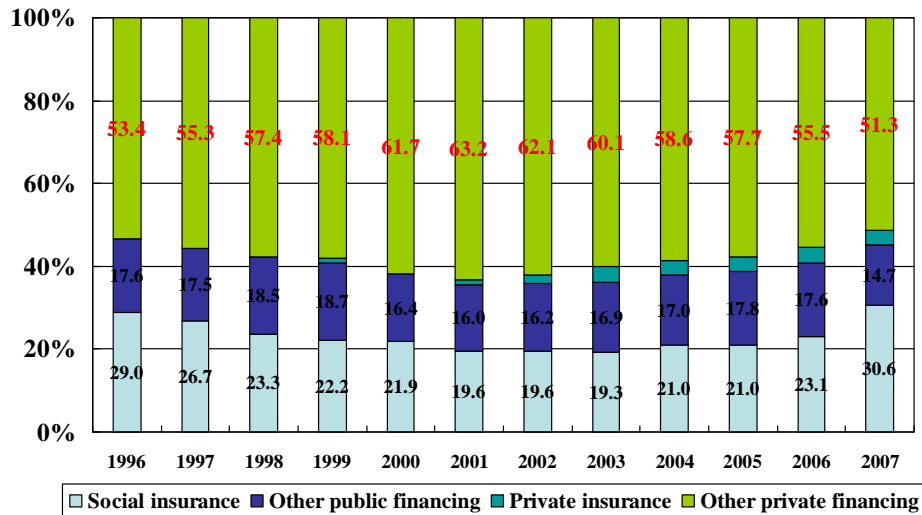
Source: WHO. World Health Statistics 2009

Health expenditure



Source: WHO. World Health Statistics 2009

Health expenditure structure in China



Source: China National Health Accounts Report, 2008

Brief Introduction to Health System in China

- ***Financing***
- ***Service organization and delivery***
- ***Stewardship and oversight***

Characteristics of Chinese health system: financing

- Mixed financing: tax, social medical insurance premium, commercial health insurance premium, private OOP(40%)
 - Public health/clinical care, urban/rural, worker/farmer
- Risk pooling:
 - NCMS administrated by the MoH (county-based pooling)
 - Urban employee basic medical insurance, Urban resident basic medical insurance by the MoHRSS (city-based pooling)
 - MedAid by the MoCA
- Payment: Fee-for-service

Social health insurance financing

- **Urban medical insurance**
 - **Urban Employee Basic Medical Insurance System (UEBMIS), launched in 1998**
 - The system has three components: individual medical savings accounts; social-risk pooling funds; and supplementary insurance, financed by premium contributions from employers and employees
 - In 2009, UEBMIS covered 219.6 million people, including laborers(164 m) and retirees (55m)
 - **Urban residence medical insurance schemes (URMIS)(181 million in 2009)**
 - **Total expenditure 279 billion Yuan, 700 Yuan per capita (2009)**

Social health insurance financing

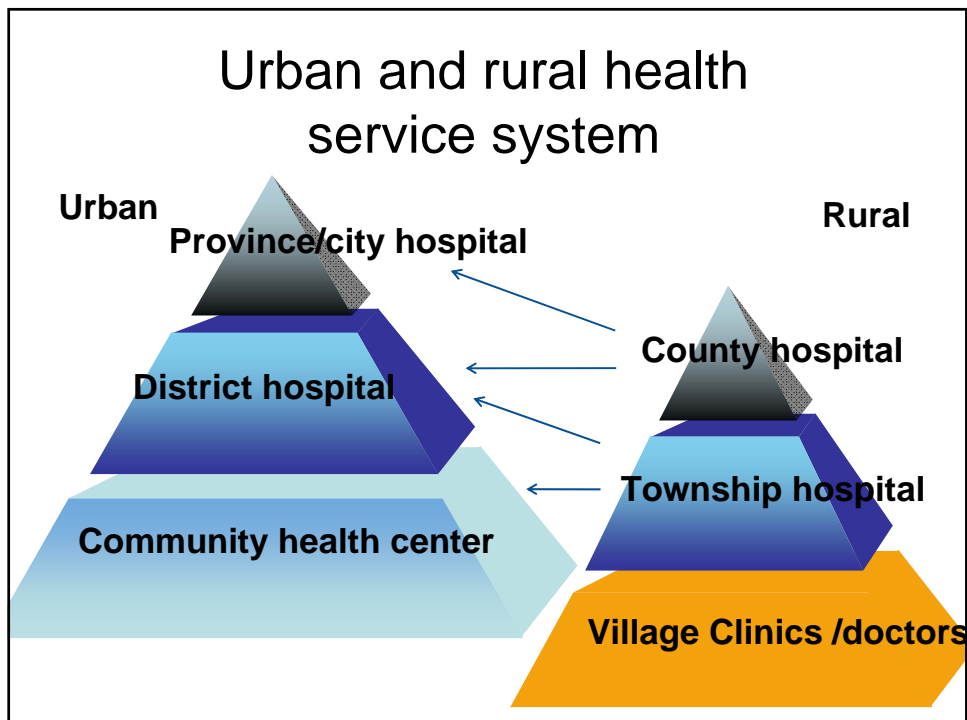
- **The New Rural Cooperative Medical Scheme (RCMS)**
 - The emergence in 2002 of the New RCMS in rural China was long awaited
 - By the end of 2009, the RCMS covered 833 million rural residents. 40 Yuan government subsidy and 60 Yuan individual contribution
 - The New RCMS is designed to relieve the excessive financial burden of health care on rural residents. It pools funds for catastrophic illness and in-patient medical services
 - Total expenditure 92 billion Yuan, 110 Yuan per person in 2009

