

COPING WITH REGIONAL INEQUALITY IN HEALTHCARE IN CHINA

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Executive Summary

1. Regional inequality in healthcare is particularly wide in China in terms of health indicators such as life expectancy and under-five child mortality rate. These inequalities arise as a consequence of regional disparity of both health financing and health care utilization.
2. Social health insurance plans in China are managed by the local government. Local health insurance policies, such as coverage of a health insurance plan, depend on local fiscal and economic conditions, which vary widely across regions. There is also widening regional disparity in health resources such as health workers and beds.
3. Local governments in central and western regions are not likely to catch up with the eastern region in terms of health conditions based on resources. The central government has realized that it is imperative for them to act now to reduce health inequality.
4. In 2006, the report of 6th meeting of 16th National Congress of Communist Party highlighted the importance of “equitable provision of basic public services” (基本公共服务均等化) across regions.
5. Since 2007, all levels of governments have increased expenditures for basic public services, including basic health services. The central government has earmarked transfers for healthcare to local governments in western and central regions.
6. The state council has also released a health reform guideline in 2009. First, the central government will increase subsidies allocated to health service providers, particularly, those at grassroots level in both urban and rural areas. It will also subsidize local governments in poor regions for public health activities.

7. Second, the central government will increase subsidies to finance social health insurance plans, particularly for central and western regions.
8. Third, physicians are allowed to register in more than one health institution. Hospital physicians can have part-time practices. In this way, hospitals in poor regions will be able to keep qualified physicians at relatively low wages.
9. Recent policies have produced some results in reducing regional healthcare inequality. However, healthcare inequality cannot be fully addressed as long as local government remains as the major public funder of health provision and insurance, given widening inequality of local fiscal conditions.