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AUSTRALIAN CENTRE  
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ECONOMIC RESEARCH  
ON HEALTH

# Present and future desirability and options in the development of basic packages in China

Dr. Yuhua Shi

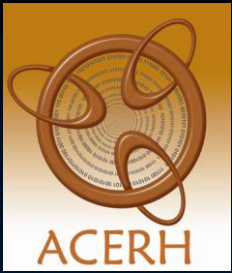
Australian Centre for Economic Research on Health  
Australian National University

[Yuhua.shi@anu.edu.au](mailto:Yuhua.shi@anu.edu.au)



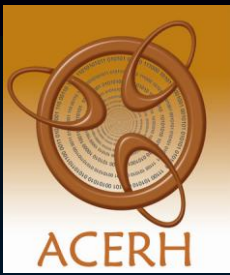
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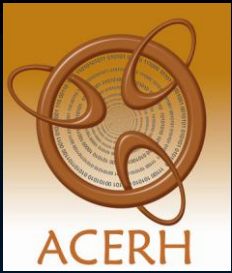
# Outline

- **Evolution and evaluations of China's health care reform;**
- **Challenges in health care financing;**
- **New health care reform agenda in China;**
- **Rationales in decision making;**
- **Policy implications.**



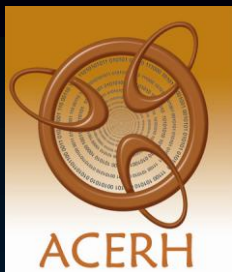
# Background

- **China launches market-oriented health care reforms starting from 1985. The financing reforms are characterized:**
  - **Encouraging public hospitals to make their own incomes;**
  - **Reducing government input and supervision to public hospitals; allowing the operation of medical institutions other than public hospitals;**
  - **Introducing other market forces into health care reform, so that hospitals may charge more fees to increase their revenues.**



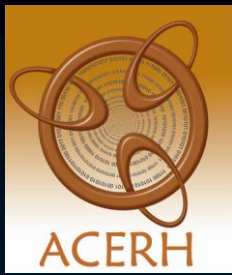
# Evaluations

- **Consequences resulted from the market-oriented reforms:**
  - **Over-commercialization of hospital practices**
  - **Soaring hospital fees**
  - **Increasing unaffordability of medical services, and**
  - **Increasing impoverishment due to illness (Liu YL *et al.*, 1999, Liu and Hsiao, 2001, Wagstaff & van Doorslaer, 2003)**



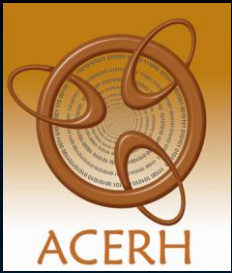
## Further movements of the reform

- In 1997, the State Council made a historical decision to define medicine as a public welfare sector. There are new reforms on health care financing:
  - Establishing medical insurance system for urban employees;
  - Strengthening rural medical services by introducing New Rural Cooperative Medical Care System (NRCMS);



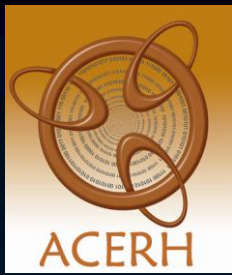
## Evaluations on the health care financing arrangements:

- **Yi YN et al (2005) find that the introduction of MSAs increases the burden for low-income insured employees, and has limited impacts on cost containment and efficiency;**
- **The NRCMS increases both the outpatient and inpatient utilization, but it has not reduced the out-of-pocket payments (Wagstaff A et al., 2009)**
- **The Development Research Center under the State Council concludes that the health care reforms over the past decade were "basically unsuccessful".**



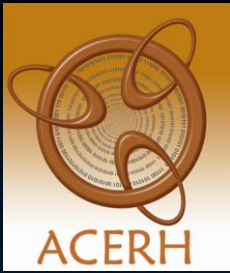
## New health care reform plan

- **Expanding the coverage of medical insurance:**
  - **Introducing a comprehensive medical insurance program that covers all urban citizens, including children and the unemployed.**
    - 50% covered by now
    - 100% coverage by 2010
  - **Enhancing the rural cooperative medical insurance system**
    - by now, it covers above 90% the rural population.



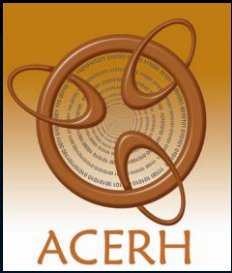
# Universal health care system?