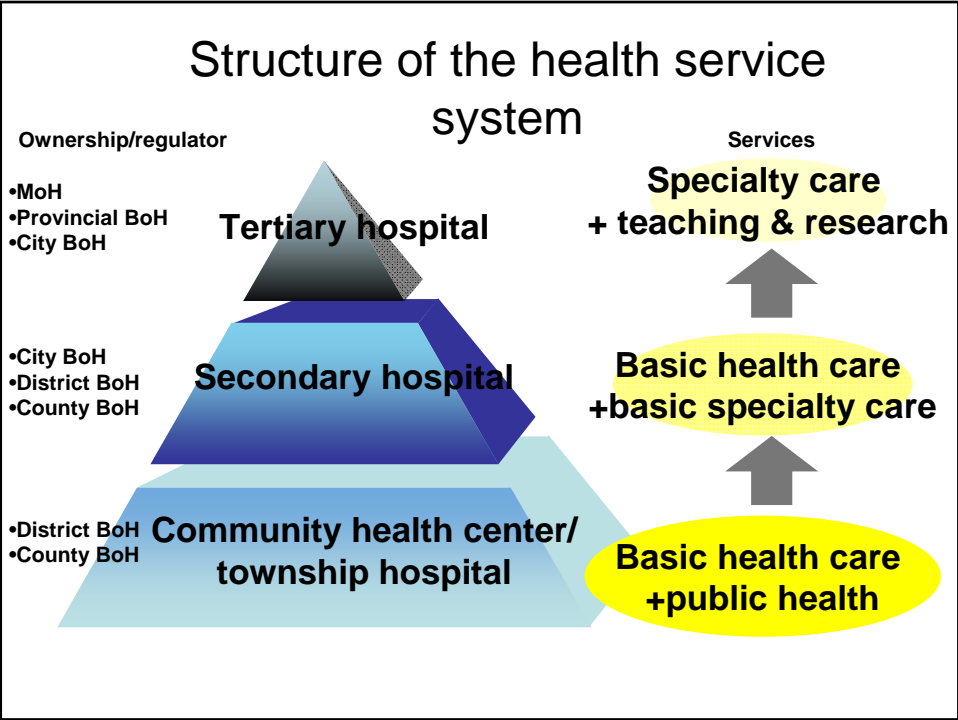
Services organization and delivery

- **Structure: public private mix, autonomous public hospitals**
 - Decentralization in 2002-2007
 - Public hospital: lack of government support, self-run
- **Market share: public sector dominating supplemented by the private sector**
- **Hot competition between and within public and private hospitals**

Services organization and delivery

- Institutions: Clinics, Community & township health center, hospitals, CDCs, CMH center, etc
 - Urban: primary, secondary and tertiary care
 - Rural: primary, secondary care
- Referral and gatekeeper: almost nothing, free referral





Selected health facility structure

	Total	Nonprofit	Forprofit
General hospital	13364	10801	2549 (19%)
TCM	2728	2407	320 (12%)
CHC	5216	5155	42 (0.8%)
Township facility	38475	38414	41 (0.1%)

Source: China statistic yearbook 2010

Nonprofit vs for profit hospitals

	Total	Nonprofit	For profit	Share of nonprofit (%)
No. of hospitals	20291	15724	4543	77
Outpatient visits(100 million)	19.22	18.35	0.85	96
Admissions (10 thousand)	8488	8125	361	96

