Urban-rural differences in catastrophic health expenditure among households with chronic non-communicable disease patients : evidence from China Family Panel Studies

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Keywords: Catastrophic health expenditure, Fairlie nonlinear decomposition, Blinder-Oaxaca decomposition, China

Posted Date: June 25th, 2020

DOI: <https://doi.org/10.21203/rs.3.rs-37742/v1>

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Version of Record: A version of this preprint was published at BMC Public Health on May 6th, 2021. See the published version at <https://doi.org/10.1186/s12889-021-10887-6>.

1 **Urban-rural differences in catastrophic health expenditure**
2 **among households with chronic non-communicable disease**
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4 **Title:**

5 Urban-rural differences in catastrophic health expenditure among households
6 with chronic non-communicable disease patients: evidence from China Family
7 Panel Studies

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1 **Abstract**

2 **Background:** The prevalence of chronic non-communicable diseases
3 (NCDs) challenges the Chinese health system reform. Little is known
4 for the differences in catastrophic health expenditure (CHE) between
5 urban and rural households with NCD patients. This study aims to
6 measure the differences above and quantify the contribution of each
7 variable in explaining the urban-rural differences.

8 **Methods:** The second and the fourth waves of the China Family Panel
9 Studies (CFPS) data, conducted in 2012 and 2016, were employed in
10 this cross-sectional study. The techniques of Fairlie nonlinear
11 decomposition and Blinder-Oaxaca decomposition were employed to
12 measure the contribution of each independent variable to the urban-
13 rural differences.

14 **Results:** The CHE incidence and intensity of households with NCD
15 patients were significantly higher in rural areas than in urban areas.
16 The explained disparity of CHE incidence increased from 3.15% in
17 2012 to 27.04% in 2016, and the corresponding values of CHE
18 intensity rose from 21.30% in 2012 to 53.37% in 2016. The major
19 contribution to the urban-rural differences in CHE was associated
20 with household economic status, education level, health status and
21 supplementary medical insurance (SMI).

1 **Conclusions:** Compared with urban households with NCD patients,
2 rural households with NCD patients have higher risk of incurring CHE
3 and heavier economic burden of diseases. Policy interventions should
4 give priority to decreasing the urban-rural disparity in observable
5 characteristics.

6 **Keywords:** Catastrophic health expenditure, Fairlie nonlinear
7 decomposition, Blinder-Oaxaca decomposition, China.

8 **1. Background**

9 Achieving universal health coverage, defined as ensuring that all
10 people have access to essential health services without suffering
11 financial constraints by 2030, is one of the key targets of the
12 sustainable development goals (SDGs) [1, 2]. However, a global
13 monitoring report released by the WHO and World Bank reflects the
14 situation of “poverty caused by illness” in the global population in
15 2017: (1) more than 122 million people were classified as "poor"
16 (living on less than \$3.10 a day) due to health care expenditure; (2)
17 about 100 million people were pushed into "extremely poor" (living
18 on less than \$1.90 a day) because they have to pay for health care [3].
19 With the prevalence of chronic non-communicable diseases (NCDs)
20 accompanied by accelerated population aging, increasing number of
21 individuals worldwide will suffer from catastrophic health

1 expenditure (CHE) in the future.

2 As the global epicenter of NCDs epidemic, China is under great
3 pressure. A 2005 study estimated that NCDs had become the leading
4 cause of death and disease burden in China, accounting for 80% of
5 deaths and 70% of disability-adjusted life-years lost [4]. In 2015,
6 NCDs contributed to 86.6% of all deaths and 70% of the total disease
7 burden in China [5]. The heavy burden of NCDs has greatly increased
8 the economic risks for many vulnerable groups in China.

