

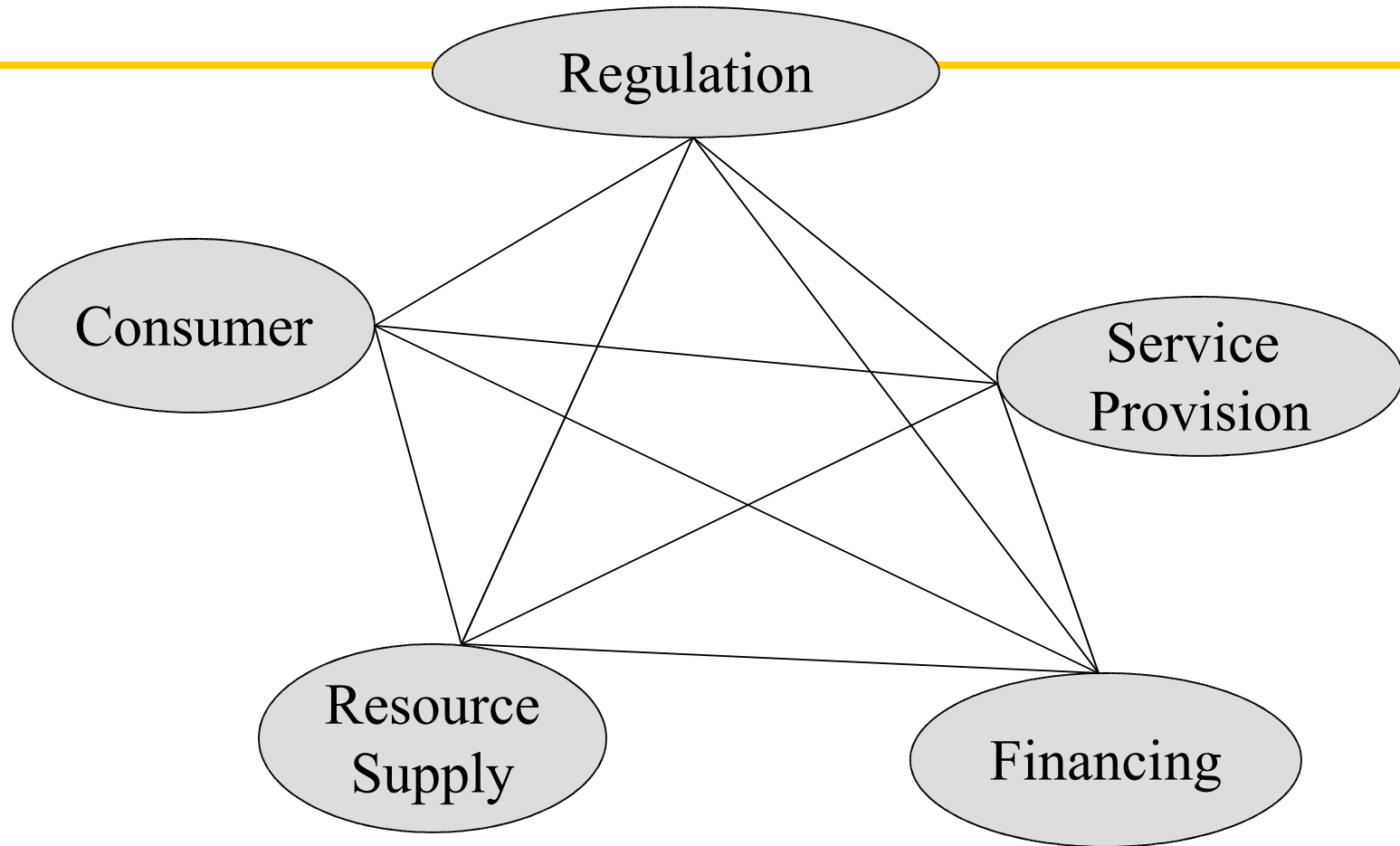
China's Health System

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What is a Health System?



