

Exploring Sustainable Development of Medical Insurance Industry to Help Multi-layered Medical Insurance System



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It is a great honor to have the opportunity to share with everyone how MediTrust Health contributes to the construction of a national multi-level medical security system. As more and more innovative medical and pharmaceutical products from all over the world continue to be launched in mainland China, who will pay for such innovations in China in the future? Whether it is MediTrust Health or the entire healthcare industry, this is a hot topic that deserves attention.

First, China's payment structure is fundamentally different from the rest of the world. China's basic medical insurance is still a very foundational expenditure. In China, the government accounts for 50% of medical expenditures. But in China, a large proportion is actually non-government expenditure. In the United States, the main portion is borne by commercial health insurance. In China, non-government expenditures are mainly paid by the people themselves. Commercial health insurance is still in the early stage of development.

From another point of view, as the aging of the population in China increases, by 2025, total medical and health expenditures are expected to account for 7.6% of GDP. The annual growth rate will remain high, especially since the outbreak of the pandemic. Raised attention to health has further promoted the continuous increase in the proportion of China's future overall medical and health expenditures.

Regarding China's basic medical insurance, in November 2021, there was a crucial event: that is, negotiations on the catalog of medicines covered by national medical insurance system. In fact, China's national basic medical insurance has done a very good job. The overall coverage rate is now 97%, and will almost reach 100% in the

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This article is based on Zhang Xiaodong's keynote speech at the PKU Global Health and Development Forum 2021.

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next few years. However, the “plate” of the national medical insurance fund will still confront substantial payment pressure.

You may also see in the news media or relevant government statistical reports that, on the one hand, the growth rate of the overall medical insurance fund has begun to be lower than the growth rate of the entire medical insurance payouts. Especially in regions where the economy is relatively underdeveloped, the pressure on medical insurance funds is very high. On the other hand, due to the influence of pandemic over the past two years, the National Healthcare Security Bureau has also contributed a large amount of funding for the treatment of the pandemic, including related vaccines and nucleic acid testing. Therefore, it is expected that by 2025, although the overall medical insurance will continue to grow, the proportion of medical insurance in overall medical health expenditures will decline from the current 50% to about 45%.

It is also worth mentioning that the supply-side reform of China’s medical and pharmaceutical industries has accelerated significantly in the past few years, achieving explosive development. Take anti-tumor and immunomodulatory treatments as an example. In the past few years, there have been more than 600 domestic drug R&D pipelines. I believe that China is currently the world’s most popular market for innovative drugs and innovative medical care, both in R&D and in the terminal market.

However, in the process of communicating with various relevant pharmaceutical companies, we also found that the core challenge at present is the question of who will pay for innovative drugs in the future. On the one hand, people in China still pay more attention to the basic coverage of national medical insurance. In the past few years, the national medical insurance has successively included many innovative medicines on the list of covered drugs.

However, we have also seen the contradictions among the needs of the ordinary people, medical needs, and the scale of medical insurance. We have also seen, in addition to oncology drugs, there are more and more innovative drugs, including drugs for the treatment of rare diseases. We also hope that in addition to medical insurance, different levels of proportions can cover access to medicines.

On the payment side, we have seen a major change in the market over the past few years. At present, commercial health insurance coverage in China is still very limited. Commercial health insurance contributes less than 5% of the overall medical payments. Nationwide, in addition to basic medical insurance, personal expenses are still a huge economic burden for ordinary people.

By 2025, we expect that commercial health insurance will account for approximately 15% of medical and health expenditures, and the annual growth rate will reach nearly 20% in the future. Especially in the past few years, a wide variety of commercial health insurance has become ubiquitous, providing a comprehensive means of supplementing medical expenditures.

Take the very popular “Huimin Bao” as an example from the past few years. The substantial development of Huimin Bao has only occurred in the past two years or so. There are currently more than 100 types of Huimin Bao covering more than 100 cities in China. With the support of local medical insurance bureaus, together with local banking and insurance regulatory bureaus and insurance companies, they have

launched products that are quite beneficial to the people. The general price ranges from tens of yuan to one or two hundred yuan.