9 The fundamental functions of a health system is not only to
10 promote access to essential health care services, but also to improve
11 the ability of households to withstand the financial catastrophe
12 associated with illness [6]. The Chinese health system has been
13 working to protect vulnerable households against CHE. In 2009,
14 China's new round of health system reform involved a series of policy
15 measures, including the reduction of out-of-pocket (OOP) medical
16 expenditure and expansion of basic health care coverage by 2020 [7,
17 8]. Three types of basic medical insurance schemes, including the
18 Urban Employee Basic Medical Insurance, Urban Residents Basic
19 Medical Insurance and New Rural Cooperative Medical Scheme, have
20 been established to decrease the financial burden of NCDs on
21 households. In 2013, more than 95% of residents were covered by

1 basic medical insurance in China, which was a sign of universal
2 coverage of basic medical insurance [9, 10]. In addition,
3 supplementary medical insurance (SMI), including commercial
4 medical insurance, public servant medical subsidy, enterprise
5 supplementary medical subsidy, employee medical subsidy for large
6 medical expenses, and employee mutual medical insurance, was
7 established to meet the needs of residents for multiple levels of
8 health services [11]. However, there was still evidence that medical
9 expenditure due to NCDs played an important role in the main causes
10 of poverty among rural households in China [12]. As NCDs are
11 characterized by long treatment duration and high treatment costs
12 [13], substantial financial hardships create obstacles to health
13 services utilization for rural households with NCD patients in China,
14 leading to further escalation of health problems. Therefore, it is
15 necessary and urgent to pay attention to the CHE among rural
16 households with NCD patients.

17 Several researches have investigated the financial catastrophe
18 among individuals or households suffering from NCDs around the
19 world. Three existing studies emphasized that households with NCD
20 patients were in the high risk to incur CHE in China, Korea and Iran
21 [9, 14, 15]. Gwatidzo (2017) found that adults aged 50 or above in

1 India were less likely to incur CHE due to diabetes mellitus
2 medication use compared to China [16]. Zhao (2019) identified that
3 the CHE incidence among rural households with NCD patients
4 notably exceeded the average level of urban households with NCD
5 patients in China [17]. Xie (2017) verified the main reasons why
6 households with members suffering from NCDs in rural China were
7 prone to CHE [18]. To sum up, most of the studies have explored the
8 CHE of households with NCD patients in rural areas of a country or in
9 a whole country. However, there is still a lack of discussion on the
10 urban-rural differences in CHE among households with NCD patients
11 and its influencing factors. In addition, understanding the urban-rural
12 differences in the financial risks of NCD medical expenses and the
13 factors related to the differences can prompt more effective efforts to
14 reduce the economic risk of rural households with NCD patients.

15 The objectives of this study were as follows: (1) to measure the
16 extent of CHE for urban and rural households with NCD patients, (2)
17 to examine the urban-rural differences in the degree of CHE between
18 the two groups, and (3) to quantify the contribution of each variable
19 to the urban-rural differences.

20 **2. Methods**

1 2.1. Data source

2 This study was based on a publicly available database, the
3 China Family Panel Studies (CFPS), which was conducted by the
4 Institute of Social Science Survey (ISSS) of Peking University every
5 two years from 2010 to 2016. The CFPS used a three-stage,
6 stratified, probability-proportional-to-scale (PPS) random sampling
7 method to select sample from twenty-five provinces in China. It
8 was representative that the sample of CFPS representing 94.5% of
9 the population in mainland China [19]. The questionnaire for CFPS
10 involved a wide range of variables, such as demography
11 characteristics, socioeconomic status, health status, health services
12 utilization, family relationships and medical insurance and so on.

13 We used the second and the fourth waves of cross-sectional
14 data from CFPS, which involved 13,315 households in 2012 and
15 14,019 households in 2016, respectively. The inclusion criteria for
16 the interviewed households were as follows: (1) having completed
17 information; and (2) having members with NCDs. In this survey,
18 NCDs were determined by whether a respondent had been
19 diagnosed by a doctor within the previous six months? Finally,
20 2,871 households with NCD patients in 2012 and 4,065 households
21 with NCD patients in 2016 were specialized in this study, including

1 1,348 households in urban areas and 1,523 households in rural
2 areas in 2012, and 1,982 households in urban areas and 2,083
3 households in rural areas in 2016.

