AN ECONOMIC EVALUATION ON
THE NEW COOPERATIVE MEDICAL SCHEME (NCMS)
FINANCING
—A CASE STUDY OF MEEDU COUNTY,
YUNNAN PROVINCE, CHINA

YIYUN ZHANG

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YIYUN ZHANG 4938053 SHHS/M

M.A. (HEALTH SOCIAL SCIENCE)

THESIS ADVISORS: ARAYAN TRANGARN, Sc.D., LUECHAI SRINGERNYUANG, Ph.D., VANAWIPHA PASANDHANATORN, Ph.D.

ABSTRACT

The New Cooperative Medical Scheme (NCMS) has existed since 2003. With the strong political commitment of the Chinese government, NCMS has been pushed to expand in rural China with increased financing and advocacy. However, some problems which have been identified are not yet clearly understood—the cost of publicity and collecting the premium from the villagers, and the refusal of some villagers to participate. These have become barriers to further NCMS expansion. This study looks at the current resource allocation for NCMS financing in a typical agricultural county in southwestern China. Existing data and costing techniques were used to examine the NCMS financing costs. Qualitative strategies were applied to explore why villagers do not participate in NCMS.

In the year 2006, NCMS financing in Meedu County, at the county, township village levels respectively cost 240,086 Yuan, 56,352 Yuan, and 13,888 Yuan in advocacy of villagers. The overall NCMS financing cost of Haibazhuang Village allocated by the three levels was a total of 21,765 Yuan, with the biggest part taken by manpower and monitoring activities at the village level. The unit financing cost per NCMS enrollee was 5.84 Yuan with 4.34 Yuan paid in real money, and 1.50 Yuan consumed without real money payment. The results also reveal the complexity of the villagers’ non-enrolling behavior. Reasons for not participating were: 1) the poorest could not afford the 10 Yuan premium; 2) healthy villagers did not see the need to have health insurance; 3) migrant villagers felt they did not benefit from the hometown NCMS; 4) disappointed villagers stopped using the NCMS because of the negative behavior of health service providers; 5) some villagers dropped out as they failed to understand NCMS regulations.

It is highly recommended that the focus be shifted from the horizontal NCMS expansion of pursuing 100% coverage to the vertical NCMS expansion by providing more detailed information to strengthen the enrolled villagers’ understanding of NCMS for long-term development.

KEY WORDS: NCMS FINANCING / ADVOCACY / COST / NON-ENROLLING BEHAVIOR / RURAL CHINA

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