



# **Towards Universal Health Coverage: Progress and Achievements of China's Health Reform**

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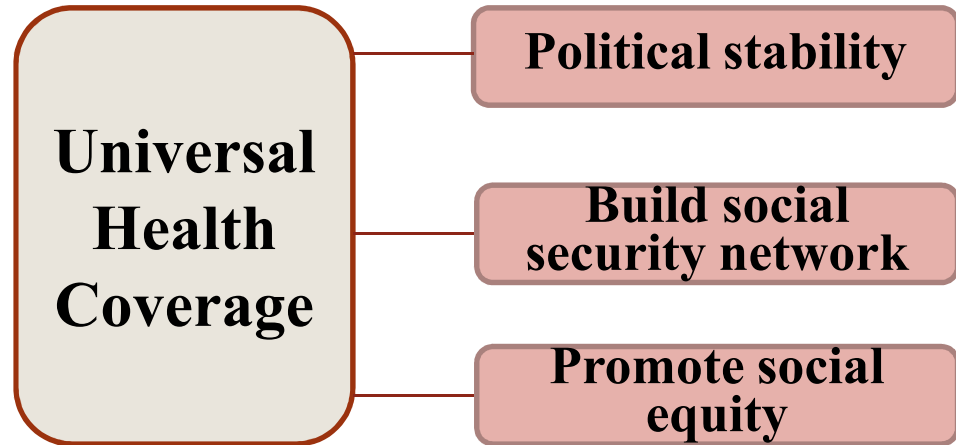
( 1<sup>st</sup> Nov 2012, Beijing )

# Outline

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- 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 12<sup>th</sup> Five-Year Period”

# Practice the concept of universal health coverage



## Essential Healthcare for All



# Trend of Health System Development Globally

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- ✓ 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

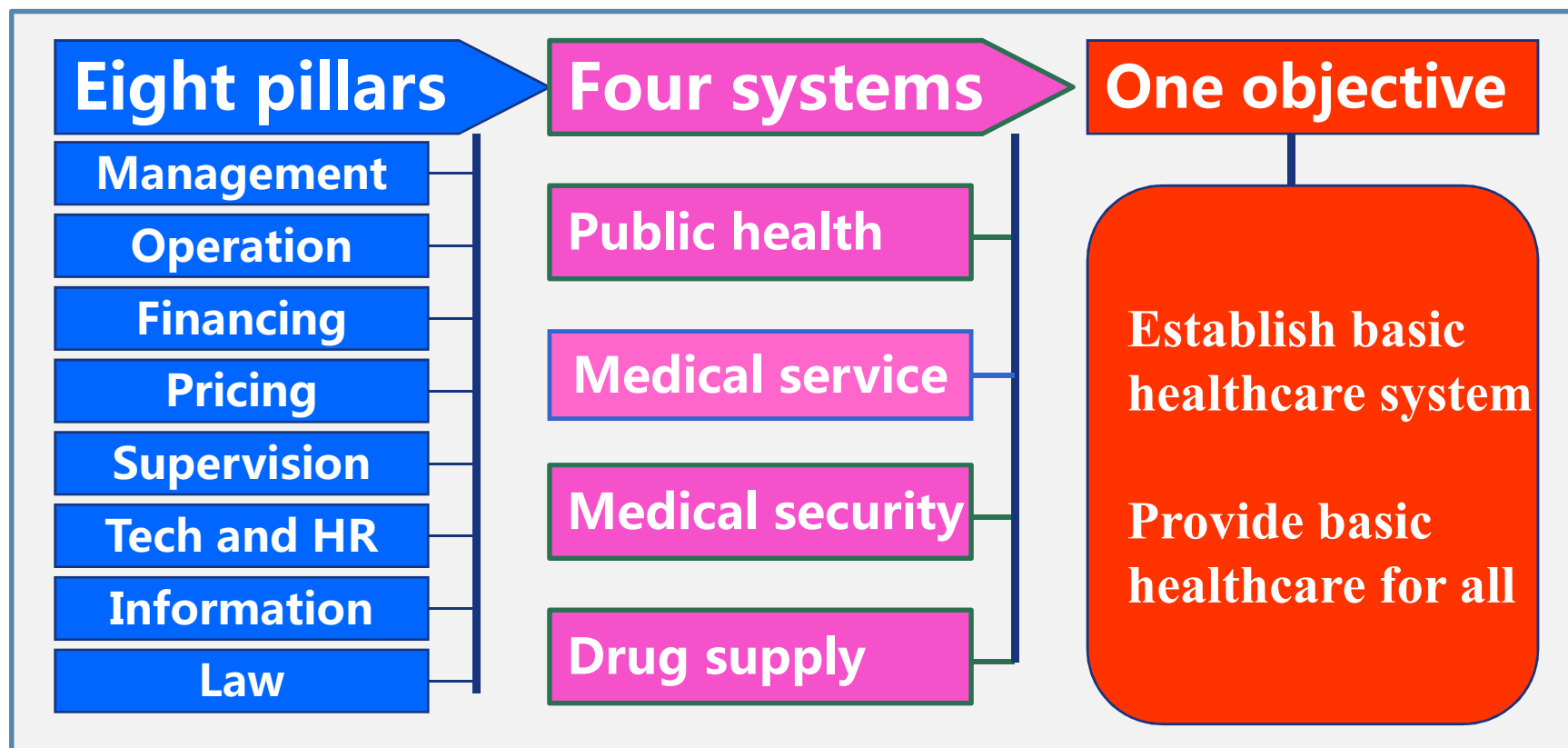
Release of *Opinions of CPC Central and State Council on Deepening health reform*

18 March 2009

Release of Implementation Plans of Recent health reform Priorities (2009-2011)