4 2.2. Measurement of CHE

5 We referred to the studies of Wagstaff and van Doorslaer to
6 determine the relevant indicators of measuring CHE [20, 21]. OOP
7 medical expenditure only included direct medical expenditure made
8 by any household members, and excluded indirect expenditure
9 related to seeking health services (e.g., transportation, food,
10 accommodation, lost productivity due to illness). Since the
11 substitution of non-food household expenditure for total household
12 expenditure partly avoided the measurement deviations that were
13 often overlooked in poor households, we used non-food household
14 expenditure as the denominator to calculate CHE [22, 23]. The non-
15 food expenditure of a household is defined as the portion of total
16 household expenditure excluding food household expenditure.
17 According to exiting literature [17, 22, 24, 25], the threshold for CHE
18 was defined as 40%. More specifically, if OOP medical expenditure of
19 a household exceeded 40% of its non-food household expenditure,
20 the household was classified as incurring CHE. A binary variable was
21 defined to determine whether a household experienced CHE or not,

1 as shown in formula (1):

$$E_i = \begin{cases} 0 & \text{if } \frac{T_i}{(x_i - f_i)} < threshold \\ 1 & \text{if } \frac{T_i}{(x_i - f_i)} \geq threshold \end{cases} \quad (1)$$

2 where T_i means the OOP medical expenditure of household i , x_i
 3 is the total expenditure of household i , f_i stands for the food
 4 expenditure of household i , and threshold is defined as 40%. The
 5 calculation of CHE incidence and intensity can be specified as below:

$$H = \frac{1}{N} \sum_{i=1}^N E_i \quad (2)$$

$$O = \frac{1}{N} \sum_{i=1}^N E_i \left(\frac{T_i}{(x_i - f_i)} - z \right) = \frac{1}{N} \sum_{i=1}^N O_i \quad (3)$$

$$MPO = \frac{O}{H} \quad (4)$$

6 where N represents the total sample size, H means the CHE
 7 incidence in the overall sample. CHE intensity is estimated by
 8 overshoot and mean positive overshoot (MPO). O stands for
 9 overshoot, which is the average percentage of OOP medical
 10 expenditure that exceeds a given threshold in the overall sample [26].
 11 MPO indicates the average percentage of OOP medical expenditure in
 12 excess of the threshold among households incurring CHE [20]. The
 13 higher values of overshoot and MPO both stand for heavier financial

1 burden of diseases for the household.

2 2.3. Definitions of independent variables

3 Referring to the previous reports, we included the
4 characteristics of each household and its household head into the
5 regression model as independent variables [22, 23, 27-29].
6 Households characteristics involved eight variables: the annual
7 household income per capita, household size, receiving inpatient
8 services, having members below 5 years old, having elderly members,
9 having members covered by basic medical insurance, having
10 members covered by SMI, and geographic location. The
11 characteristics of household head involved four variables: gender,
12 education, marriage, and self-assessed health status. We used the
13 natural logarithm of the annual household income per capita to
14 measure economic status of a household. Table 1 presents the
15 detailed descriptions of the above independent variables.

16 2.4. Methodology

17 The Blinder-Oaxaca decomposition technique, proposed by
18 Blinder and Oaxaca [30, 31], was applied in this study to analyze the
19 contribution of each independent variable to the urban-rural
20 differences in CHE. The implementation of decomposition analysis

1 needs to be based on the relationship between CHE and a series of
2 independent variables.

3 As CHE incidence (E_i) is a binary variable, probit model is
4 applied to estimate the effect of the independent variables on the
5 CHE incidence. The specific regression model is shown below:

$$Y^\gamma = F(X^\gamma \beta^\gamma) \quad (5)$$

6 where F represents the cumulative distribution function of the
7 standard normal distribution, superscript γ represents the rural or
8 urban households, Y is the CHE incidence, X stands for the
9 independent variables, and β denotes the regression coefficient.

