Towards Universal Health Coverage: Progress and Achievements of China’s Health Reform

Prof. Chen Zhu

(1st Nov 2012, Beijing)
I. Policy insurance of universal health coverage by health reform

II. Solid foundation built for universal health coverage by health reform

III. Notable achievements of health reform

IV. Health reform to be further advanced during “the 12th Five-Year Period”
Practice the concept of universal health coverage

Universal Health Coverage

- Political stability
- Build social security network
- Promote social equity

Essential Healthcare for All
Trend of Health System Development Globally

✓ Health stands at a central position in world development agenda.
✓ Health system reform becomes a global phenomenon.
✓ Achieving universal healthcare becomes consensus of most countries.
✓ Public health and primary health institutions increasingly become priority of health development.
Emphasize institutional arrangement of universal health coverage

17 March 2009
Release of Opinions of CPC Central and State Council on Deepening health reform

18 March 2009
Release of Implementation Plans of Recent health reform Priorities (2009-2011)
Framework of health reform: Four Beams and Eight Pillars

- **Eight pillars**
  - Management
  - Operation
  - Financing
  - Pricing
  - Supervision
  - Tech and HR
  - Information
  - Law

- **Four systems**
  - Public health
  - Medical service
  - Medical security
  - Drug supply

- **One objective**
  - Establish basic healthcare system
  - Provide basic healthcare for all

- Establish basic healthcare system
- Provide basic healthcare for all
Emphasize institutional arrangement of universal health coverage

Innovation in philosophy:
Provide basic healthcare system as public goods to the entire population

Innovation in principles:
Ensure the basic healthcare, strengthen the primary healthcare, and make institutional arrangement

Innovation in pathway:
Comprehensively planned Priorities highlighted Step by step approach
Emphasize policy inclusiveness of universal health coverage

- Establish inter-ministerial working group
- Entrust WHO, Peking University etc. to conduct independent parallel study
- Solicit public opinion in internet
Solid foundation built for universal coverage by health reform
Universal coverage of essential medical security system

- Expanded coverage of medical insurance: three basic medical insurance schemes have covered 1.3 billion people, over 95% of the total population. Participation rate of NRCMS (New Rural Cooperative Medical Scheme) reaches 98.3%.

- Improved security level of medical insurance: NRCMS government subsidy reaches 240 Yuan/person/year. Reimbursement ratio of inpatient expenses within NRCMS scope reaches over 70%. Average ceiling of reimbursement stands at 119,000 Yuan, 8 times higher than farmers’ per capita net income.
Universal coverage of essential medical security system

Multi-level Medical Security System

- Civil servant subsidy
- Enterprise insurance
- Special population
- Commercial insurance

Main body

- Basic Medical Insurance for Urban Employees
- Basic Medical Insurance for Urban Residents
- New Rural Cooperative Medical Scheme

Supplement

Medical Assistance System

Underpinning
Universal coverage of essential medical security system

Coverage of basic medical insurance schemes

Per capita government subsidy for NRCMS (Yuan)
Improve security level for catastrophic diseases:

- In 2010, pilot programs were launched to include child leukemia and congenital heart disease into insurance schemes for rural areas. 30,000 children gained benefits.

- In 2011, additional six catastrophic diseases, including end-stage renal disease, were covered by medical insurance schemes. 200,000 patients obtained reimbursement.

- In 2012, additional 12 diseases, including lung cancer, were included in medical insurance schemes in 1/3 NRCMS regions.
Universal coverage of essential medical security system

Number of catastrophic diseases covered by medical insurance

Number of people benefited

- Child leukemia: 7,700
- Child congenital heart disease: 26,500
- End-stage renal disease: 73,000
- Severe mental disease: 49,000
- Breast cancer: 30,000
- Cervical cancer: 8,300
- Drug-resistant TB: 20,000


- 2010: Child leukemia (2), Cervical cancer (2), Drug-resistant TB (6)
- 2011: Child leukemia (6), Child congenital heart disease (12)
- 2012: Child leukemia (12), Child congenital heart disease (6)

- Total beneficiaries: 7,700 in 2010, 26,500 in 2011, 49,000 in 2012
Universal coverage of national essential drug system at grassroots level

- Universal coverage of essential drug system at grassroots level. Government-run grassroots medical and health institutions are required to use essential drugs, which are sold with zero markup.

