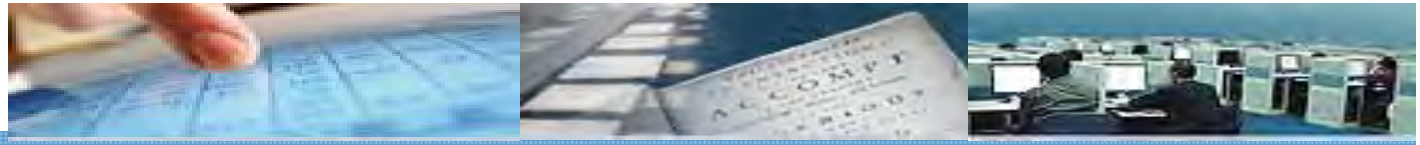


Progress and Prospect of Health Care Reform in China

Prof. Zhu CHEN
Minister of Health, China

May 8, 2012

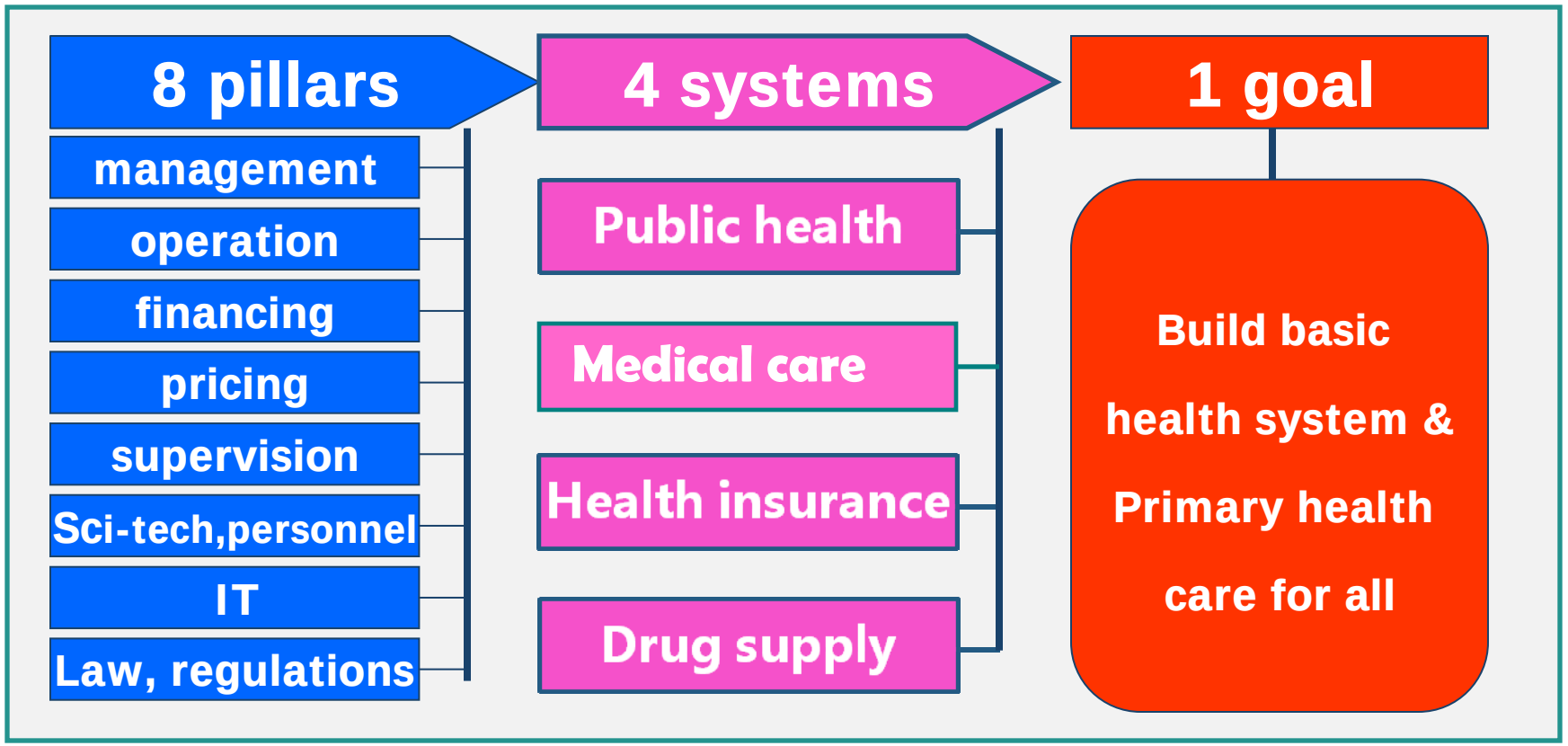
Outline

- **Framework of Health Care Reform**
- **Progress Report of Health Care Reform: 2009-2011**
- **Prospect of Health Care Reform in the 12th Five-Year Plan Period**

Innovation in Concept and Policies of Health Development

- Principles: Basic health services are **public goods** and Health rights; “Primary health care for all”.
- Focus on health service at **community** level, **sustainable development** and **mechanism building**.
- Emphasize strategic and priority setting; Combination of long-term goals and short-term tasks. Implementation in a step-wise approach. Finish **five tasks in three years**.