# Framework of health reform: Four Beams and Eight Pillars





## 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



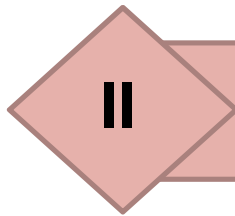
## Emphasize policy inclusiveness of universal health coverage

- Establish inter-ministerial working group
- Entrust WHO, Peking University etc. to conduct independent parallel study
- Solicit public opinion in internet



The screenshot shows the official website of the National Development and Reform Commission (NDRC) in China. The page is titled '深化医药卫生体制改革意见征集' (Public Opinion Survey on Deepening the Reform of the Medical and Health System). It features a navigation menu with options like '全文浏览' (Full Text Browse) and '意见提交' (Submit Opinion). The main content area contains text regarding the importance of medical reform and a form for submitting public opinions, with fields for '姓名' (Name), '联系方式' (Contact Information), and '电子邮箱' (Email Address).





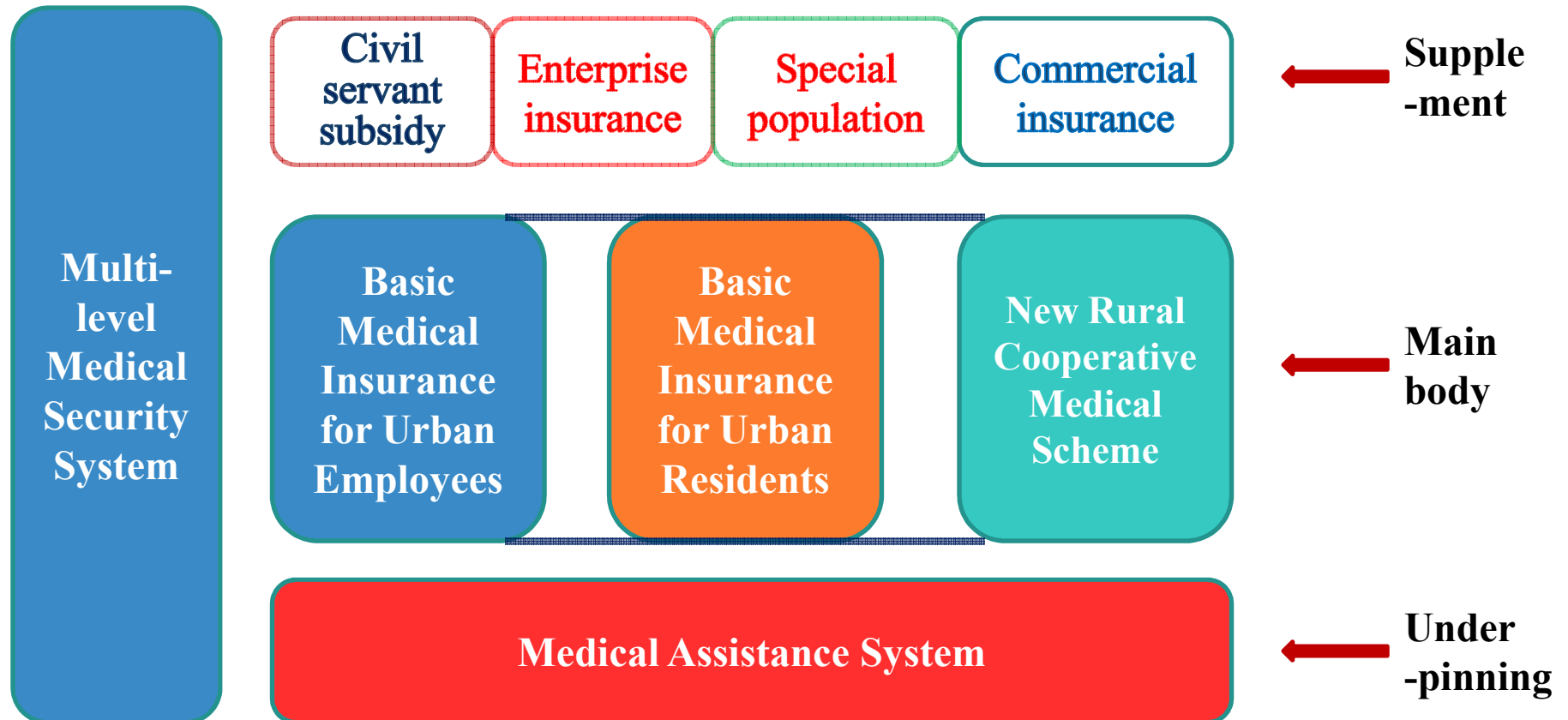
**Solid foundation built for universal coverage by health reform**