Major Changes in China

- GDP growing at 10% on average since 1978; 210 m out of poverty; GDP: \$1,200
- Continuous health improvement (IMR: 58 in 1990 → 30 in 2000); LE: 71.2 years
- Rapid urbanization with large floating pop
- Demographics: aging & family planning
- Fiscal decentralization
- Environmental challenges

Health Care Provision

- Urban sector: dominated by the government hospitals (non-profit?)
- Rural sector: the “Three-Tier” system; private village rural “doctors”
- Public health system: China CDCs
- Major issues: commercialization; public vs. private? pricing distortions; patient safety & quality

Resource Supply

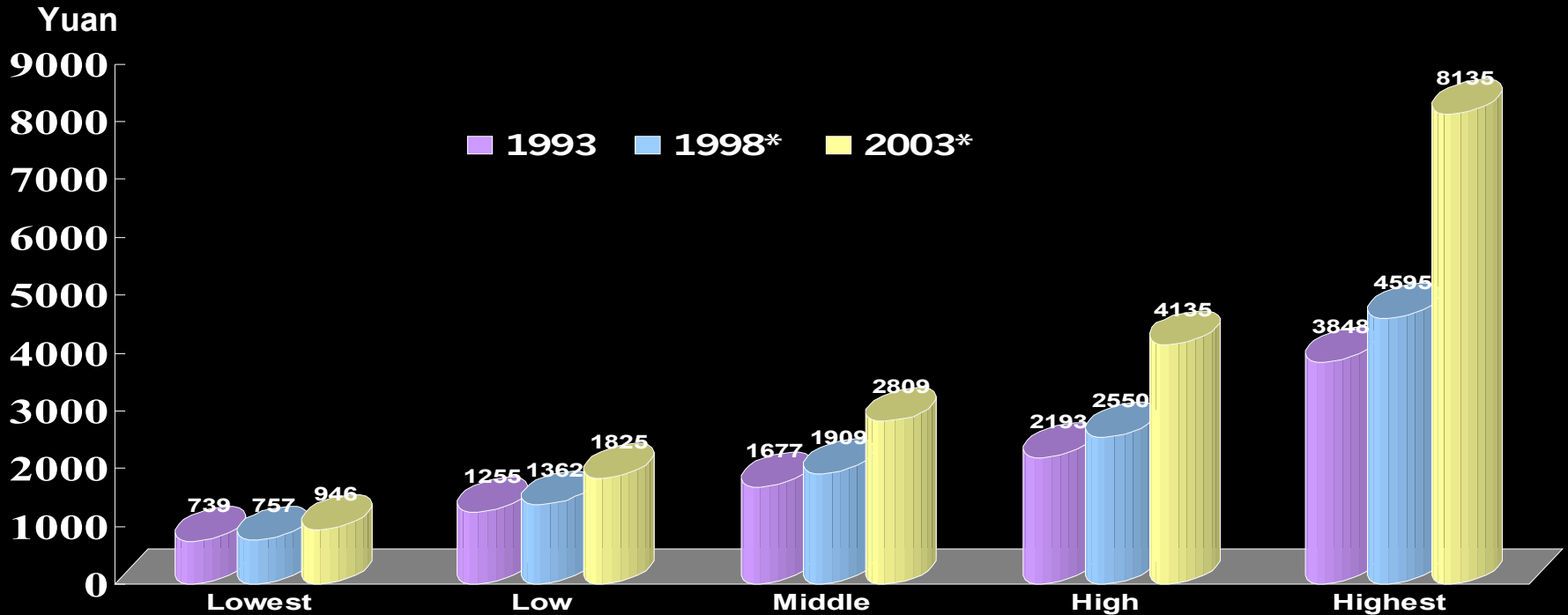
- Over 6000 drug manufacturers, 70,000 wholesalers; escalating costs; kick-backs; fake drugs
- Over 300 medical schools; each county has a “Health School”; but distribution of human resources uneven; public health staff not reaching out to communities and not linked to hospitals

Changes in Medical Costs and Insurance Coverage in China

	1990	1995	2000	% change (1990-2000)
Cost/visit	¥11	¥40	¥80	625%
Cost/admission	¥473	¥1,668	¥2,891	511%
Urban Insurance		53%	42%	-22%
Rural Insurance		12%	9%	-25%