Overall Framework and Design



2009-2011 Health Care Reform Priorities

- Establishing universal health insurance system
- Establishing national essential drug system
- Improving health care system in urban and rural grassroots facilities
- Equalized access to basic public health services
- Pilot reform of public hospitals

Outline

- Framework of Health Care Reform
- Progress Report of Health Care Reform: 2009-2011
- Prospect of Health Care Reform in the 12th Five-Year Plan Period

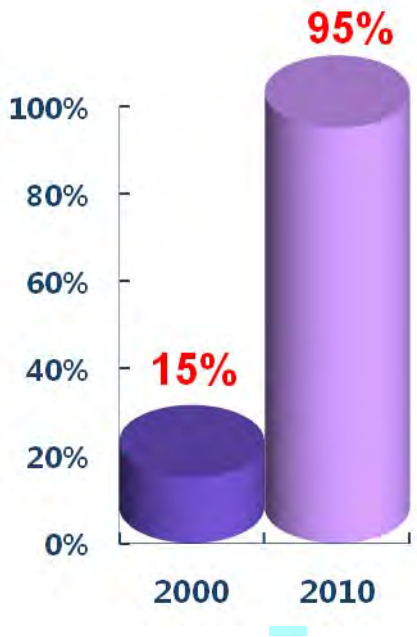
2009-2011 Progress Report

1：Establishing universal basic health insurance

- Expanded basic health insurance: basic health insurance covered 1.295 billion population by 2011. NRCMS has 832 million subscribers, or 97.5% of rural population.
- Raised benefits, government subsidy up from 20 to 200 RMB for urban resident and farmer, NRCMS reimbursement cap up to 6 times of average annual income, the basic health insurance for urban residents and NRCMS cover 70% in-patient expenditure and most expenditure for outpatient services.
- Increased funding for medical aid: 18.8 billion RMB in 2011.

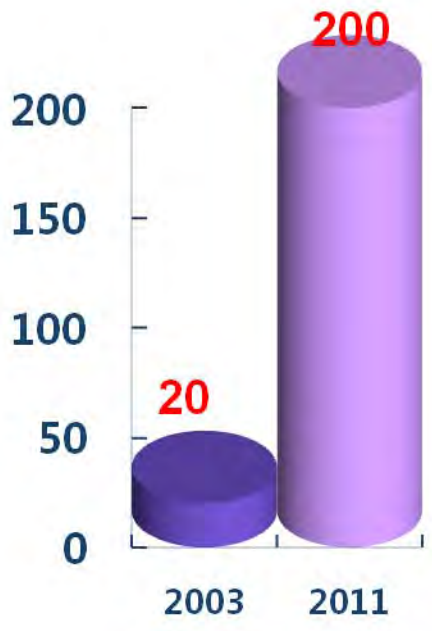
Health insurance enables better access to health care services

Nearly universal coverage



▲ 533% up

Increased government subsidy



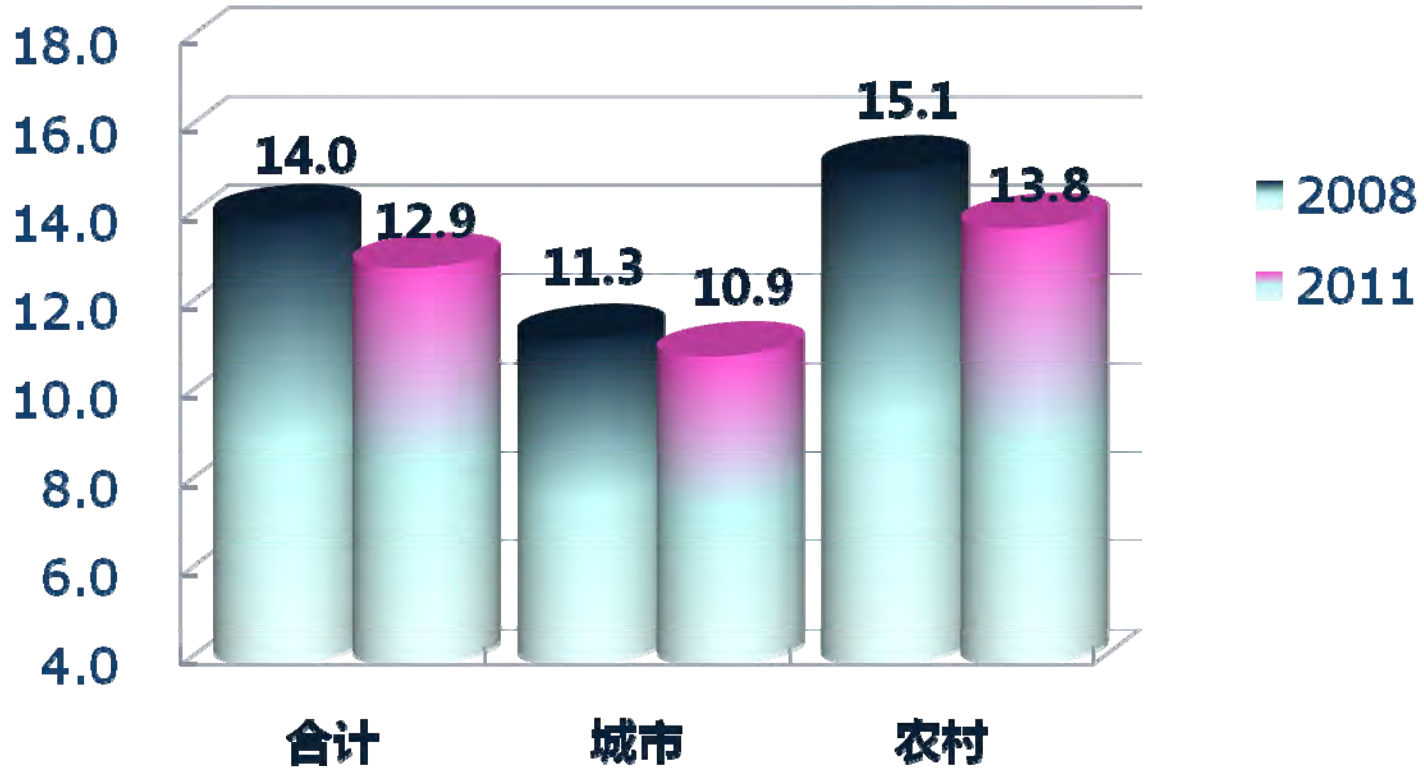
▲ 900% up

Individual out-of-pocket payment to the total health expenditure (THE) on the decline