## Universal coverage of essential medical security system

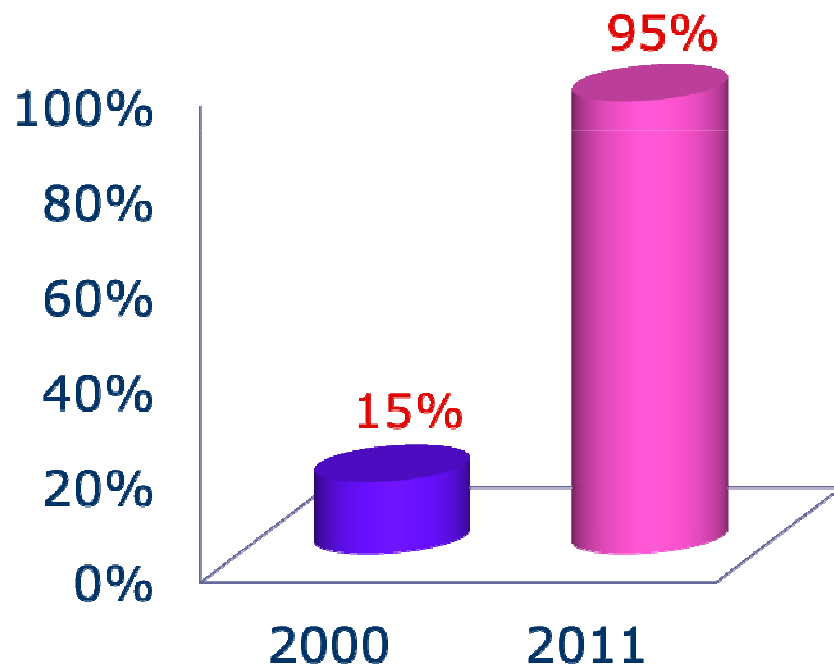
- ❑ **Expanded coverage of medical insurance:** three basic medical insurance schemes have covered 1.3 billion people, over 95% of the total population. Participation rate of NRCMS (New Rural Cooperative Medical Scheme) reaches 98.3%.
- ❑ **Improved security level of medical insurance:** NRCMS government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

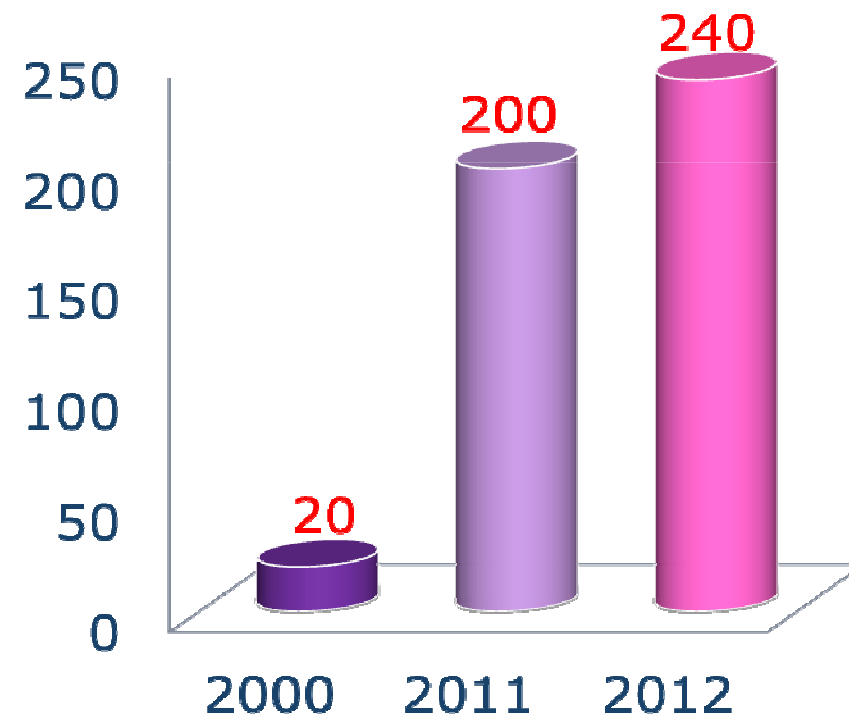


# Universal coverage of essential medical security system

## Coverage of basic medical insurance schemes



## Per capita government subsidy for NRCMS (Yuan)



# Universal coverage of essential medical security system

## ❑ Improve security level for catastrophic diseases:

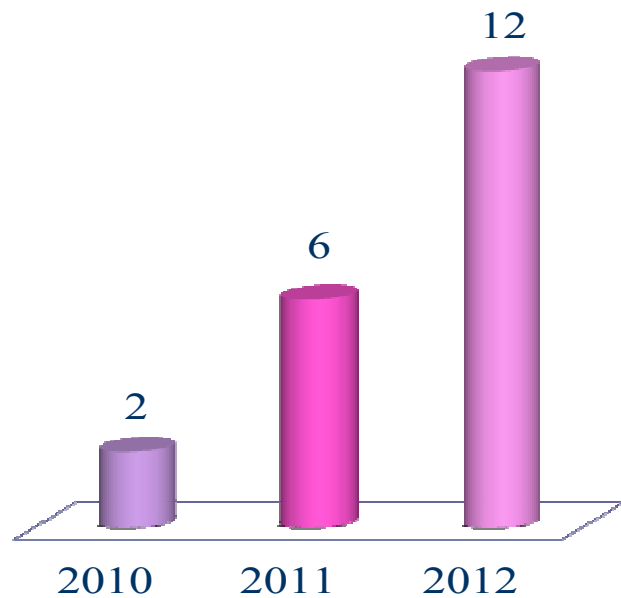
★ In 2010, pilot programs were launched to include child leukemia and congenital heart disease into insurance schemes for rural areas. 30,000 children gained benefits.