Income changes in urban China

1993 – 2003



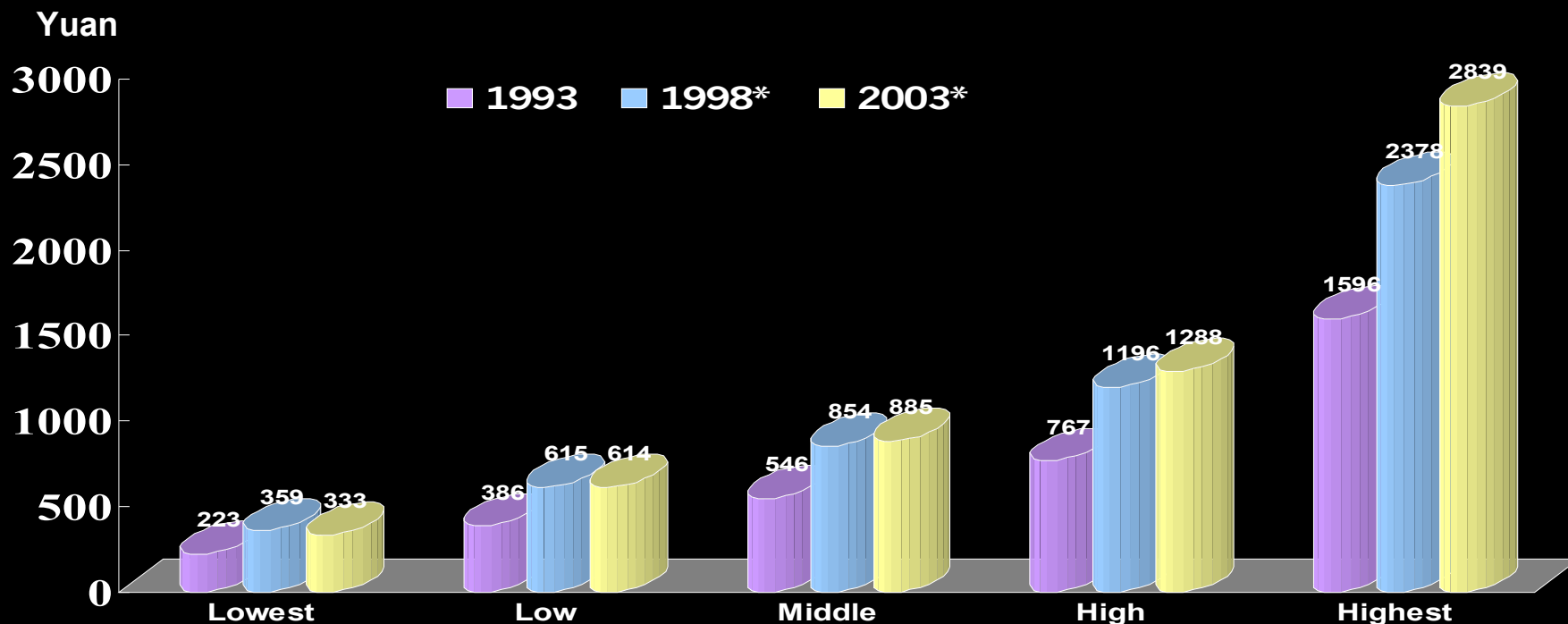
Annual increase 1993-1998: 0.5% 1.7% 2.6% 3.1% 3.6%