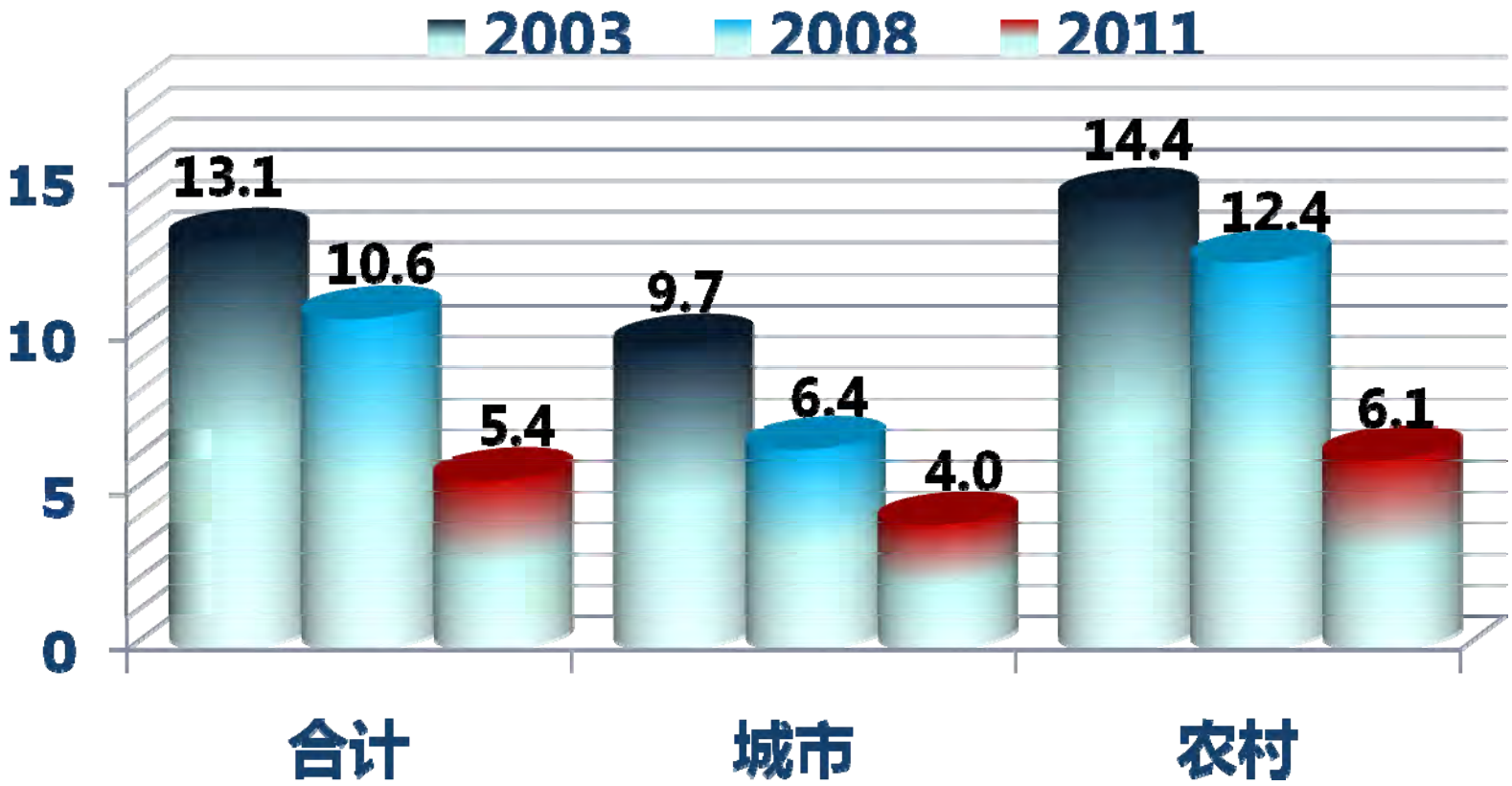
	2000		2010	
	Expenditure (0.1 bn)	Percent to THE(%)	Expenditure (0.1 bn)	Percent to THE(%)
Government	710	15.5	5689	28.6
societal	1172	25.6	7157	35.9
individual	2705	59.0	7076	35.5

Government investment to health increased in 2011 as more than 100 billion RMB was earmarked to NRCMS and basic public health programs, although the exact figure will be released in June 2012.

