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Let Me Die, Chinese Mother Says as Cancer Threatens Bankruptcy

By Bloomberg News

(Bloomberg) -- As one of China's wave of entrepreneurs, Xiao Caiyu built and ran a small pork business with her husband that allowed her to squirrel away a nest egg of more than 30,000 yuan (\$5,000). A diagnosis of cervical cancer wiped that out in months. Her family, now deeply in debt, closed the business.

"If the cancer gets worse I won't get treatment," said Xiao, a 52-year-old mother of three in southern China. "What treatment? There's no money."

Across China, families who have ridden the country's economic boom to prosperity often plummet into financial ruin after a cancer diagnosis. In a nation where most people rely on government health insurance, cancer patients are finding that costs, including expensive drugs, far outstrip coverage.

Cancer presents a growing threat to Asia's biggest economy. China has the world's largest number of cancer cases and deaths, driven by a rapidly aging population, environmental pollution and lifestyle changes. If current trends continue, cancer could cost China about \$5.6 trillion in lost output from 2012 to 2030, a group of researchers from the Harvard School of Public Health and other institutions estimated.

The Chinese government is now coming up with ways to bolster insurance coverage for diseases like cancer. But the changes aren't happening fast enough for patients like Xiao.

Colorful Jade

After Xiao's diagnosis in July 2013, her family's life turned upside down. They closed their pork vending business so her husband could work two better-paying jobs to cover living costs. Her son left a job assembling flash lights and water boilers to take care of her. Buying meat for the dinner table has become a luxury.

Although cancer can put a hefty financial burden on patients worldwide, the scale of China's problem is particularly daunting. Its rapid economic ascent has caused cancer rates to rise at a startling pace. Also, private insurance isn't widespread, and Xiao's family had none. That puts the burden on the families, and particularly working-age children. Many parents have only one son or daughter under rules set by the country's one-child policy.

While China made some health insurance available for almost all its people by 2010, coverage for many major illnesses is limited. Citizens need to make co-payments at every level of the medical-care process: consultation fees, examination fees, scans, drugs and operations.

"The high cost of health care, especially cumulative costs for chronic conditions, is an issue

of great concern,” said Martin Taylor, Beijing-based health systems expert at the World Health Organization. “Families in this situation can easily fall into poverty.”

’Red Envelope’

Xiao -- whose name means colorful jade -- lives in the wealthy Guangdong province in southern China, where her insurance covers about 65 percent of fees and procedures. Even so, her treatment -- a mix of chemotherapy and surgery -- has forced them to borrow as much as 40,000 yuan (\$6,450).

The family calculates that it has spent about 72,000 yuan out-of-pocket on her treatment since she was diagnosed in July 2013. They also spent another 2,000 yuan on ’red envelope’ payments, the informal handouts often made to doctors in China to win favor and better treatment. The family’s monthly income: 7,000 yuan. In Xiao’s village, those stricken with cancer often return home to die once they run out of money, her son Liang Mianchang said.

“Village folks like us are good for nothing,” Xiao said. “When we get sick like this, we just wait for death.”

Astounding Rates

Overall cancer incidence in China -- which has doubled over the past two decades and is expected to continue rising -- is “truly astounding,” said Yanzhong Huang, a senior fellow of global health at the Council on Foreign Relations.

In China, there are an estimated 3.07 million new cancer cases annually, according to the World Health Organization’s cancer agency. That translates into a diagnosis every ten seconds and 2.2 million deaths from cancer each year.

China is caught in a particularly difficult situation because it is an economy in transition, said Huang. The incidence of ’cancers of poverty’ such as liver or stomach cancer remains one of the highest in the world. At the same time, others like lung and breast cancer, which had traditionally been more common in the developed world, are growing more prevalent.

Borrowing From Family

Xiao’s family has gradually paid back about a third of what they borrowed. But there are still daily expenses to be juggled. “We buy less stuff now,” Xiao said, dipping her feet in hot water infused with ginger, trying to stay warm on a cold, wet day. “I just wear old clothes, and spend less on food. My husband and son need to work, I can’t not give them food, can I?”