10 Fairlie extended the technique of Blinder-Oaxaca decomposition
11 to the application of nonlinear model [32, 33]. Given the probit
12 regression model is a nonlinear regression model, this study
13 employed the method of Fairlie nonlinear decomposition to
14 decompose the urban-rural differences in CHE incidence between
15 two groups into two components:

$$\begin{aligned} \bar{Y}^R - \bar{Y}^U = & \underbrace{\left[\sum_{i=1}^{N^R} \frac{F(X_i^R \beta^R)}{N^R} - \sum_{i=1}^{N^U} \frac{F(X_i^U \beta^R)}{N^U} \right]}_{\text{Explained part}} \\ & + \underbrace{\left[\sum_{i=1}^{N^U} \frac{F(X_i^U \beta^R)}{N^U} - \sum_{i=1}^{N^U} \frac{F(X_i^U \beta^U)}{N^U} \right]}_{\text{Unexplained part}} \end{aligned} \quad (6)$$

1 Where superscript R represents the rural households,
 2 superscript U means the urban households. $\bar{Y}$ does not necessarily
 3 equal $F(\bar{X}\beta)$. The first term in formula (6) stands for the explained
 4 part of the urban-rural differences between two groups, which is
 5 caused by the disparity in distribution of independent variables, and
 6 the second term represents the unexplained part due to the disparity
 7 in regression coefficient [34].

8 The detailed decomposition involves a natural one-to-one
 9 matching of cases between the two groups to identify the
 10 contribution of independent variables. The subsample was drawn
 11 from the majority group (rural households), and matched the
 12 minority group (urban households) based on the ranking of CHE
 13 incidence. The contribution of variable X_1 to the urban-rural
 14 differences in CHE incidence is estimated as follows:

$$\frac{1}{N^U} \sum_{i=1}^{N^U} F(\alpha^* + X_{1i}^R \beta_1^* + X_{2i}^R \beta_2^*) - F(\alpha^* + X_{1i}^U \beta_1^* + X_{2i}^R \beta_2^*) \quad (7)$$

15 Where β^* stands for the regression coefficient from the probit
 16 model for the overall sample. It should be noted that the results are
 17 sensitive to the order of independent variables in the decomposition
 18 of nonlinear model [34]. Following Fairlie [33], independent
 19 variables were randomly ordered in the decomposition of nonlinear

1 model. This study repeated the above steps 1000 times to obtain the
 2 average value of decomposition results, representing the
 3 contribution of each independent variable.

4 Similarly, the contribution of X_2 to the urban-rural differences in
 5 CHE incidence is calculated as follows:

$$\frac{1}{N^U} \sum_{i=1}^{N^U} F(\alpha^* + X_{1i}^U \beta_1^* + X_{2i}^R \beta_2^*) - F(\alpha^* + X_{1i}^U \beta_1^* + X_{2i}^U \beta_2^*) \quad (8)$$

6 In addition, since the CHE intensity (O_i) is a continuous variable,
 7 multiple linear regression is used to analyze the factors affecting the
 8 CHE intensity. The specific regression model can be written as:

$$Y^\gamma = X^\gamma \beta^\gamma + \varepsilon^\gamma \quad (9)$$

9 where Y represents the CHE intensity, X stands for a vector of
 10 independent variables, β is a vector of regression coefficient
 11 including intercept, and ε denotes the random error term.

12 The contribution of each independent variable to the urban-
 13 rural differences in CHE intensity between two groups was divided
 14 into two components using two-fold Blinder-Oaxaca decomposition
 15 approach [35, 36]:

$$\bar{Y}^R - \bar{Y}^U = \underbrace{(\bar{X}^R - \bar{X}^U) \beta^*}_{\text{Explained part}} + \underbrace{[\bar{X}^R(\beta^R - \beta^*) + \bar{X}^U(\beta^* - \beta^U)]}_{\text{Unexplained part}} \quad (9)$$

16 Where β^* denotes the regression coefficient from the multiple

1 linear regression for the overall sample, $\bar{X}$ represents the
2 corresponding covariate means of the independent variables. The
3 first term indicates the explained part, representing the contribution
4 attributable to group disparity in distribution of independent
5 variables, and the second term indicates the unexplained part,
6 representing the contribution attributable to group disparity in
7 regression coefficient.

8 All statistical analyses were performed in STATA software
9 version 15.1, and $p < 0.05$ was considered statistically significant.