Annual increase 1998-2003: 4.6% 6.0% 8.0% 10.2% 12.1%

* In 1993 prices

Income changes in rural China

1993 – 2003

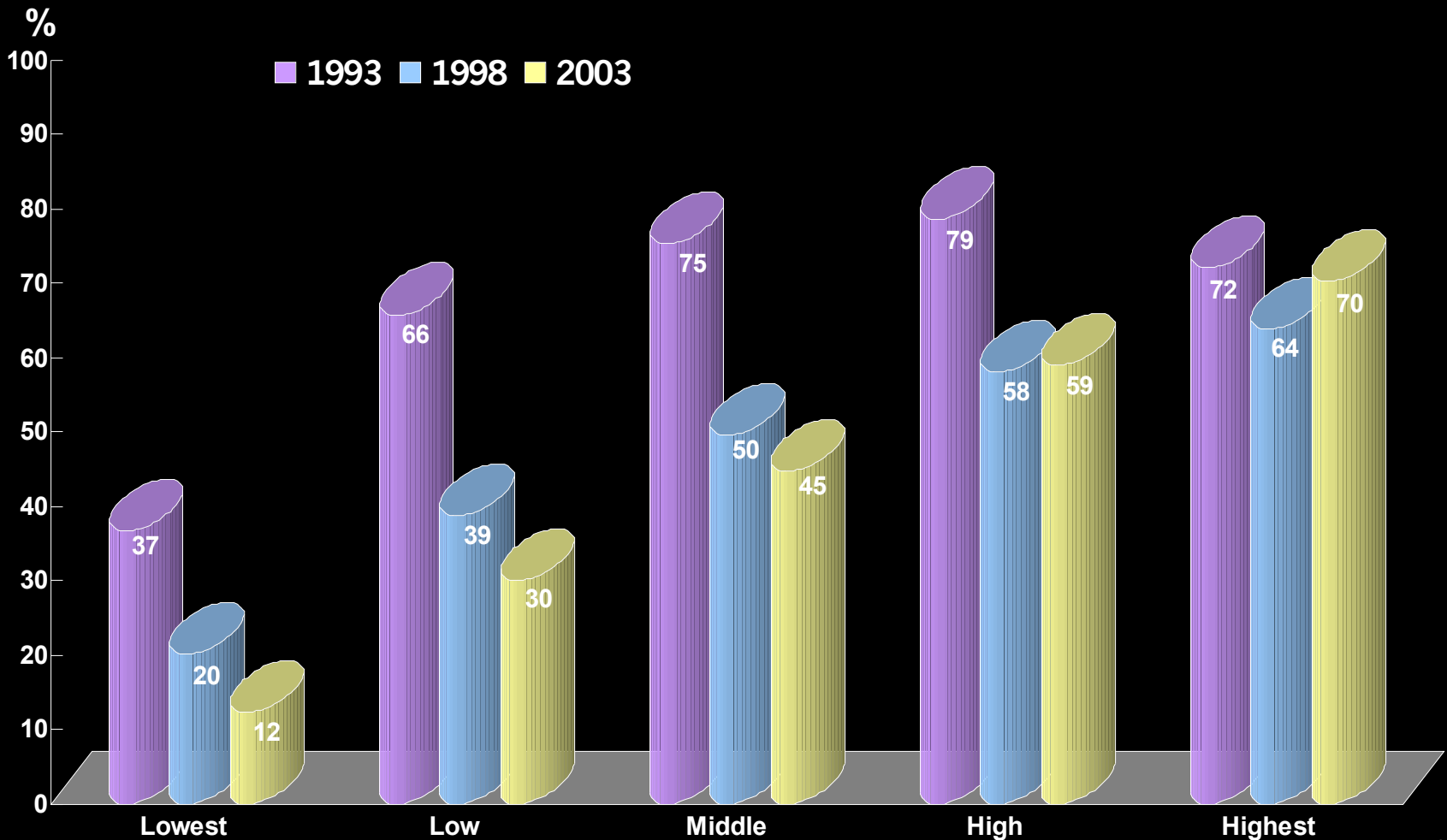


