

Health System Reform Policies and Private Sector Development in China

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Outline

- **Brief Introduction to Health development in China**
- **China Health System Reform Plan 2009**
- **Development of Private Practices in China**

Part 1:
**Brief Introduction to Health
Development in China**

Characteristics of Chinese Health System: Financing

- Mixed Financing: tax, social medical premium, commercial Health insurance premium, private OOP
- Risk pooling: NCMS, Urban employee basic medical insurance, Urban resident basic medical insurance. MediAid, county-based
- Payment: Fee-for-service

Services organization and delivery

- Structure: public private mix, autonomous public hospitals
- Market share: private sector providing vast outpatient care while public hospitals providing more than 80% inpatient services.
- Urban: primary, secondary and tertiary care
- Rural: primary, secondary care

Services organization and delivery

- Referral and gatekeeper: almost no
- Institutions: Clinics, Community & township health center, hospitals, CDCs, CMH center, etc.
- Hot competition between and within public and private hospitals

Stewardship

- Five-level of administrative system:
Central to township
- Public Health: SFDA, MoH, STCM
- Associations also play roles
- Safety
- Effectiveness and quality
- Pricing
- Licensure: hospitals and clinics etc.

Part 2: National Health System Reform Plan 2009

Research and drafting process

- Task force for system reform with the leadership of State Council since 2006
- Investigation and open discussion
- Commissioned research to third-party: universities, research institutes, WHO, WB
- Drafting reform document with the participation of 16 line ministries
- Public hearing in Oct. 2008
- Approved by State Council in Jan. 2009, released in Apr.

Summary of the system reform

- “1485 ” Initiative
- One Aim
- Four priority areas
- Eight options and strategies
- Five action plans

Framework of Health System Reform

- **Aim and principals**
 - Universal coverage for rural and urban by 2020 through strengthening the basic health system
 - Lowering the private OOP and increasing public financing
 - Emphasis on preventive and primary care
 - Public interests and equity oriented

Four Major Health Reform Areas

- Public health service system
- Medical service system
- Medical security system
- Pharmaceutical manufacturing & supply system

Eight Supportive policies

- Coordinated and unified health care administration system
- Efficient service delivery system
- Multi-source health investment mechanism with the government playing the important role
- Sound health care pricing system

Eight Supportive policies: Cont'd

- Rigorous and effective health care regulatory system: Food safety, occupation health, CMH etc.
- Sustainable development mechanism for scientific and technological innovation and HRH
- Practical and shared health information system: IT and Integration
- Health legislation & supervision

Five action plans for 2009-11

- Expanding insurance coverage and increasing security
- Strengthening urban and rural community health development: capacity building
- Establishing national essential medicine policy
- Promoting equal access to essential public health services
- Public hospital reform pilot