- A new bidding and procurement system for essential drugs. Provincial centralized procurement platform lead by the government has been built. A bidding and procurement system has been established with the following features: integration of bidding and procurement, link of quantity with price, double envelop system, centralized payment and whole-process monitoring.
A new operation system for grassroots health institutions.

★ Management system featuring public welfare.
★ Human resource system featuring competitiveness.
★ Remuneration policy with proper incentives.
★ Compensation system with long-term effect.
Notable improvements in grassroots hardware infrastructure. In the past three years, the central government invested 47.1 billion Yuan in infrastructure construction of grassroots health institutions.

( In 2011, the number of health institutions in China was 954,000; health personnel 8610,000; hospital beds 5,160,000. )

National coverage of 2–A county-level hospitals 72%

National coverage of village clinics 90%
Strengthen grassroots health workforce with an emphasis on general practitioners.

- 50,000 grassroots health workers trained as general practitioners
- 15,000 medical students enrolled free of tuition fees for central and western regions

Transform grassroots health service model.

- In rural areas, promote mobile medical services and integrated management of village health services.
- In urban areas, promote community general practitioner team and family doctor system.
Basic public health services cover urban and rural residents

- Notable improvements in equal access to basic public health services
  - ★ Budget for basic public health services increased to 25 Yuan/person/year
  - ★ 1.02 billion residents established digital health record, 0.91 billion standardized digital record
  - ★ National maternal and child health management rate reached 84% and 82% respectively
  - ★ 50% senior people over 65ys enjoyed free physical examination
  - ★ Hospital delivery rate in rural areas 96%
  - ★ Standardized chronical disease management, e.g. hypertension, diabetes, severe mental disease
**Basic public health services cover urban and rural residents**

National mega public health programs have benefited hundreds of millions people

<table>
<thead>
<tr>
<th>Mega public health programs</th>
<th>Reform target in 3ys</th>
<th>By Dec 2011</th>
<th>Completion rate</th>
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</thead>
<tbody>
<tr>
<td>Hospital delivery subsidy</td>
<td>--</td>
<td>27.266m</td>
<td>--</td>
</tr>
<tr>
<td>Immunization against hepatitis B for population under 15</td>
<td>63.98m</td>
<td>68.31m</td>
<td>106.8%</td>
</tr>
<tr>
<td>Stove renovation to eliminate coal fired fluorine</td>
<td>1.631m</td>
<td>1.689m</td>
<td>103.6%</td>
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<tr>
<td>Folic acid supplements</td>
<td>--</td>
<td>23.56m</td>
<td>--</td>
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<tr>
<td>Sanitary latrine construction</td>
<td>11.05m</td>
<td>13.33m</td>
<td>120%</td>
</tr>
<tr>
<td>Free cataract operation</td>
<td>1m</td>
<td>1.09m</td>
<td>109%</td>
</tr>
<tr>
<td>Cervical cancer examination</td>
<td>10m</td>
<td>11.69m</td>
<td>116.9%</td>
</tr>
<tr>
<td>Breast cancer examination</td>
<td>1.2m</td>
<td>1.46m</td>
<td>121.6%</td>
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2000 public hospitals have launched comprehensive pilot reforms in 17 national-level pilot cities and 37 provincial-level pilot cities.

- Steadily promote comprehensive pilot reforms of county-level public hospitals.
- Continuously improve medical service system.
- Fully implement convenient medical services.
- Further advance private medical institutions.
III Notable achievements of the reform
Improvements in Health Indicators

Maternal mortality rate (1/100,000) dropped from 34.2 in 2008 to 26.1 in 2011.

Maternal Mortality Rate

- Urban: 34.2
- Rural: 26.1
Infant mortality rate dropped from 14.9‰ in 2008 to 12.1‰ in 2011.
More reasonable structure of total expenditure on health

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<tr>
<th></th>
<th>2008</th>
<th>2010</th>
<th>2011</th>
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<tr>
<td><strong>Government expenditure</strong></td>
<td>24.7</td>
<td>28.7</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Social expenditure</strong></td>
<td>34.9</td>
<td>36.0</td>
<td>34.7</td>
</tr>
<tr>
<td><strong>Individual expenditure</strong></td>
<td>40.4</td>
<td>35.3</td>
<td>34.9</td>
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</table>
More balanced structure of health resources allocation

- **Obvious increase of workload at grassroots institutions:**
  - 3.8 billion outpatients in 2011, 29.4% increase from 2007.
  - 38 million inpatients in 2011, 34% increase from 2007.