Source: China statistic yearbook 2010

Stewardship

- Five-level of administrative system:
Central to township
- Many governance agencies: NDRC, MoF, MoHRSS, MoH, SFDA, STCM, et al
- Associations also play roles
- Focus
 - Licensure: hospitals and clinics, workforce, equipment, technology, etc.
 - Safety, effectiveness and quality
 - Pricing

Introduction to China Health Care Reform in 2009

***Universal coverage for
essential health services
by 2020***

Research and drafting process

- Task force for system reform with the leadership of State Council since 2006
- Group learning in Political Bureau of CCPC in Oct. 2006
- Investigation and open discussion
- Commissioned research to third-party: universities, research institutes, WHO, WB
- Drafting reform documents with the participation of 16 line ministries
- Call for public comments in Oct 2008
- Released in Mar 2009

Summary of the system reform

- “1485 ” Initiative
- **One** Aim
- **Four** priority areas
- **Eight** options and strategies
- **Five** action plans

Framework of health care reform

❖ Aims

- Universal coverage for rural and urban by 2020 through strengthening the basic health system
- Lowering the private OOP and increasing public financing
- Emphasis on preventive and primary care
- Public interests and equity oriented

Framework of health care reform

❖ Principals

– Ensure basic

- Health care, public health, health security (medical insurance), medicine

– Strengthen grassroots

- Community health care and township hospital in the urban and rural area

– Establish mechanism

- Planning & market, reimbursement, regulation and governance, etc

Four major health care reform areas

- Public health service system
- Medical security/insurance system
- Medical service system
- Pharmaceutical manufacturing & supply system

Eight supportive policies

- Coordinated and unified health care administration system
- Efficient service delivery system
- Multi-source health investment mechanism with the government playing the important role
- Sound health care pricing system

Eight supportive policies: Cont'd

- Rigorous and effective health care regulatory system: Food safety, occupation health, CMH, etc.
- Sustainable development mechanism for scientific and technological innovation and human resources
- Practical and shared health information system: IT and integration
- Health legislation & supervision

Five action plans for 2009-11

- Expanding insurance coverage and increasing security
- Strengthening urban and rural community health development: capacity building
- Establishing national essential medicine policy
- Promoting equal access to essential public health services
- Public hospital reform pilot

Progress of China Health Care Reform

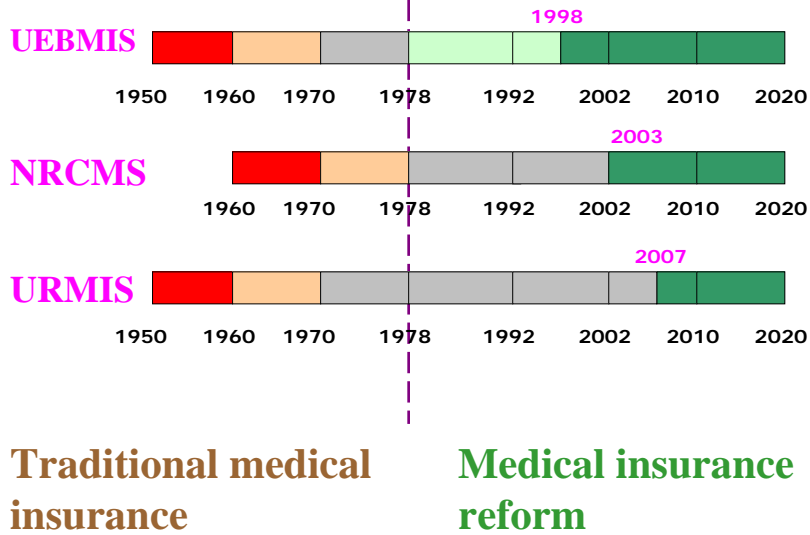
1. Public health

- Implement the national public health program including health records/profiles, hypertension management, diabetes management, vaccination, etc, total 41 projects
- Subsidies for national public health program 25 Yuan per capita, supplemented by the local government

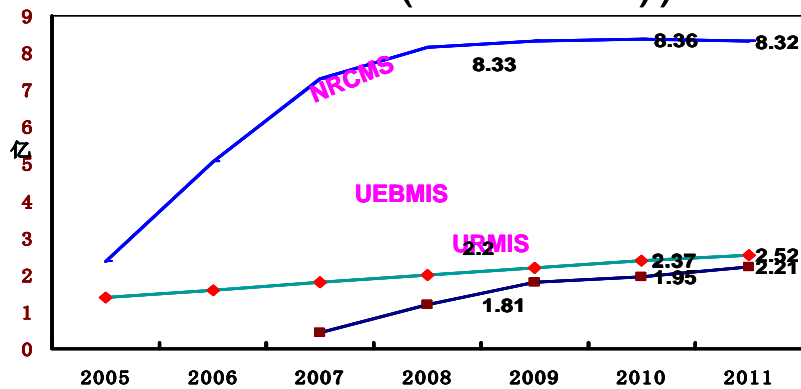
Public health

- Major public health program
 - Immunization for hepatitis B, total 67 million shots
 - Cervical and breast cancer screening in the rural area, 11 million and 1.5 million served
 - Folic acid supplementation for 24 million pregnant women
 - ...
- Financing, priority, and implementation

