ADDRESSING VULNERABILITY IN AN EMERGING ECONOMY: CHINA’S NEW COOPERATIVE MEDICAL SCHEME (NCMS)

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What the paper wants to do

• Highlight health challenges as integral part of economic reforms
• Narrate policy path in China: privatisation to harmonious society
• Success in public policy: central control, local incentives
• Continued challenges
• Are there lessons from China (for Africa)?

NCMS key features
✓ Achieve universal cover (rural) population by 2020, through social insurance
✓ Catastrophic expenditure key = poverty focus
✓ Enrollment voluntary (but mobilisation key)
Economic miracle and social costs

- China’s reforms since 1978: phenomenal growth, ‘getting rich first’
- Pre-1978 social security provisions were allowed to collapse (collective -> household responsibility system)
  - In 2003 only 10% rural population covered (90% in 1990s)
  - 75% of rural population that should seek health care didn’t
- Health sector reform in 1990s: lacked political support and management capacity
- China fell to 144th place on WHO list
New Cooperative Medical Scheme
How we structured the questions

- Programme introduction: piloting
- Financing
- Administrative capacity
- Impacts

Structured review of literature, much evidence emerging very rapidly
Piloting: public policy making Chinese style

• Health sector reforms in 1990s unsuccessful
  (lack political commitment ……)
• Turn-around early 2000s
  • pressure for public responsibility always existed
  • move towards ‘harmonious society’
  • health crises: SARS, HIV/AIDS
• Early 2000s pilot in 300 of 2000 rural counties
• By 2008 over 95% of counties implementing the scheme
• Important role local governments
• Different models of reimbursement and medical accounts
Financing NCMS

- Contributions: 10 Rmb individual, supplemented by 20 from local government, and 20 Rmb from central government for poorer Provinces
- Initial total Rmb 50, increased to Rmb 113 in 2009
- Total NCMS revenue
  - 2006: 24 billion Rmb
  - 2010: 130 billion Rmb
- Total financing (2009):
  - Central government 29%
  - Local government 50%
  - Rural population 20%

Still far short to cover urgent needs!
4 trillion Yuan crisis package

- Public infrastructure
- Earthquake reconstruction
- Social welfare
- Rural development
- Technology advancement
- Sustainable development
- Educational and cultural
Institutions: strengths and weaknesses

• Ministry of Health & Ministry of Labor and Social Security (political debate over organisation health services, coordination)
• Three pillars, a crutch and a limb
  • NCMS
  • Urban Employees
  • Urban Residents
  • ‘medical assistance’ for poorest
  • migrants still limited
• NCMS management and administrative institutions, with dedicated state-owned commercial bank
• Large-scale social mobilisation
• High management cost – attributed to voluntary nature 17% in Yunnan)
• Local capacity continues to matter – roll-out fast?
Impacts: evolving evidence

• Evidence:
  • Most extensive study = World Bank 2007 (i.e. pilot), since then much evidence emerging but not systematic
  • 2003-08 NHSS

• Health care use:
  • pilots did increase outpatient & inpatient, but not poorest (addressed ?)
  • Non-treatment reduced 14 – to 12 % 2003-08

• Out-of-pocket spending – not much effect (= intuitive ?)

• Reimbursement rates: remain low, 25% of expenditure, higher in richer areas

• Health payment induced poverty: decline 5 to 4 % (pilot)

• Supply side moral hazard: prescriptions increased
Conclusions: what lessons from China for developing countries?

• China matters a lot for global community:
  • global health impacts
  • MDGs
  • popularity of its ‘development model’ (not pushed by China)
• Shows cost of neglecting social protection
  • some of this was inevitable
  • decline of public health created new vested interests
• Health insurance can be effective, but conditions matter:
  • method of organisation rather than financing
  • progress slow
  • depends on broader public health system
  • institutional capacity (even then, limitations, incl. dualism)
• China’s pattern of policy making: piloting, managed decentralisation, incentives