The practice of Chinese families putting money aside for health-care emergencies and old age has long placed pressure on consumption. The previous generation of leaders implemented the health-care reform in 2009 mainly to balance social and economic development, said CFR’s Huang. The Confucian tradition of taking care of one’s parents

also puts an unusual amount of pressure on children.

“No young people in England or Germany will think of saving money for medical costs at all,” said Shenglan Tang, professor at Duke Global Health Institute. “In some areas of the Chinese constitution it even says children have responsibility to take care of aging parents.”

Astounding Rates

Under the leadership of Mao Zedong, China had a state-planned health system. Urban workers counted on their work units to pick up bills at public hospitals, while villagers in communes had “rural cooperative medical systems” with mostly free healthcare -- albeit of questionable quality. In the 1980s and 1990s, out-of-pocket payments rose dramatically with market reform and the collapse of the commune system.

In addition to increasing insurance coverage for major illnesses, China is trying to bring in commercial insurers to partially reimburse residents for out-of-pocket payments, its National Health and Family Planning Commission said in an e-mailed reply to questions from Bloomberg News.

Even as the Communist Party’s leadership is increasing reimbursement levels, it is doing so gradually and incrementally. China wouldn’t be able to completely adopt a welfare-state model without going bankrupt, said Tang.

In China, non-communicable diseases cause eight in 10 deaths, according to the World Health Organization, higher than the six out of 10 globally.

High Burden

While cancer is a fast-growing pharmaceutical category in China, the newest, life-extending brands are out of reach for most, according to Richard Yeh, a health-care analyst with Citigroup. Multinationals accounted for about 34.4 percent of the cancer drug market in 2013, Yeh wrote in a June note. Domestic firms are emerging with generic alternatives, serving the more general population.

Xiao’s receipts for her treatments show that co-payments for drugs were her biggest expense. “There’s a real disparity between need and cost of medication,” said Angus Cole, a consultant at Deloitte China.

While drug companies have devised cost-sharing and insurance plans and even charities are offering help, many patients still struggle to bear the costs.

Second Opinion

Early on in Xiao’s treatment, her son had wanted to get a second opinion and then faltered partly on concern that the extra tests and bills wouldn’t be covered by insurance.

“By ourselves we don’t know which hospitals are good and which aren’t, and we don’t have guanxi,” he said, using the Chinese word for connections that can win favors in the medical

system.

After the surgery and treatment, Xiao's most recent tests haven't detected cancer, although she continues to receive some chemotherapy.

There have been times during the treatment when she felt like a burden, and thought that she should let nature take its course.

"Our savings are all used up and it makes my kids, my son, carry a lot of debt," said Xiao. "Wouldn't you think about giving up if you were me? But the kids said I had to do it, so what could I do?"

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Drugs, China, And the Curious Case of Dragon Pharmacy Knock-Offs

- Medicine access not meeting demand for China's epidemics
- Lower prices & distrust drawing Chinese tourists to Hong Kong

By Natasha Khan

(Bloomberg) -- The Dragon City Pharmacy has become a cult favorite for Chinese visitors to Hong Kong, selling everything from medicines to mascara. Even so, the owners of this mom-and-pop business were bewildered when copycat drug stores bearing its brand began popping up across the city.

In recent years, outlets named after the 60-year-old store -- but with no affiliation -- have opened up alongside a slew of other tiny pharmacies in Hong Kong's prime tourist districts, minutes away from the Louis Vuitton and Chanel stores that dot the town. Often decorated in rainbow neon lights, these smaller outlets advertise sales of tax-free medicines.

Their line-up includes muscle rubs, painkillers, aphrodisiacs and traditional Chinese medicine. But if you ask quietly, many will also sell you something else: cancer and hepatitis C drugs -- no prescription necessary.