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

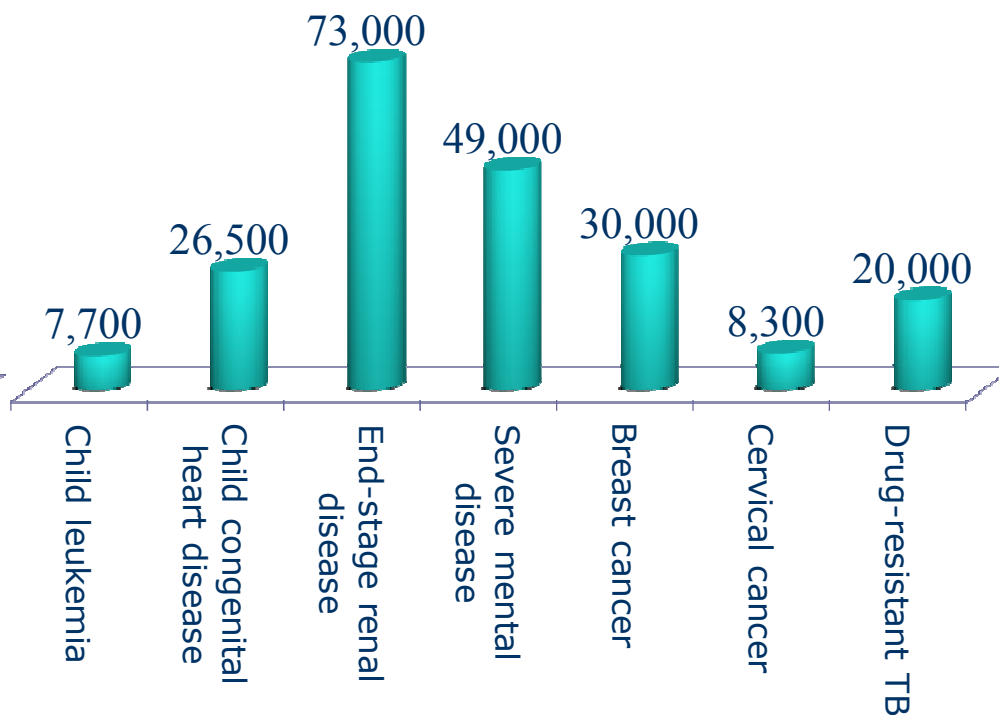
★ In 2012, additional 12 diseases, including lung cancer, were included in medical insurance schemes in 1/3 NRCMS regions.

# Universal coverage of essential medical security system

**Number of catastrophic diseases covered by medical insurance**



**Number of people benefited**



## 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.

## Universal coverage of national essential drug system at grassroots level

- **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.



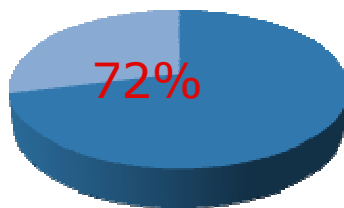
# Grassroots health service network covers urban and rural areas

## □ Notable improvements in grassroots hardware infrastructure.

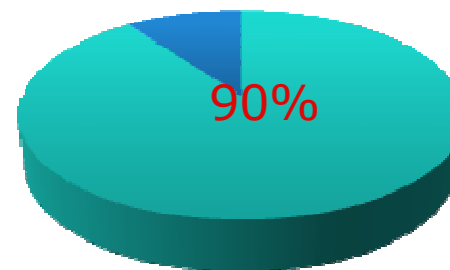
In the past three years, the central government invested 47.1 billion Yuan in infrastructure construction of grassroots health institutions.

( 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



National coverage of village clinics



## Grassroots health service network covers urban and rural areas

### ❑ **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 chronic disease management, e.g. hypertension, diabetes, severe mental disease

## Basic public health services cover urban and rural residents

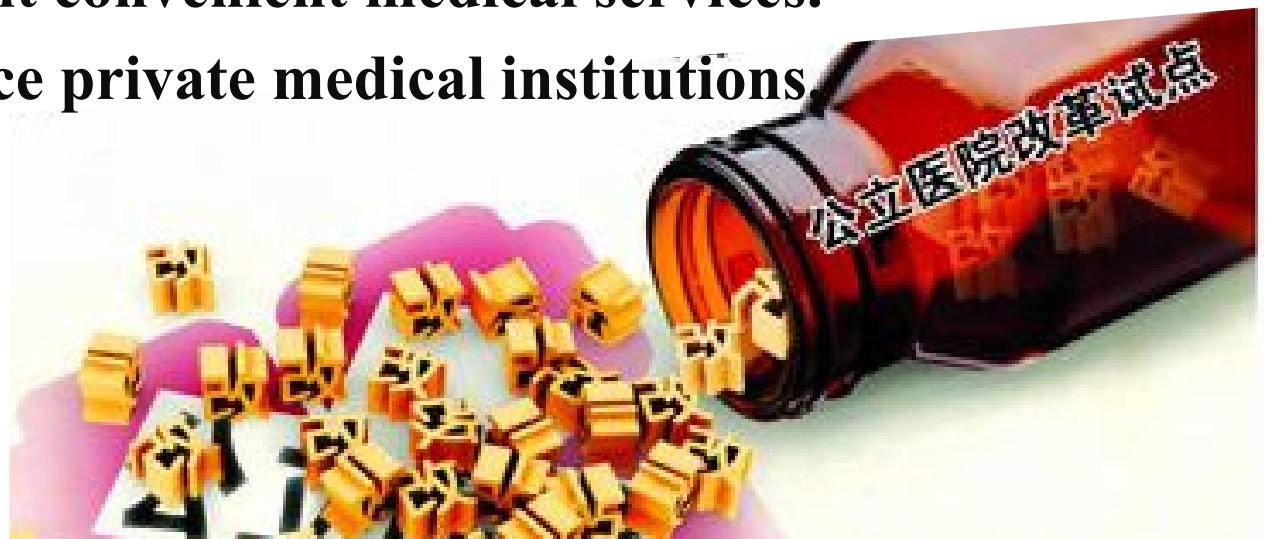
**National mega public health programs have benefited hundreds of millions people**

Mega public health programs	Reform target in 3ys	By Dec 2011	Completion rate
Hospital delivery subsidy	--	27.266m	--
Immunization against hepatitis B for population under 15	63.98m	68.31m	<b>106.8%</b>
Stove renovation to eliminate coal fired fluorine	1.631m	1.689m	<b>103.6%</b>
Folic acid supplements	--	23.56m	--
Sanitary latrine construction	11.05m	13.33m	<b>120%</b>
Free cataract operation	1m	1.09m	<b>109%</b>
Cervical cancer examination	10m	11.69m	<b>116.9%</b>
Breast cancer examination	1.2m	1.46m	<b>121.6%</b>

