

New Developments in China's Healthcare Services

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**Chinese hosts: The Chinese Academy of Engineering (CAE)
The Chinese Academy of Sciences (CAS)**

Supporter: Ministry of Health

International hosts:

Inter-Academy Medical Panel (IAMP)

Disease Control Priorities in Developing Countries (DCPP)

Population Reference Bureau

Bill & Melinda Gates Foundation

A Beijing Statement was made by the leaders of the participating academies of medicine, engineering and sciences calling on the world community as well as governments of all countries to increase investment in public health.

A recommendation by a number of CAE members was submitted to the Chinese government strengthen public health support and increase international cooperation and academic exchange

Chinese Government Places High Priority on Healthcare Services

- ◆ Guided by the principle of putting people first and social equality, Chinese government places high priority on healthcare services in building a harmonious society in China.

Sound basis for the reform and development of healthcare services

◆ Politics

- ◆ Uphold the concept of governance for the people, protect people's interests and deliver the benefits of social and economic achievements to all;

◆ Economy

- ◆ Fast economic growth and steady increase of fiscal revenues;

◆ Social Basis

- ◆ The General public demands equality in basic health services and expects social harmony.

Effective policies for healthcare services

- ◆ In June 2006, the State Council adopted a resolution to establish an **Inter-Ministerial Coordination Taskforce** on deepening the reform of healthcare system to work on policy proposals.
- ◆ In October 2006, both the *Decisions of the CPC Central Committee on Some Major Issues Concerning the Building of a Harmonious Socialist Society* and the 35th learning session of the Political Bureau of CPC Central Committee **unanimously called for a basic healthcare system that covers both urban and rural population towards the goal of basic healthcare service to all**, in a bid to constantly improve the well being of general public. The central government work report released in March 2007 calls for stepping up the development of healthcare reform in an effort to build a basic healthcare system that covers both urban and rural population ;
- ◆ In May 2007, the State Council issued the **11th 5-Year Plan for Health Services**, defining the development roadmap for healthcare sector.

Increased public spending in health services

- ◆ Between 2003~2007, the **annual growth rate of fiscal input in health services nationwide is 20+%**, representing one of the major spending items with the biggest budget increase.
- ◆ The **total health expenditure nationwide hit CNY 865.99 billion in 2005**, an increase of CNY 106.96 billion over 2004.
- ◆ The **total spending in health services nationwide hit CNY 73.41 billion in 2006** v.s. CNY 60.15 billion in 2005, a year-on-year increase of 22.45%.
- ◆ The **2007 spending in health services** earmarked by the central government **witnessed an increase of CNY 14.536 billion** or 86.8% v.s. 65.4% in 2006.

Multiple interventions in drug pricing to alleviate financial burdens of general public

- ◆ Up until now, 4 major drug pricing interventions have been implemented in 2007.
 - ◆ On May 15th 2007, the maximum retailing prices of 260 medicines were adjusted ;
 - ◆ On April 16th 2007, the maximum retailing prices of 188 traditional Chinese medicines were adjusted ;
 - ◆ On March 15th 2007, the maximum retailing prices of 278 traditional Chinese medicines for internal purpose were adjusted ;
 - ◆ On January 26th 2007, the maximum retailing prices of 354 drugs were adjusted.
- ◆ **Three major drug pricing interventions in 2006**
 - ◆ On November 20th 2006, the maximum retailing prices of 32 traditional Chinese medicine for treatment of tumors were adjusted;
 - ◆ On August 28th 2006, the maximum retailing prices of 99 antimicrobial drugs were adjusted ;
 - ◆ On June 12th 2006, the maximum retailing prices of 67 anti-tumor drugs were lowered.
- ◆ **Among which prices of more than 900 drugs (70%) were lowered, over 70 low-cost drugs (5%) raised, more than 300 drugs (25%) kept flat.**

- ◆ In May 2007, the central government adjusted the maximum retail prices of 260 medicines (19% decrease in average; 62% at maximum), saving consumers CNY5 billion in total



Vision and highlights of the on-going health reform & development

◆ Vision

- ◆ To establish a basic healthcare service system for all with minimum quality disparity that ensures people's timely access to prevention, treatment & care and safe drug use at reasonable cost. **The core is to deliver a basic health care system that covers both urban and rural population.**

◆ Highlights

- ◆ **Three Major Changes:** Compared with precedent healthcare reforms, the ongoing program has taken on clear trends, shifting from an empirical approach to a rational one.
 - ◆ Goal oriented, forward looking and systematic v.s. problem-specific, adaptive and case-by-case over the past;

Basic Contents of Medical and Healthcare System Reform

◆ Four Basic Systems

- ◆ Basic healthcare system that covers both urban and rural population;
- ◆ Multi-level healthcare guarantee system;
- ◆ National Essential Drug System; and,
- ◆ Scientific and standard management system of public hospitals.

