

The core elements and operation mechanism of long-term care insurance in China

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Abstract: Long-term care insurance is a necessary institutional arrangement in the promotion of active aging policy in our country, which has a positive effect on the country, society and family. However, in the pilot process, there are still problems such as narrow coverage, poor sustainability of financing, inconsistent evaluation standards, and weak nursing service ability. In order to ensure that the system can be successfully promoted, this study takes capital, object, standard, supply as the core elements of China's long-term care insurance. According to its role in the system promotion process, the operation mechanism of China's long-term care insurance was designed, that is, the establishment of a national unified independent financing channel and mechanism; Expand the scope of insurance, clarify the object of payment, and formulate the evaluation standard scientifically; We will define the main suppliers and make services more flexible.

Keywords: long-term care insurance, core elements, operation mechanism

1. Introduction

Long-term care insurance for the elderly refers to a kind of insurance that provides compensation for care expenses for the elderly who cannot take care of themselves due to old age or illness. It can be divided into social long-term care insurance and commercial long-term care insurance. This study mainly focuses on the social long-term care insurance which reflects the responsibility of the government. Long-term care insurance cannot only help the elderly to obtain life care and medical care service support, but also reduce the burden of the elderly family members and caregivers, release more labor force, increase more employment opportunities, but also reduce the financial burden of the country. Therefore, in the context of an aging society, the system design and arrangement of long-term care insurance should be carried out as soon as possible, and the core elements and operating mechanism of long-term care insurance should be clearly defined to ensure that long-term care insurance can play the maximum role and value.

2. The core elements

Population aging has become the normal^[1] state of modern society, the depth of aging is intensifying, the number of elderly people is increasing, and the care service for the elderly who are unable to take care of themselves has become a necessity. Long-term care insurance provides an alternative system to solve this kind of urgent need. China began piloting a long-term care insurance system for the elderly in 15 cities across the country in 2016, and has now expanded it to 49 cities. According to the National Medical Insurance Administration, by the end of 2022, 169 million people had participated in long-term care insurance, with a total of 1.95 million people enjoying the benefits. The number of service institutions in pilot areas has reached 7,600, and the number of nursing workers has increased to 330,000. The annual burden reduction per capita exceeded 15,000 yuan^[2]. The long-term care needs of the elderly have been effectively guaranteed, and the dilemma of "institutions unable to provide medical care, hospitals unable to provide care, and families unable to provide care" has been solved. However, judging from the pilot process, there are still problems such as too narrow coverage, worrying sustainability of financing, inconsistent evaluation standards^[3], and weak care service capacity. Therefore, in order to ensure that long-term care insurance can really play its role and value, there must be a series of operational mechanisms, and the premise of operational mechanism design is to clarify the core elements of long-term care security. According to the summary and combing of the pilot situation in 15 pilot cities, this study summarizes the core elements of long-term care insurance into four aspects: capital, object, standard and supply. The specific analysis is as follows:

2.1 Funds

Long-term care insurance is a compensation mechanism for the elderly care service costs. The main form of compensation is capital, which is the core and key of long-term care insurance. Although the goal of long-term care insurance system is to enable the elderly to enjoy the care services they need, sufficient funds are the material guarantee that the care services can be realized. A good financing model and fixed financing channels can ensure the sustainable and effective operation of long-term care insurance, and the robustness of financing mechanism is the key to ensure the stable and benign operation of long-term care insurance.

2.2 The target

The object of long-term care insurance mainly includes two aspects: one is the insured object, and the other is the treatment and payment object. The insured object refers to the scope covered by the long-term care insurance, which reflects the range of people who can enjoy the protection of the insurance. The size of the insured object shows the number of people benefited by the system, which is the main evaluation criterion of the superiority and fairness of the system. The object of payment mainly refers to the people who meet certain conditions or meet the standard requirements after a series of assessments and can enjoy the care services in line with their own level. In long-term care insurance, the definition of beneficiaries can reflect the fairness of the system, that is, groups that meet the same evaluation criteria enjoy the same treatment. At the same time, the definition of the beneficiary also affects the carrying capacity of the long-term care insurance system. The high or low definition standard of the beneficiary directly affects the range of people who can enjoy the system and the scope of fund expenditure, thus affecting the carrying capacity of the system.