For years, Hong Kong was known as the place where Chinese shoppers picked up the newest fashions from luxury retailers like Gucci and Prada. Now, prescription drugs are also an attraction.

Treatments such as Gilead Sciences Inc.'s Sovaldi for hepatitis C and Roche Holding AG's breast-cancer treatment Herceptin are either unavailable or more expensive in China. Many visitors from the mainland also prefer to buy their medicines in Hong Kong because they believe it is likely to be better quality.

"Every time I'm here for one of my shopping trips someone or the other will ask me to bring them back some medicine. We all know Hong Kong has better-quality products," a 52-year-old woman surnamed Chen said in the Tsim Sha Tsui tourist district, where she was stocking up on make-up and shampoo.

The most urgent item on her shopping list was the liver cancer medicine Nexavar, although she didn't have a prescription. She planned to stroll around and ask for the drug made by Bayer AG in the dozens of drug stores in the area. Chen had bought similar medicines before and it was pretty easy, she said, holding a Rhinestone encrusted iPhone in one hand while packing a wheeled suitcase with her purchases. Also on her list: a Rolex watch.

Chinese shoppers like Chen are traveling across the border in search of cheaper drugs as changing lifestyles have put China in the grips of a cancer epidemic. The World Health Organization says that 3 million new cases are added each year. Estimates of China's hepatitis C population range from 13 to 44 million: among the highest in the world.

Surging Prices

The cross-border trade in Hong Kong also highlights the problems facing China's prescription drug market, which by the estimates of research firm Frost & Sullivan had total sales of 1 trillion yuan (\$157 billion) last year. That is expected to double by 2019.

Even as regulators apply pressure to lower costs, mainland Chinese patients pay some of the highest prices for treatments worldwide. Drug supply chains are complex, and Frost & Sullivan consultant Neil Wang estimates there is a 5 to 7 percent mark-up at various levels of the distribution system that drives up prices. Also, taxes on imported medicines can add up to 17 percent in China, according to Wang, while Hong Kong doesn't tax drug imports.

Most Chinese rely on government insurance, and that coverage is often not enough. While China has signaled it would like to reform its insurance laws, millions are still left scrambling for access to life-saving treatments. Meanwhile, a lengthy approval process for new drugs and their patents has stalled the entry of some of the newest blockbusters from overseas.

Neither Gilead's Sovaldi nor AbbVie Inc.'s Viekira Pak -- two treatments that can cure hep C -- are approved for sale as yet in China, even though the companies have made registration applications. Both drugs are approved for sale in Hong Kong, which has a separate approval process. Calls to China's health ministry and Food and Drug Administration weren't answered.

How It Works

After a series of scandals around food safety, including milk tainted with melamine that caused deaths in 2008, many Chinese have greater trust in products bought overseas. So, even while Hong Kong retail sales have slumped, these pharmaceutical sales are helping some of the tiny stores in the tourist district stay afloat.

This is how it works: A customer goes in and asks for a certain drug -- perhaps with a photograph of the bottle. Store workers look up the treatment, call around, look at inventory and provide a quote. They ask for half or full payment. Many only take cash, while a few accept credit cards.

Bloomberg visited 40 pharmacies in Hong Kong and found several willing to dispense treatments such as Viekira Pak, Herceptin, Sovaldi, Bayer's Nexavar for liver cancer, and Novartis AG's Glivec for leukemia, without a prescription. Some quoted prices that

were cheaper than those listed by pharmacies on the mainland; the charges for some treatments not available in China tracked those in the U.S. One pharmacy offered to sell Sovaldi for about \$2,800, a fraction of the U.S. price of \$84,000, which rendered the merchandise suspect.

The real Dragon City Pharmacy says it will only provide drugs to those with a Hong Kong prescription. This was corroborated by customers who had just visited and asked for treatments.

The original Dragon City also says it has had complaints of customers mistakenly going to copycat branches and ending up paying too much. "All we have is our brand and we feel it's being tarnished," said Kwong, Dragon City's manager, who asked that only her last name be used. "But even if we complain, one after another keeps popping up."