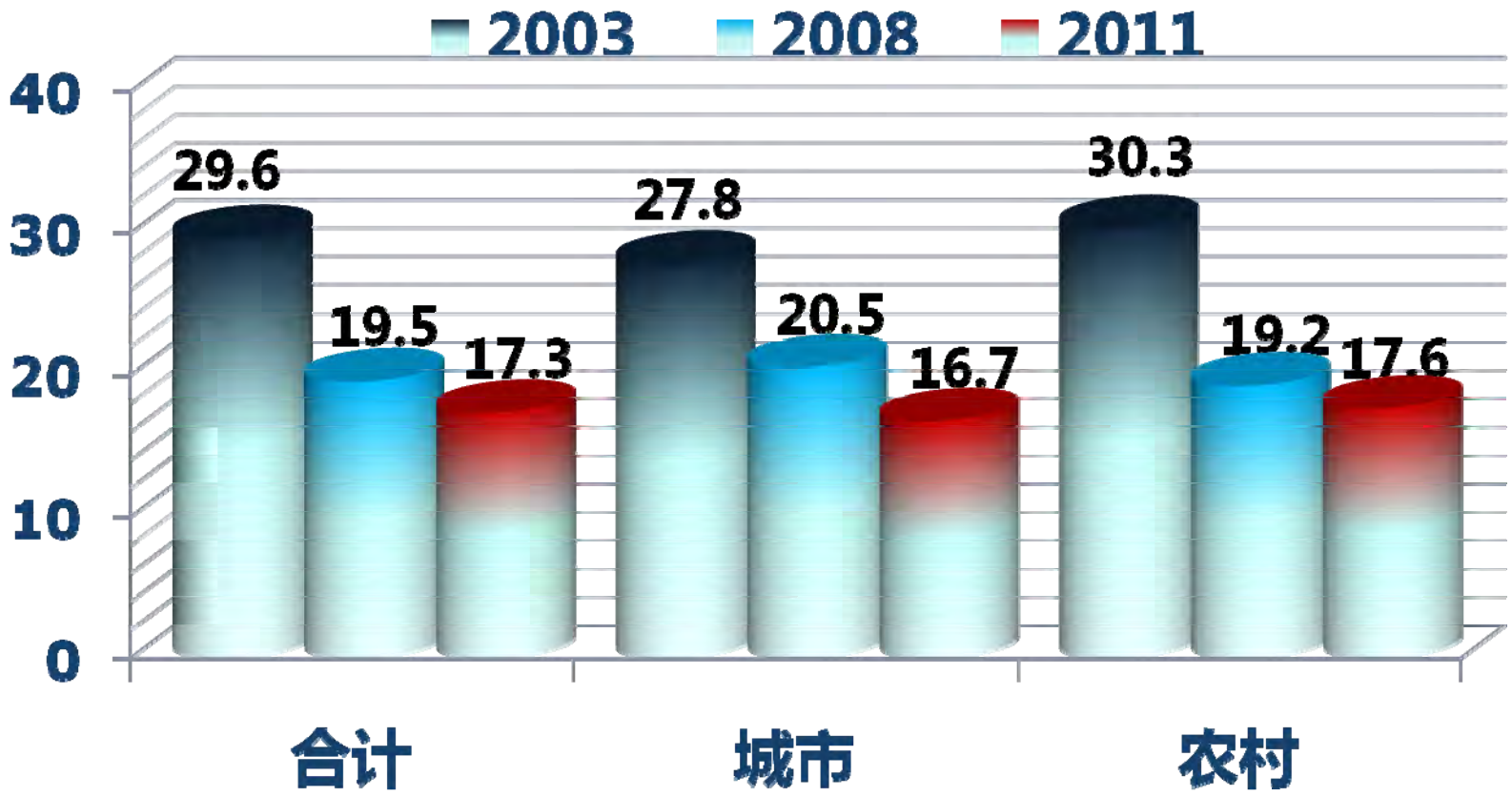
Less burden caused by catastrophic diseases（



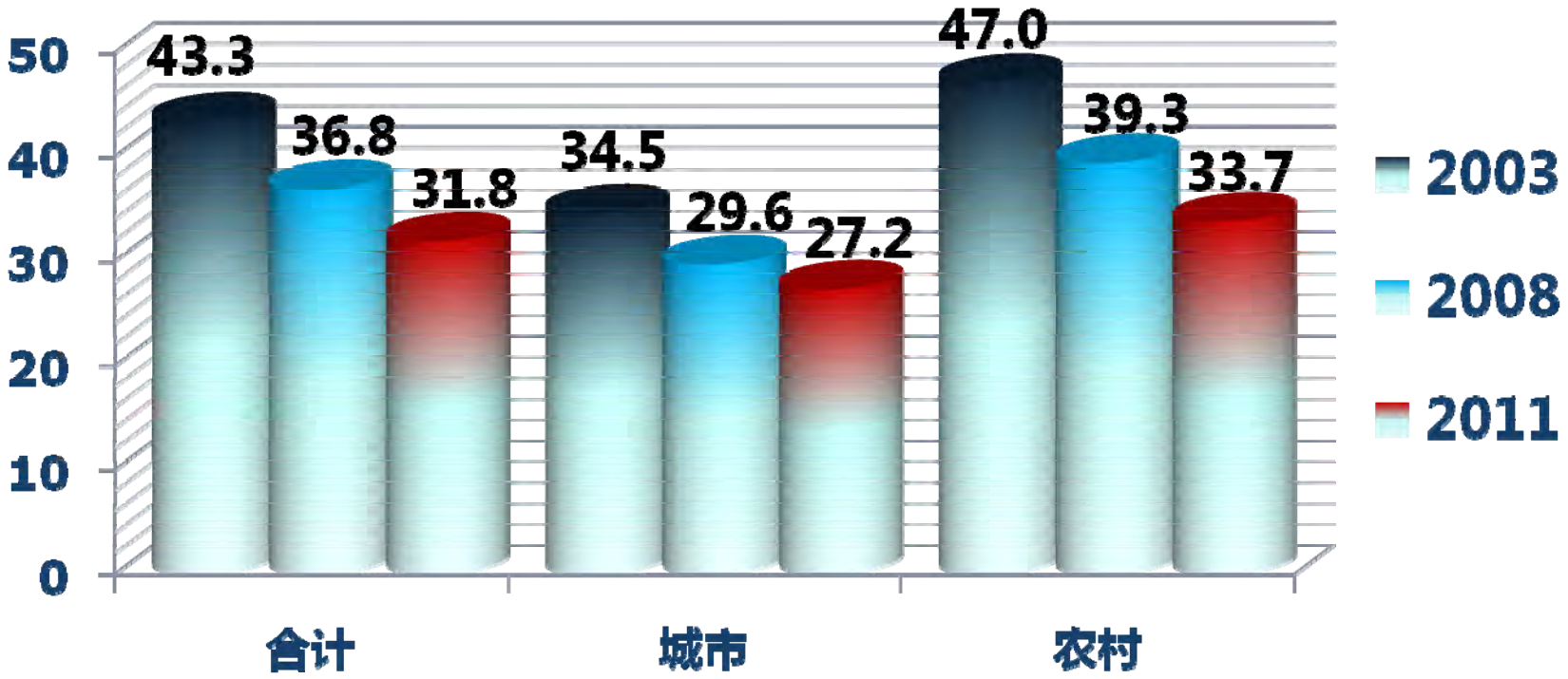
Cases which did not seek medical services on the decline（%）