## Pilot reform of public hospitals has been advanced in an orderly manner

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.**





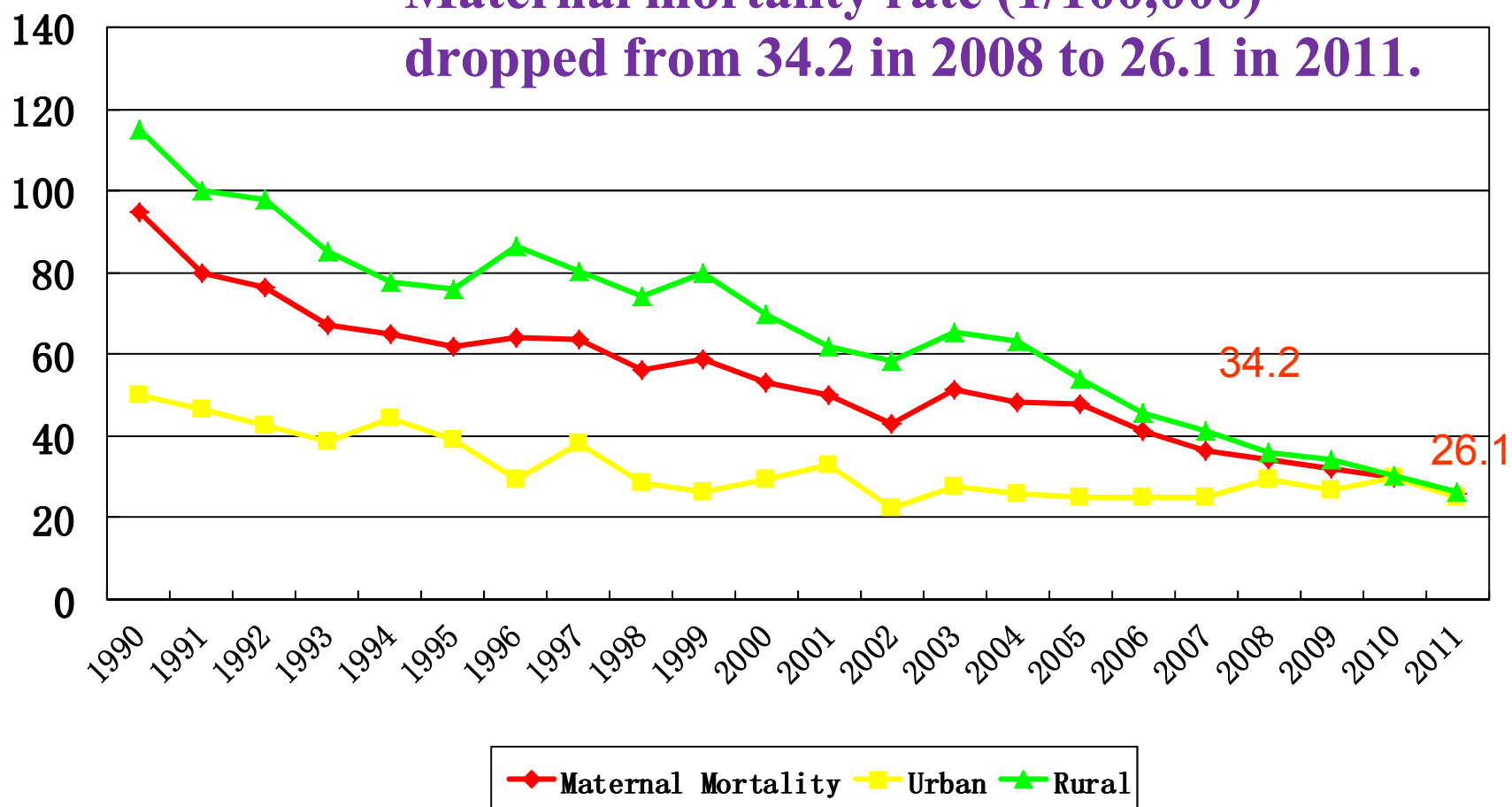
**III** **Notable achievements of the reform**