The original Dragon pharmacy has signs outside its doors saying that it only has one branch.

The Hong Kong government conducts routine inspections of pharmacies, and also buys and tests prescription drugs to fight illicit sales, the health department said in an e-mailed response to questions. From 2011 to 2014, the department conducted 4,775 inspections of pharmacies and convicted 67 for illegal sales of prescription medicines. In Hong Kong, the maximum penalty for illegal possession and sale of prescription medicines is a fine of HK\$100,000 (\$13,000) and two year's imprisonment upon conviction, according to the health department.

Reputation

Hong Kong has long had a reputation for selling quality health products, and many stores doing legitimate business have flourished. Watsons, a retail pharmacy chain controlled by Hong Kong's richest man Li Ka-shing, has over 200 stores in the city and continues to add more. "At Watsons, we only sell prescription drugs to customers or patients with doctor's prescription and our registered pharmacists will check each case thoroughly," the company said via e-mail.

But there are others who don't follow the same rules. On Aug. 13, Hong Kong's Consumer Council, a government-funded body, cited seven outlets for their "disgraceful" practices, including charging exorbitant amounts for products, saying the stores hurt Hong Kong's reputation as a "shopping paradise."

Lagging Behind

William Chui, president of the city's Society of Hospital Pharmacists of Hong Kong, estimates that 90 percent of cancer drug sales at Hong Kong drugstores are to mainland

tourists, since most local patients can get their supply through hospitals or their doctors (in China and Hong Kong, physicians can dispense as well as prescribe medicines).

“How can they survive and pay the salary of a pharmacist and the rental cost?” said Chui, referring to the mom-and-pop stores opening up in some of the city’s high-priced neighborhoods. “You think they can get by just selling toilet rolls, formula milk powder, shampoo? Of course not.”

Roche spokeswoman Nina Schwab-Hautzinger says its main customers in Hong Kong are the Hospital Authority and oncologists, though it monitors market demands and would alert authorities to any “unusual activity.” Novartis spokesman Dermot Doherty said in an e-mail that the company is “committed to preventing the diversion and counterfeiting of all our products to protect the safety of patients in all countries.” Oliver Renner, a Bayer spokesman, echoed the sentiments, adding: “We manufacture prescription drugs, ones that need to be prescribed by doctors.

AbbVie expects pharmacies to dispense Viekira Pak to patients only when presented with a doctor’s prescription, in accordance with Hong Kong regulations, spokeswoman Adelle Infante said in an e-mail. Gilead said its drug has been available for prescription in Hong Kong since July, primarily through gastrointestinal specialists and hepatologists, spokeswoman Sonia Choi said in an e-mail, adding it’s working to get access for patients in China.

On a smoggy Friday in Hong Kong, one mainland Chinese woman surnamed Li said she had just put a down payment on Herceptin for a cousin from the northern Hebei province. The drug was costing her HK\$20,000 (\$2,500), and she could pick it up the next day. The price they quoted her is about 30 percent lower than in some parts of China.

“When we found out she had cancer, I rescheduled my trip and came here earlier,” she said, standing on Nathan Road, Hong Kong’s version of New York’s Times Square. “This is life or death, so of course we will do all that it takes to get the best treatment.”

--With assistance from Jill Mao and Jasmine Wang in Hong Kong and Li Hui in Beijing.

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The Children of China's Cancer Slum at Risk Over Drug Costs

China is home to the world's largest number of cancer cases

By Bloomberg News

(Bloomberg) -- Li Defang remembers the day she considered giving up on her granddaughter — a four-year-old battling leukemia.

Money had dried up, and little Zhao Jing was in a hospital in Hefei city in eastern China. She was struggling, feverish and coping with an infection. In those desperate hours back in October 2014, Li recalls whispering sadly to her: “If one day grandma runs out of money for your medicines, maybe I will have to abandon you.”

