Universal coverage and health financing from China's perspective

Shanlian Hu[a]

Universal coverage of health services is required to ensure social equity and justice, particularly for China, which is a developing country with an enormous population.

Since the 1980s, the Chinese health system has not been performing well. The income gap between the rich and poor has widened and the "marketization" of medical services has led to a decline in equity and access.[1] *The world health report* in 2000 showed that equity of financial contributions in the Chinese health system was poor,[2] and demonstrated that government spending was less than 20% and that user fees from consumers were nearly 60% of total health expenditure.[3] In addition, only 15% of the population in the formal sector is covered by social health insurance. The majority of rural and urban residents, children and immigrants are not covered by any health insurance system. Catastrophic medical expenditure leading to impoverishment is common in China. Although more than 95% of health facilities are public hospitals, 90% of operational funds are dependent on fees-for-service. Even in the field of preventive health services, half the costs are borne by service charges. Therefore, health financing in China is extremely inequitable and health-care coverage is limited.

In recent years, China's economy has been booming. Gross domestic product (GDP) in 2007 was 5% of global GDP.[4] Naturally, economic development does not necessarily lead to investments in health. China's experience confirms that political commitment is extremely important: changing the government perception is the key. The Constitution of the People's Republic of China, amended in 2004, mandated that the government respect and protect human rights (Article 33) and that it develop the required social insurance, social relief and medical and health services for citizens to enjoy this right (Article 45).[5] Basic health rights are part of human rights; everyone should have an equal right to health.

The government focus has shifted from developing the economy to offering public services aimed at improving the living standard of the population. Health development must be people-oriented and sustainable. For example, recently the Chinese government significantly increased its financial support to farmers and rural areas. Funds were transferred from the central government to provincial governments in the middle and western parts of China for the development of the rural and urban medical insurance system.

A resolution on sustainable health financing, universal coverage and social health insurance was endorsed in the 58th World Health Assembly in May 2005.[6,7] In 2005, WHO's Regional Offices for South-East Asia and the Western Pacific also formulated the 2006–2010 Health Financing Strategy.[8] China has been making great efforts on the United Nations' Millennium Development Goals and the 2005 WHO resolution. Since 1978, the number of people classed as "absolute poor" has been reduced from 250 million to 15 million, i.e. within less than 30 years.[9] The government-sponsored rural cooperative medical system already covers 842 million rural residents. From 2004 to 2007, 80% of the population was covered by three medical insurance schemes.[10] The national target is that, by the year of 2010, every citizen in rural and urban China will be covered by medical insurance.

Health reform and development is facing a critical time in China and universal coverage has a long way to go.[11] The vision is that a basic health system will be established to provide health services for all by the year 2020 and so continuously improve the health status of the Chinese population.

Compared with other transitional countries, there is still a big gap in the universal coverage of health services and their financing. The share of government spending in total health expenditure is less than 1% of GDP, multi-health insurance schemes have not been integrated and the basic benefit package varies widely in different schemes and provinces. Enrolment is still based on voluntary participation. Government subsidies are not enough to relieve the economic burden when people on very low incomes need medical care. Prepaid and capitation payment systems, as well as the gatekeeper system, need re-engineering. Promoting the equality of public health services is necessary. Now that China has put health financing on the political agenda, health reform policies will begin to move towards universal coverage. ■

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[a] School of Public Health, Fudan University, Shanghai, China.
Correspondence to Shanlian Hu (e-mail: hushanlian2@gmail.com).
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