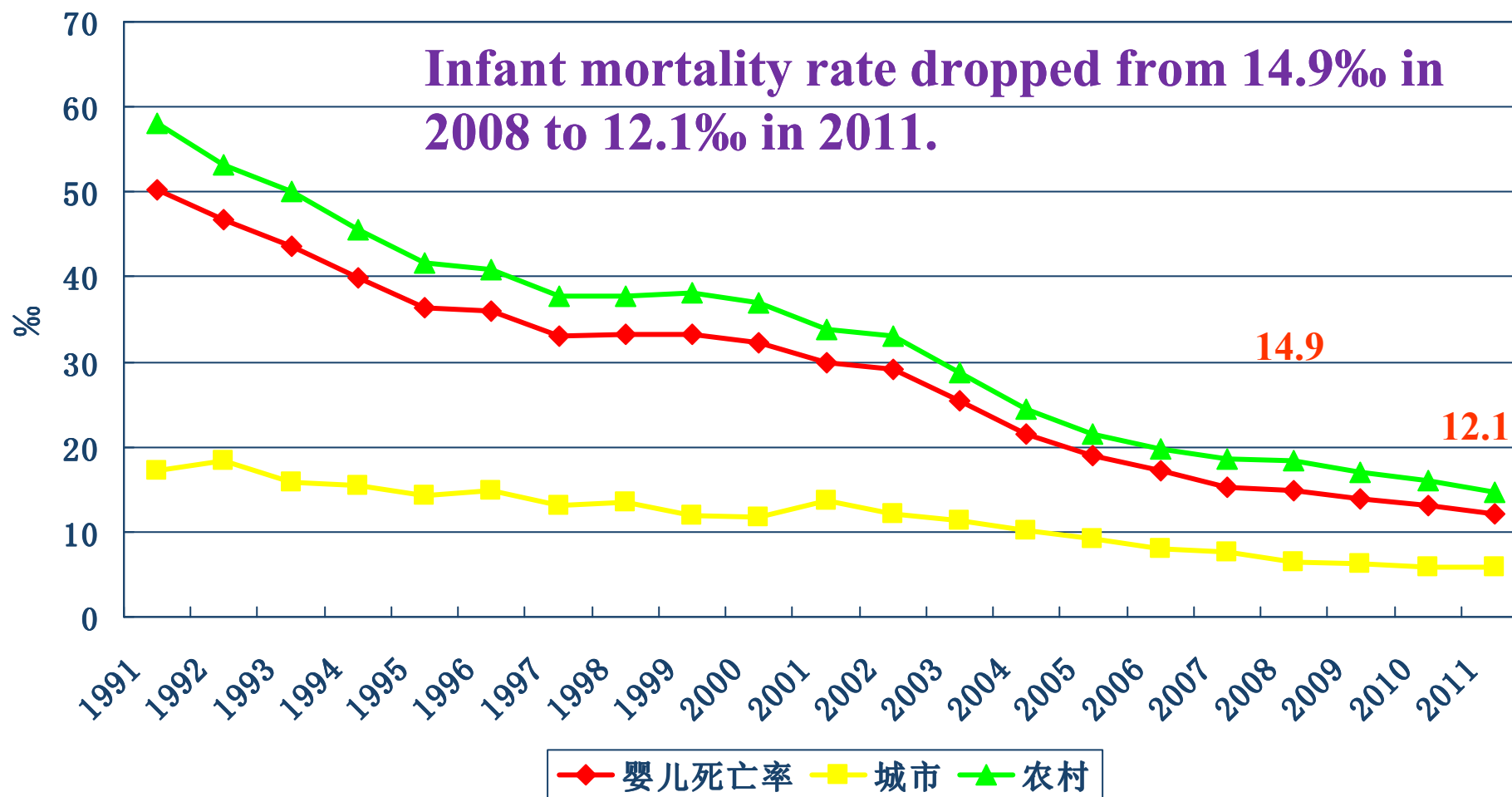
# Improvements in Health Indicators

## Maternal mortality rate (1/100,000)

dropped from 34.2 in 2008 to 26.1 in 2011.

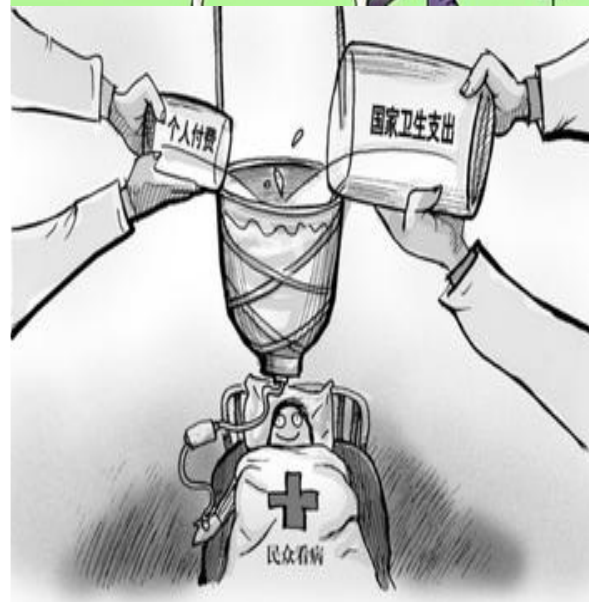
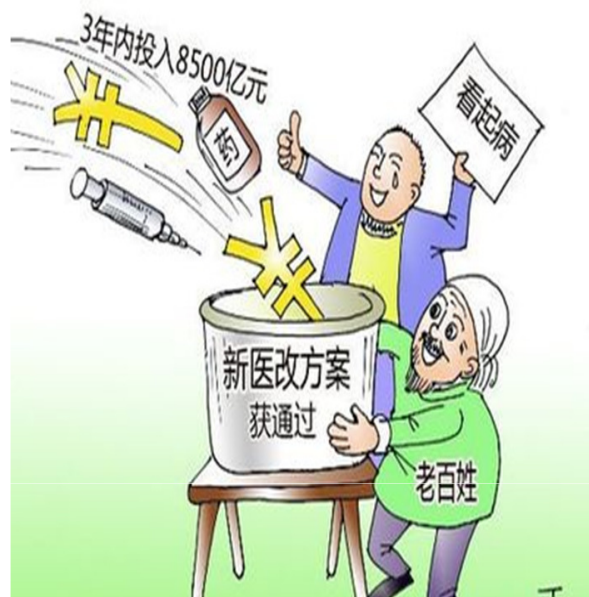


# Improvements in Health Indicators





# More reasonable structure of total expenditure on health



	2008	2010	2011
	%	%	%
<b>Government expenditure</b>	24.7	28.7	30.4
<b>Social expenditure</b>	34.9	36.0	34.7
<b>Individual expenditure</b>	40.4	35.3	34.9

## 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**

	Urban(%)		Rural(%)	
	2008	2011	2008	2011
<b>Primary healthcare services</b>	<b>48.3</b>	<b>55.5</b>	<b>81.7</b>	<b>81.8</b>
Village clinic (community health service station)	24.8	24.3	57.3	57.4
Township hospital (community health service center)	23.5	31.2	24.4	24.4