Such life-and-death calculations aren't that rare in a China that is home to the world's largest number of cancer cases, and where patients can sometimes pay among the highest prices in the world for drug treatments. For the past year, Li and her granddaughter have lived in a slum near the hospital. Called Wujianong, the tenement is home to about thirty other families who have also journeyed hundreds of miles to seek better care for their sick children. Here they live in damp, moldy rooms just off a narrow street strewn with plastic bags and muddy puddles. They've all found that cancer can be a financial catastrophe in a society where private insurance is a rarity and many costs for serious illnesses aren't covered by government insurance.

Surging health-care costs are turning into one of the biggest threats to the world's second largest economy and its consumers. About \$115 billion will be spent on pharmaceuticals in China this year. As patients struggle to pay, international drug companies face slower growth in the country and government pressure to curb prices. For families, their biggest adversary isn't only the disease, but the prohibitive cost of care.

Remission

Zhao, whose nickname is Jingjing, suffers from acute lymphoblastic leukemia, a type of blood cancer, and has rallied after 12 rounds of chemotherapy over the last year. Her chances of full remission are high, her doctor says. But times are hard again for her grandparents and another round of drugs may be out of reach.

Vfend, an anti-fungal treatment made by New York-based Pfizer Inc., helped Jingjing fight several infections last year. But it cost her grandparents about 3,800 yuan (\$590) for every ten tablets — about half their yearly income. A chemotherapy medicine from a Chinese drugmaker, Jiangsu Hengrui Medicine Co., came at just under 5,000 yuan (\$780) a vial.

About a year ago, her grandparents left their farm in eastern China's Huoqiu county and relocated 100 miles away to live near the Anhui Provincial Children's hospital. The slum is just behind the hospital complex, and the city's glimmering skyscrapers and towering residential apartments stand only a few blocks away.

Jingjing's neighbors are other children who have cancer. Their families rent the rooms for about \$60 a month to save on the expense of a hospital stay or rental apartment, and to stretch their budgets a little longer for the drugs that are the difference between life and death for their kids. Even little Jingjing senses the dangers of this precarious balance. She picked up on her grandmother's worries that day in the hospital. Now, when Li goes out to buy food or pay a bill, Jingjing worries she's left for good, sometimes saying tearfully, "Grandma, please don't abandon me, when I get better I want to go to school."

Drug Costs

The children of Wujianong are an outgrowth of China's unprecedented cancer epidemic powered by pollution and sedentary lifestyles. According to the World Health Organization it takes the lives of 2.2 million Chinese a year. It's also a crisis escalated by high costs for drugs, with patients bearing an unusually large proportion of the burden by international standards.

China's struggles echo the ongoing debate in the U.S., where pharmaceutical pricing has drawn scrutiny from lawmakers. The big difference is that China is a middle-income economy, where average disposable income per person was about \$3,200 last year versus more than \$40,000 in the U.S. The Chinese government has for years sought to curb prices, especially for brands sold by multinationals such as Pfizer or Roche Holding AG., and that pressure may accelerate.

"Chinese families scrimp and save for that fateful diagnosis that will leave many of them financially broken," said Jason Mann, managing director of ProMed Advisors, a consultancy. "The government is aware of how this dampens consumer spending and its potential to spur social unrest. Officials are racing to tackle health-care costs to maintain power and stability, but the question is: Can they do it fast enough?"

Chinese patients can pay between 80 percent to 120 percent of U.S. prices for foreign cancer medicines, according to a study from consultancy ChinaBio Group. The retail price for Vfend is higher in the U.S. at about \$800 for 10 tablets, according to the website GoodRx. But unlike China, uninsured parents in the U.S. might have support from government programs like Medicaid. Only the poorest and uninsured may pay the full retail price in the U.S., and this group is probably a small percentage, said Mann.

Chinese patients bear the brunt of about 77 percent of all private health-care expenditure in their country through out-of-pocket payments, according to the WHO, while U.S. patients cover 22 percent.

