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Economic Studies Reveal Challenges, Opportunities in China’s Health Care System

- Health economics studies aim to help inform China’s policy decisions on health care reform
- Research shows establishing reliable data sources and information technology and analytics could help address regional disparities in health care access and quality
- Findings suggest that eliminating incentives for hospitals to overprescribe will be an important component of successful cost containment and waste reduction

Boston, March 20, 2014 — New research from some of the world’s leading experts on China’s health care system reveals challenges and opportunities for the country’s reform efforts to make quality health care more accessible for its more than one billion citizens. The findings suggest economic analysis could play a key role in advancing the Chinese government’s efforts to solve problems including regional disparities in health care delivery and quality and inaccurate data sources.

Analysis Group, a leading provider of economics, outcomes, epidemiology, and strategy expertise in the health care industry, collated the research – consisting of seven separate studies into health care reform and disease management in China – which will be published this month in a special issue of Adis’s PharmacoEconomics. Analysis Group Managing Principal Eric Q. Wu, Ph.D., Vice President Jipan Xie, M.D., Ph.D., and Professor Lizheng Shi, Ph.D., of Tulane University serve as guest editors of this special issue, which examines aspects of China’s current health care system from a health economics and outcomes research perspective.

“As China expands its efforts to reform the national health care system, the need for rigorous, relevant health economics and outcomes research will grow,” said Dr. Wu. “We hope that this special issue summarizing key developments in health economics in China will be informative to public health policy makers and help to improve the use of scientific evidence to allocate health care resources in China.”

Authors who contributed to the issue include Chinese policy leaders and other influential figures, such as Wannian Liang, M.D., of the Department of Health Care Reform in China’s National Health and Family Planning Commission, and Professor Gordon Liu, Ph.D., Professor of Economics and Director of the China Center for Health Economics Research at Peking University’s Guanghua School of Management, an Analysis Group affiliate, and a thought leader on health economics issues in China.

Key Findings from the Studies
In the introductory editorial, Drs. Liang, Wu, Xie, and Hongpeng Fu, of the Department of Medicine Policy, China National Health Development and Research Center, note that China’s current health care system faces a number of challenges, including “regional disparities in resource allocation and health insurance coverage, inadequate government funding of public hospitals, and an inefficient and inadequately monitored pharmaceutical market.” They note that the Chinese government has proposed and implemented a series of new reform measures to address these challenges.
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and that heightened awareness of health economics may help to solve problems such as the “lack of high quality, reliable data sources…and lack of evidence of comparative effectiveness and medical cost offsets [that] prevent the appropriate implementation of cost-effectiveness analysis.”

Looking ahead, researchers envision that investment in health informatics systems, enabling use of electronic medical records, and the increasing prevalence of national and regional data sources, will lead to continued improvement in the quality and cost-effectiveness of health care for more than one billion Chinese citizens.

The studies highlight areas of particular challenge in the state’s health care reform initiatives. All of the studies provide interesting findings with implications for policy and medical decision-making.

**Summaries of studies related to health care reform:**

- Research on the extent to which the Chinese Essential Medicines Program has promoted rational use of medicine and removed the incentives for primary care institutions to prescribe expensive drugs, using China’s National Health Services Survey data;
- A study using a simultaneous equation modeling approach that finds a positive effect of the Urban Resident Basic Medical Insurance on inpatient health service utilization;
- An empirical study describing pharmaceutical pricing under the interplay of market competition and government control in Chinese hospitals, providing a helpful introduction to familiarize readers with the systems of pharmaceutical products pricing and procurement in China;
- A 20-year study providing an overview of the trends and factors determining pharmaceutical expenditure, presenting empirical evidence on the increasing trend in pharmaceutical expenditure in China.

**Summaries of research involving disease-specific topics:**

- An analysis of treatment for venous thromboembolism based on Chinese electronic medical records data revealing potential under-treatment, suboptimal outcomes, and substantial economic burden among hospitalized patients with the condition;
- A study among patients with acute myocardial infarction in Shanghai finding that the inclusion of heart stents in the insurance benefit did not achieve intended improvement of equality on health care utilization without properly addressing health care providers’ incentives;
- A cost-utility analysis showing that the adjuvant therapy with capecitabine and oxaliplatin recommended by the Chinese National Comprehensive Cancer Network guidelines was cost-effective for the treatment of resectable gastric cancer patients in the long run but not in the short term, suggesting the importance of considering the long-term economic value of new technology in China’s health care system.

About *PharmacoEconomics*

The benchmark journal on the applications of pharmacoeconomics and quality-of-life assessment, *PharmacoEconomics* is an invaluable source of applied original research and educational material for the health care decision maker. Published by Adis, the peer-reviewed journal is dedicated to the clear communication of complex pharmacoeconomic issues related to patient care and drug utilization. For more information or to purchase a copy of the journal, visit [PharmacoEconomics](https://www.adis.com/PharmacoEconomics).

About Analysis Group

With more than 500 professionals with advanced degrees and expertise in health outcomes research, epidemiology, strategy, biostatistics, economics, and other quantitative disciplines, Analysis Group ([www.analysisgroup.com](http://www.analysisgroup.com)) has established a leadership role in the science, economics, and strategy of the global health care industry. The firm’s 11 offices are located in Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park, New York, San Francisco, and Washington, DC; and internationally in Montreal and Beijing.

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