## 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*



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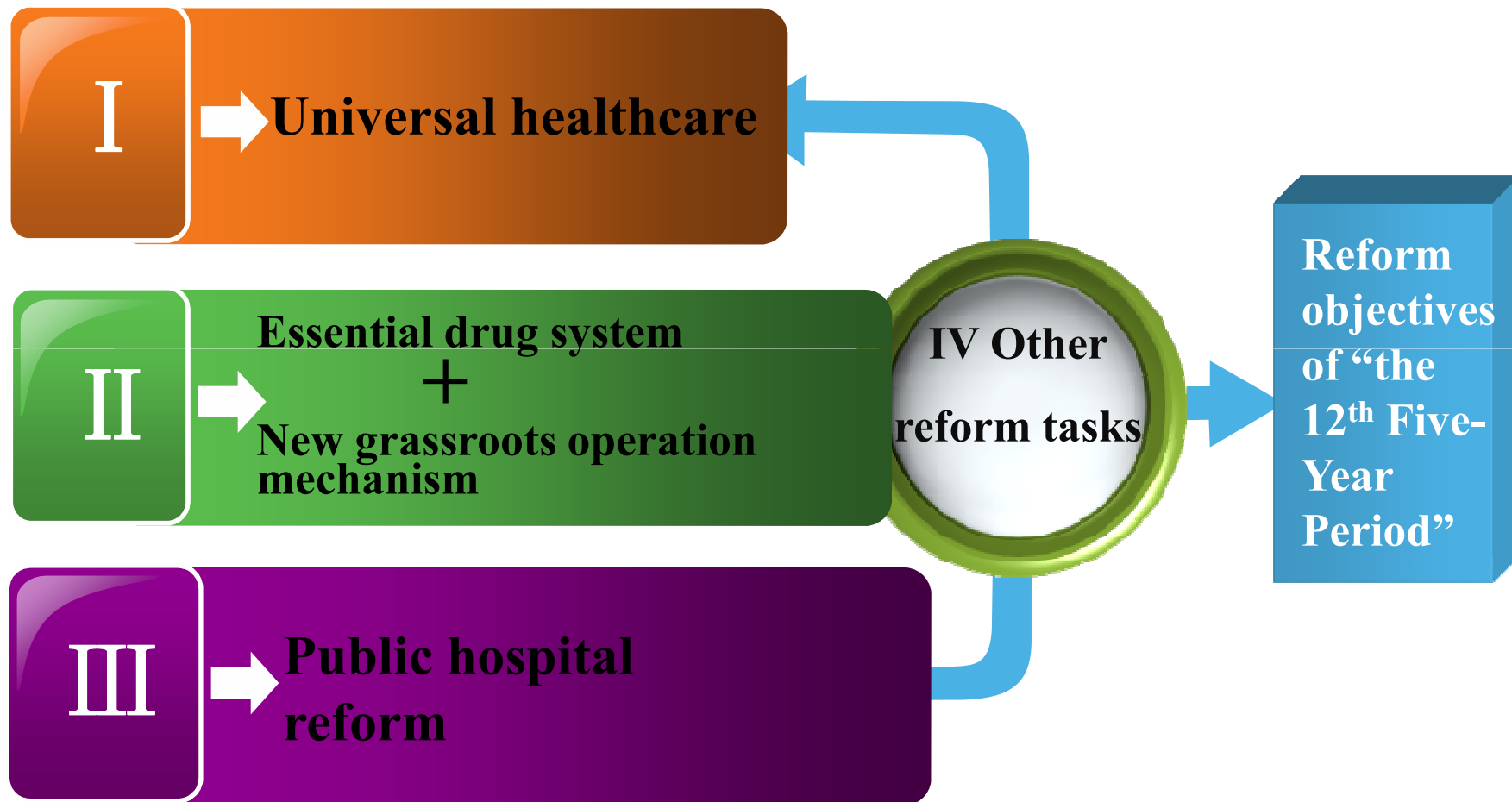
[www.thelancet.com](http://www.thelancet.com)



**IV** health reform to be further advanced during  
“12<sup>th</sup> Five-Year Period”



# Priority tasks during “the 12<sup>th</sup> Five-Year Period”



## **D) Accelerate universal healthcare**

### **■ Consolidate coverage of basic medical insurance and expand benefit package**

★ Establish a stable financing growth mechanism. Government subsidy in 2015 shall reach 360 Yuan/person.

★ 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.

