The Optimization Direction of Long-Term Care Insurance

-- Based on the Development Status of Long-Term Care Insurance and Consumer Awareness

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Abstract

To cope with the increasingly serious elderly care problems brought about by the aging of the population, the pilot program of long-term care insurance was launched for the first time in 15 cities including Changchun in June 2016. It was approved by the State Council in September 2020 and issued by the National Medical Insurance Administration in conjunction with the Ministry of Finance. The "Guiding Opinions on Expanding the Pilot Program of Long-term Care Insurance System" increased the number of pilot cities for long-term care insurance to 49. Through the analysis of the pilot effects of long-term care insurance in the original pilot cities, it is found that the original pilot cities have a single form of long-term care insurance, a single financing channel, excessive reliance on medical insurance funds, large differences in the number of benefited elderly people, and differences in cumulative expenditures among cities Larger issues. And according to the "2018-2019 China Long-Term Care Survey Report", this article takes consumers' awareness of long-term care insurance into consideration for the development of long-term care insurance, and finds that adults do not fully understand the risk of disability in the elderly and are overly optimistic. attitude. In response to the problems in the pilot and consumers' overly optimistic perception of the risk of disability, the optimization direction for the further development of long-term care insurance is proposed: unify relevant policies and evaluation standards; develop multiple forms of long-term care insurance; strengthen the defense against elderly disability Awareness of risk. It is hoped that the above suggestions will have a positive effect on the further development of long-term care insurance.

Keywords

Long-term care insurance; endowment insurance; disability risk awareness.

1. PREFACE

The most important issue in my country at this stage and in the future is population aging. According to CCTV News, my country's population of 60 years and over reached 254 million in 2019. It is estimated that by 2053, China's elderly population will reach a peak of 487 million, accounting for 34.9% of the total population. Not only that, according to the 2018-2019 China Long-Term Care Survey Report, as measured by the Barthel Index, only a little more than half of the elderly over the age of 80 can achieve complete independence, and the probability of occurrence of moderate to severe disability can reach $1/4-1/5$. From this point of view, protecting the basic needs of disabled elderly people will become the difficulty and focus of dealing with the aging of the population. Insufficient long-term care protection for disabled people has become the most important social problem to be solved at the moment, so long-term care insurance came into being.

At the Fifth Plenary Session of the 18th Central Committee of the Communist Party of China in 2015, exploring the establishment of a long-term care insurance system was proposed by the Party Central Committee for the first time. On June 27, 2016, the Ministry of Human Resources and Social Security issued the "Guiding Opinions on the Pilot Program of Long-term Care Insurance System". In September 2020, with the approval of the State Council, the National Medical Insurance Administration, in conjunction with the Ministry of Finance, issued the "Guiding Opinions on Expanding the Pilot Program of Long-Term Care Insurance System." In 2016, 15 cities including Changchun in Jilin, Ningbo in Zhejiang, Qingdao in Shandong, Guangzhou in Guangdong, Chongqing, and Chengdu in Sichuan were selected as pilot cities, and Jilin and Shandong were the key national contact provinces to explore long-term care insurance systems. Since the official launch of the pilot program in 2016, long-term care insurance has achieved good results in terms of scale. As of the end of June 2019, 88.54 million people have participated in long-term care insurance, and 426,000 have enjoyed benefits. The annual per capita fund payment is more than 9,200 yuan. From the overall numerical point of view, the first pilot of long-term care insurance is more successful, and long-term care insurance has made greater progress. However, after comparing the relevant data provided by the pilot cities, it is found that in terms of disability assessment and financing methods, each city still has increased Big difference, relevant system construction should be done well.