Part 3: Development of private practices in China

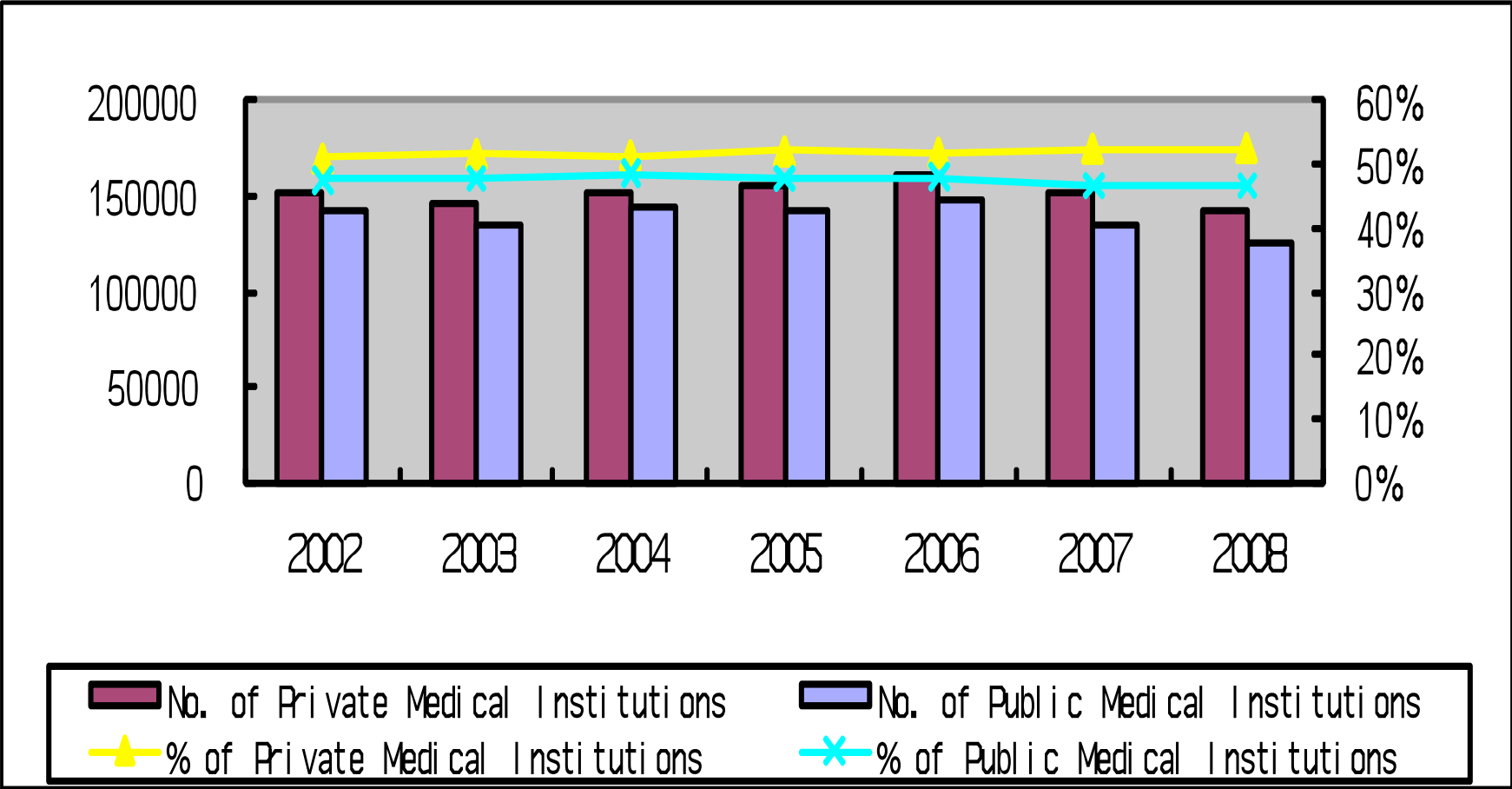
Major policies for private practice in China

- Approval of private clinics in 1979
- Approval of foreigner practice in 1989
- Approval of foreign investment of joint-venture hospitals in 1993
- Hospital classification system in 2000:
FP & NFP hospitals

