Hospitalization costs for children with pneumonia in Shanghai, China from 2019 to 2020

Jing Wang, Zhen-Hui Xu, and Jin Lu

Department of Immunization Program, Huangpu District Center for Disease Control and Prevention, Shanghai, China

ABSTRACT
Pneumonia is the leading cause of death in children under 5 years of age worldwide. In this study, we primarily analyzed the hospitalization costs for children diagnosed with pneumonia in one of the leading public hospitals in Shanghai, China. Furthermore, factors affecting the hospitalization costs for children with pneumonia were evaluated. Data on case diagnosis, hospitalization time, age and various hospitalization expenses were collected. Total hospitalization expense for the 149 cases was $177,750, with an average total cost of $1,193 per person and an average out-of-pocket cost of $642. The highest per capita expenses included fees for laboratory diagnosis ($418), general medical service ($235), western medicine ($253), and antibacterial drugs ($158). The leading diagnosis was bronchopneumonia, with 68 (46%) cases, an average hospital stay of 7.4 days, and average hospitalization expenses of $1,068. Considering the high burden of pneumonia in children, hospitals and governments must make more reasonable use of limited resources of the medical system. At the same time, various types of medical insurance should be added into the children’s medical security system, encourage vaccination with pneumonia vaccines (13-valent pneumococcal conjugate vaccine and 23-valent pneumococcal polysaccharide vaccine), and ensure that more children benefit from the vaccine by including it in the national immunization program.

Introduction
Pneumonia is the leading cause of death in children under 5 years of age worldwide. Globally, pneumonia accounted for 14% of all deaths of children under 5 years old, killing 740,180 children in 2019. The absolute number of pneumonia deaths in China has declined. However, pneumonia remains a major cause of morbidity in children in the country. An estimated 156 million annual pneumonia cases - of which 7% to 13% require hospitalization - occur globally. The World Health Organization (WHO) estimates that pneumonia accounted for greater than 900,000 deaths in children of all ages worldwide, with 16% of these deaths in children under 5 years of age. In the Western Pacific region, the incidence of pneumonia in children under 5 years was 0.11 in 2011, with 61,900 children dying of pneumonia. The disease has become an important public health problem affecting healthy growth in children, and its economic burden to patients, families, and society is considerably higher than that of other common pediatric diseases. In this study, we primarily analyzed the hospitalization costs for children diagnosed with pneumonia in one of the leading public hospitals in Shanghai, the most developed city in China. The study provides a reference for comparison with other countries and other regions in China. Furthermore, factors affecting the hospitalization costs for children with pneumonia were evaluated to identify effective ways to reduce hospitalization costs, improve hospital efficiency, and reduce social burden.

Methods

Data collection
Data were collected from a leading public general hospital in Shanghai. For the study, we were authorized access exclusively to data on case diagnosis, hospitalization time, age, and various hospitalization expenses. Because of the hospital’s confidentiality and personal privacy concerns, we were not authorized access to patient medical history data. Data for this study therefore included the various types of expenses, hospitalization time, and diagnostic information of cases, but did not include personal information and case medical histories. All cost data were from the hospital’s financial system. Data for children under 5 years of age diagnosed with pneumonia were from 1 January 2019 to 31 December 2021. All data were anonymized before access.

Cost classification
In China, medical treatment and hospitalization expenses are divided according to payment source into two categories: out-of-pocket and medical insurance. The ratio of out-of-pocket cost to insurance payment is calculated by dividing the total out-of-pocket cost by the total insurance payment.

Hospital drug fees in China are categorized as traditional Chinese medicine fees and western medicine fees—which refer to all drug costs excluding those for traditional Chinese medicine. Only the cost of antibiotics is listed separately and serves...
as a control indicator of antibiotic overuse in Chinese hospitals. The classification of drug costs in this study is therefore based entirely on data provided by the hospital and includes the costs of Western drugs, antibiotics, and traditional Chinese medicine—which refers to traditional Chinese herbs and proprietary Chinese medicines. The cost of cytokines is listed separately in a special category; however, the circumstances under which cytokines were used were unknown because of the absence of case histories.

Other cost categories include diagnostic costs, which refer to laboratory and imaging expenses associated with diagnosis. The service fee covers the cost of medical personnel for treatment and services. Material cost refers to the expense for materials used in medical checkups and for treatment while patients wait for hospital admission. Some cases further underwent surgical treatment, the cost of which was not included in the treatment cost.