2.3 Standards

Standards in long-term care insurance mainly refer to long-term care needs assessment standards, that is, the criteria for the definition of beneficiaries. The assessment criteria for long-term care needs is a form of eligibility examination, which is mainly based on whether the physical and mental health of the person who needs care meets the application criteria. The needs assessment criteria have different levels, according to which different levels of care services can be provided according to the different actual conditions of the care needs. The establishment of needs assessment criteria requires the use or development of some physical or cognitive assessment tools, such as the Activity of daily Living Rating Scale (Barthel Index) and the Simple mental State Examination Scale (MMSE), which are used to define the beneficiaries. A scale to determine whether or not the recipient is eligible for care services and what level of support they receive.

2.4 Supply

The supply of long-term care insurance mainly includes two aspects: the main body of supply and the content of supply. The main provider refers to the institutions and facilities that provide care services for the people in need of care. The active participation of suppliers plays a very important role in promoting the effective operation of long-term care insurance, coordinating and integrating endowment and medical resources, promoting supply equity, and gradually realizing a high level of service supply. The supply content mainly refers to the type and level of care services provided. For example, whether it is medical care service or life care service provided; What kind of service items and contents are enjoyed by people with different assessment levels of care needs. The reasonable setting of the supply items and contents can ensure the operability of the implementation of long-term care insurance, and can reflect the fairness and superiority of the system.

3. Operation mechanism

The sustainable and effective operation of long-term care insurance depends on the grasp of its core element attributes and laws. In the pilot process, the long-term care insurance mainly has problems such as single fund raising channel, confused division of insured objects, unscientific design of evaluation standards, inactive action of suppliers and inflexible service content. The existence of these problems will not only affect the effective operation of the trial long-term care insurance, but also affect the progress of the system across the country, so that more people cannot be included in the

benefit scope of the system as soon as possible. Therefore, it is necessary to design the operation mechanism according to the core elements of long-term care insurance, solve various problems existing in the operation process of the system, and ensure that the long-term care insurance system can provide more support and services for long-term care needs.

3.1 Establish a national unified independent financing channel and mechanism

Comparing the financing channels of 15 long-term care insurance pilot cities, we can find that the current financing channels of long-term care insurance in China mainly include social medical insurance pooling fund, personal account, personal contribution, unit contribution, financial subsidies and social donations. Each pilot city chooses a combination of different financing channels according to its own medical insurance fund, financial burden and service supply capacity. Although there are various forms of financing, in fact, the long-term care insurance fund of any city can not be separated from the medical insurance fund, and the transfer of the medical insurance pooling fund is the most important channel of long-term care insurance financing. If we do not reduce the financial dependence of long-term care insurance on medical insurance, under the current background of fewer children and aging, the financial risk of establishing long-term care insurance system nationwide is huge^[4]. Therefore, it can be seen that at present, the long-term care insurance fund in our country has a variety of financing forms, but the financing channel is still relatively single, and not independent. With the local medical insurance pooling fund outliving, coupled with the cancellation of individual accounts in medical insurance, the sustainability of long-term care insurance financing will face great challenges.