Patients who should receive inpatient care but not admitted to hospital due to financial difficulties on the decline (%)



No. of patients request earlier discharge from hospital due to financial difficulties on the decline（%）



2009-2011 Progress Report

2：National essential drug system

- Fully implemented at grassroots government-run health facilities, zero-mark-up: 30% reduction in drug prices, lowered drug costs at outpatient clinics and inpatient care costs
- Comprehensive reform of grassroots health facilities, from selling drugs to health promotion, public health, management of common and chronic diseases
- Government drug purchase mechanism established, unified essential drug bidding, procurement and distribution. Clinical guidelines and formularies for essential drugs implemented in 80% of counties and prefectures.

2009-2011 Progress Report

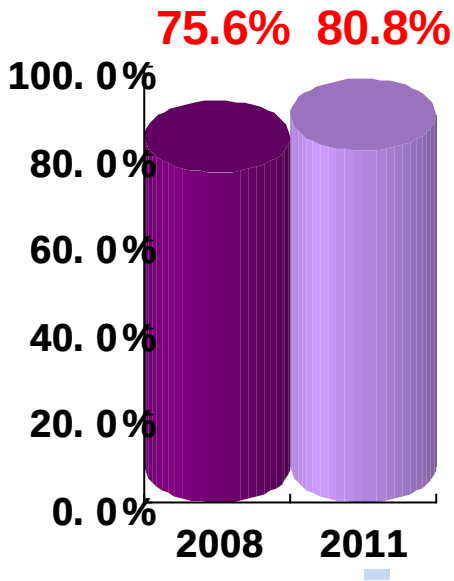
3：Grassroots medical services

- Infrastructure improvement: 47.15 billion RMB from central government investment into transparent building for 2,233 county hospitals, 2,382 community health centers and 25,000 village clinics
- Health workforce strengthening focusing on GPs: standard GP training program initiated in 201. “Twinning” partnership support, recruitment of 9,000 licensed doctors and waiver of tuition fees for 5,000 medical students who intend to become GPs

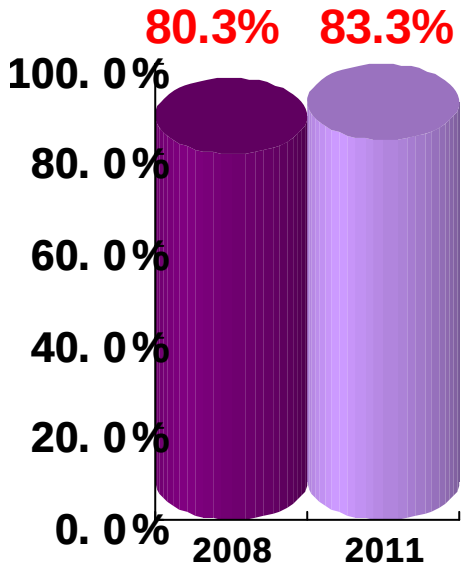
Problems of “difficult and expensive to see a doctor” relieved

Better facilities and health delivery capacities in rural and remote areas and more satisfactory experience in city hospitals

No. of customers who can reach hospitals in 15 minutes in rural areas



No. of customers who can reach hospitals in 15 minutes in urban areas



2009-2011 Progress Report

- **More work done at grassroots level**
  - 3780 million outpatient visits in 2011, up 28.6% than in 2007
  - 36.80 million hospital stays in 2011, up 30.9% than in 2007

- **More first consultations at primary care**

	Urban(%)		Rural(%)	
	2008	2011	2008	2011
Primary health care	**48.3**	**55.5**	**81.7**	**81.8**
Village clinics or community health stations	**24.8**	**24.3**	**57.3**	**57.4**
Township hospitals or community health centers	**23.5**	**31.2**	**24.4**	**24.4**

