Thank you, Dr Shin.

Colleagues,

It is my great honor and pleasure to take this opportunity to share China's progress and challenges on "universal health coverage".

There are three essential medical insurance schemes in China—they are the medical insurance for urban employees, urban residents and rural residents respectively. By the end of 2011, the three schemes have covered over 1.3 billion people, which is over 95% of the total population. Therefore, China has established the largest essential healthcare safety net in the world.

In late 2008, China's central government set up the leadership group of health care system reform, headed by Vice Premier, and consisted of ministerial members from 16 ministries and agencies. This leadership group is located in the National Development and Reform Commission, which is in charge of strategy and plan on comprehensive social development. In March 2009, the Communist Party Central Committee and the State Council issued the document of "visions on deepening health care system reform". The State Council further issued the "prioritized implementation plan on of deepening the health care system reform (2009-2011)", which marked the launching of the reform. The principle of the reform is to provide the essential health care system as public goods to all people. The priorities are focusing on essential health services, strengthening primary health care and establishing mechanisms. The overall goal of the reform is to ensure essential healthcare for all by 2020.
In order to reach the target:

**First of all, governments at all levels have been gradually increasing the subsidy for the essential medical insurance.** The subsidy for urban residents and farmers' medical insurance schemes has grown from 80 yuan per person per year in 2008, to 240 yuan in 2012 (about 38 USD). From 2009 to 2011, government subsidies amounted to 432.8 billion yuan (about 68.2 billion USD), among which 173.2 billion (about 21.6 billion USD) were from central government. **In addition, primary health care system is strengthened.** County hospitals, township health centers, village clinics and community health centers are prioritized. We’ve conducted the education and training for health professionals, with especial focus on general practitioners. We’ve deployed 10,000 doctors every year to the rural areas, to improve the primary health care services so that the grassroots-level health institutions can be a good “gatekeeper” for health.

**Secondly, we’ve steadily improved the benefits of medical insurances.** For urban and rural medical insurance schemes the reimbursement rates for hospitalization have been grown, from around 50% in 2008, to about 70% in 2011. We aim to reach 75% in 2012. Meanwhile the ceiling for reimbursement was raised more than 6 times of average income of each beneficiary groups, and no less than 50,000 yuan (about 7,800 USD). The insurance schemes for urban and rural residents have expanded the benefit packages from hospitalization services to out-patient care, so that both catastrophic diseases and minor illness are covered by the insurance.

To avoid impoverishment by medical spending in rural areas Ministry of Health and Ministry of Civil Affairs initiated the pilot programs for children’s congenital heart disease and acute leukemia in 2010. Last year, a new national policy was launched to extend insurance coverage to 6 categories of catastrophic diseases, including end-stage renal disease, breast cancer, and cervical cancer. In 2012, one-third of the geographic areas expand to another 12 diseases in the pilot programs, including cleft lip and palate, lung cancer, and esophageal cancer. Essential medical insurance system, medical aid programs and social donation scheme are coordinated, which significantly reduce the burden of medical costs for farmers.
Last but not least, China is in the process of establishing the essential drug system. In August 2009, the State Council issued the "National Essential Drug List for Primary Healthcare", which included 307 medicines. Each province may add other drugs to their provincial list, about 210 drugs on average were added, which basically meet the needs at the grassroots-level. All government-run primary level facilities are required to adopt the essential drug system with zero mark-up. We have established an integrated mechanism for procurement, including bidding, pricing linked with volume, two-envelope bids, centralized payment. The whole process is under close monitoring. The price of essential drugs are now 30% lower than three years ago, which significantly reduces the burden of medication cost at grassroots level.

Despite the initial progress on health reform, China is facing many challenges. First, the benefit package for essential medical insurance is still low, in particular, the schemes for urban residents and the farmers. Second, gaps remain among different medical insurance schemes, geographic areas and population groups, in terms of the level of revenue, the services covered and the reimbursement rate. Third, payment system requires reform. The essential medical insurance should play more important role in containing medical cost, regulating and monitoring service providers and patients' behaviors.

Thank you!