Basic Healthcare System

Three systems

Public Health System
Rural Health System
Urban Community Health System

Sound financial mechanism

Sound Public Service Functions

Public Health Services
Community-based basic healthcare services

Multi-level healthcare guarantee system

Improve basic medical insurances for urban employees;
Establish an urban medical insurance scheme against catastrophic diseases;
Develop financial aid for medical treatment;
Step up new rural cooperative medical system.

National Essential Drug System

Catalogue development
Production, procurement and distribution organized by government agencies
Standard designation and pricing of drugs of the same categories

Scientific and standard management system of public hospitals

Separation of government functions from public services
Separation of administration from operation
Separation of pharmacy from hospital operation
Separation of profit from non-profit services

Fast-growing new rural cooperative medical care system

- ◆ In 2006, a total of CNY 21.6 billion was invested in the development of rural health infrastructure, facilitating the gradual perfection of the rural health service system.
- ◆ By the end of 2006, over **508 million people** were covered by China's new rural cooperative healthcare system, with a total subsidy spending of CNY 15.581 billion. Amongst which about **410 million farmers**, or 45.8 percent of the total rural population **joined the system**.
- ◆ In 2007, the pilot area of the new type rural cooperative medical care system will be expanded this year to cover over 80 percent of all the counties, county-level cities and city districts in China. The subsidies allocated from the central government budget will total CNY 10.1 billion this year, an increase of CNY 5.8 billion from 2006.

Urban community health services steadily improved

- ▶ **By the end of 2006, over 23,000 community health centers had been in place nationwide, an increase of 5,528 over 2005;**
- ▶ **24 provinces nationwide have specified the average financial input per person in community-based public health services.**

Increased investment in development of public health system

- ◆ Starting from the outbreak of SARS to the end of 2005, Chinese government invested **CNY10.5 billion in 2,448 disease prevention and control projects and CNY16.4 billion in 2,668 rescue system projects for public health incidents respectively;**
- ◆ Now the **focus is shifting from organizational setup to capacity building** by raising the competence of healthcare workers and improvement of service quality;
- ◆ **Development of national medical aid information system and blood banks enhanced;**
 - ◆ CNY 900 million invested in the development of medical aid information system and treatment bases of chemical poisoning and nuclear radiation exposure;
 - ◆ A total of 459 blood banks have been overhauled and newly built with CNY1.25 billion raised through government bonds and CNY1 billion from local financial inputs.

Prevention and Control of Major Infectious Diseases Will Be Further Enhanced

- ◆ **Further implement the prevention and treatment measures of major infectious diseases** including HIV/AIDS, tuberculosis, schistosomiasis and hepatitis B, enhance national vaccination programs and carry out the prevention and treatment planning of major local diseases;
- ◆ **The prevention and treatment of major infectious diseases has been listed into the 11th Five-Year Plan as a National Key Science and Technology Program ;**
- ◆ **Enhance the building of monitoring system of pathogenic organisms.**
 - ◆ **With genetic banks of pathogenic organisms built, covering all virus species, key bacteria, Rickettsia, Chlamydia and fungi; Successfully developed testing chips for pathogenic organisms with high throughput, for testing of waste water and air at major venues (including hospitals and plants) , enabling epidemic investigations at the source of pathogenic organisms.**

Prevention and Control of Major Infectious Diseases Will Be Further Enhanced (cont-1)

- ◆ **Hepatitis B** : In the 11th 5-Year Plan, **Hepatitis B is listed as one of the major infectious diseases for prevention and treatment.** The Ministry of Health developed *China's Prevention and Treatment Planning of Hepatitis B from 2006 to 2010*, aiming at controlling the infection rate of children below 5 years old under 1% and the infection rate of entire population under 7%.
- ◆ **HIV/AIDS: A basic prevention and treatment surveillance network of HIV/AIDS has been put in place** . The disease prevention and control institutions on all levels have set up 2,686 HIV/AIDS high-risk group intervention working teams and 320 Methadone outpatient treatment centers, covering 22 provinces and regions; Comprehensive prevention and treatment demonstration zones for HIV/AIDS have been established in 127 counties nationwide, covering a population of 83 million. In September 2006, China's HIV/AIDS Prevention Campaign with Young People was launched.

Prevention and Control of Major Infectious Diseases Will Be Further Enhanced (cont-2)

- ◆ **Tuberculosis (TB):** By the end of 2005, An independent TB lab network has been set up nationwide. The coverage of examination rooms for microscopy of sputum smears reached 92% nationwide. The coverage of DOTS (Directly Observed Treatment Short Course) for TB reached 100%, with a detection rate of 79% and cure rate of 91%. The *Operating Standards for TB Prevention and Treatment (Draft for Soliciting Opinions)* has been developed and the *Implementation Guidelines on China's Comprehensive TB Prevention and Treatment Planning* has been amended, resulting in an improved comprehensive TB control service system and TB surveillance & assessment system covering all levels from national level to village and community levels.