2009-2011 Progress Report

4： Basic public health services

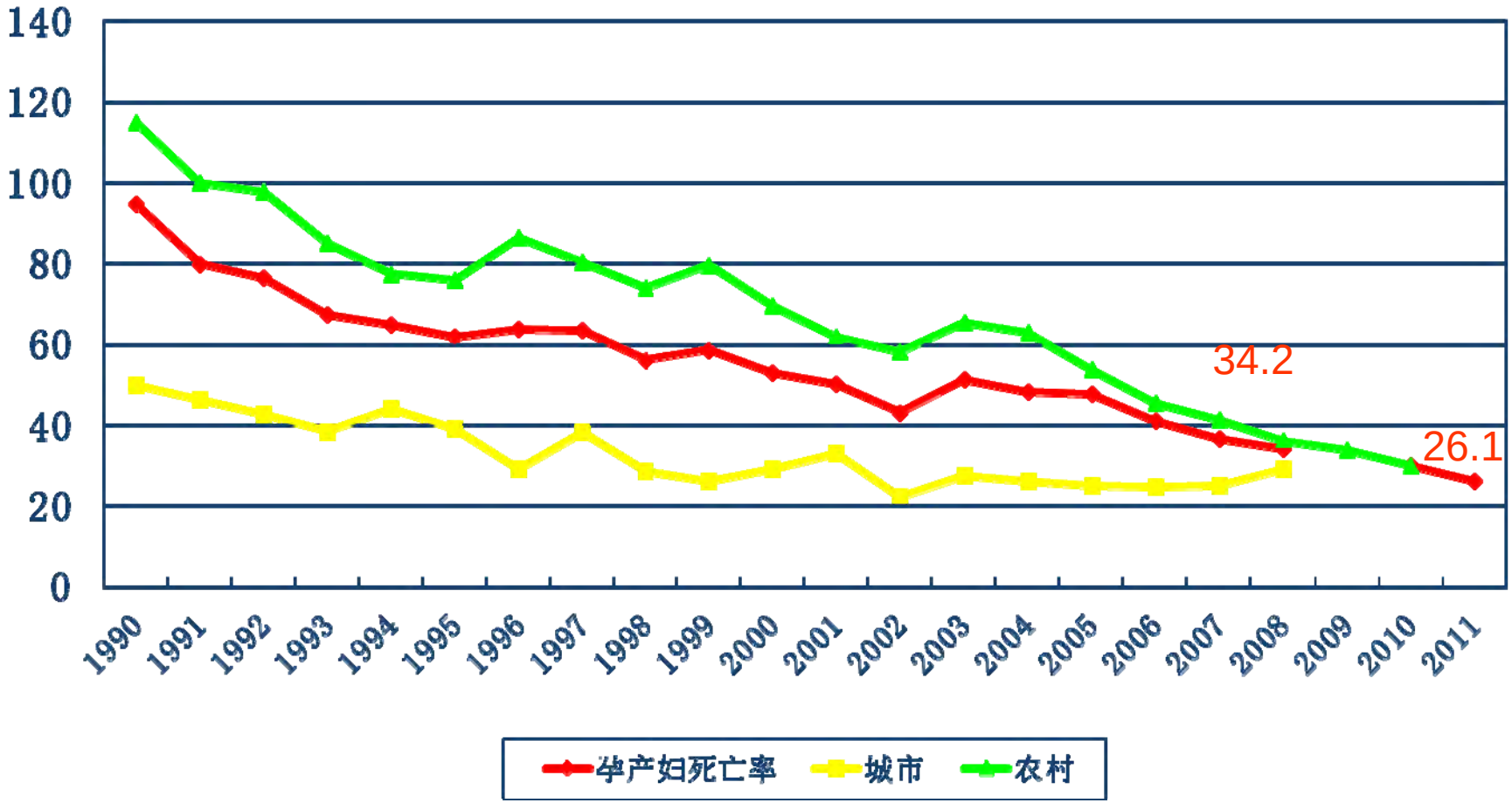
- Salient feature of Health Care Reform: systematic arrangement for universal access to public health services and prevention first
- **10 categories** of basic public health services： government per capita input up to 25 RMB
- 50% population have established electronic health records
  - Maternal and child health management to 84% & 82%
  - 50% of seniors above 65 years old received free medical examination
  - Hospital delivery rate in rural areas is over 96%
  - Standard management for hypertension, diabetes and severe mental illnesses
  - Health education
  - ……