Major policies for private practice

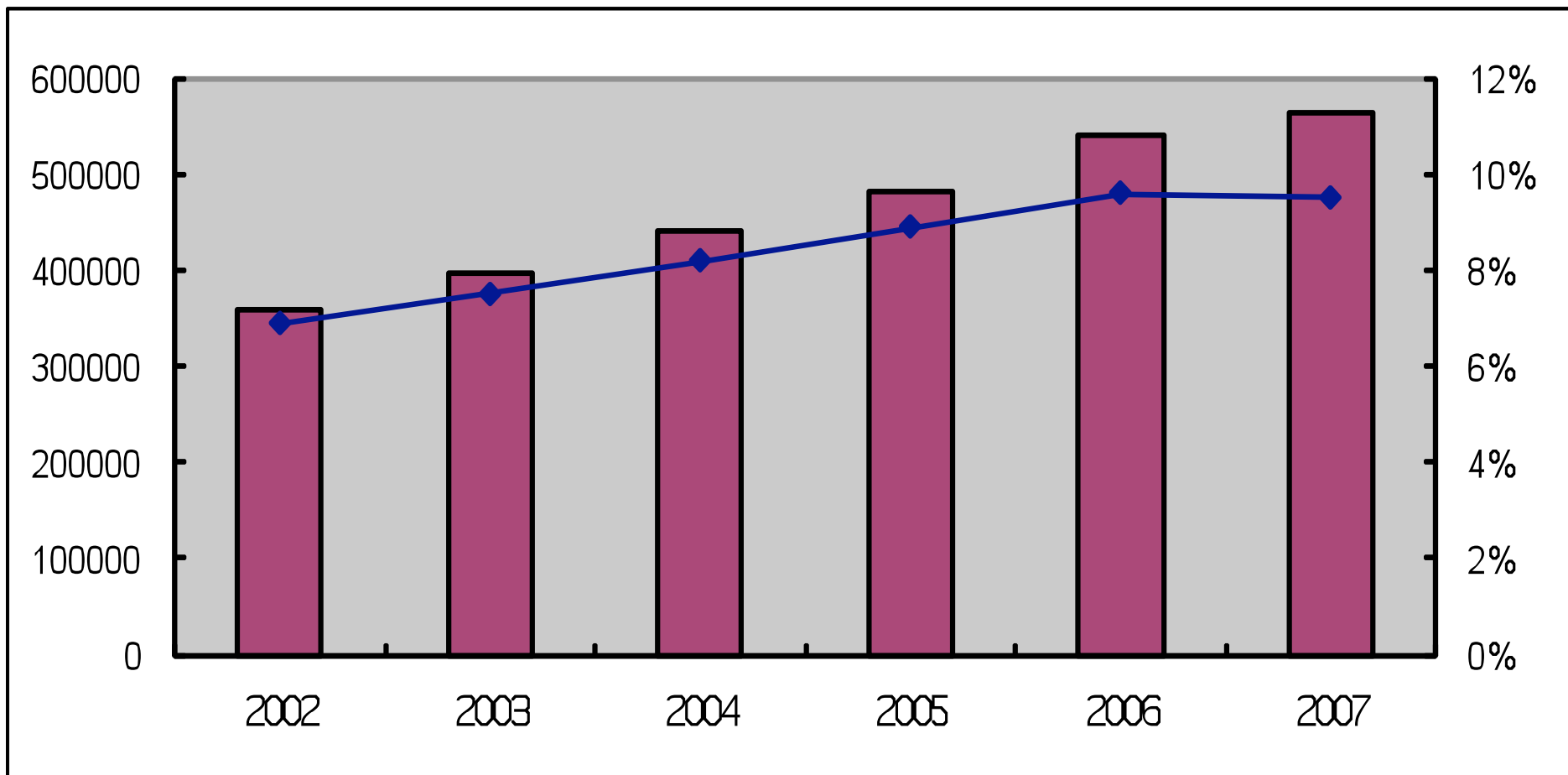
- China's access to WTO in 2001
- Modification of regulation on joint-venture hospitals in 2001
- Re-state to encourage the development of private practice in 2009