Prevention and Control of Major Infectious Diseases Will Be Further Enhanced (cont-3)

- ◆ **Schistosomiasis:** In May 2006, the State Council convened the Work Session on National Prevention and Treatment of Schistosomiasis, coming up with the comprehensive countermeasures focusing on control of infection sources. From 2003 to 2006, the central government had earmarked a total CNY 713 million as the special-purpose subsidy fund for Prevention and Treatment of Schistosomiasis in local public healthcare programs; and deliver medical aid to patients with late stage schistosomiasis.
- ◆ **Avian flu:** Chinese government has always attached great importance to prevention and treatment of Avian flu. In February 2004, the State Council instituted the National Task Force for Prevention and Treatment of Avian Flu, initiated the emergency response mechanism, and promulgated the *National Contingency Plan for Avian Flu*. **The central government worked out a special plan for diagnosis and therapy of Avian flu. A new anti-Avian flu virus capsule, a TCM herb, was successfully developed in this February, which has achieved an international certification.** Besides, under the National Sci-tech Support Program, a new research project for comprehensive prevention and treatment of Avian flu and other major animal epidemic diseases was started.

Disease Surveillance Network Improved

- ◆ Starting from 2005, the MOH issued surveillance plans for 23 major communicable diseases and diseases-borne organisms, covering black plague, cholera, pneumonia of unknown origin, human brucellosis, anthrax, haemorrhagic fever with renal syndrome, Dengue, Rabies, Leptospirosis, cold pathogenic disease, paratyphoid fever, bacillary dysentery, Yersinia Enterocolitis, E coli O157 infection: H7 infectious diarrheal disease, acute flaccid paralysis (AFP), epidemic cerebrospinal meningitis, leprosy, schistosomiasis, malaria and filariasis, etc.

Reported incidence rate and fatality rate of infectious diseases in 2006

- ◆ In 2006, the total incidence rate, death rate and fatality rate of 27 reported A and B type infectious diseases are 266.83/100,000 (1.1% lower than 2005), 0.81/100,000 (7.0% higher than 2005) and 0.30% (remaining flat with 2005) respectively.
- ◆ **The five diseases with the highest incidence rate:** viral hepatitis, Pulmonary Tuberculosis, Dysentery, syphilis and gonorrhoea ; Compared with that of 2005, the reported incidence rate of Pulmonary Tuberculosis, Dysentery and gonorrhoea **declined while that of syphilis rose**;
- ◆ **The five diseases with the highest fatality rate:** rabies, Human-Avian Influenza ,HIV/AIDS, new-born tetanus and Cerebrospinal Meningitis.

New progress scored in the prevention and treatment of chronic diseases

- ◆ **Comprehensive prevention and treatment measures against chronic and non-infectious diseases** including hypertension, coronary artery disease, Malignant Tumor and Diabetes Mellitus, **further enhanced.**
- ◆ **The prevention and treatment models of chronic diseases improved steadily.**
 - ◆ Community based health service institutions were leveraged to implement all-inclusive management over healthy population, high-risk population and patients, focusing on public health and basic healthcare services.
 - ◆ Health and disease management was used as technical levers to deliver on the control of risk factors and prevention and treatment goals of chronic diseases;
 - ◆ Contract based management was employed to provide consistent and continuous full-range services.

Top10 Death-causing Diseases in Selected Cities/Counties

Ranking	City			County			
	Cause (ICD-10)	Mortality Rate (1,000)	%	Cause (ICD-10)	Mortality Rate (1,000)	%	
1	Malignant tumors	144.6	27.3	Malignant tumors	130.2	25.1	
2	Cerebrovascular disease	93.7	17.7	Cerebrovascular disease	105.5	20.4	
3	Cardiovascular diseases	90.7	17.1	Respiratory diseases	84.9	16.4	
4	Respiratory diseases	69.3	13.1	Cardiovascular diseases	71.8	13.9	
5	Trauma and poisoning	32.4	6.1	Trauma and poisoning	46.1	8.9	
6	Endocrine, Nutritional & Metabolic Diseases	17.6	3.3	Diseases of the Digestive System	17.0	3.3	
7	Diseases of the Digestive System	15.6	2.9	Endocrine, Nutritional & Metabolic Diseases	8.2	1.6	
8	Disease of the Genitourinary System	7.3	1.4	Disease of the Genitourinary System	6.7	1.3	
9	Diseases of neurological system	5.0	0.9	Diseases of neurological system	4.2	0.8	
10	mental disorder	3.4	0.7	Mental disorder	3.8	0.7	
	Total		90.4	Total		92.3	

Thank you