- **Increased proportion of initial diagnosis at grassroots level**

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<tr>
<th></th>
<th>Urban(%)</th>
<th>Rural(%)</th>
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<tr>
<td></td>
<td>2008</td>
<td>2011</td>
</tr>
<tr>
<td>Primary healthcare services</td>
<td>48.3</td>
<td>55.5</td>
</tr>
<tr>
<td>Village clinic</td>
<td>24.8</td>
<td>24.3</td>
</tr>
<tr>
<td>(community health service station)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Township hospital</td>
<td>23.5</td>
<td>31.2</td>
</tr>
<tr>
<td>(community health service center)</td>
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Important role of health reform in overall social and economic development has begun to appear

- Accumulate experience for reform in social, or even broader areas.

- By improving consumer consumption expectation, demand for health services was released and health investment was expanded. This has driven development in pharmaceutical and medical device industry, as well as in health services, logistics and informatization, which created favorable conditions for responding to international financial crisis, expanding domestic demand and promoting economic development.
Positive comments of international community

Helping to achieve a sustainable and equitable health system by WHO

Implementing Health Care Reform Policies in China: Challenges and Opportunities by Center for Strategic and International Studies

China’s health reform: Progress and Future Steps by JPMorgan
health reform to be further advanced during “12th Five-Year Period”
Priority tasks during “the 12th Five-Year Period”

I  Universal healthcare

II  Essential drug system + New grassroots operation mechanism

III  Public hospital reform

IV  Other reform tasks

Reform objectives of “the 12th Five-Year Period”
I) **Accelerate universal healthcare**

- **Consolidate coverage of basic medical insurance and expand benefit package**
  - Increase participation rate of the three basic medical insurance schemes by three percentage points.
  - Increase reimbursement ratio to reduce its gap with actual payment ratio.

- **Promote payment method reform of medical insurance schemes**
  
  Replace the current fee-for-service with a mixed payment, e.g. global budget, DRGs, service unit, capitation.
I) Accelerate universal healthcare

- Improve management and services of basic medical insurance schemes
  - Improve information management, promote cross-provincial real-time settlement.
  - Lift the administrative level of NRCMS and build the risk resistance capacity of the fund.
  - Encourage and explore the participation of commercial insurance institutions in NRCMS operation and management.
I) Accelerate universal healthcare

- Two key issues towards universal healthcare
  1. Establish an insurance mechanism against catastrophic diseases.
     - Implement *Guiding opinions on launching insurance schemes against catastrophic diseases for urban and rural residents*
     - In this year, NRCMS emphasized on insurance against 20 catastrophic diseases:
       - ★ Determine yearly target: achieve “three ensure” (ensure full consolidation of 2 diseases, ensure full launch of pilot programs of 6 diseases, ensure the launch of pilot programs of 12 diseases in 1/3 NRCMS regions.
       - ★ Standardize medical service delivery: grassroots medical institutions—county level hospitals—tertiary hospitals
       - ★ Effectively control medical expenses: clinical pathway, payment method reform, centralized bidding and procurement
       - ★ Guarantee demand for essential drug: inclusion into essential drug list
Two key issues towards universal healthcare

2. Integrated administration of health insurance and health service.

- Integrated administration of health insurance and health service by health department has been a trend globally.
- There is an essential difference between health insurance system and other social security system.
- Integrated administration by health department could strengthen inner link and law of development of health insurance and service, which would contribute to the new “three medical linkage” mechanism linking medical insurance, medical service and medicine.
II) Consolidate and improve essential drug system and new grassroots operation mechanism

- **Expand the effect of national essential drug system**
  - Expand essential drug system to village clinics, non-government-run grassroots medical institutions
  - Formulate and release national essential drug list for the year 2012, regulate local amendment to the list
  - Stick to the principle of integrating bidding with procurement, linking quantity with price, double envelop system, centralized payment, whole process monitoring
  - Encourage the inclusion of non essential drugs and high-value medical supplies into the scope of centralized procurement
  - Establish and improve essential drugs supply system
II) Consolidate and improve essential drug system and new grassroots operation mechanism

- **Enhance service capacity of grassroots health institutions**
  - ★ Continue to support standardized construction of grassroots medical and health institutions, aiming at a target rate of 95% by 2015.
  - ★ Fully develop the GP System. By 2015 over 150,000 GPs shall have been trained for grassroots health institutions and the GP special post plan shall have been implemented.

