

## Chapter 6

### Conclusion and Limitations

#### 6.1 Conclusion:

Along with the economic development, in principle, health expenditure will normally increase rapidly. Government should push forward the employee health reform by a legislation with reasonable cost sharing among the government, employers and employees. It will establish rural health insurance schemes by means of multi-channel financing including the policies on premiums contributed by the farmers, earmarking certain proportion of village welfare funds for health insurance purpose. At the same time, health insurance for other population should be experimented.

From the simulation in the study, one of the interesting point found is that the share of government in CTHE will decrease slowly. With the insurance scheme implement, the high growth rate of the share of private expenditure in the CTHE will be controlled with the economy developing.

Another important message from the study, the government will pay more and more attentions on the health services, from simulation analysis, at the year 1999 to 2001, the government health expenditure

will keep a high growth rate. Along with the economic developing, the government health expenditure per capital increase steadily.

## 6.2. Limitations

### 6.2.1. Strength:

With the model adopted, we can focus on some government's behavior with regard to their budgets, patterns of the movements in the past of variables. The model makes use of this information to predict its future movements. Health services expenditure was therefore seen as a part of the planning process. Planning means therefore they are able to propose for the coming years. In addition, the planner should be able to see the inter-connection between sectors in the economy, as health sector is not isolated. The methodology in the study is somewhat fixed but able to adjust parameters to change in more realistic situations, and so can obtain the different consequent results before hand.

### 6.2.2 Weakness:

1. Being based on National Accounting concept, some parts of this model do not strictly conform the economic principle. For example, when the "value added sector" growth rate are changed, it will deal a very significant change on GDP, that should affect revenue from taxation unproportional to GDP. Other example, when the economy gets worse, normally, health expenditure, especially, government health expenditure should be effect by it, but in this case, health expenditure

is the same with the base case. This reflects the nature of partial equilibrium type of the model, but not the general equilibrium.

2. Because this model used just a part of the full SimFin model, some variables do not seem to change correspondingly and reasonably. Further study should prepare and modify to complete the full model (Micro-Fin and Macro-Fin) then can give more detail information about the health system of China.