Health care financing and access to health care in rural China

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

- 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

Urban China:
3.69 per 1000

Rural China:
1.51 per 1000

Source: Ministry of Health, RRC, 2003
Distance and time to health care

<table>
<thead>
<tr>
<th>Type</th>
<th>Distance (km)</th>
<th>Time (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Cities</td>
<td>&gt; 30</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Middle-size Cities</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Small Cities</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Level 4 Villages</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Level 3 Villages</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Level 2 Villages</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Level 1 Villages</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
<tr>
<td>Big Cities</td>
<td>&gt; 5</td>
<td>&gt; 30</td>
</tr>
</tbody>
</table>

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

http://mig.tu-berlin.de
Inequity in access to health prevention / promotion

Postnatal visits by midwives or other health care worker

[Bar chart showing postnatal visits by midwives or other health care worker across different types of areas (Big Cities, Middle-size Cities, Level 4 Villages, Level 3 Villages, Level 2 Villages, Level 1 Villages, Small Cities, Rural Villages, Level 4 Villages, Level 3 Villages, Level 2 Villages, Level 1 Villages, Small Cities, Middle-size Cities, Big Cities).]

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>
</tr>
</thead>
<tbody>
<tr>
<td>Simple ambulatory care treatment</td>
<td>99.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Caesarean section</td>
<td>2348</td>
<td>94.8</td>
</tr>
<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>Service</th>
<th>Urban population (%)</th>
<th>Rural population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gongfeiyiliao</td>
<td>16.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Laobaoyiliao</td>
<td>22.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Part-laobaoyiliao</td>
<td>5.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Health insurance</td>
<td>3.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Social Fund</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<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>44.1</td>
<td>87.3</td>
</tr>
</tbody>
</table>

Source: Ministry of Health PRC 1998
Effects on health services utilisation

Patient numbers in hospitals and sanitary stations, 1985-2002

Inequity of health services delivery
Inequity of health finance
Inequity of health outcomes
Recommendations
Maternal mortality in MoH surveillance areas
1989 - 2001

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

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