Timeline of medical insurance reform



Coverage population by schemes (in 100m)



来源：中国国民经济和社会统计公告2005/06/07/08/09/10/11，中国卫生统计公告2005/06/07/08/09/10/11

2. Medical insurance

- Less attention on how to use disease funds cost-effective
- Simple budget control, supplemented by bargaining
- Difficult to monitor the providers practices
- Lack of HTA supporting

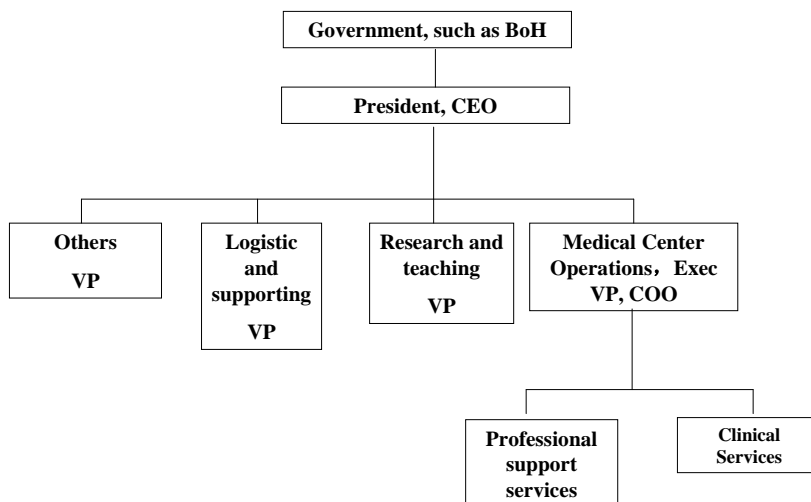
3. Pharmaceuticals

- Essential medicine policy
 - National 300+, plus provincial 300+
 - Mainly at the community health care centers and township hospitals
 - Providers and patients all claimed not enough
- Zero-markup for pharmaceuticals pilot
 - Secondary and tertiary hospitals
 - Difficult to be implemented
 - Charging for pharmaceutical services paid by health insurance?
 - Directly subsidy by the government?

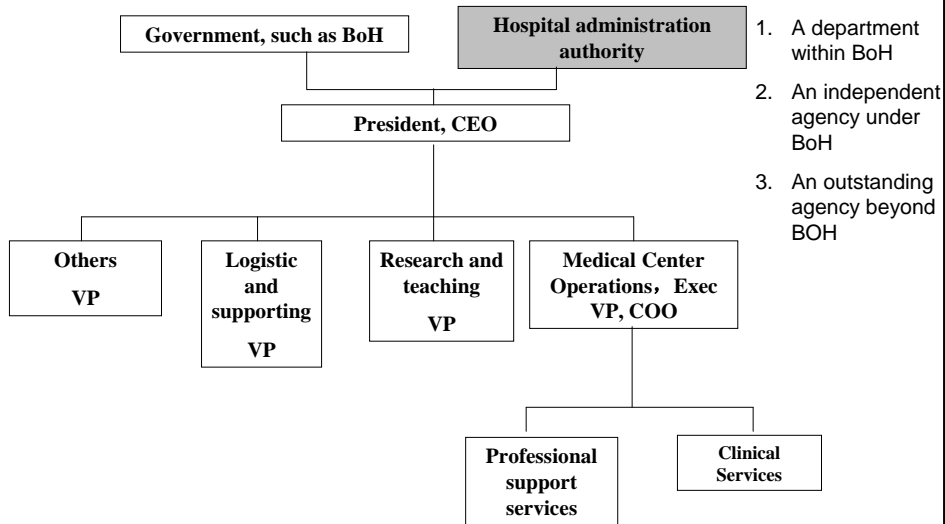
4. Public hospital

- Principles: four separations
 - Separation of governance and services agencies (政事分开)
 - Separation of governance and operation (管办分开)
 - Separation of hospital and pharmaceuticals (医药分开)
 - Separation of forprofit and non-profit (营利与非营利分开)