2. LITERATURE REVIEW

The existing research on long-term care insurance can be roughly divided into four categories: long-term care insurance supporting institutional care direction; long-term care insurance pricing research; long-term care insurance model selection and system optimization; commercial long-term care insurance. In 2020, Wu Haibo, Zhu Wenzhi, Shen Yuling, and Zhang Junru conducted a study on the contradiction between the supply and demand of institutional care services for long-term care insurance in Shangrao City; in 2020, Zhang Lin and Tang Wei studied the pricing model of long-term care insurance by constructing an inhomogeneous Markov model; in 2020, Yang In view of the development of China's long-term care insurance, Meng Zhu conducted a research on commercial long-term care insurance; in 2020, Li Yue'e, Ming Tingxing studied the financing mechanism of long-term care insurance based on 15 pilot city policies; in 2020, Sun Lingxue, Feng Guanggang, Mi Red Based on the development of Qingdao's long-term care insurance, conduct a sustainability study on China's long-term care insurance fund expenditures; in 2020, Yang Guibin and Xie Hongzhong conducted a pilot service project of China's long-term care insurance system based on the comparison of Shanghai, Nantong and Qingdao. In 2020, Han Li and Hu Ling conducted research on the real dilemma and optimization path of long-term care insurance benefits; in 2020, Yin Zhifang studied the exploration and practice of the long-term care insurance system from the perspective of aging; in 2020, Zhou Tong and Fan Zhuan Zhuan, Yang Qian, and Wu Haibo study the model selection and system optimization of long-term care insurance in the context of aging; Chen Chengcheng will review the implementation status and policies of the financing mechanism of long-term care insurance pilot areas in 2020. From the above literature, it can be seen that the focus of scholars is mainly to improve the pricing model of long-term care insurance, and to learn from the development experience, financing channels, financing standards, and disability assessment standards of Western developed countries such as the United States and Japan. To ensure the coverage of the population system, and to maintain a balance of revenue and expenditures from a long-term perspective.

Although long-term care insurance is called the sixth social security insurance, there are few researches on the cognition and attitude of adults, middle-aged and elderly people. For the expansion of the long-term care insurance pilot program, not only the pilot experience of the original pilot city but also the residents' awareness of prevention of disability risks are needed.

3. DEVELOPMENT STATUS OF THE ORIGINAL PILOT CITIES

Since the formal implementation of long-term care insurance in 2016, it has achieved good results in various provinces and cities in general. This article selects Changchun in Northeast China, Qingdao in the north, Guangzhou in the south, Ningbo in the east, Chengdu and Chongqing in the middle. The data of the sample sites for this study come from the government information disclosure networks of various provinces and cities and statistical yearbooks.

Table 1. The development status of long-term care insurance in the original pilot cities

	Beneficiary	Elderly population over 60	Proportion of elderly over 60 years old	Cumulative expenditure	Nursing Service Agency
Qingdao	50000	1760000	21.90%	1400000000	600
Ningbo	574	1400000	24%	1330000	19
Chengdu	27069	3039800	21.18%	422000000	--
Guangzhou	15236	1618500	18.03%	130000000	187
Chongqing	499	7040000	21.13%	--	1000
Changchun	11571	1310000	17.45%	230000000	78

Data source: Municipal Government Information Disclosure Network and Municipal Statistical Yearbook

3.1. Obvious Gap in the Number of Elderly Beneficiaries

From Table 1, it can be found that although there is a large gap in the number of elderly people over 60 in the above six cities, the proportion of elderly people over 60 years old is similar, at about 20%, but the number of beneficiaries does not follow the elderly population. Number changes. There are 1.31 million elderly people over 60 years old in Changchun, accounting for 17.45%. Compared with other provinces and cities, the proportion of elderly people is lower. From the data point of view, long-term care insurance has developed well in Changchun, and the cumulative expenditure on long-term care insurance is relatively low. At 230 million yuan, the overall development is very good. The publicity aspect of Changchun Mayor's Protection Insurance includes related staff from the Municipal Medical Security Bureau and the Municipal Social Medical Insurance Administration visiting the live broadcast room to introduce the benefits of the medical care insurance policies for disabled persons; The municipal government has included one of the 20 facts for the construction of Happiness Changchun; in terms of specific operations, long-term care insurance is divided into two types, one is to receive long-term daily care and medical care for the insured persons in designated pension or nursing medical care institutions Expenses are compensated, and the other is to compensate the insured persons for receiving short-term medical care services in designated hospital medical care institutions. Long-term care insurance first began to develop in the form of a social security pilot. The government should rely on the government to focus on establishing the awareness of long-term care insurance, so that it is possible to implement long-term care insurance.

