



Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID-19. The COVID-19 resource centre is hosted on Elsevier Connect, the company's public news and information website.

Elsevier hereby grants permission to make all its COVID-19-related research that is available on the COVID-19 resource centre - including this research content - immediately available in PubMed Central and other publicly funded repositories, such as the WHO COVID database with rights for unrestricted research re-use and analyses in any form or by any means with acknowledgement of the original source. These permissions are granted for free by Elsevier for as long as the COVID-19 resource centre remains active.

China's rural health reforms tackle entrenched inequalities

The Chinese government's plans to create a "new socialist countryside" are just one indication of how health is moving up the political agenda in China. But experts predict the new reforms will not go far enough to rid the country of its deep-rooted health problems. Jonathan Watts reports.

It is a peculiar state of affairs when several international organisations feel the need to preach socialism to China's communist party.

Yet that is what has been happening with increasing frequency after two decades of market-oriented health-care reforms have left hundreds of millions of rural dwellers unable to afford treatment.

Amid a chorus of criticism from inside and outside the country—sharpened by the outbreaks of severe acute respiratory syndrome (SARS) and avian influenza—the government of President Hu Jintao is now starting to accept that it must play a greater role in funding hospitals and clinics, and organising a medical insurance scheme.

Since the start of this year, health-care reform has risen up the political agenda. It is seen as a central pillar of the government's plan to address the huge inequalities between urban and rural dwellers by creating a "new socialist countryside".

Last month, the state council ordered local governments to make

the development of health services in rural areas their top priority, according to the Xinhua news agency. By 2010, facilities and personnel should be in place to ensure that all farmers should have access to primary health care. About 10 000 medical personnel will be dispatched from urban hospitals to the countryside to work in rural clinics and train local health workers.

In an address to the National People's Congress—China's legislature—prime minister Wen Jiabao announced a doubling of the state's contribution to the new Rural Cooperative Medical Scheme, which is expected to be in place in every province by 2008.

This year, the central government will spend 4.7 billion yuan (US\$587 million) on the plan, under which the state contributes 20 yuan (\$2.5), the local government 20 yuan, and individuals 10 yuan (\$1.25) to an insurance pool aimed at offsetting the treatment costs for serious illnesses.

Until now, the scheme, which was set up as a pilot in 2003, has covered only a limited number of provinces and the state's share was only 10

yuan—equal to that of the local authorities and the policyholders. An urban community health system is also being established with the aim of improving access to care for poorer people in the cities.

In addition, the government is planning a shake-up of the pharmaceutical sector to slash the huge profit margins on drugs—currently the main source of revenue for hospitals and clinics.

There will also be increased investment in medical facilities. Under the latest 5-year economic plan, which started this year, the state will spend more than 20 billion yuan (\$2.5 billion) over the next 5 years to upgrade hospital buildings and equipment.

Health-care experts have welcomed the measures, but warned that they do not go far enough to address the problems of unequal access to services, escalating costs, an ageing society, poor public-health systems, and weak administration.

Those problems have become increasingly evident in the past few years, although it is only recently that they have become the subject of mainstream debate.

The main reason for the lag is that China's main health indices suggest the medical system is working fairly well compared with other countries at the same state of economic development. But the headline figures often fail to show vast differences between provinces and income groups.

Nationwide, infant mortality is 29 per 1000 livebirths, but a baby born in a city is three times more likely to survive than one born in the countryside. Mothers who give birth in Tibet are 40 times more likely to die than those in Shanghai.

Rights were not granted to include this image in electronic media. Please refer to the printed journal.

Panos Pictures

Rural clinic in Hu Kou, China

Many of the impressive health gains that have been made since the communists took power in 1949 have also slowed since the start of the economic reforms in 1979. Between 1955 and 1981, life expectancy almost doubled from 35 to 67.9 years. But in the 20 years that followed it crept up to 71.2 years, a gain of only 5% even as the economy more than tripled in size.

The main reason is the declining share of public funds in health-care spending. In 1980, the government paid 54% of total health costs. Today, it chips in only 17%, even as overall costs are rising.

Doctors make up the shortfall by charging more for medicines and treatment, which means the burden increasingly falls on individuals. In the countryside, only 20–30% of the country's 800 million farmers have insurance cover because the old rural collectives that used to spread health-care costs among members were abolished in the early 1980s. As a result, studies have shown that illness is the main reason why people fall into poverty, cited in 40% of cases.

These shortcomings were spelled out in no uncertain terms by the state's Development Research Centre. In a key report—the *China Development Review*—issued to the prime minister, the authors said the medical reforms since 1979 had failed.

"Some progress has been made but more serious problems have been created. Generally speaking the reform is unsuccessful", the report notes. "China is taking a wrong way and this tendency should be corrected."

Noting that China ranked 188 out of 191 WHO members in terms of the equality of financial access to health, the authors called for a root and branch reform of the health-care system.

Among their recommendations was a change in the pharmaceutical system that would see more government control of prices, licensing, and quality evaluation, as well as completely cutting the link between the income

of hospitals and their sales of drugs. This proposal, which has not yet been adopted as state policy, would be a complete U-turn on the deregulation of the past two decades.

The shift in attitudes can partly be explained by politics. For most of the past 20 years, pro-market, urban-focused economic reformers, led by Deng Xiaoping and then President Jiang Zemin, have dominated the politburo. But since 2003, under President Hu Jintao and Premier Wen Jiabao, there has been a tilt back towards state intervention and the countryside. A wave of rural protests has also added to fears that rising disparity in income levels and health care is contributing to social instability.

"We are supposed to be a communist nation, but our health coverage is poor. Since the start of economic reforms, there have been many changes. Some of them are not good. In health care, the big problem is inequity", says Yulin Qiu, a professor at Renmin University. "In recent years we have seen an increase in the number of farmers impoverished because of illness. This is a big social problem. It is definitely linked to the rising tensions in the countryside."

Currently, the public share of health-care spending is only 17%, compared with more than 45% in the USA and 80% in Japan. Given the long-term economic costs and international knock-on effect of a weak health-care system, the World Bank, OECD, and WHO have pressed the Chinese government to reduce inequality of access to treatment by boosting public funds, improving efficiency, and recognising the limits of the market in providing health care.

That will not be easy in such a sprawling nation, where power is defused among provinces. Even in central government, decision making on health issues is spread among 11 different ministries and agencies.

But leadership is needed to address the huge gaps that remain in the

Rights were not granted to include this image in electronic media. Please refer to the printed journal.

Famos Pictures

system. The Rural Cooperative Medical Scheme is a big improvement on no cover at all, but it is only voluntary, covers only catastrophic ailments, lacks funds, and is poorly enforced. It does not cover the provision of public health services, such as inoculations. Worst of all, it works on a reimbursement basis, which effectively excludes the poor from joining.

But international experts are encouraged by the new political will to address health-care problems. They say the government has successfully dealt with SARS, but now realises that wider reforms are needed.

"What has changed is that the government now accepts that accessibility is the premier concern in health", says Henk Bekedam, the WHO representative in China.

"We need to accept in a country like China that the health-care system cannot be fixed overnight, but we do need to be clear which direction to go. The government needs to put out its vision. If that is clear, the other bits will fall into place. If not, then no-one knows who should be doing what. Leadership must come from the highest level.

"China has done extremely well in economic development, but it started treating health as a normal market commodity. It is not. The central government has to come in and start funding", he says.

Jonathan Watts