- **Consolidate comprehensive reform of grassroots health institutions**
  - ★ Establish a stable and sustainable multi-channel compensation mechanism, accelerate implementation of general diagnostic fee and medical insurance policy.
  - ★ Improve performance-based assessment and remuneration system, compatible with the features of medical profession.
II) Consolidate and improve essential drug system and new grassroots operation mechanism

- **Strengthen capacity building of village doctors**
  - Proactively promote integrated management of village health services;
  - Put into practice compensation policy to village doctors, including government specific subsidy, basic public health service subsidy, general diagnostic fee, NRCMS outpatient reimbursement etc.;
  - Explore and address the issue of pension for village doctors;
  - Enhance service capacity of village doctors.
III) Proactively advance public hospital reform

- **Fully implement county-level public hospital reform**
  - ★ 311 counties (cities) have been selected as the first group of pilot counties for county-level public hospital reform
  - ★ Promote the reform with eliminating the practice of subsidizing medical services with profits from drug sales as the critical point
  - ★ Enhance capacity building and basically retain patients within the county for catastrophic diseases and 90% of the hospital visits are within the county
  - ★ Launch selection of the second group of pilot countries as soon as possible
Promote compensation policy reform
Transform existing three compensation channels, i.e. fee for service, drug markup, fiscal subsidy, to two channels, i.e. fee for service and fiscal subsidy. Including:

- Implement and improve government investment policy
- Reform medical insurance payment system
- Adjust prices for medical services
- Regulate drug procurement and distribution
III) Proactively advance public hospital reform

- Expand and extend urban public hospital reform

- Separating government functions from hospitals
  - Put into practice the administrative function of the government and the status of hospitals as legal persons

- Separating administration from operation
  - Set up relatively independent public hospital authority under the health authorities

- Separating medical services from drug sales
  - Take comprehensive measures to eliminate the practice of subsidizing medical services with profits from drug sales

- Separating for-profit from non-profit operations
  - Form a pattern with diversified medical service providers
III) Proactively advance public hospital reform

Continue to promote convenient services benefiting people

★ Deepen the philosophy of patient-centered service
★ Continue to promote the following measures: quality nursing, hospital visit upon appointment, convenient outpatient service
★ Optimize the environment and procedures of hospital visits
★ Improve medical quality management and control system
★ Promote clinical pathway management, disease-specific quality control and regulate diagnosis and treatment
**Promote equal access to basic public health services**

**Strengthen performance-based assessment**

**Institutional Innovation**

- ★ Stick to the principal status of grassroots medical and health institutions
- ★ Bring into play the guiding and evaluation role of professional public health institutions
- ★ Link appropriation of subsidy fund with performance-related pay

**Emphasize effectiveness of services**

- ★ Improve service condition
- ★ Intensify training
- ★ Launch extensive information campaign

**IV) Coordinate and improve other reform tasks**
IV) Coordinate and improve other reform tasks

- Encourage the development of private medical institutions, and involve diversified medical service providers.

- Improve policy measures
- Ensure fairness
- Emphasize setup planning
- Strict supervision

Develop supporting policies in setup approval, inpatient Reimbursement, financial support and human resource management; to ensure fairness with public hospitals; to guide differentiated services provided by private medical institutions; to promote localized management of this industry and regulate practice of private medical institutions.

- Beds and services shall reach 20% of the total in 2015
Strengthen personnel training with an emphasis on GPs

Implement *Guiding Opinions on Establishing a GP System*

1. Establish standardized GP training system
2. Continue with transition training for health workers to become GPs
3. Emphasize GP training for designated posts

Build training base in grassroots health institutions
Develop initiative and enthusiasm of health workers to serve in grassroots health institutions
IV) Coordinate and improve other reform tasks

Speed up health informatization

A. Establish practical and shareable health information system: “3521” project, promote interconnection and resource sharing

B. Strengthen top-level design and standard development of the health information system: Integrate existing information system and data resource, increase utilization rate

C. Promote the application of resident electronic health record and medical record: Improve database of electronic health record and hospital information system with electronic medical record as the core
Strengthen supervision and safeguard safety of medical services

Strengthen supervision in the whole health industry

IV) Coordinate and improve other reform tasks

- Improve supervision mechanism and make institutional arrangement
- Improve means and methods of supervision
- Set up and improve indicator system of health reform evaluation
Thank you!