Achievements and Challenges of Medical Security in China

2018.8.15 Thailand
About China

Land Area: 9.6 Million Square Kilometers

Population: 1.38 Billion (2016)

Ethnic Groups: 56

Administrative Areas: 32 Provinces, 2 Special Administrative Regions
- Development Process and System Framework
- Main Achievements
- Challenges
- Improvement Measures
Development Process
&
System Framework
Basic medical insurance for urban employees

Before 1994, labour insurance for state-owned enterprises employees & health care for government employees.

In 1994, pilot project in Zhenjiang and Jiujiang city.

In 1996, pilot project in more cities.

In 1998, The State Council issued a decision to set up the basic medical insurance system for urban employees.
Development Process

- Basic medical insurance for **urban** residents
  - In 2007, pilot project
  - In 2009, full implementation

- New rural cooperative medical system for **rural** residents
  - In 2003, pilot project
  - In 2008, full implementation
Development Process

- Medical assistance system for urban and rural disadvantaged groups
  - In 2003, medical assistance system for rural disadvantaged groups
  - In 2008, medical assistance system for urban disadvantaged groups

- Multi-level medical security: supplementary medical insurance, commercial health insurance, critical illness insurance (The Lancet)
Development Process

Social Insurance Law
Promulgated on Oct. 28th, 2010, came into effect on July 1st, 2011

- The first time to confirm China’s social insurance system in law
- Universal coverage of basic medical insurance system for all employees and residents in both urban and rural area
Multi-level Medical Security System

- Medical care system for civil servants
- Enterprise subsidiary insurance
- Special groups
- Commercial insurance

- Basic medical insurance for urban employees
- Basic medical insurance for urban residents
- New rural cooperative medical insurance system

Urban and rural medical assistance system
Principal of Basic Medical Insurance

- Social equity
- Basic security
- Equivalence of rights and obligations
- Responsibility sharing
Coverage of Basic Medical Insurance

Universal Coverage
employees & residents, rich & poor, urban & rural, from birth to death

- Basic medical insurance for employees in all enterprises, government and public institutions
- Basic medical insurance for urban residents
- New rural cooperative medical insurance system for rural residents
- Basic medical insurance for residents in urban and rural area
For employers and employees (in principle):

Employer: Total payroll $\times 6\%$
Employee: Wage $\times 2\%$

No contribution requirement for retirees
(in practice): Determined by pooling area
Nation-wide average employer contribution rate: 7.4\%

For residents (not employed, eg. child, student, old person):

Government subsidy: ¥490 in 2018
Individual contribution: ¥220 in 2018 (disadvantaged person has extra subsidy from government)
Benefits of Basic Medical Insurance

**employees**

Inpatient services and outpatient services for some serious illnesses shall be covered by *pooling fund* within the threshold and ceiling of payment.

Outpatient services, part of inpatient services and medicine expenses at designated pharmacies shall be covered by *individual account*.

**residents**

Inpatient services and outpatient services for some serious illnesses shall be covered by *pooling fund* within the threshold and ceiling of payment.

Outpatient services for some illnesses are covered by the pooling fund.

The threshold and ceiling of payment is determined by local administration (ceiling is usually 10% of local employees’ annual average wage or local residents’ annual average disposable income).
Medical Service Management

Expenses only within the Three Catalogues are payable from basic medical insurance fund.

Three Catalogues

- Pharmaceutical Catalogue 2,571(2017)
- Catalogue of Treatment Items
- Catalogue of Medical Service Facility Standards
Only expenses of medical treatment and medicine at the designated medical institutions pharmacies are payable from basic medical insurance fund.
Present Situation

- The universal medical insurance system has been initially established.
- Primary stage, needs further improvement
  - Basic medical insurance — more equitable and sustainable
  - Multi-level security system — speed up
  - Improving the level of benefit
  - Meet the requirements of medical and health system reform
Number of insured increased rapidly exceeded to 1.3 billion, covering over 95% of the population. Unit: ten thousand.
Government subsidy standard increased rapidly

government subsidy per capita (RMB)
Reimbursement proportion of the pooling fund in the eligible inpatient service expenses increased steadily.

employees: above 80%
residents: around 70%
By 2017, basic medical insurance revenue is ¥1,793 billion, expenditure is ¥1,442 billion (MOHRSS).

The expenditure of basic medical insurance fund accounts for more than 60% of the business income of medical institutions.
A relatively complete network of medical insurance services developed

Medical security management service system

- Social security agency system
- Public medical insurance service organizations
- Public social security service platform at the grass-roots level (community)

Various social service organizations

- Medical service organizations > 167,200
- Retail pharmacies > 284,500
- Financial and other institutions
Challenges
Social Development Background

- In the primary stage of socialism for a long time
- Economic development in the new normal
- Society entering the transition period
- Rapid development of aging population and urbanization
GDP growth will be in a relatively normal speed in a long term.

GDP Growth Rate, 2008, 9.6%
GDP Growth Rate, 2009, 9.2%
GDP Growth Rate, 2010, 10.6%
GDP Growth Rate, 2011, 9.5%
GDP Growth Rate, 2012, 7.7%
GDP Growth Rate, 2013, 7.7%
GDP Growth Rate, 2014, 7.7%
GDP Growth Rate, 2015, 6.9%
GDP Growth Rate, 2016, 6.7%
GDP Growth Rate, 2017, 6.9%

\[ y = -0.0041x + 0.1044 \]
\[ R^2 = 0.7817 \]
Aging population

- By 2016, 230 million old people above 60 yrs old (150 million old people above 65 yrs)
- 16.7% of total population (10.8%),
- 2.6 young working persons : 1 old person
- Typical Chinese family structure 4 : 2 : 1
Pressure on Basic Medical Insurance System

- Social pressure: diversification and multi-level of needs
- Fund pressure: aging population, development of medical technology, medical cost increase
- Management pressure: migrant from urbanization, unbalanced public health service
Improvement Measures
Main Task of Improvement & Development

- **1+1+8+3**
  - 1 mission: basic role in the medical reform
  - 1 administration: integration of management

National Healthcare Security Administration
(MOHRSS, NHFPC, NDRC, MCA)
Main Task of Improvement & Development

- **Medical Insurance Aspect**

8 tasks:

- strengthen universal coverage
- improve benefit level,
- improve services,
- strengthen supervision and management
- reform the mode of payment
- improve the medical assistance system,
- develop commercial health insurance,
- establish security mechanism for critical diseases
Measures to deal with challenges

3 Key reforms:

- **Medical and Health Aspect**

- Rational allocation of medical and health resources (balance between urban & rural, developed & less developed)

- Reform the operation mechanism of public medical service institutions (dictors)

- Supporting reforms in the field of drug circulation (Movie: Dying to Survive)
Looking for a better future:

Everyone has the right to basic medical security.
Thank you!