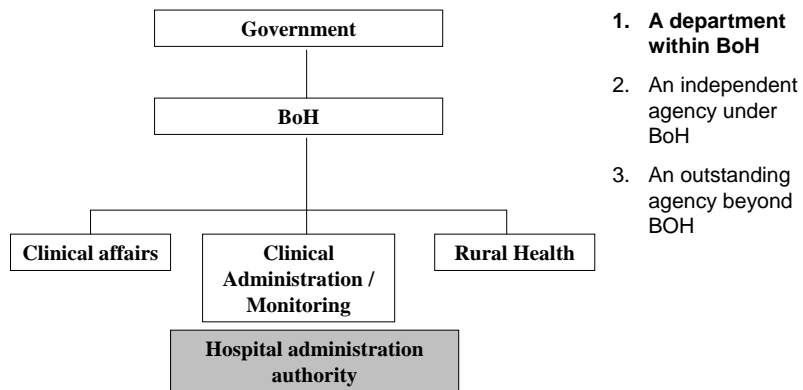
Existing public hospital stewardship system



Public hospital stewardship system reform

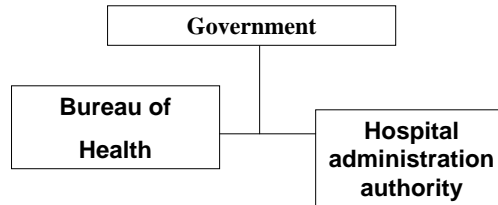


Model 1. Within BoH



Ministry of Health, Weifang BoH, et al

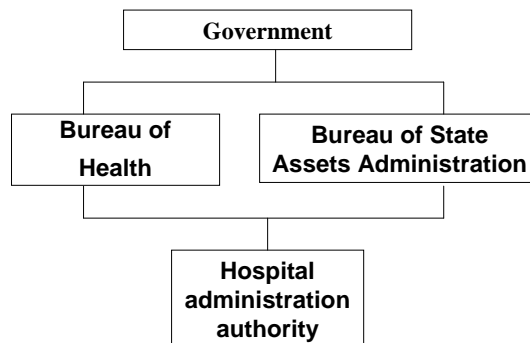
Model 2. An independent agency under BoH



1. A department within BoH
2. An independent agency under BoH
3. An outstanding agency beyond BOH

Wuxi BoH, et al

Model 3. An outstanding agency beyond BOH



1. A department within BoH
2. An independent agency under BoH
3. An outstanding agency beyond BOH

Shanghai Shenkang Hospital Development Center, et al

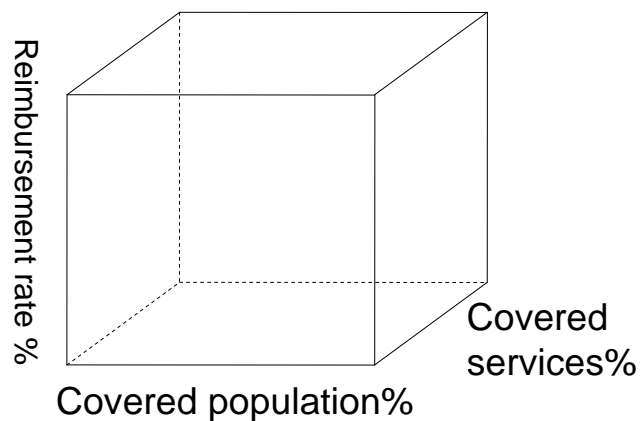
Challenges

- Multiple tasks
 - Objective-oriented: access, efficiency, expenditure
 - Mechanism-oriented: financing, organization, regulation/governance
 - Process-related: administration, operation, trial
 - Multiple responsible stakeholders: collaboration, communication, trade-off
- Commitment from the central government, and additional efforts from local governments
- Top-down or bottom-up

Challenges

- Uncertainty in system design: **SHI** vs **NHS**
- Fragmented administrative system
- More difficulties in public hospital reform and essential medicine policy
- Capacity for implementation at lower level
- Lower participation from doctors and nurses
- Higher expectation from the public, minor increase in the satisfaction in the population

Dimensions to understand Universal Coverage



Conclusions

- Clear reform objectives and policy initiatives
- Roadmap for universal coverage still in developing in China
- Main challenges in financing schemes
- Controversial implementation pathways, especially for public hospital reform
 - Poor public financing for public hospitals: private financing
- All of the forces should be united for **HEALTH** outcomes
- Stakeholders and interests balance



Thanks for your attention!

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