## **D) 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.



## D) 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

## D) Accelerate universal healthcare

### ■ 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

## III) Proactively advance public hospital reform

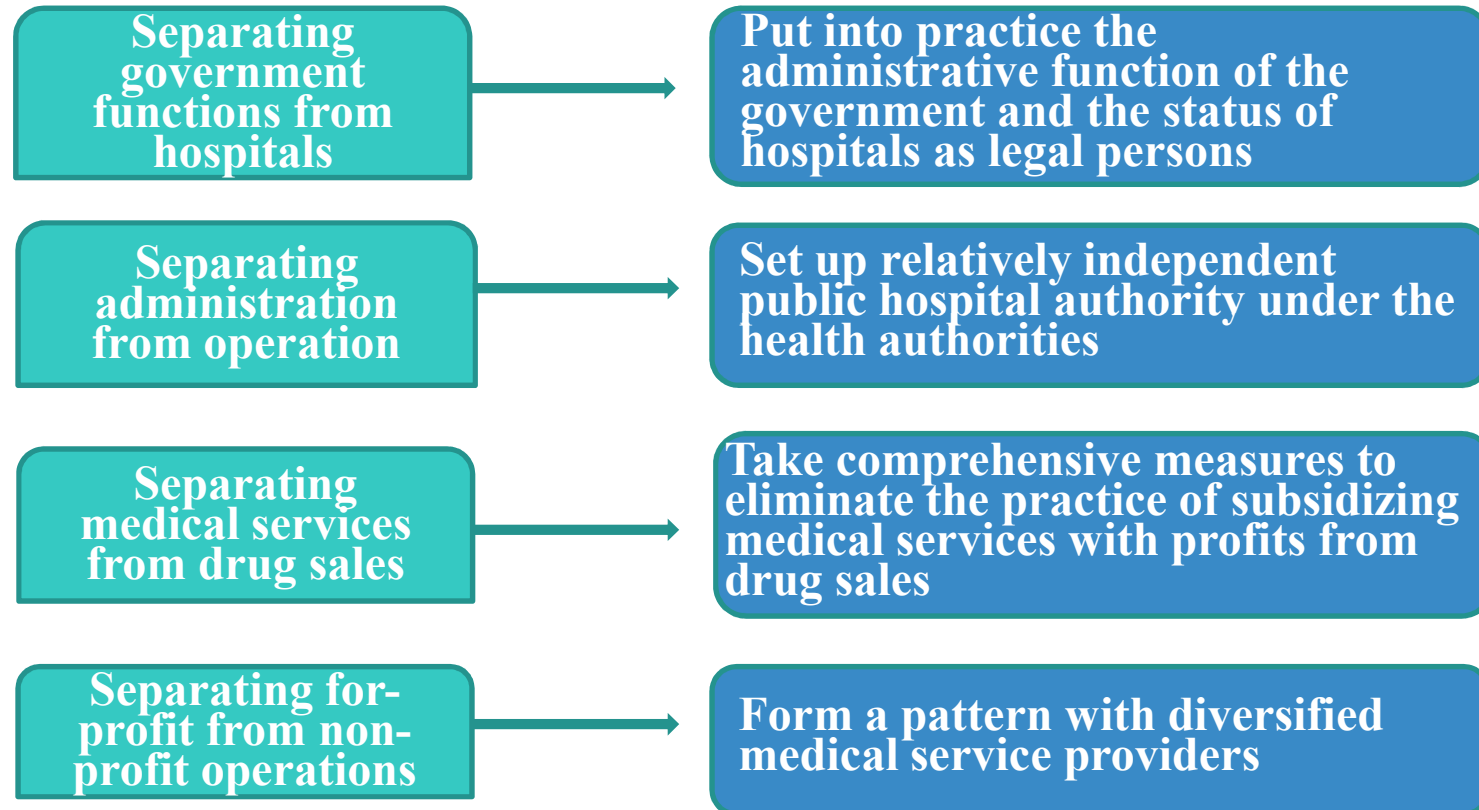
### ■ **Promote compensation policy reform**

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





## 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

## IV) Coordinate and improve other reform tasks

### ■ 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

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



## IV) Coordinate and improve other reform tasks

### ■ 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**

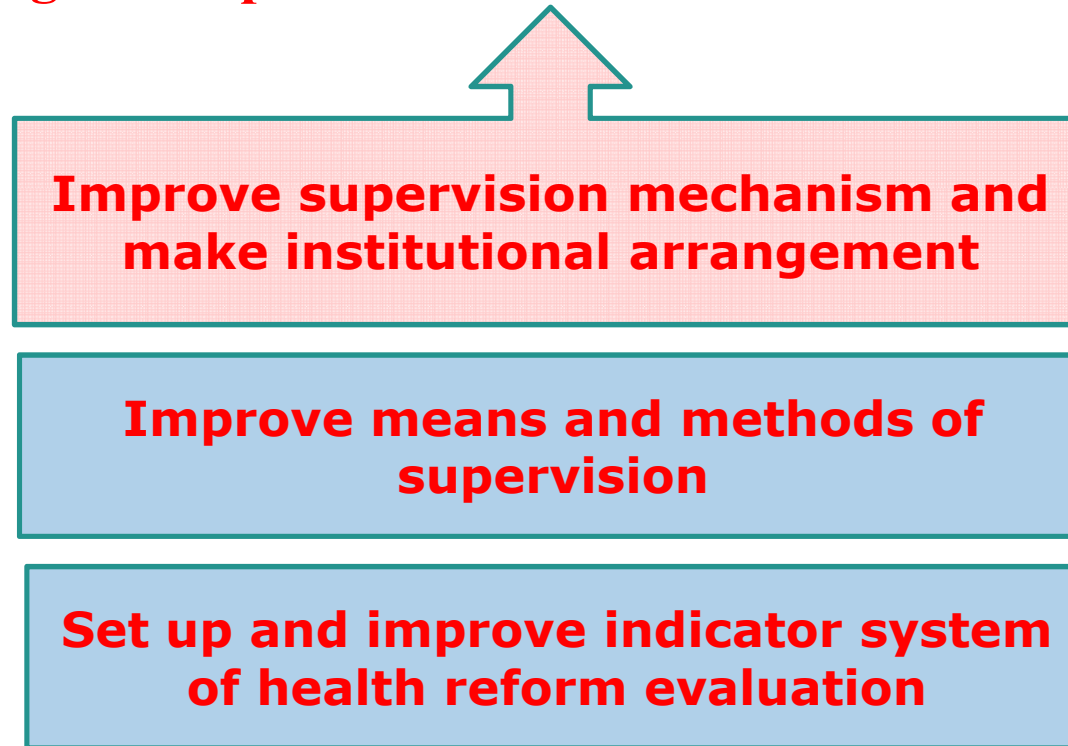
**B. Strengthen top-level design and standard development of the health information system:** Integrate existing information system and data resource, increase utilization rate

**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

## IV) Coordinate and improve other reform tasks

- **Strengthen supervision and safeguard safety of medical services**

**Strengthen supervision in the whole health industry**





**Thank you!**