2009-2011 Progress Report

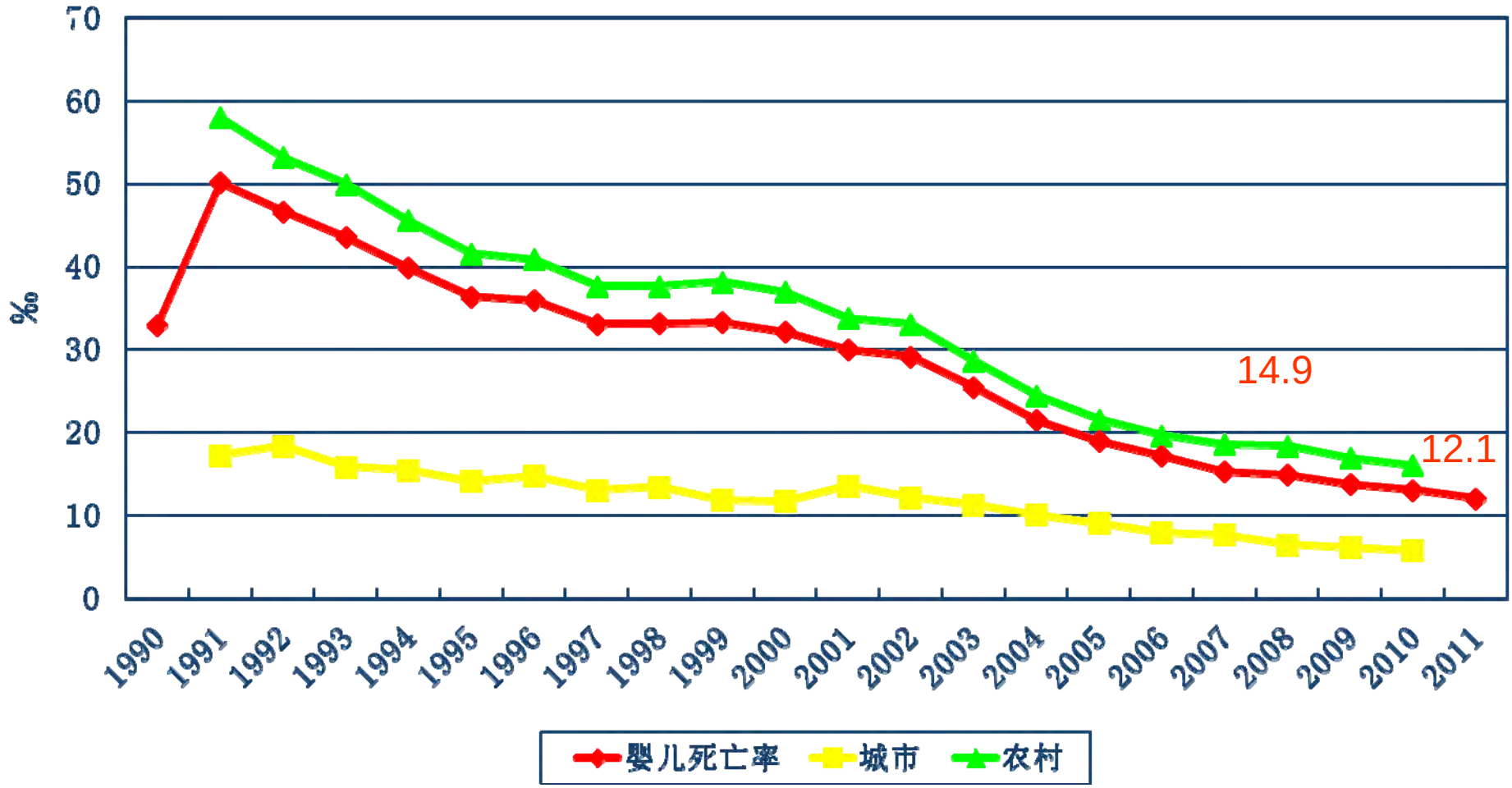
Mega public health programs

National mega public health programs	2009-2011	By Nov, 2011	Completion rate
Subsidy to rural hospital delivery	--	26.12 mn	--
Hepatitis B vaccine for under-15s	57.67 mn	68.31 mn	**118.5%**
Stove improvement to eliminate fluorosis	1.631 mn	1.689 mn	**103.6%**
Folic acid supplement to rural pregnant women	--	22.44 mn	--
Sanitary latrines	11.28 mn	13.28 mn	**117.7%**
Free cataract operations	1 mn	1.09 mn	**109%**
screening for female cervical cancer	10 mn	11.86 mn	**118.6%**
screening for female breast cancer	1.20 mn	1.46 mn	**121.6%**

MMR（1/100,000）
34.2 in 2008 to 26.1 in 2011



IMR（‰）
14.9 in 2008 to 12.1 in 2011



2009-2011 Progress Report

5：Pilot reform of public hospitals

- Reform piloted in 745 public hospitals, 17 national level pilot cities, 37 provincial pilots and 18 provinces.
- Reform exploration in hospital planning, management, compensation, payment, service, etc.
- Customer-centered service delivery: consultation by appointment, quality nursing, clinical path, electronic medical records
- Doctor’s multi-site practice, encouraging private investment in health care services provision
- County public hospital reform initiated

2009-2011 Progress Report

- **Initial results: rapid growth in health services utilization**

	2005	2011	Growth
Outpatient visits nationwide	4.1 bn	6.21 bn	51.5%
hospital discharges	71.84 mn	149.2 mn	107.7%

At present on average, 4.6 people visit outpatient clinics nationwide, 11.1% are admitted to hospitals, higher than 4.2 and 10.4% in U.S. Difficult access to medical care and high medical costs exist mainly in big cities and big hospitals, and they have been markedly relieved in many areas.

Looking back

- The 3 years of health reform has brought more benefits to the people, easier access and lowered costs
- The basic health insurance system has been set up, comprising an important part of Chinese socialist system
- Structural problems that affect long-term health development are being addressed
- Health reform starts to play a positive role in the sustainable development of macro economy.
- The target, direction and principles of health reform are suited to health development, national conditions and meet the expectations of the people.

Outline

- Framework of Health Care Reform
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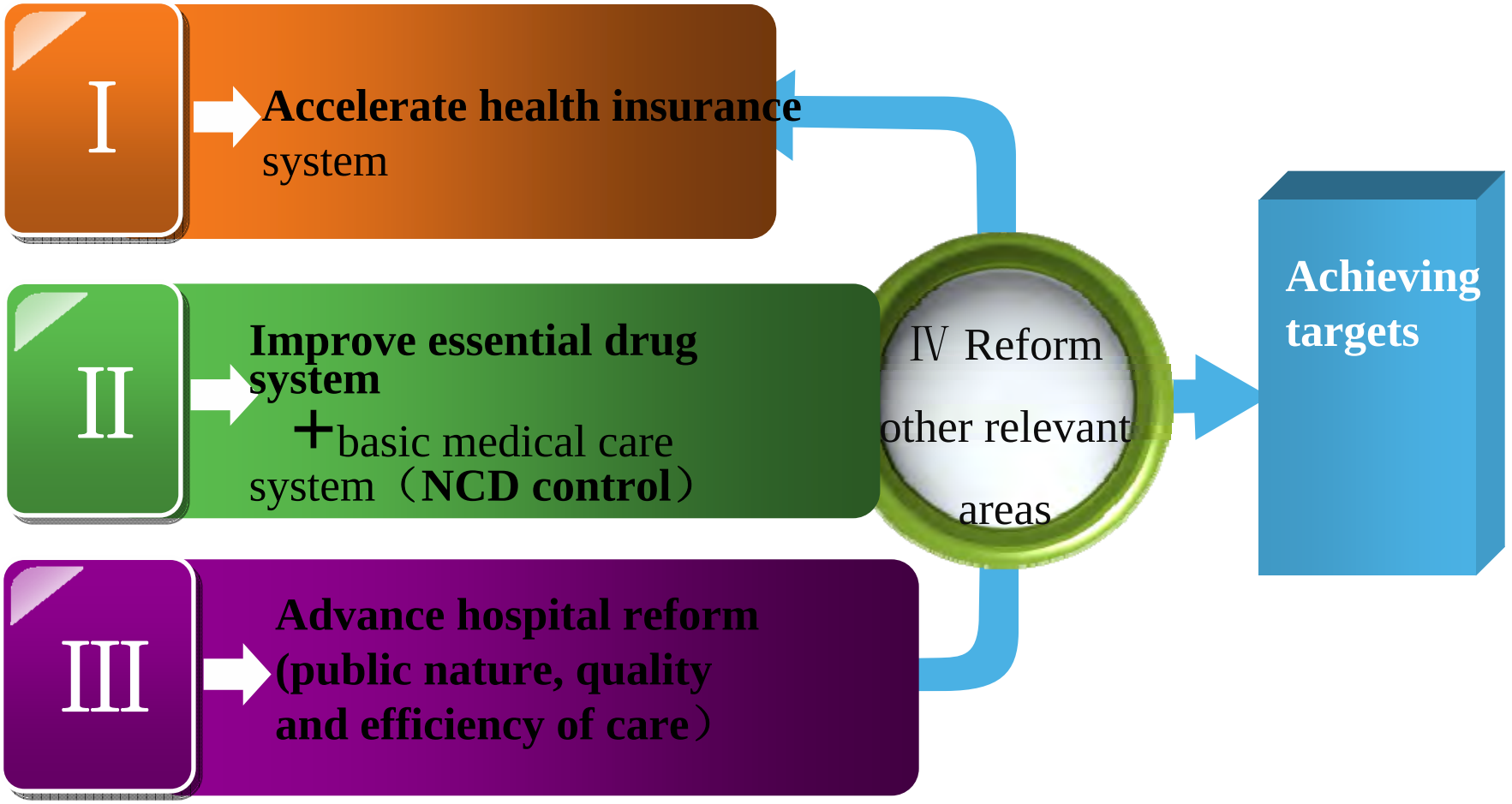
Prospect