**Diagnostic classification**

Case diagnoses were classified according to the ICD code provided by the hospital. Given medical records, examination data, and case histories were not available, evaluating and further categorizing diagnoses was not possible. As such, the diagnoses presented in the study were entirely classified and compared in accordance with the diagnoses provided by the hospital.

**Exchange rate**

All expenses were converted to US dollars at the Renminbi–US dollar (RMB/USD) exchange rate of 6.3896, which was based on the central parity of the RMB exchange rate published by the China Foreign Exchange Trade Center in the inter-bank foreign exchange market on 15 April 2022.

**Statistical methods**

The study primarily analyzed the composition of hospitalization expenses using descriptive analysis. Total costs included all expenses incurred during the patient’s hospitalization and were derived from the hospital’s financial system. Average hospitalization costs were defined as costs incurred for all cases divided by the number of cases. Average length of stay was calculated as the total length of stay divided by the number of cases, while the average daily hospitalization cost was the average hospitalization cost divided by the average length of stay in days. Descriptive statistics included mean and 95% confidence interval. Factors influencing hospitalization expenses were analyzed by analysis of variance. Statistical analysis was performed using STATA 16.0 software (StataCorp, College Station, TX, USA) and \( P < 0.05 \) was defined as a statistically significant difference.

**Results**

**Basic information**

A total of 149 cases were diagnosed with pneumonia-related disease in one of the leading public hospitals in Shanghai from 1 January 2019 to 31 December 2020. The cases included 83 males and 66 females, translating to a male:female ratio of 1.3:1. Mean age was 2.9 years and mean hospitalization stay was 7.9 days. The seasonal distribution was as follows: 28 cases (18.8%) in spring, 20 cases (13%) in summer, 34 cases (23%) in autumn, and 67 cases (45%) in winter.

**Hospitalization cost**

Total hospitalization expense for the 149 cases was \$177,750, with an average total cost of \$1,193 per person and an average out-of-pocket cost of \$642. The highest per capita expenses included fees for laboratory diagnosis ($418), general medical service ($235), western medicine ($253), and antibacterial drugs ($158; Table 1). No significant differences in hospitalization cost were observed when age, gender, and main diagnosis were compared between the groups. The length of hospitalization was significantly related to total cost (\( F = 46.56, P < 0.05 \)); hence, the longer the hospital stay, the higher the cost. The lowest and highest out-of-pocket costs were $0 and $642, respectively, while the highest and average out-of-pocket costs were $1,013 and $642, respectively. The total out-of-pocket cost was $95,657 while total medical insurance payment was $82,094, representing an out-of-pocket cost to insurance payment ratio of 1.16:1.

**Diagnosis classification**

The leading diagnosis was bronchopneumonia, with 68 (46%) cases, an average hospital stays of 7.4 days, and average hospitalization expenses of $1,068 (Table 2). *Mycoplasma pneumoniae* was diagnosed in 28 (19%) cases, with an average hospital stay of 8.6 days and average hospitalization expenses of $1,250. Seventeen (11%) cases of community-acquired pneumonia and 15 (10%) cases of asthmatic bronchopneumonia were observed. One case of lung abscess accompanied by pneumonia had the highest hospitalization expense of $3,151 for 14 days of hospital stay, while one case of non-severe bronchopneumonia was associated with an average hospitalization cost of $683 and a 7-day hospital stay.

**Discussion**

China has one of the highest incidences of pneumonia in children. The incidence of pneumonia in children under 5 years of age in China was 0.22 person-years, the incidence of hospitalization was 0.78%–1.40%, and the per capita hospitalization cost was $829.6. The average hospitalization cost for pneumonia in children in our study was $1,193, higher than the Chinese average. The average medical expenditure was $3,376 in the United States for children with pneumonia under 5 years of age and $1,508 (approximately $1,625) in the Netherlands for children with pneumonia under 9 years of age. The burden of hospitalized community-acquired childhood pneumonia was $145 in Vietnam and $1,013.3 in the Republic of Korea. In summary, our study indicated that the average hospitalization cost for pneumonia in children under 5 years of age was higher than average costs in China and Asia countries, but lower than those in European countries and the United States.
Table 1. Composition of hospitalization expenses of children with pneumonia in Shanghai, China from 2019 to 2020.