The core point of “Huimin Bao” is to include some innovative medical devices, drugs, and innovative therapies that are not included in the medical insurance catalog in the Huimin Bao guarantee. With this guarantee, more and more people will be able to enjoy Huimin Bao in the future. It can also greatly reduce the burden of medical insurance in the future.

We predict that by 2025, the number of people in China with commercial health insurance will reach more than 800 million, and the premiums will exceed 2 trillion yuan. With the continuous development of commercial health insurance, we are also pleased to see that the National Healthcare Security Administration is making efforts to improve the multi-level medical insurance system. We hope that with the continuous development of health insurance, personal out-of-pocket expenses can be greatly reduced in the future. We also hope that at the same time, the payment pressure on national basic medical insurance can be reduced.

MediTrust Health is currently the industry-leading patient welfare management and medical health service platform. We have three main platforms:

First, iCare Health is a service platform that fully serves C-end patients. In the past year, over one million patients have been served through our platform. The total amount paid to pharmaceutical companies, medical services, and advanced equipment products through our platform has exceeded 10 billion yuan, and the total cost savings for patients has exceeded 1.5 billion yuan. Our platform focuses on helping ordinary people reduce the payment pressure, while offering them prompt access to China’s innovative drugs and medical services.

While serving C-end patients, we also have empowered two industries. First, we empowered the pharmaceutical industry. For instance, take our iCare Health platform. In the past few years, we have established in-depth cooperation with most of China’s foreign-funded multinational pharmaceutical companies and innovative local pharmaceutical companies.

Our coverage of drugs is close to 70%, and is basically the same for innovative drugs newly launched in China in the past few years. At the same time, iCare Insurance also empowers the entire insurance industry. China’s health insurance industry has developed very rapidly in the past few years. China’s health insurance industry provides digital infrastructure to build a “claims + payment” medical and drug service network for insurance companies. Through infrastructure construction, it provides infrastructure for over 70 insurance companies in China.

Furthermore, on the pharmaceutical company side, in the past few years, we have provided one-stop innovative payment solutions for pharmaceutical companies, and have achieved in-depth cooperation with many pharmaceutical companies.

This has been especially popular in recent years. For example, innovative pharmaceutical companies such as FOSUN Kite and JW Therapeutics, which have CAR-T therapy¹ drugs in China, are our long-term cooperative customers. And we are also

¹ Chimeric Antigen Receptor T-Cell (CAR-T) therapy is a new type of precision targeted therapy for tumor treatment and has achieved good results in clinical cancer treatment through optimization

very pleased to see that, with our innovative payment solutions and the depth cooperation with pharmaceutical companies, more and more pharmaceutical companies, have got core customers after bringing new drugs into the market, whether they are originally innovative payment or commercial health insurance customers. For example, one or two weeks after the CAR-T therapy drug was launched last year, commercial insurance companies paid more than 1.2 million RMB in medical expenses for patients through our service network, which greatly helped patients reduce their medical burden. This also provides a more diversified, innovative access scheme for pharmaceutical companies.

Finally, on the insurance end, we have also continued to lead the innovation of health insurance. From the relatively simple provision of health insurance for oncology drugs, we have gradually expanded coverage in three dimensions, from healthy people to suboptimal people, and to people with pre-existing diseases. A comprehensive line of health insurance products has taken shape, covering domains of illness ranging from tumors to more disease areas, and from medicines to more medical services. The health insurance products we support have covered more than 50 million people over the past year.

We just mentioned products like Huimin Bao. In fact, it is estimated that 80 million people in China were covered by various types of Huimin Bao in the year 2021. MediTrust Health has served 50 million of them. Take the very successful Huimin Bao in Shanghai and Beijing as examples. Together, these two cities have more than 10 million people participating in the insurance. To a certain extent, with large-scale Huimin Bao coverage, we have assisted in solving the substantial problems of accessibility to innovative medical care and innovative medicine that are not yet covered by basic medical insurance.

in recent years. It is a promising new tumor immunotherapy method that can be precise, rapid, efficient, and potentially curative.