Targets for 2011-2015

- More accessible basic medical services
- Total health expenditure contained: higher government investment, out-of-pocket health expenditure down to 30% and below
- Average life expectancy up to 74.5 years
- IMR < 12‰
- MMR < 22/100,000

To achieve targets, we must:



Prospect

Priorities

- To further improve health insurance coverage and benefits
- To consolidate essential drug system and operation of grassroots health institutions
- To advance public hospital reform
- To advance reform of relevant areas

Prospect

- **To improve health insurance system**
  - **1. Expansion of coverage and benefit package**

    Subscription to the 3 basic health insurance schemes up by 3%; annual per capita subsidy up to 360 RMB to urban residents and farmers by 2015; outpatient care expenditure to be covered; 75% inpatient costs to be reimbursed
  - **2. Reform of payment scheme**

    Payment by capitation, DRG, per bed day, global budget instead of fee for services to contain the soaring medical costs

Prospect

- **To improve health insurance system**
  - **3. Health insurance management**

    Promotion of information technology: electronic health card, real-time settlement of payments within and cross province; development of commercial health insurance.
  - **4. Catastrophic diseases fund**

    Establish catastrophic disease fund at provincial level, covering 8 diseases by the end of 2012, 12 more diseases in 1/3 pilots areas with medical aid covering 90% of costs.

NRCMS will cover 8+12 catastrophic diseases in 2012

8 insured

- Child leukemia and congenital heart disease
- Female breast and cervical cancer
- AIDS related opportunistic infections
- End stage renal diseases
- Severe mental illnesses
- MDR-TB

NRCMS

12 more

- Lung cancer
- Esophagus cancer
- stomach cancer
- colon cancer
- rectum cancer
- chronic granulocytic leukemia
- acute myocardial infarction
- cerebral infarction
- hemophilia
- type Ⅰ diabetes
- cleft lip and palate
- hyperthyroidism

Selection standards: major threats to health, recognized effectiveness of medical interventions and controllable costs

Prospect

- **To consolidate essential drug system and operation of grassroots health institutions**
- **1. Comprehensive reform**

Reforming human resources, staffing, performance evaluation mechanism; multi-channel compensation, general diagnostic and prescription fees, health insurance payment; performance-based remuneration

- **2. Further implementation of essential drug system**

Scaling up the application of essential drugs and expanding Essential Medicine List; regulating procurement

Prospect

- **To consolidate essential drug system and operation of grassroots health institutions**
- **3. Capacity-building**

Standardized construction of village clinics, township hospitals, community health centers and stations; training 150,000 GPs; two-way referral, pilot of first consultation at primary care

- **4. Health IT**

Provincial level information system: supply and use of essential drugs, health management, basic medical care, performance evaluation. Grassroots level information system to cover township hospitals, community health centers and part of village clinics by 2015

Prospect

- **To advance hospital reform**
  - **1. Removal of drug mark-up**

    Comprehensive reform of management, compensation, staffing, drug supply, pricing, etc. to abolish drug mark-up; pilot reform in 300 county hospitals in 2012, to all county hospitals in 2013 and all public hospitals in 2015
  - **2. Reform of compensation mechanism**

    Adjusting medical service fees, raising government investment; Public hospitals to be supported by medical service fees and government subsidies only

Prospect

- **To advance hospital reform**
  - **3. Providing customer-centered services**

    Quality care, consultation by appointment, convenient outpatient clinics, clinical pathways, DRGs
  - **4. Motivation of health workers**

    Performance-based remuneration system, health education and media campaign to respect health professionals

Prospect

- **To advance reform of relevant areas**
  - **1. Universal access to basic public health services**

    Annual per capita fee for basic public health services up to 40 by 2015; expansion of public health programs and coverage; application of Traditional Chinese medicine to disease prevention and care
  - **2. Personnel training and information system**

    Standardized training of GPs and residents and urgently-needed health professionals; electronic medical records, smart health cards

Prospect

- **To advance reform of relevant areas**
  - **3. Development of non-government health services**

    Adopts favorable policies to encourage private and foreign capital to run hospitals and medical centers; services provided by non-government health institutions up to 20% of the total
  - **4. Reform of drug manufacturing and distribution**

    Re-structuring of pharmaceutical manufactures, science-tech innovation, regulating drug manufacturing and distribution, promoting development of biomedicine and other emerging industries

With determination and persistence, we will forge ahead a health development path with Chinese characteristics