| Cost classification                     | Total cost | Percentage (%) | Cost ($) | Standard error | 95%CI  |
|-----------------------------------------|------------|----------------|----------|----------------|--------|
| Total hospitalization cost              | 177750     |                | 1193     | 72             | 1050–1335 |
| Out-of-pocket cost                      | 95657      | 54             | 642      | 83             | 479–805 |
| Diagnostic cost                         | 65835      | 37             | 442      | 12             | 418–466 |
| Laboratory fees                         | 62255      | 35             | 418      | 11             | 397–439 |
| Imaging fees                            | 2167       | 1              | 15       | 2              | 11–19  |
| Fees for clinical diagnosis             | 1393       | 9              | 1        | 1              | 7–12   |
| Expenses for medicine                   | 38116      | 21             | 256      | 49             | 159–353 |
| Cost of western medicine                | 37736      | 21             | 253      | 49             | 157–349 |
| Cost of antibiotics*                    | 23527      | 13             | 158      | 41             | 77–239 |
| Cost of Chinese traditional medicine    | 224        | 0              | 2        | 0              | 1–2    |
| Cytokine fee                            | 156        | 0              | 1        | 1              | –0.3–2 |
| The service fee                         | 62050      | 35             | 417      | 27             | 363–470 |
| General medical services fee            | 42268      | 24             | 235      | 322            | 235–332 |
| General treatment fee                   | 8024       | 5              | 48       | 59             | 48–59  |
| Nursing fee                             | 9770       | 6              | 61       | 70             | 61–70  |
| Other service fee                       | 1998       | 1              | 1        | 11             | 11–16  |
| Materials expenses                      | 11727      | 7              | 79       | 9              | 71–87  |
| One-time medical materials used for examinations | 6       | 0              | 0        | 0              | 0–0.1  |
| Disposable medical materials for treatment | 11049     | 6              | 74       | 3              | 68–81  |
| One-time medical materials used for surgery | 30       | 0              | 0        | 0              | 0–0.2  |
| Other materials expenses                | 642        | 0              | 4        | 1              | 2–6    |
| Surgical treatment expense              | 23         | 0              | 0        | 0              | 0–0.1  |
| Surgical treatment fee                  | 12         | 0              | 0        | 0              | 0–0.2  |
| Anesthesia fee                          | 2          | 0              | 0        | 0              | 0–0.0  |
| Operation fee                           | 9          | 0              | 0        | 0              | 0–0.1  |

The cost of antibiotics is included in the cost of western medicine, and 13.24% is the proportion of antibiotics in the total hospitalization cost.

Table 2. Pneumonia types and hospitalization expenses in Shanghai from 2019 to 2020.

| Diagnostic classification                  | No. of cases | Proportion (%) | Total cost ($) | Mean cost ($) | Average length of hospitalization (days) | Average daily hospitalization cost ($) |
|-------------------------------------------|--------------|----------------|----------------|--------------|-----------------------------------------|----------------------------------------|
| Bronchopneumonia                          | 68           | 46             | 72638          | 1068         | 7.4                                     | 145                                   |
| Mycoplasma pneumonia                      | 28           | 19             | 34994          | 1250         | 8.6                                     | 146                                   |
| Community acquired pneumonia, non-severe  | 17           | 11             | 17825          | 1049         | 7.4                                     | 143                                   |
| Asthmatic bronchopneumia                  | 15           | 10             | 18661          | 1244         | 8.6                                     | 145                                   |
| Pneumonia                                 | 7            | 5              | 16394          | 2342         | 11.4                                    | 205                                   |
| Lobar pneumonia                           | 6            | 4              | 8119           | 1353         | 8.7                                     | 156                                   |
| Severe pneumonia                          | 3            | 2              | 2654           | 885          | 3.7                                     | 241                                   |
| Mycoplasma pneumoniae acute bronchitis    | 2            | 1              | 1257           | 629          | 4.0                                     | 157                                   |
| Viral pneumonia                           | 1            | 1              | 1375           | 1375         | 14.0                                    | 98                                    |
| Lung abscess with pneumonia               | 1            | 1              | 3151           | 3151         | 14.0                                    | 225                                   |
| Bronchopneumonia, non-severe              | 1            | 1              | 683            | 683          | 7.0                                     | 98                                    |
| Total                                     | 149          | 100            | 177750         | 1193         | 7.9                                     | 150                                   |