Annual increase 1993-1998: 10.0% 9.8% 9.4% 9.3% 8.3%

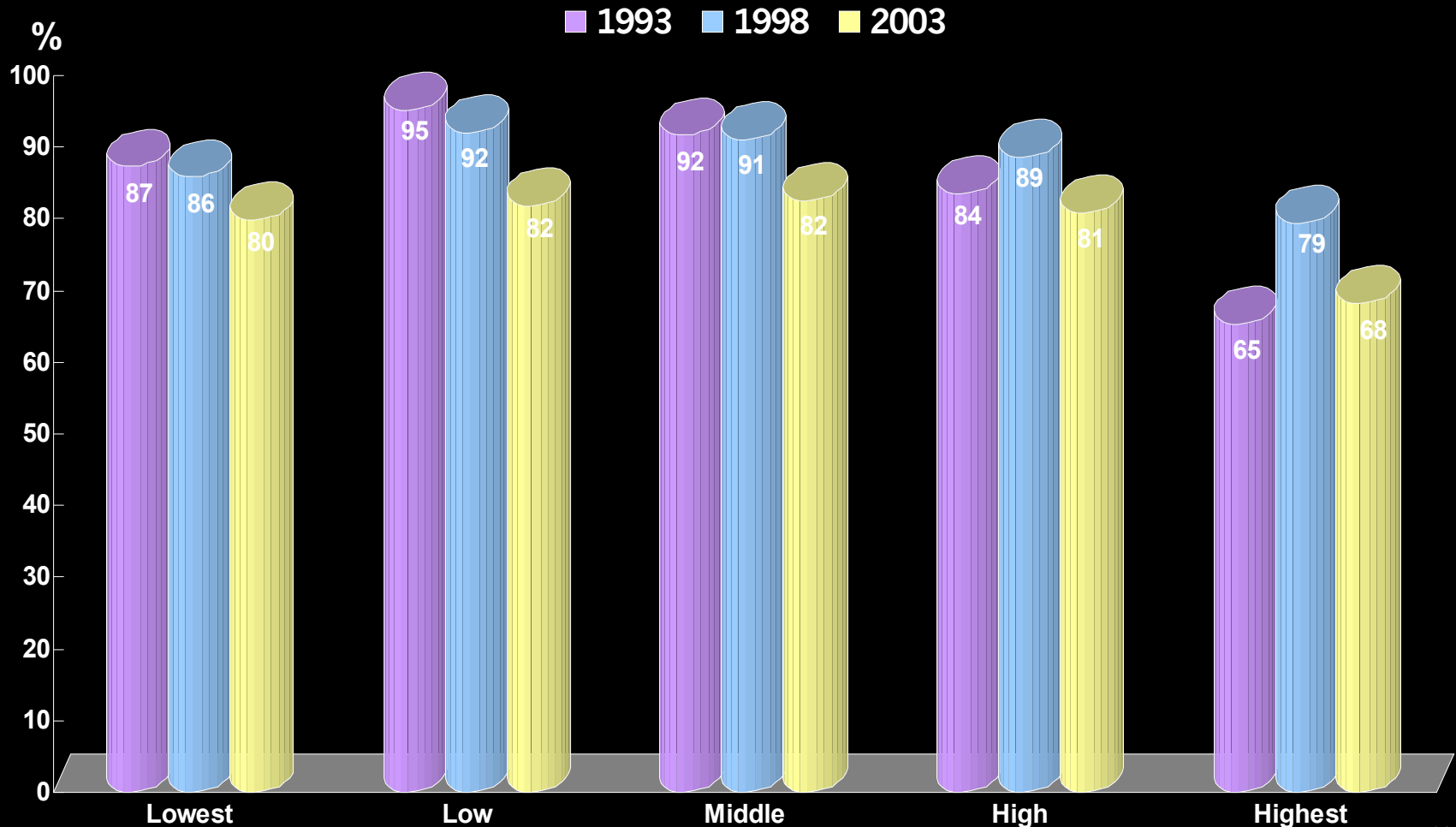
Annual increase 1998-2003: -1.5% -0.04% 0.7% 1.5% 3.6%