3.2. The Cumulative Expenditure Gap of Long-Term Care Insurance Is Obvious

According to the relevant policies of long-term care insurance in pilot cities, it is found that most cities have different financing standards, disability assessment standards, and regional differences. However, the single financing method is basically from individual payment, unit payment, and transfer of medical insurance funds. However, in practice, most urban individuals and units have not paid, and only a few cities have clear financial subsidy support, and most of

them use the method of medical insurance fund transfer. The imperfect financing methods, the differences between regions are directly reflected in the accumulated expenditure of long-term care insurance. In Ningbo City, the average annual pension for participating in social pension insurance is about 27,000 yuan for institutional pensions, while the per capita cost of occupancy in Cixi pension institutions is about 24,000 yuan. Coupled with some expenses that cannot be reimbursed for medical care, daily clothing, favors, etc., with the current income of rural elderly people, under normal circumstances, they cannot afford the related expenses of staying in elderly care institutions.

3.3. Contribute to the Development of Nursing Institutions

It can be seen from Table 1 that the number of nursing service institutions still does not match the number of elderly people. Nursing services are usually divided into home care, home care and institutional care. The most professional among them is institutional nursing, but for our country, both the quantity and the professionalism need to be improved. Long-term care insurance is helpful to the development of nursing institutions. In the original 15 pilot cities, most long-term care insurance is undertaken by commercial insurance companies. Commercial insurance companies also handle long-term care insurance pilot projects in other non-pilot areas. The pilot work has produced good external effects, attracting related investment of 7.2 billion yuan, 284 new elderly care institutions and 44 training institutions, directly driving 20,000 jobs. The participation of insurance companies and the introduction of commercial long-term care insurance will promote the rapid development of the elderly care market.

4. CONSUMERS' PERCEPTION OF DISABILITY RISK

From a long-term perspective, the development of long-term care insurance will inevitably require consumers' awareness of the importance and effectiveness of long-term care insurance, a more complete understanding of the risk of disability in the elderly, and a stronger awareness of resistance to the risk of disability. However, according to the current research situation, the mass basis of long-term care insurance is not very good, and when we conduct a cognitive survey on the risk of disability in the elderly, we can also see the current overall awareness of the prevention of disability risk in the elderly in my country. Poor, even unclear about the current status of "disability", and generally overly optimistic about the current status of "disability" and future development trends for the elderly.

4.1. ADL Disability Status in Different Age Groups

The characteristic of insurance is to resist future risks. Old age risks are inevitable. After years of development, social pension insurance and commercial pension insurance have become more mature, but there are few disability risks and data. The following data comes from the "2018-2019 China Long-Term Care Survey Report" jointly issued by the Insurance Association of China and the Institute of Population and Labor Economics of the Chinese Academy of Social Sciences.

According to Table 2, it can be seen that the risk of disability at the age of 60-64 is low, and the risk of disability at the age of 65-79 is gradually increasing. Once the age is over 80, the probability of the risk of disability will reach 1/4 Between -1/5. On the other hand, only a little more than half of the elderly over 80 years old can live a completely independent life.