In view of the high proportion of expenditures going to drugs and examinations in Chinese hospitals, the Chinese government in recent years has launched a series of measures—such as separating medical treatment and pharmaceutical services—to reduce these costs. However, the proportions of examination and drug costs remain high at 37% and 21%, respectively. Testing and drug costs normally account for a higher proportion of medical expenditures in China. However, in this study, the proportion representing the medical service fee (35%) was significantly higher than that in Hu’s study in Beijing (13%. % from 2015 to 2017)\(^{11}\) and Zhang’s study in Guangdong Province (13% in 2017).\(^{12}\) The high proportion of medical service expenses indicates the increase in the medical staff’s remuneration, which to some degree reflects the value of medical service.

The average length of hospitalization was 7.9 days, which was similar to that of the Beijing study (7 days),\(^ {13}\) but higher than the 5 days recommended by the WHO and the average 5.8 days in the latest global systematic review of pediatric pneumonia treatment.\(^ {14}\) The use of a severity score has been proposed to rate the severity of pneumonia as a way to assess the need for hospitalization.\(^ {15}\) Accordingly, outpatient treatment or a shorter length of hospital stay for less severe patients can substantially reduce the cost of hospitalization and the burden on hospitals. This is especially useful given the additional strain on pediatric resources following the Chinese government’s cancellation of its family planning policy and its recent encouragement of childbirth. Hospitals and governments must make more reasonable use of limited resources to avoid the bankruptcy of the medical system.
While hospitalization expenses are paid by medical insurance and by individuals, the proportion of individual payment is higher than that of medical insurance. The coverage level and amount of social medical insurance for children are limited, and some families in China do not purchase medical insurance for children. In addition, basic medical insurance systems are largely constrained by the level of local economic development, with a considerable gap observed between eastern China and the more underdeveloped regions of China. Shanghai’s per capita gross domestic product is already at the upper-middle level in the world, and its level of medical coverage is better than that of other regions in China. In Shanghai, medical insurance for children generally consists of residents’ basic medical insurance and financing from the children’s hospitalization mutual aid fund managed by the Shanghai branch of the Red Cross Society. This fund is self-raised and provides an important supplement to the medical insurance system in cases in which the government does not provide children’s medical insurance. Commercial medical insurance should be added as a supplement to the children’s medical security system to increase children’s welfare and to prevent high childhood medical costs from becoming a heavy burden on families.

Many pathogenic microorganisms cause pneumonia. *Streptococcus pneumoniae* and *Haemophilus influenzae* type b are the main pathogens. Influenza, pneumococcal, and *Haemophilus influenzae* type b conjugate (Hib) vaccines are recommended in children; some countries have included these vaccines in their national immunization programs (NIPs). Meanwhile, all these vaccines are not included in Chinese NIPs which are vaccinated at their own expenses. Vaccination is an effective preventive measure and can reduce medical and family economic burdens.

In China, the 13-valent pneumococcal conjugate vaccine is currently available for children aged 6 weeks to 5 years, while the 23-valent pneumococcal polysaccharide vaccine is available for adults and children aged 2 years and older. However, studies show that only 26.74% of urban children are vaccinated. A lower hospitalization rate and lower costs were observed for individuals vaccinated with pneumonia vaccines compared with their unvaccinated counterparts. Furthermore, children vaccinated with at least one dose of pneumonia vaccine had lower hospitalization costs than unvaccinated children. Meanwhile the vaccination coverage of Hib vaccines and influenza vaccines for children are 55.9% and 26.84%. In the future, the government should increase its investment in preventive health, encourage vaccination with pneumonia vaccines, and ensure that more children benefit from the vaccines by including it in the NIPs.

**Limitations**

Because the hospital did not authorize access to case medical histories for this study, we could not obtain more information about the diagnosis, treatment, and outcome of cases. We are continuing efforts to obtain case history information for future research. Second, the study was based on data from one public hospital in Shanghai, and therefore lacked data from private hospitals and hospitals in other regions. Further research is needed to compare the differences in hospitalization costs between types of hospital and regions.

**Data availability statement**

The datasets analyzed during the current study are not publicly available due to the provision on confidentiality of information of Huangpu CDC but are available from the corresponding author on reasonable request.

**Ethical approval and consent to participate**

All data were anonymous before access. All methods were performed in accordance with the relevant guidelines and regulations. Consent to participate is not applicable.

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