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Health care has to be accessible, affordable

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Over the past month or so, health care reform in China has been the subject of much discussion and public debate in the wake of a report issued by the Development Research Centre (DRC) of the State Council with the support of the World Health Organization (WHO) and the UK Department of International Development.

The report takes a long, hard look at China's health care reform process - and candidly lists the challenges of the past, the present and the future.

Health care reform has been firmly on the government's agenda for some time now. The DRC study has elevated the discussion to a new level - and, at the same time, narrowed the debate to defining more clearly the role of the government when it comes to reinvesting in health. The question remains: how to do this? Where should government funding be focused? What should the levels of expenditure be? What are the mechanisms that need to be created and strengthened? How can these best be implemented?

Many of the health challenges relate to the major transitions that are taking place in China. Rapidly increasing urbanization, an ever-widening gap between the rich and the poor, an ageing population. All these factors contribute to a range of health challenges - from tuberculosis to HIV/AIDS, from emerging infectious diseases like SARS and avian influenza to the fast-growing, silent epidemic of non-communicable diseases.

It's important to recognize that China achieved significant health gains before economic reforms took hold. China's health picture in 1980 - with a life expectancy of 65 years - has been recognized as a major contributor to sustained economic growth. Decades of economic reforms have made China a powerhouse. But economic reforms have also made citizens the main financiers of health services through the introduction of user fees - thereby making it very expensive to be sick.

The SARS outbreak of 2003 and the cracks it revealed really brought home the fact that the government had to reinvest in health across the spectrum. The health care system - once a model of its kind, especially in rural areas - has crumbled. The government has realized that public health is indeed a public good, integral to the nation's economic might.

Post-SARS, health systems such as disease surveillance and reporting are being modernized and strengthened. Still, for much of China today, what is available is not affordable - and hence not accessible. As medical costs continue to escalate, health care has become, for all practical purposes, a luxury for millions.

Sadly, surveys confirm that health care costs are ultimately the main single reason for people falling into poverty - and for those already poor to sink even deeper into financial and personal despair.

Policymakers urgently need to address this crisis of inequity in health care and the

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spiralling of health care costs. There are fears that health care spending, which is currently at 5.5 per cent of GDP, might exceed 8 to 10 per cent within the next five years without actually improving the quality of services. That is a truly disturbing picture, with potentially dire economic consequences for China and its people.

Privatization is seen by some as a solution to curb government expenditures for health. However, privatization can lead to increased expenditures for society as a whole if no proper cost control mechanisms are put in place. Health insurance systems can play an important role both in controlling costs and ensuring that hospital services remain affordable and accessible. A strengthened regulatory framework to ensure cost control, quality control and safety pertaining to both public and private health care services will be essential.

Another factor that requires an urgent review is the current incentive structure. In China, essential health services are under-funded, and hospitals and their staff need to supplement their incomes. This leads to an increased demand for health services, including diagnostics and drugs, instigated by the provider - or, in other words, supplier-induced demand.

Identifying problems, of course, is the easy part. Fixing these problems is the challenge. China is a big country, and one solution might not fit all, so to speak. But there are clear markers - accessibility, safety, quality and cost control - which are applicable across the board.

The WHO believes that an overall vision is needed to guide health care reform, and provide direction to the many ministries and institutions involved in public health. This vision includes the need for the government to define the appropriate scope and nature of its own involvement in addressing concerns of equitable access, safety and cost. Improved and increased government funding and investment will need to follow.

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