- **Government's target: set up a health care system for all citizens to have universal access to basic health care;**
- **The objectives: safe, effective, convenient and affordable health services;**



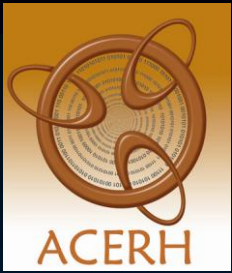
# Challenges for health reform plan

- **A society in transition with social, economic, political and cultural aspects;**
- **Great challenges in health development:**
  - **Equity: how to provide fair access to health care for normal people;**
  - **Efficiency: a better health care financing system that allocates public funds efficiently;**
- **Urgent needs for a scientific health development strategy;**
- **Prioritize basic healthcare services to improve equity;**
- **Selection of priorities.**



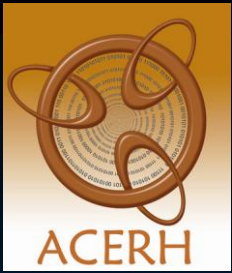
# Objectives

- **Socio-economic rationales in decision making;**
- **Prioritizing criteria that is associated with health care decision making;**



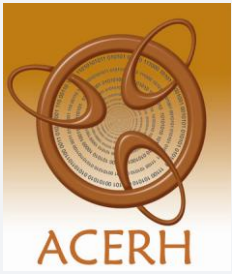
# Methodology

- **Multiple Criteria Approach**
  - Multi-criteria decision analysis/Conjoint analysis
- **Discrete choice experiment**
  
- **The survey**
  - **Participants**
    - Policy makers: state, provincial and regional level
    - Stakeholders: academia, health practitioners
  