With the advent of deep aging, the elderly with disabilities and mental disabilities need more and more long-term care, and the cost of long-term care will inevitably increase due to the rising labor costs. This puts forward higher requirements for the financing of long-term care insurance. Referring to the financing experience of Japan, it has established a financing mechanism for government, employers and individuals to pay joint contributions, reflecting a kind of mutual assistance insurance spirit. Under the current situation in China, first of all, the long-term care insurance fund should be independent of the medical insurance fund, only in this way can we ensure that the long-term care insurance exists as an independent insurance, and establish its own durable and stable financing channels, while reducing the financial pressure of medical insurance. Secondly, the employer and individual payment responsibility should be made clear. At the beginning of the establishment of long-term care insurance, it can rely on the transfer of medical insurance funds and financial transfers to raise start-up funds. However, with the continuous popularization and promotion of long-term care insurance, it should follow the financing methods and mechanisms of basic medical insurance for urban workers and basic endowment insurance for urban and rural residents to raise funds. In addition, it is necessary to further expand the path and way of financing. That is, in addition to relying on units, individuals and government financial subsidies, social donations and welfare lottery proceeds should be institutionalized to transfer to long-term care insurance, so that it can become a stable source of long-term care insurance funds. Finally, a unified financing standard and mechanism for long-term care insurance should be established throughout the country. It is realistic for different localities to set different contribution ratios according to their own financial and medical insurance fund situations, which cannot only maintain the stability of local finances and medical insurance funds, but also mobilize the enthusiasm of employers and individuals to pay contributions. However, on issues of principle such as fund-raising channels and mechanisms, a unified standard can be set across the country. For example, through laws and regulations, enterprises and individuals can be the main body of financing, and government financial support, social donations and welfare lottery proceeds can be transferred according to the specific situation of the year in a floating proportion. At the same time, there should be a unified requirement for the financing mechanism to follow the quota mode or the fixed ratio mode. This study considers that since the financing mechanism should be carried out according to the financing mode of medical insurance, it is more appropriate to carry out the financing according to the financing mode of fixed ratio in the long run. That is, units, individuals or countries can pay long-term care insurance premiums according to a certain proportion of last year's per capita disposable income or last year's total wages.

3.2 Expand the coverage of insurance, specify the beneficiaries, and scientifically formulate evaluation criteria

From the coverage of the pilot cities, most of the cities have selected the participants of the basic medical insurance for urban workers as the insured objects, and a few cities have also selected the participants of the medical insurance for urban and rural residents or the retired elderly as the insured

objects. It can be seen that the current pilot cities have a relatively large institutional tendency in the selection of insured objects, that is, most of them choose people with medical system protection as their insured objects, which may be mainly based on the consideration of financial stability. However, in the context of aging, the scope of long-term care insurance in the future should be gradually expanded to benefit all citizens, especially those who have not joined the medical system and rural residents and other groups with a low level of security. Only in this way can the fairness of the system be better reflected and various social problems caused by the aging crisis be solved.

At the same time, it is also necessary to clarify the scope of beneficiaries, that is, who can enjoy the care service and expense compensation provided by long-term care insurance. In many pilot cities, the beneficiaries are disabled elderly people who meet the assessment conditions. This study believes that the beneficiaries should not only be limited to the disabled elderly, and the disabled and cognitive disabled who meet the assessment conditions and cannot take care of themselves can be included in the scope of long-term care insurance. Only in this way can the fairness of the system be guaranteed and the enthusiasm of people of all ages be mobilized to participate in insurance. Therefore, the determination of beneficiaries mainly depends on scientific evaluation standards and evaluation work. Judging from the pilot cities, the evaluation tools used are relatively simple, and most of them are some historical evaluation index systems in the West, which are not fully in line with China's physical conditions and living habits. In addition, most of the pilot cities do not include the cognitive status of the elderly in the evaluation index system, which leads to some elderly people with cognitive impairment being unable to be covered by long-term care insurance or the level of insurance is very low, and they cannot really meet their care needs. Therefore, it is necessary to combine the actual situation of Chinese people, establish a scientific evaluation index system including cognitive status, and set up a corresponding dynamic adjustment mechanism, and constantly adjust the evaluation results according to the actual situation changes of the beneficiaries. At present, in the basic public health service projects of the country, the assessment of the cognitive function of the elderly has been included in the category of health assessment of the elderly. Therefore, it can be considered to link long-term care insurance with community basic public health services. The review and evaluation of long-term care insurance can refer to or make use of the results of community basic public health services' health evaluation for the elderly. This cannot only reduce the disunity of evaluation standards in long-term care insurance, as well as the waste and cumbersome procedures caused by repeated evaluation, but also give full play to and mobilize the enthusiasm and initiative of community basic public health services for cognitive health assessment of the elderly.

