Investing in health for economic growth and social development: Case from China

Jin MA, MA, MSc, PhD
Shanghai Jiao Tong University, China

28 July 2015, Nay Pyi Taw

Economy Development and Disparity

• Chinese economy has witnessed with a remarkable development since the opening policy in 1978. The GDP is kept an average annual growth rate of 10% in the past three decades.
• The total economy has ranked at the second in all the world since 2010.
• However, the gap between rich and poor, rural and urban grew larger.
• It lead difficult to access to and unaffordable for health care, especially in rural areas.
Social Health Insurance

- The total health insurance coverage was around 55% in urban areas in 2003.
- However, the coverage rate of Cooperative Medical Scheme (CMS) was around 9.5% in rural areas at the same period. About 80% of rural residents were not covered by any health insurance program.
- CMS was primarily financed by the welfare fund of the communes, organized health station and paid village doctors to deliver primary health care and provided prescription drugs.

China government decided to invest in health to improve the access to health

- To establish New Rural Cooperative Medical Scheme (NCMS)
  - which is a government-run, highly government subsidized, voluntary insurance program, operated at the county level, primarily focusing on the coverage of catastrophic diseases
- To establish Urban Residents Basic Medical Insurance to cover the residents not covered by Urban Employee Basic Medical Insurance
- Strengthening primary care, community health care and disease prevention
The Premium and Coverage Rate of NCMS

The government’s financial and supports are the major driving forces for the rapid expansion of NCMS

Total financing of NCMS was RMB 297.25 billion, 81% among them was from governments in 2013
NCMS impact on access to health

- Significantly increased the enrollees' utilization of outpatient services and inpatient services (Wagstaff et al., 2009a, 2009b; Yu et al., 2010)
- Reducing gaps in access and health among the rural elderly (Lingguo Cheng et al., 2015)
- 90% of rural residents are satisfied with the scheme (Meng, 2012)

Conclusion

- Basic prepaid health program could improve the access to healthcare
- It also could improve residents’ satisfaction to the government
- Investing in health could improve the productivities of labors indirectly, and then promote economy development