

World Bank Group President Jim Yong Kim's Press Conference on Launch of China Health Study

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Transcript

DR. KIM: Thank you, Vice Minister Song. And I would like to thank also Minister Lou Jiwei; Minister of Health, Madam Li Bin; the Vice Minister of Human Resources and Social Security Yan; and my friend Bernard – we've worked together for many, many years. I'd also like to thank the governments of Anhui and Fujian provinces for their warm welcome and hospitality over the last two days when I visited.

Today's press conference comes almost exactly two years after my meeting with Premier Li Keqiang and also WHO Director-General Margaret Chan, when we talked about a flagship report that would help deepen health sector reform in China. And as both Minister Lou and Minister Li have made clear, while there have been tremendous successes, the deepening of the reform was needed.

The health reforms in China over the last decade have been enormous, including increasing coverage and also the investment in health facilities. But China is facing many of the problems of more prosperous societies -- longer life spans, a greater burden of chronic diseases -- and all these could lead to a very expensive system.

China has a critically important opportunity to avoid the high-cost health systems that many OECD countries have ended up with. And deeper reforms in its health system can deliver high-quality care at a reasonable cost.

Our joint study, entitled *Deepening Health Reform in China*, outlines a way to do just that. The report's far-reaching recommendations will take China about

10 years to fully implement. But we at the World Bank estimate that the reforms could save China up to 3 percent of its GDP by 2035. It will also completely change Chinese citizens' experience of a health system by creating a more personalized, high-quality, and well-coordinated integrated care system where citizens are actively engaged in their healthcare decisions. We're very confident that China will be able to successfully move ahead with these needed reforms.

I just visited Fujian and Anhui, as I said, to learn about the pilot reforms that are ongoing in hospitals with medicine procurement and in primary care development. I was very impressed and inspired by what's already happening in those two provinces. Much of what I saw, especially some of the clinical care reforms, are on a par with the best healthcare systems in the world.

The challenge for China now, as the report suggests, is to take the experience from these and other pilots, combine that with what we've learned from other countries, and implement those changes at scale.

The World Bank Group is very happy to be able to support this effort with a \$600 million investment in Anhui and Fujian, which can be the prototype for the kinds of reforms recommended in the report.

Getting this reform right is crucial to China, but it's also crucial to the world. Many other middle-income countries are experiencing a demographic and economic transition similar to China's. And China's healthcare reforms can carry very valuable lessons for many low-, middle- and even high-income countries. We hope that this report and the implementation of the recommendations will contribute to global knowledge and support our shared commitment to build better health systems that will lead to a healthier population, boost economic growth, and create jobs. I'd like to thank all those who worked with us on this report, including our colleagues from all the government departments and the World Health Organization, and we look forward to many more years of collaboration around this important project. Thank you very much.

QUESTION: Thank you very much. I'm from the Financial and Economic Newspaper of China. I'm a journalist from China Financial and Economic News. My first questions goes to Dr. Kim. Just now in the study, a speaker pointed out how China has generated noticeable achievements for the

deepening of health reform. So any experience generated by China for other countries in the world in your view.

DR. KIM: What are the specific examples in China that could be of use to other countries? Is that the question?

REPORTER: Yes.

DR. KIM: So let me just tell you about things that I saw over the last two days that were very, very useful.

One of the things that happened on Anhui was that by changing the incentives in the payment system, the village, county, and the higher level, the district level -- the three levels were incentivized to work together. So when I was in Anhui, I saw the higher level hospital having a video conference with a lower level hospital about a complicated patient.

Now that kind of interaction didn't happen before, but with the change in the payment system, all the hospitals at the multiple levels were very incentivized to work together. So this is a very important innovation, where changing the payment system actually changes the practice and it was better for patients.

Another thing that I saw was the rationalization of the procurement system for drugs. The cost of a drug coming out of the factory may be 20 Yuan, but by the time the patient pays for it, it goes as high as 100 Yuan. And there are many levels, where additional charges are added and people make money off of the movement of drugs from one place to the next. So in both Sanming and Anhui, they were able to get rid of that system all together and dramatically lower the price of drugs. This is also a very important innovation.

It's difficult, because there is a lot of vested interest. The people who get those payments, of course, were very much against the system, but those were just two examples that I saw yesterday that I think are difficult to implement but very effective in China. But also I think many other countries in the world will face these same issues.

The way that they were changing the incentives through payment system to change the actual practice of medicine, I was very encouraged by it.

QUESTION: -- [?] News agency. I haven't had a chance to look at the full report yet, it's very comprehensive. I just saw some subtitles that focus on specific health issues like diabetes and smoking.

In light of some recent studies saying that pollution has perhaps caused over a million premature deaths in China in 2010, I wonder if your study had touched on any of this. If not, can you personally recommend anything China can do as far as mitigating the health effects of the pollution?

DR. KIM: Yeah, I'll let Tim Evans (to answer – he) may have some more thoughts on this. But it's interesting, because we have two major loans with China that are specifically focused on reducing air pollution. I think the commitment of the Chinese government to reduce its carbon footprint is the most ambitious of any country in the world.

Now, China is a very large emitter of carbon. There is no question about that but I saw a huge shift in China's approach to climate change and carbon around -- I think it was around January or February of 2013. There was a big crisis here, the quality of air in Beijing was so bad and I saw a very sudden -- I wouldn't say sudden but I saw a very clear shift in priorities. And Premier Li talked today not only about a very significant reduction in the production of coal, but the commitment to moving toward renewables and reducing carbon, the commitment to changing the carbon trading program into a national carbon trading program by 2017.

I think it's important to note that in 2017, the Chinese carbon market will be the largest carbon market in the world. You know, it's a major issue, China needs a lot of power. There is still lots of coal that's being burned, not only in China but in all places in the world, but I think that the recognition of pollution as a cause of medical problems, but also the recognition that reducing the carbon footprint, is a critical task for China.

Again, I -- what more can you say, it is the most ambitious program in the entire world. To get to -- to hold the global warming below two degrees Celsius, everyone is going to have to move faster, but China is moving very quickly right now.