10 **3. Results**

11 3.1. Descriptive statistics

12 Table 2 shows the summary statistics for general
13 characteristics of the urban and rural households with NCD
14 patients. The annual household income per capita of urban and
15 rural households were 18,513.86 CNY and 9,538.07 CNY in 2012,
16 rising to 29,905.45 CNY and 16,110.23 CNY in 2016. In both 2012
17 and 2016, the mean household size in rural areas was greater than
18 that in urban areas. Meanwhile, the rural households had higher
19 probability in receiving inpatient services in the last 12 months,
20 having children below 5 years old, having elderly members,

1 having basic medical insurance, and having married household
2 head than urban households. With respect to the coverage of SMI,
3 the proportions of households having SMI were higher in urban
4 areas in comparison with the rural areas in 2012 and 2016. The
5 percentages of households having female household head were
6 higher in urban areas than in rural areas. The proportion of urban
7 households located in the east is the highest, and the percentages
8 of rural households located in the west is the highest. Among
9 urban households, household heads of education achievement of
10 high school and above had the highest proportion, while among
11 rural households, household heads of education level of illiterate
12 had the highest percentage.

13 14 3.2. CHE incidence and intensity.

15 Table 3 illustrates CHE incidence and intensity of urban and
16 rural households with NCD patients. In 2016, 19.88% of
17 households in urban areas experienced CHE. Meanwhile, the
18 overshoot of urban households was 4.39% in 2016, suggesting
19 that the average percentage of OOP medical expenditure that
20 exceeded the given threshold over all urban households was
21 4.39%. The MPO for urban households was 22.08% in 2016,

1 meaning that if the burden of overshoot was divided equally by all
2 urban households incurring CHE, the average extent of exceeding
3 given threshold was 22.08%. Each of the other row could be
4 interpreted in a similar pattern for rural/urban households with
5 NCD patients in 2012/2016.

6 3.3. Associated factors of CHE incidence.

7 Table 4 presents the probit regression results for factors
8 associated with the CHE incidence in urban and rural households
9 with NCD patients. Household size and education attainment of
10 household head significantly decreased the CHE incidence, while
11 receiving inpatient services in the last 12 months and having
12 elderly members significantly increased the occurrence of
13 exposure to CHE. Economic status was negatively correlated with
14 CHE incidence, but the correlation was not statistically significant
15 in the sample of rural households in 2012. The geographic location
16 of central and west significantly reduced the CHE incidence of
17 rural households in 2016. Meanwhile, the geographic location of
18 west was negatively correlated with CHE incidence of rural
19 households in 2012. Poor self-assessed health status of household
20 head significantly increased the CHE incidence for urban
21 households in 2012 and for rural households in 2016. Basic

1 medical insurance and SMI did not affect CHE incidence at a
2 significant level.

3 3.4. Associated factors of CHE intensity.

4 The associated factors of the CHE intensity (O_i) are shown in
5 Table 5. Economic status and household size significantly reduced
6 the CHE intensity, while receiving inpatient services in the last 12
7 months and having elderly members significantly increased the
8 CHE intensity. The geographic location of central and west
9 significantly decreased the CHE intensity of rural households in
10 2016. Meanwhile, the geographic location of west was negatively
11 associated with CHE intensity of rural households in 2012.
12 Education of household head was negatively associated with CHE
13 intensity, but did not significantly affect the CHE intensity of rural
14 households in 2012. Poor self-assessed health status of household
15 head significantly increased the CHE intensity of rural households.
16 Basic medical insurance and SMI did not affect CHE intensity at a
17 significant level.

18 3.5. Aggregate decomposition.

1 Table 6 displays the results for aggregate decomposition of
2 the urban-rural differences in CHE incidence and intensity (O_i)
3 among households with NCD patients.

4 The explained disparity of CHE incidence increased from 3.15%
5 in 2012 to 27.04% in 2016, and the corresponding values of CHE
6 intensity rose from 21.30% in 2012 to 53.37% in 2016.

7 3.6. Decomposition of contribution of all explanatory variables.

8 The urban-rural differences in CHE incidence and intensity
9 (O_i) among households with NCD patients is further decomposed
10 into the contribution of each variable, as shown in Table 7 and
11 Table 8.