Development of Private Medical Institutes



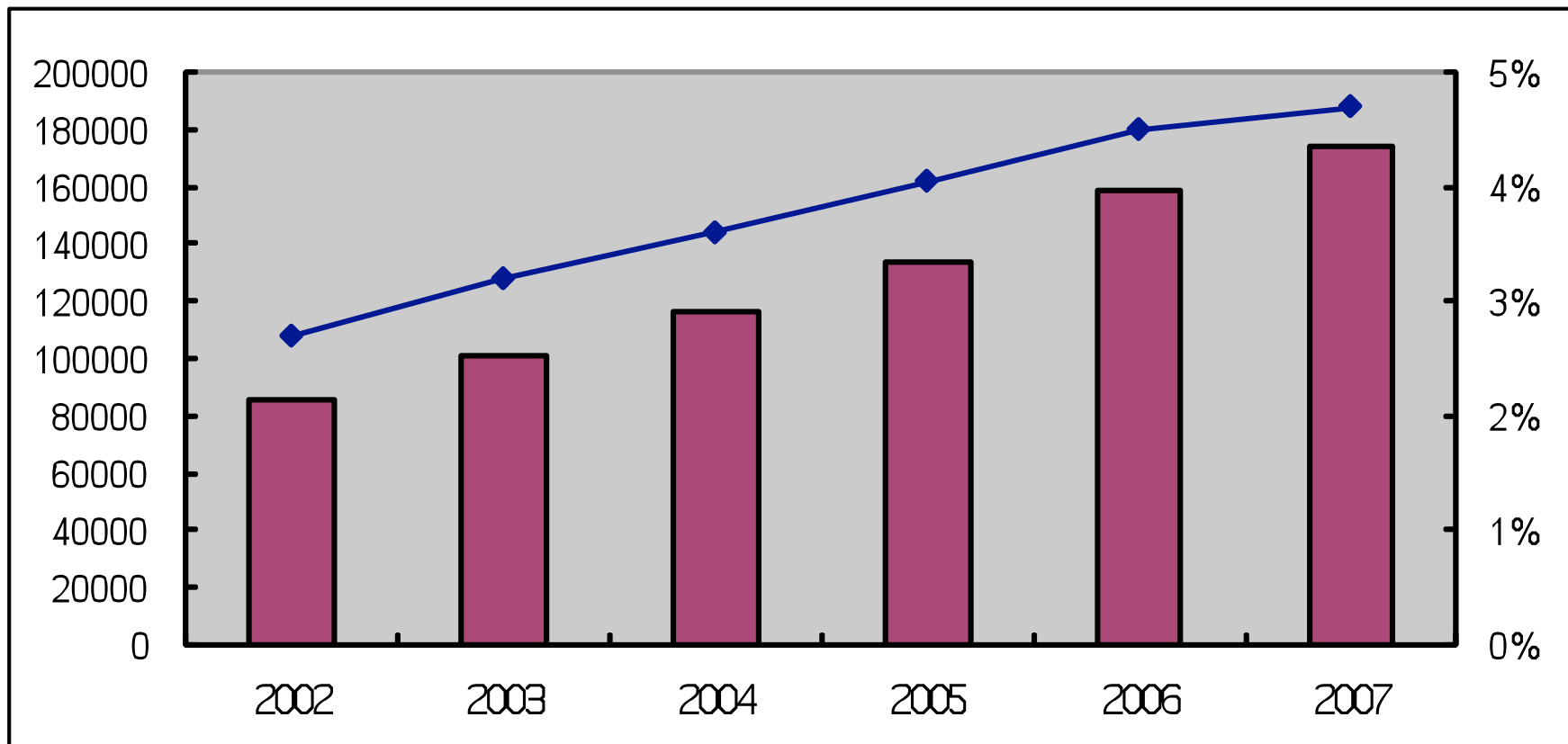
Health Statistics Yearbook of 2003-2009

HRH in Private Medical Institutes



Health Statistics Yearbook of 2003-2009 not including the rural village doctors

Beds in Private Medical Institutes



Health Statistics Yearbook of 2003-2009

Issues in the Development of Private Practice in China

- The function and position of private practice are not very clear: for competition? Duplication of services with public hospitals
- Many private clinics, not so many private hospitals
- Quality, reputation & trust?
- Lack of supportive environment for private practice: research opportunity, recruiting qualified HRH
- Weak regulation and supervision due to the low capacity in administration system
- Heavy taxation burdens

Next Steps

- To encourage and guide social investments through taxation and pricing policies
- To enhance regulation and supervision system on licensure, quality, safety and competition oversight
- More transparency in decision-making
- Private practices to meet the special and higher medical demands
- To establish PPP model in China

Conclusions

- Roadmap for universal coverage still in developing in China
- Main challenges in financing schemes
- Poor public financing for public hospitals: private financing
- Private sector developed very fast, but the aim of introduction should be re-considered
- All of the forces should be united for **HEALTH** outcomes

Thanks!

www.healthconomics.org.cn

www.ps4h.org/ihea