

Balancing priorities in China's expanding health-care system

Falling imports and slowing industrial production in China might have financial analysts worried, but there is at least one area of the country's economy that has given no indication of faltering: health care. A report issued last month by McKinsey and Company, entitled *Healthcare in China: Entering uncharted waters*, estimates that the country's health spending will triple between 2011 and 2020 from US\$357 billion to \$1 trillion, rising to 7% of gross domestic product. If the prediction is realised, the average Chinese citizen will be spending \$1100 on health care at the beginning of the next decade (though still less than a tenth of per-person health-spending in the USA, predicted to reach \$13000 by 2020). The boom is fueled by massive government investment in the health sector that began in 2009, basic medical insurance coverage that is now nearly universal, and the country's slow transformation into an older, wealthier society.

But the character of this future growth is less certain. Franck Le Deu, a partner at McKinsey's Shanghai office and one of the authors, says the uncharted waters of the report's title refer to the tension between China's grand ambitions for fostering a more effective, accessible health system and the country's still-limited resources for achieving that goal. "The uncertainties are largely linked to the expansion of access to health care to 1.3 billion people, and the need to do that in a way that is affordable for China and the Chinese", he explains.

Cancer is exemplary of these trade-offs. Malignant tumours are now the leading cause of mortality in China, implicated in a quarter of all deaths countrywide in 2009. The population does not lack for risk factors: nearly 30% of Chinese adults are estimated to smoke, the country accounts for a third of the world's cases of hepatitis B, and pollutants in the air and water are rife. So it is no surprise that the market for cancer therapies is also exploding.

IMS Health, which tracks the Chinese health-care market, reports that the sales of oncology drugs in the country are growing even faster than overall pharmaceutical sales at about 28% annually.

But few cancer treatments are available in China, and high prices put them effectively beyond the reach of most patients. In 2010, the country's top-selling oncology drugs were the cytotoxic chemotherapy agents docetaxel and paclitaxel, whereas all of the USA's ten top-grossing drugs were newer targeted biologics. China's health insurance schemes do not provide even partial coverage for these expensive modern therapies, let alone are they included in the country's Essential Drug List (EDL), the 307 chemical agents for which the national government ensures access by reimbursing 90% of their cost.

Instead, patients with cancer typically pay for cancer treatment out-of-pocket, if they can pay at all. Jason Mann advises institutional investors on the China Healthcare sector for Barclays in Hong Kong. "To be realistic about this," he tells *The Lancet Oncology*, "the 600 million Chinese in poor rural areas generally have to go without these therapies." China's Health Minister Chen Zhu, himself a former cancer researcher, described in an interview in May the challenge of weighing a highly effective therapy for childhood leukaemia against its high cost: "I have to balance [that]. It's not easy".

One way the government could increase the affordability of cancer therapy is by expanding the EDL; state media report it will include 400 new drugs by the year's end. "I think the main hope is that as we've seen significant improvement in access to basic primary care drugs over the past 3 years, that that could be extended to more hospital-based, inpatient specialty drugs over the next few years", says Mann. He expects the expanded EDL will include some

generic cytotoxic chemotherapies, which would make at least a few cancer therapies much more affordable for the average Chinese.

More important than increasing access to effective treatment might be delivering it earlier. Chinese patients with cancer are typically diagnosed with advanced disease; according to the director of thoracic surgery at the Chinese People's Liberation Army General Hospital in Beijing, 80% of his patients with lung cancer arrive with late-stage disease. Because identifying a tumour early can mean as much as a 50% increase in the likelihood of long-term survival, improvements in screening could have an even greater effect than improvements in treatment.

This summer the Ministry of Health signalled an increasing emphasis on early detection and treatment of cancer, with the announcement of two screening programmes. In July, the government expanded the provision of free cervical and breast cancer screenings to 10 million additional women in rural areas. And in August, the government announced a new screening programme for cancers of the lung, breast, colon, upper digestive tract, and liver, to be rolled out in 14 provinces at a cost of \$47 million to \$78 million.

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Air quality is a major risk factor for cancer in China

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