3.3 Clarify the main body of supply and improve the flexibility of service

According to the pilot situation of pilot cities, the providers of care services under the long-term care insurance system include three types of institutions: the first type of professional medical institutions; The second category is long-term care institutions; And the third category is home care facilities. In pilot cities, there is often a mix of agencies with unclear responsibilities. That is, there are nursing homes run by elderly care institutions and nursing homes run by medical institutions. This chaotic situation will inevitably squeeze the originally insufficient resources for the elderly, and will aggravate the situation of "having care without medical care" or "having medical care without nursing care". As a result, people in need of care cannot get the care services they need. Therefore, it is necessary to strictly define the scope of "medical" and "nursing" according to the evaluation standard of care grade, and clearly define the responsibilities and boundaries of the providers. At the same time, the designated institutions included in the catalogue in the pilot regions are mostly highly specialized and large pension institutions and medical institutions, which have the ability to undertake long-term care insurance related care services. However, in reality, these institutions are not the actual beneficiaries of the long-term care insurance system, but have to invest a lot of money and material resources to be included in the insurance catalog, to add equipment and facilities, and add additional special long-term care insurance commissioners. In addition, these large professional institutions usually have busy business, so their enthusiasm to promote long-term care insurance is not very high. However, due to the limitations of their own conditions, smaller medical and nursing institutions cannot undertake or further expand the care business related to long-term care insurance. It can be considered to allocate a small proportion of management fees in the long-term care insurance or let large professional institutions have certain management authority of the long-term care insurance fund, so as to enhance their enthusiasm to promote the development of long-term care insurance. In addition, it is also necessary to actively encourage small medical and nursing institutions to join the list of long-term care insurance, especially some home care institutions, when they meet the entry conditions and thresholds stipulated by the government, long-term care insurance related business should be more

inclined to them. This not only conforms to the construction of China's old-age service system of "home-based, community-based, institutional supplement and combination of medical and nursing care", but also contributes to the fairness of long-term care insurance main body competition. Therefore, it can be seen that clarifying the main suppliers and improving their participation will play a positive role in promoting the effective operation of long-term care insurance.

In addition, there is another problem in the pilot program is the poor flexibility of the items and contents of the service. It is mainly reflected in two aspects. First, the service items and contents provided according to the grade identified by the care needs assessment standard are fixed and rigid, and cannot be flexibly changed and adjusted according to the actual needs of care users. In addition, the integration of medical and nursing care is poor, and the service mode and content cannot be flexibly switched according to the changes of the physical condition of the care needs. Therefore, in the supply process of long-term care insurance items, the service mode and items should be flexibly adjusted according to the actual needs of caregivers and changes in physical conditions, and the service content should be continuously enriched and refined.

4. Conclusions

The report of the 20th National Congress of the Party clearly put forward the "establishment of long-term care insurance system", indicating that China's long - term care insurance system will be from the pilot period to the comprehensive construction period. The establishment of long-term care insurance system is an important livelihood security policy put forward by the Chinese government in order to cope with the aging population and achieve the sustainable development goals. To promote the comprehensive construction of long-term care insurance nationwide, we need to have a correct and scientific understanding of the core elements of long-term care insurance, namely funds, objects, standards and supplies. Only in this way can we be targeted in the process of comprehensive construction and correctly grasp the essence of the problems in the process of promoting the system. On this basis, the establishment of a national unified independent financing channels and mechanisms; Expand the scope of insurance coverage, clarify the beneficiaries, and scientifically formulate evaluation criteria; We will define the main suppliers and make services more flexible. A national unified long-term care insurance system should be established with the improvement of the operational mechanism.

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