12 With respect to the urban-rural differences in CHE incidence
13 in 2012, the explained part was mainly attributed to household
14 size (-31.49%), geographic location (west, -17.00%), and
15 education of household head (middle school, 5.79%; high school
16 and above, 27.46%). The main contribution to the explained
17 disparity in CHE incidence in 2016 was associated with economic
18 status (29.80%), household size (-33.22%), geographic location
19 (west, -18.73%), gender of household head (4.72%), education of

1 household head (middle school, 5.54%), and self-assessed health
2 status of household head (poor, 19.06%).

3 With regard to the explained disparity of CHE intensity in
4 2012, the main contributors were economic status (36.90%),
5 household size (-37.08%), geographic location (west, -18.75%),
6 gender of household head (6.76%), education of household head
7 (primary school, -5.97%; middle school, 4.46%; high school and
8 above, 21.62%), and self-assessed health status of household head
9 (poor, 6.62%). In 2016, the explained disparity in CHE intensity
10 was mainly associated with economic status (47.19%), household
11 size (-34.78%), SMI (2.27%), geographic location (west, -13.82%),
12 education of household head (primary school, -7.25%; middle
13 school, 4.72%; high school and above, 28.54%), and self-assessed
14 health status of household head (poor, 11.91%).

16 **4. Discussion:**

17 By analyzing the national representative cross-sectional data
18 of two waves from the CFPS in 2012 and 2016, this study
19 estimates the extent of CHE for urban and rural households with

1 NCD patients, as well as the differences in the degree of CHE
2 between the two groups.

3 Here, we found that the CHE incidence of households with
4 NCD patients in urban and rural areas were 19.88% and 26.02%,
5 respectively, which are much higher than the results of another
6 study on the overall proportion of households incurring CHE in
7 China (urban households: 13.06%; rural households: 17.70%)
8 [17]. It indicates that the risk tolerance of households with NCD
9 patients to OOP medical expenditure is lower than the average
10 level of Chinese households. Our results also showed that the
11 households with NCD patients had higher incidence and intensity
12 of CHE in rural areas than in urban areas, demonstrating that rural
13 households with NCD patients have higher risk of incurring CHE
14 and heavier economic burden of diseases.

15 Using regression analysis to examine the relevant influencing
16 factors for CHE incidence and intensity in 2012 and 2016, this
17 research identified several key determinants reported in prior
18 studies (e.g., economic status, household size, having elderly
19 members, education of household head, receiving inpatient
20 services in the last 12 months) [10, 22, 23, 37]. Specifically, higher
21 annual household income per capita, larger household size and

1 higher education level of household head protected against CHE in
2 urban and rural households with NCD patients. The geographic
3 location of the west area reduced the risk of incurring CHE and
4 financial burden of diseases in rural households with NCD patients.
5 A potential explanation is that rural households with NCD patients
6 in the western China forgo their needed health services due to the
7 low income [38]. Conversely, households with elderly members
8 and poor self-assessed health status of household head had higher
9 risk of incurring CHE and heavier economic burden of diseases.

10 Basic medical insurance did not significantly reduce the
11 incidence and intensity of CHE in both two groups, which is
12 consistent with some existing literature [11, 22, 39-41]. The weak
13 effect of basic medical insurance in reducing the incidence and
14 intensity of CHE could be attributed to the relatively lower level of
15 scope and actual reimbursement rate, as well as the heavy
16 economic burden of NCDs [23]. It implies that under the premise
17 of universal medical insurance in China, the reimbursement rate
18 and benefit package of basic medical insurance for NCDs should be
19 further improved to alleviate the economic burden of NCDs.

20 As the supplementary form of basic medical insurance, the
21 coverage of SMI did not efficiently decrease the risk of incurring

CHE and alleviate financial burden of diseases. Given that SMI is characterized by high reimbursement rate and voluntary participation [42, 43], one plausible reason for the weak performance of SMI is low coverage rate. The coverage rate of SMI in urban households with NCD patients increased from 2.74% in 2012 to 5.80% in 2016, while the coverage rate of SMI in rural households with NCD patients increased from 1.44% in 2012 to 2.93% in 2016, indicating that a large number of households in China are not covered by SMI (Table 2).

From 2012 to 2016, the reduction of the unexplained disparity offset the increase of the explained disparity, resulting in a slight decrease of the rural-urban differences in the incidence and intensity of CHE.

