Health care financing and access to health services in rural China

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Success story China: good health at low cost?
The Reality: Pronounced Inequities in Chinese Health Care

1. Inequity of health services delivery
2. Inequity of health finance
3. Inequity of health outcomes
Inequity of health services delivery

Inequity of health finance

Inequity of health outcomes

Recommendations
Inequity in health services infrastructure

Rural China:
- 14.7% of health care institutions
- 21.3% of hospital beds
- 36% of health human resources

**Plus**
Differences in meaning of these terms!
Inpatient beds in city hospitals vs. rural sanitary stations

1980 - 2002

Source: Ministry of Health, RRC, 2003

Inpatient beds (2002)

Urban China:
3.69 per 1000

Rural China:
1.51 per 1000
Distance and time to health care

On average …

> 5 km

Cities 0.78
Villages 4.20

> 30 min

Cities 1.81
Villages 7.69

Source: Ministry of Health PRC 1998
Urban – rural differences in quality of care

• Hospitals vs. sanitary stations

• Provision with technical equipment and drugs

• Fully trained doctors vs. rural doctors

• Inappropriate care due to skewed financial incentives (and lack of training) e.g. high cost antibiotics, injections
Inequity in access to health prevention /promotion

Postnatal visits by midwives or other health care worker

Source: MOH PRC 1998
Inequity of health services delivery

Inequity of health finance

Inequity of health outcomes

Recommendations
Urban – rural income disparity is widening

1998-2002

2002:

28.2 million living under rural poverty level of 625 Yuan per year ($75)

Source: Statistical Office PRC 2003
Income vs. health care costs

Healthcare expenditure
Cities 7.06 % (247 Yuan)
Rural 9.00 % (134 Yuan)
of total expenditure

Source: MOH PRC 1998
Catastrophic health care costs

2002

<table>
<thead>
<tr>
<th>Service</th>
<th>Average costs (Yuan)</th>
<th>% of annual farmer income</th>
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</thead>
<tbody>
<tr>
<td>Simple ambulatory care treatment</td>
<td>99.6</td>
<td>4.0</td>
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<tr>
<td>Caesarean section</td>
<td>2348</td>
<td>94.8</td>
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<tr>
<td>Appendectomy</td>
<td>2652</td>
<td>107.1</td>
</tr>
<tr>
<td>Pneumonia tx requiring inpatient care</td>
<td>4627</td>
<td>186.9</td>
</tr>
</tbody>
</table>

Source: Annual Report MoH PRC 2002; Average income of a farmer in 2002: 2476 Yuan per year
## Third party health financing: Protection from health care costs

1998

<table>
<thead>
<tr>
<th></th>
<th>Urban population (%)</th>
<th>Rural population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gongfeiyilao</td>
<td>16.0</td>
<td>1.2</td>
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<tr>
<td>Laobaoyiliang</td>
<td>22.9</td>
<td>0.5</td>
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<tr>
<td>Part-laobaoyiliang</td>
<td>5.8</td>
<td>0.2</td>
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<tr>
<td>Health insurance</td>
<td>3.3</td>
<td>1.4</td>
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<tr>
<td>Social Fund</td>
<td>1.4</td>
<td>0.0</td>
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<tr>
<td>Cooperative medical care</td>
<td>2.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Others</td>
<td>3.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Out-of-pocket only</td>
<td><strong>44.1</strong></td>
<td><strong>87.3</strong></td>
</tr>
</tbody>
</table>
Effects on health services utilisation

Patient numbers in hospitals and sanitary stations, 1985-2002

Source: MoH PRC 2003
Inequity of health services delivery

Inequity of health finance

Inequity of health outcomes

Recommendations
Maternal mortality in MoH surveillance areas
1989 - 2001

Source: MoH PRC 2002
Under 5 mortality in MoH surveillance areas

1991 - 2001

Source: MoH PRC 2002
Inequity of health services delivery

Inequity of health finance

Inequity of health outcomes

Recommendations
Recommendations

To counter the stark inequities in rural finance and delivery there need to be in the first instance:

• **Protection from catastrophic health care costs** by re-introducing some risk pooling mechanism after the collapse or medical cooperative schemes

• **Cross-subsidy** between cities and countryside and between rich coastal areas and inner country regions – easiest way is through general taxation

• **Basic health benefits package** adapted to the public health needs of the rural and poor city population on the basis of cost-effectiveness and complexity of interventions

• **Alignment of training and financial incentives** to provide appropriate care package – also by rural doctors

• **Monitoring/reinforcement of standards of care** and penalties for inappropriate care at both institutional and personal levels