  - **Recruiting: conference, web, snowballing**



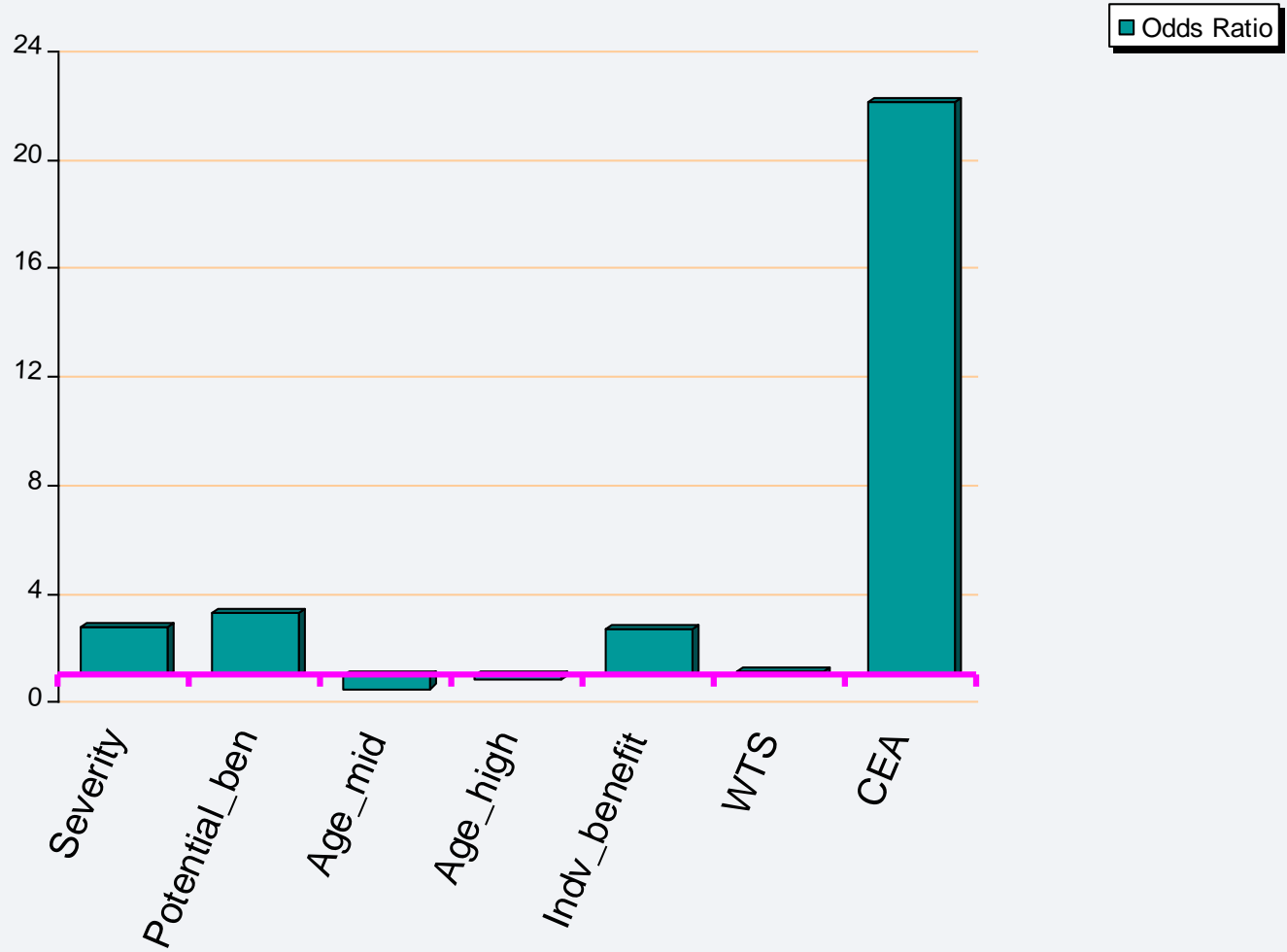
# Results: China

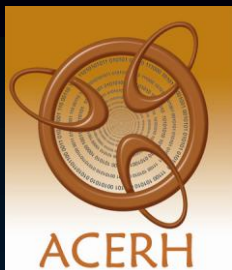
Variable	Coefficient	Odds Ratio	Significance
Disease Severity	1.02	2.77	**
Total beneficiaries	1.19	3.29	**
Target_age_mid	-0.67	0.51	**
Target_age_high	1.00	0.84	
Individual_benefits	1.00	2.73	**
WTS	0.14	1.15	
CEA	3.10	22.09	**



# Odds Ratios

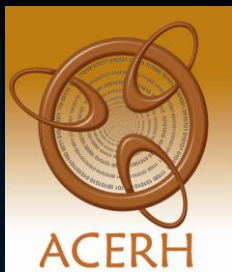
China





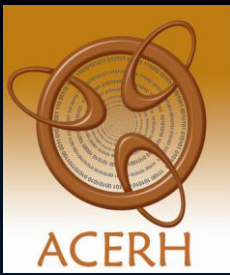
# Odds ratios: Cuba vs China

Variable	Pooled	Country effect	Significance difference
Disease Severity	0.77	1.39	
Potential beneficiaries	0.153**	7.18**	**
Target_age_mid	5.21**	0.241**	**
Target_age_high	2.18**	0.412**	**
Individual benefits	0.613**	1.28	
WTS	3.29**	0.294**	**
CEA	1.31	1.615*	



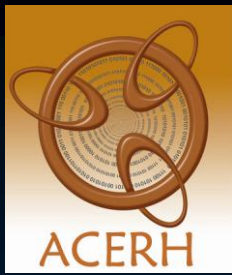
# Odds ratios: Brazil vs China

Variable	Pooled	Country effect	Significance difference
Disease Severity	2.09**	0.59**	**
Potential beneficiaries	5.04**	0.18**	**
Target_age_mid	0.164**	12.68**	**
Target_age_high	0.383**	3.49**	**
Individual benefits	2.51**	0.319**	**
WTS	0.63	2.08**	**
CEA	14.42**	0.176**	**



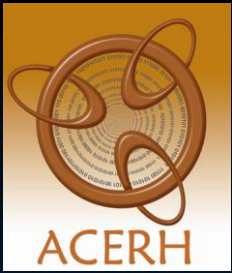
# China Priority Interventions

Intervention	Rank	Probability
CVD Risks: BP, Cholesterol	1	.762
CVD Risks: Population based interventions (health laws on food)	1	.762
Maternal and Neonatal Health: Preeclampsia screening	3	.759
Maternal and Neonatal Health: Normal delivery by skilled attendant	4	.755
Maternal and Neonatal Health: Support breastfeeding mothers	4	.755
Depression: Brief psychotherapy administered in primary care	6	.748
Alcohol Use: Reduced access to alcoholic beverage retail outlets	7	.744
Alcohol Use: Comprehensive ban on alcohol advertising	7	.744
Alcohol Use: Excise tax on alcoholic beverages	7	.744
Alcohol Use: Random breath testing of motorized vehicle drivers	7	.744
CVD Risks: Combined population based high risk approaches	11	.716



# Findings:

- **Our simulation results indicate that cardiovascular disease stands the highest probability for government intervention; followed by maternal and neonatal health;**
- **Intervention on alcohol use also stands a high rank;**
- **These results show that our finding matches the needs of interventions into the main health problems in China**



# Conclusions

- **The multi-criteria priority-setting is a new approach in health care policy research;**
- **It is an essential component of the rationales for developing China's new healthcare strategy;**
- **It has important impacts on China's transitional health sector development for both short-run and long-run perspective.**