Universal Coverage

Private insurance is rare in China and Beijing claims it offers more than 95 percent of its citizenry health-care coverage. While the public system pays for conditions like a broken foot or a bad cold, expensive foreign drugs for cancer are often not covered. Six years ago, China's government began a \$460 billion overhaul of its health-care system, seeking to reduce the cost of drugs and improve insurance coverage.

Even as China's economic boom has enriched millions, government data show that health-care costs drive more Chinese families into poverty than any other factor. About 42 percent of China's 89 million registered poor, or those who earn just below \$1 a day, were impoverished due to health-related difficulties, according to a department of China's State Council.

Jingjing's family already owes their hospital more than 10,000 yuan (\$1,560) for her last chemo treatment. If they can't pay up, her grandmother said the hospital won't agree to begin the next round.

Since Jingjing got sick in September last year, the family estimates it has paid about 260,000 yuan (\$41,000) for her care, mainly through loans from relatives. Most of those costs were for drugs. Her two most expensive medicines — Vfend and the chemotherapy treatment made by Jiangsu Hengrui — weren't covered by government insurance and medical records show the family paid the full amount for them.

Jiangsu Hengrui, maker of the chemotherapy drug Jingjing was given, launched an aid program in 2011 for poor patients, the company said in an e-mailed statement. Compared to the \$780 Jingjing paid in China, the drug called pegaspargase injection can be sold at an average price of \$4,505 a vial in the U.S., the company said, adding that it aims to sell Chinese patients treatments at reasonable prices.

A complex set of factors affect access to medicines and price is not the only obstacle, Pfizer said via e-mail, adding that there are many generic alternatives for Vfend in China. The drug is on China's national reimbursement list, the company said, but hasn't been included in a list for rural areas that is essential for ensuring access to patients there.

“Underdeveloped health systems, lags in regulatory approvals, delayed reimbursement, or lack of reimbursement, all create significant barriers,” the U.S. drugmaker said, adding that it is “encouraged” by the government's efforts to integrate rural and urban insurance schemes. The company didn't disclose revenue from Vfend in China.

Switzerland's Roche, which sells cancer drugs in China, said in an e-mail that it has sought to develop new alternatives in China, and its partnership with reinsurer Swiss Re is regarded as the successful model for cancer insurance.

China's public hospital system depends on profits from drug sales to supplement government subsidies, which can fall far short of operational costs, said Greg Scott, chairman of ChinaBio. That can create a natural incentive for hospitals to sell patients the most expensive treatments. Drug sales accounted for 40 percent of public hospital revenues in 2012, according to the latest statistical yearbook from the health ministry.

Insurance for serious illnesses among urban and rural residents is currently managed by various agencies, and coverage should be expanded and the level of protection improved, the National Health and Family Planning Commission said in an e-mail.

As the next step, the agency said it will guide local regions to precisely calculate and scientifically determine the funding and coverage levels needed to sustain the serious illness insurance system.

Chinese patients also rely on branded international drugs for other reasons. Local generic medicines don't always suppress infections as effectively as the original Vfend and sometimes the expensive drug is the only option, said one doctor who works with leukemia patients in Hefei city.

"If patients don't have the money, they don't get treated," the doctor said. "If they have the money they can live, it's that simple with this disease."

When sent questions via fax, the China Food and Drug Administration referred to an August press conference, where one official said that some people believe the efficacy of certain Chinese generic drugs, especially those approved before 2007, isn't as good as imported products. China is seeking to improve generics by reviewing and benchmarking their efficacy against the original products, the official said.

China has an increasingly affluent middle class that is getting more willing to spend on health care, and pharma companies have invested in the hope of big returns in the coming years. Chinese patients often pay higher prices even for off-patent products with local generic versions due to a perceived safety and "prestige premium" for international brands in China, Mann said.

Higher prices can even reinforce "the aspirational quality of the imported products and a discounted rate may compromise that," he said.