More importantly, this article identified major contributors to explain the urban-rural differences in CHE incidence and intensity among households with NCD patients. Specifically, economic status made the largest positive contribution to the urban-rural differences. In addition, from 2012 to 2016, the disparity explained by economic status gradually increased, which can be attributed to the increase in the income gap between urban and rural households with NCD patients. Similarly, the education

1 attainment and self-assessed health status of household head also
2 explained the disparity. Therefore, any intervention aimed at
3 decreasing this disparity may be effective if they focus on the
4 observable characteristics mentioned above.

5 Our research also found that SMI did not significantly affect
6 the rural-urban differences in CHE incidence, but it was still a
7 variable which was worthy of attention. The contribution of SMI to
8 the rural-urban differences in CHE rose in 2016 compared with
9 2012. The main reason for this result is the increase of urban-rural
10 gap in coverage rate of SMI. The data from the present study
11 suggested that the urban-rural disparity in coverage rate of SMI
12 among households with NCD patients increased from 1.3% in
13 2012 to 2.87% in 2016. Given the above issues, policy efforts
14 should focus on improving overall coverage rate of SMI and
15 reducing the urban-rural disparity in coverage rate of SMI.

16 In addition, the observed characteristics such as household
17 size and geographic location of the west area had an opposite
18 effect in explaining the urban-rural differences. If the urban-rural
19 disparity is reduced in terms of above characteristics, the urban-
20 rural differences in CHE incidence and intensity will be wilder.

1 The study is not without its limitations. First, various
2 characteristics (e.g., the levels of medical institution, actual
3 reimbursement rate of medical insurance, distance to the nearest
4 medical institution) can significantly affect CHE in the reports of
5 other scholars [22, 23, 44]. The absence of these variables in the
6 data set leads to some unexplained urban-rural differences in
7 incidence and intensity of CHE. Second, the present research uses
8 a conservative method to estimate the OOP medical expenditure,
9 resulting in indirect expenditure (e.g., transportation, food,
10 consumption, lost productivity due to illness) not being included
11 [10, 29]. Therefore, we underestimated the CHE incidence and
12 intensity to a certain extent. Third, since this study involves self-
13 reported information about health status of household head, the
14 possibility of reporting errors cannot be ruled out.

15 **5. Conclusion:**

16 In conclusion, the present study suggested that rural
17 households with NCD patients had higher CHE incidence and
18 intensity than urban ones, and the rural-urban differences
19 gradually decreased from 2012 to 2016. By using the methods of
20 Fairlie nonlinear decomposition and Blinder-Oaxaca

1 decomposition, this research found that the annual household
2 income per capita, education of household head, self-assessed
3 health status of household head and SMI explained the rural-
4 urban differences in CHE. Therefore, relevant policy interventions
5 should give priority to decreasing the urban-rural disparity in
6 observable characteristics mentioned above.

7 **Acknowledgments**

8 The authors sincerely thank Ju Sun and Qiang Yao for their
9 helpful suggestions and valuable comments.

10 **Funding**

11 This study is supported by the National Social Science
12 Foundation of China (Grant number: 15BSH043). The funders had no
13 role in the design of this study, or data collection, analysis, and
14 preparing the manuscript.

15 **Availability of data and materials**

16 The data source of this study was a publicly available database,
17 the China Family Panel Studies (CFPS), which was hosted by the
18 Institute of Social Science Survey (ISSS) of Peking University every
19 two years from 2010 to 2016.

1 **Author Contributions**

2 Xian-zhi Fu formulated the primary framework of the study. Qi-
3 wei Sun and Fei Xu conducted data analysis. Jun-jian He and Chang-
4 qing Sun interpreted the results. All authors reviewed the manuscript.

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19 **Ethics approval and consent to participate**

1 The study is conducted in accordance with the ethical standards
2 of the institutional and national research committees and with the
3 1964 Helsinki Declaration and its subsequent revisions or similar
4 ethical standards. Each volunteer participant obtained a written
5 informed consent based on inclusion criteria.

6 **Consent for publication**

7 The authors give consent for publication of this paper in
8 International Journal for Equity in Health.

9 **Competing interests**

10 The authors declare that there are no competing interests.

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