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Universal Health Care Coverage in China: Challenges and Opportunities

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Abstract:

China's new round health systems reform aims to achieve universal health care coverage by 2020. Universal health care coverage has three dimensions, breadth (population coverage), depth (service provision, and height (financial protection), according to WHO's analytic framework. This article analyzes situation of universal coverage in China using existing data and raises challenges and opportunities for achieving the aims.

Basic clinical health care is provided under a system of three health insurance schemes in both rural and urban areas. In terms of population coverage, 90% of rural population and 65% of urban residents have been covered by the social health insurance schemes, reaching a relatively high population coverage level. However, due to the low level of premiums, especially in the rural health insurance scheme, scope of services and financial protection are constrained. In 2008, per capita premiums of the urban employee-based health insurance and resident-based health insurance were 14 and 4 times higher than that of the rural health insurance.

Even though provision of public health care is overall good, there exist disparities in service provision between regions, the rural and urban areas, and population groups. Population coverage of maternal health care and chronic disease management need to be improved. For prenatal health care and chronic disease management, population coverage in rural area is about 50% lower than the urban cities. In addition, there is a gap between standard of health care provision and actual practice. For example, only 78.5% and 43.9% of urban and rural pregnant women utilized more than 5 times of prenatal care. Insufficient provision of public health care would affect control of medical cost escalation.

China's government has implemented a number of policies and interventions for the universal health care coverage, including improving the existing health financing system, advancing provision of public health care, and strengthening interventions for priority public health problems. It is important to realize the challenges facing the government, including imbalance in economic and social development, the role of health care in agenda of the local government, low per capita health resource, and balance of different interest groups.

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1. Background

In April of 2009, China's government announced its blueprint for health system reform and development for the next decade in an official policy document entitled "Guidelines for Deepening Health Systems Reform." The aim of the reform is to establish universal coverage (UC) that provides "safe, effective, convenient, and affordable basic health services" to all urban and rural residents.

Between 1950 and 1980 China's health care system provided basic health care to almost all the country's population through public health network and urban and rural health insurance schemes. Despite government promises to implement WHO's primary health care strategies designed to achieve "Health for All by 2000", the economic reforms of the late 1970s brought significant change to the way the system was run. While the government continued to invest in health, market-oriented financing mechanisms were implemented to fund both curative and preventive care. As a result, health services became unaffordable and inaccessible for disadvantaged populations (Tang et al. 2008).

By the late 1980s, the rural health insurance scheme had collapsed. Urban health insurance schemes were also crippled by the rapid rise of medical costs and the inefficiency of state-owned enterprises—their main financers (Liu 2002). Since then, the lack of coverage provided by the health insurance system and inadequate government support for essential public health programs have been identified as the main obstacles to universal coverage. Public dissatisfaction with health sector performance along with emerging public health problems, notably SARS in 2003,became driving forces for reform. A number of critical reviews, especially a report by the Development Research Center of the State Council, have also been important in highlighting the need for change.

UC policy in China is the outcome of protracted discussion and debate regarding the main challenges faced by the domestic health system as well as trends in international health care development. Core government policy regarding the establishment of a harmonious society makes the issue of equity in health and healthcare of paramount importance. Improving people's access to basic health care has thus become a guiding principle in development policies, and the needs of vulnerable populations have received particular attention. Policy formulation has also been supported by international health projects such as the World Bank Health VIII Project and DFID Urban Health and Poverty Project.

The new round of health sector reform announced in 2009 is backed by strong political and financial support, notably from a high level committee at the central level which is overseeing implementation. In addition to the regular health budget, 850 billion Chinese Yuan (126 billion US $), has been committed for the funding of reform activities between 2009 and 2011.

To achieve the goal of UC, a series of strategies and measures are proposed, summarized as "four beams and eight pillars" (Si Liang Ba Zhu). The "four beams" comprise: public health care; medical care; health insurance; and essential drugs.

Public health system reform is designed to achieve the equitable provision of basic public health programs to all residents. The reform of the medical system will focus on improving health care quality and efficiency. Health insurance, which includes the new rural cooperative medical scheme (NCMS), the urban employee-based basic medical insurance scheme (UEBMI) and the urban resident-based basic medical insurance scheme (URBMI), will be strengthened by increasing government financial support and improving management. Finally, a system will be established to ensure the provision of essential drugs of a reasonable price and quality. The "four beams" will be supported by eight pillars—concrete strategies and policies, covering areas such as financing, human resources, regulation, and information. With regard to health financing, both supply and demand sides will be supported by public funding. Priority will be given to the subsidizing of primary health providers and public health programs. On the demand side, government subsidies to health insurance schemes, especially the NCMS and URBMI, will be augmented on a continuous basis to benefit all people, but especially the vulnerable. To improve the distribution of qualified health care professionals, policies for training and encouraging health professionals to work in remote areas are to be reformed.