Paying Up

Li and her husband, both in their fifties, used to make 7,000 yuan (\$1,094) annually from farming small rice paddies. Even that was stripped away when they came to care for Jingjing in the city. The girl's father is a migrant worker in a county in the eastern coastal province of Zhejiang, but they say he doesn't pay for Jingjing's treatment because he has to support her mother and brother.

When not at the hospital, Jingjing and her grandparents live in a room in the slum that is about 10 square meters. The walls are plastered with old newspapers to absorb the humidity. A mattress on the floor doubles up as the lunch table, sofa or bed depending on the hour of the day.

Their neighbors in this cancer slum have similar stories. Two-year-old Youyou, whose full name is Liu Ying, is a shy toddler with thin hair in a bright yellow jacket. She has been through several rounds of chemo. Her mother Zhang Xiaoqin and her husband say they have spent over 300,000 yuan (\$46,900) for her treatment. Half of that was borrowed from siblings and friends.

Vfend alone accounts for more than a quarter of that crushing figure, they said. After her transplant, Youyou had to take three boxes of Vfend monthly for six months, generating an astronomical bill that forced her father to sell a thriving furniture carving factory and go back to painting walls. The drug provides protection against fungal infections for patients like Youyou, who at one point had almost no white blood cells after aggressive chemotherapy.

Another heavy burden for YouYou's family is an anti-infection drug named Mycamine, sold in China by Japan's Astellas Pharma Inc. The little girl has used about 59 boxes, totaling some 35,000 yuan (\$5,400), her mother said. Astellas declined to comment.

Consultancy IMS Institute for Healthcare Informatics estimates that annual growth in pharmaceutical spending in China will fall to less than 10 percent by 2020 from 14 percent over the last five years. That's partly due to the burden on individuals to pay for drugs. By 2020, total pharma spending in the country could reach about \$150 billion to \$180 billion, it estimates, with about 23 percent coming from sales of branded drugs.

Mark Ups

China's convoluted drug distribution system is one of the main reasons behind the high prices. A drug typically goes through two to five middlemen as it is transported from the drugmaker to patients in hospitals. At each level the middleman or distributor takes a cut that can range from five to 20 percent.

That means a manufacturer might get only about 40 percent of the retail price, with distributors and hospitals getting the rest. Drugmakers have to compete in government bidding processes that are run separately in provinces and hospitals, and these negotiations are getting harder for international companies. In some cases, companies lower prices to maintain access. But overseas drugmakers also stopped selling certain treatments to hospitals in provinces where prices went too low, according to an industry group.

State-run news agency Xinhua in an unveiling of the nation's 13th five-year plan in November said people can expect more social safety nets and the Communist Party will

continue expanding insurance to cover critical illnesses. In May, the government also issued guidelines for a pilot program that would scrap mark ups in a limited number of hospitals.

This month Xinhua reported that China plans to combine public health insurance schemes for urban and rural residents to equalize access to health care.

Tough Choices

The mothers of Wujianong, meanwhile, struggle to get by. With most of their money squirreled away for medical necessities, some of the Wujianong mothers have come up with a creative system to keep their children — and themselves — fed.

Three mothers share a monthly food budget of about 1,800 yuan to ensure their children have some pork, fish or eggs in every meal. They wait until the kids finish to eat what's left. When asked if he'd like new toys, one little boy, Sibó, gave an answer that was uncharacteristic for a four-year-old: "No, I need to save money to buy medicines, I need the medicines to live."

There were times Sibó has felt nauseated after taking his drugs, his mother said. "He would try to stop himself from vomiting, saying: this is my expensive drug, I can't puke it out," she recalled.

Jingjing likes to wear a pink beret with a bunny sewn on top — it keeps her warm after she lost all her hair due to chemotherapy. She also wears a cotton face mask, a rudimentary protection against bacterial infection. Though she's pale and easily fatigued, the little girl often fills her dingy room with bursts of bright laughter.

Watching Jingjing hop around and play with her doll on the bed among piles of quilts on a recent winter day, Li sighed and said to herself: "Look at her, how could we give up on her?"

(Updates with China's National Health and Family Planning Commission comments.)

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