

ABSTRACT

People widely pay attention to medical and medicine expenditure increasing in China. Since 1980s, health expenditure rose rapidly in China, the growth rate of average year for health expenditure exceeds over the gross domestic product (GDP) in China. And drug expenditure is about 45 percent in total medical expenditure. The growth rate of drug expenditure rises as quickly as medical expenditure. The drug expenditure of patients increase more and more, for drug expenditure rises rapidly. The problem which is drug expenditure increasing becomes focus topic in Chinese society, for the drug expenditure of government, collectivity and person grow rapidly.

It is also a problem which is drug expenditure increasing rapidly in other countries. Drug expenditure also increases in oversea countries, and every country has a growth rate of drug expenditure. But it is very few in the world what the percentage of drug expenditure is in China, it is very high. The central drug market is hospital in China, and the proportion of hospital drug market is approximately 80 percent in China drug market. And the drug revenue of hospital is probably 45 percent in total revenue of hospital. In 1954, China government implemented a policy of drug price advance which was a policy of economy compensation for public hospitals, government allows that public hospital can advance 15 percent in wholesale price, and the advance price is the retail price in public hospitals, then the revenue of drug price advance is the revenue of drug in public hospitals. Since 1980s, with government finance subsidy for public hospitals decreasing, it is important that drug revenue is one of revenues in public hospitals, and the drug revenue gradually became one of the major revenues in public hospitals. So, drug revenue is controlled at first and the proportion of it is adjusted in public hospitals, then drug expense can be controlled in China.

The first three medicines are anti-infection drugs, circulation system agents and digestive system agents in China drug expenditure. The top three medicines are hormones drugs, blood system drugs and urinary system drugs at the growth rate of average year in China drug expenditure. According to epidemiology changes, the two-week morbidity rate(‰) of acute respiratory track infectious disease is at first in Chinese residents and the incidence rate of chronic disease goes up year by year. This is the reason why the drug expenditure of anti-infection drugs is at first and the growth rate of three kinds of drugs is high. So, these kinds of drugs need to trace investigation and their price would be controlled in reason.

Non-medical insurance patients are higher than medical insurance patients except respiratory system drugs in the growth rates of drugs expenditure. And only 30 percent residents are covered by medical insurance in China, rural residents are less than citizen residents in the proportion of medical insurance. And rural residents are generally lower than citizen residents in the revenue. Then rural residents may be more than citizen residence in the burden of drug expenditure. Non-medical insurance patients do not difference between drug expenses by themselves and by government in drugs, they are more than medical insurance patients in the proportion of drug

expenses by themselves. And drug expense by self is generally higher than by government in drug price. So, it conduces drug expenditure decreasing that all residents are covered medical insurance and the price of major drugs are controlled.

Since 1990s, China government implements many policies to control drug expenditure increasing, but the effect of these policies is not evidence. It is not effect to control drug expense increasing whatever the policies aimed at drug revenue of public hospitals and drug price in the market. Therefore, for decreasing drug expenditure, this article suggests that all residents would be covered medical insurance in China, the price and amount of drug would be control in reason in China, and the drug revenue would be decrease on the base of ensuring business fund in public hospitals.

Key words: drug price advance drug expenditure policy research