* In 1993 prices

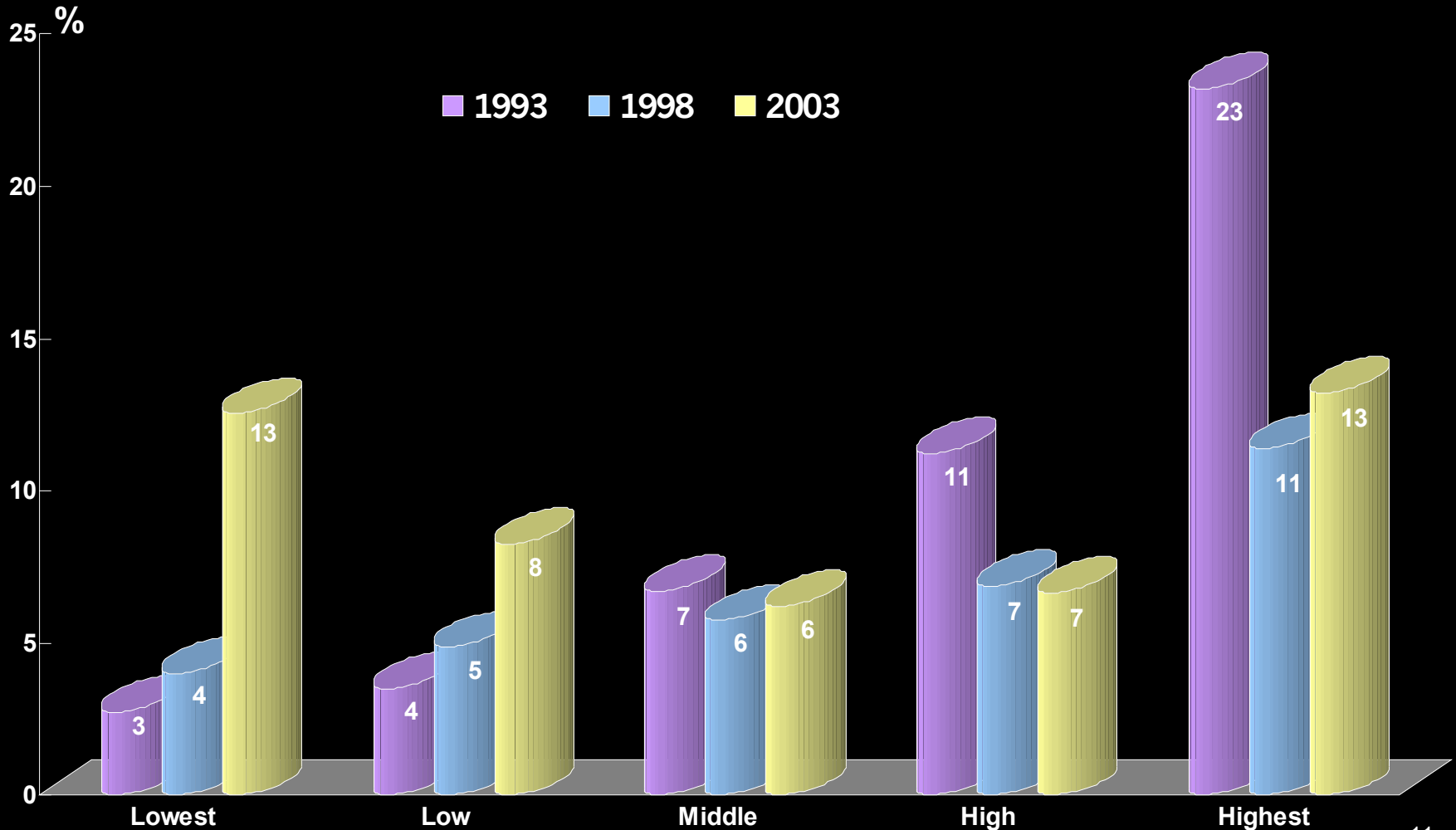
Insurance coverage (%) in urban China



Uninsured (%) in rural China



CMS Coverage (%) in rural China



China's Social Insurance

<u>Source of Funding</u>	<u>2 Accounts</u>	<u>Benefit Structure</u>
•Employer 6%	•4.2% SRF	* Supplementary Insurance •SRF Max (4-fold Wage)
•Employee 2%	•3.8% MSA	•Deductible •MSA (3.8%)

Regulation: Fragmented Authority

- The “Government” (Party, Executives, PC, PCC)
- Ministry of Health: Rural health, policy
- Food Drug Administration: Safety
- MOLSS: Urban health insurance, occupational health
- Pop & FP Commission: FP & reproductive health
- Ministry of Agriculture: Zoonoses, food-borne diseases
- Ministry of Civil Affairs: MEDICAID, community health
- Ministry of Construction: Urban water and sanitation

China's Major Health Policy and Health System Challenges

- “Double Burden” of diseases
- Globalization & threat of EDs
- Disfunctional public health system
- Increasing gaps in access to HC
- Lack of accountability