Table 2. ADL disability status in different age groups

	60-64 years old	65-69 years old	70-74 years old	75-79 years old	80-84 years old	Over 85 years old
Completely independent	86.20%	71.70%	70.30%	67.80%	62.10%	54.20%
ADL disability	5.80%	13.60%	11.50%	14.30%	22%	24.90%

4.2. Adults' Attitude Towards Disability Risk
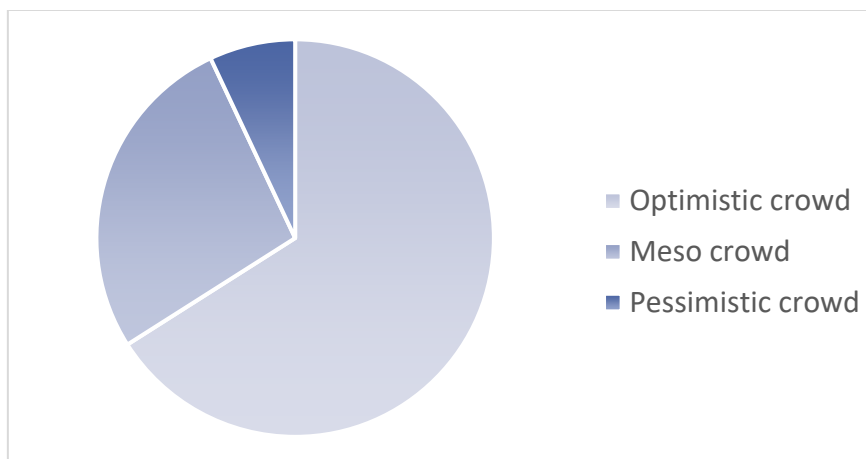

Figure 1. Adults' attitudes towards the risk of disability

According to the data, if we only rely on social security long-term care insurance to resist the risk of disability, the possibility of achieving a low-risk elderly life is not high, but most adults still have low risk awareness when looking at the risk of disability: Yes 66% of the people belong to the optimistic group, underestimating their future disability risk and long-term care needs to a certain extent (see Figure 1); another about one-third hold an intermediate attitude; only 7% With a pessimistic attitude, it can be seen that on the whole, most adults have not achieved this correct understanding of the risk of future disability.

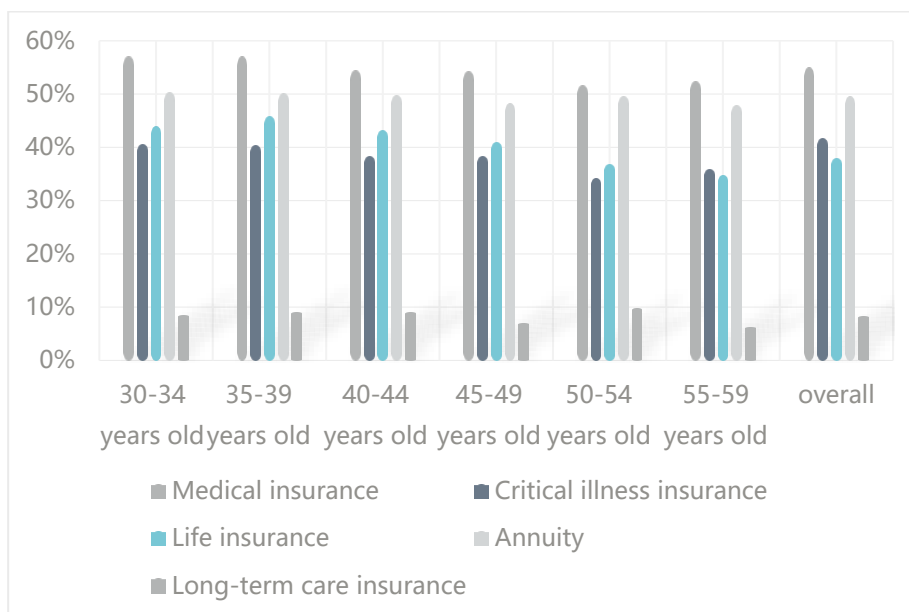## 4.3. Allocation of Adult Commercial Life Insurance

Figure 2. Configuration of adult commercial life insurance

From the data on commercial life insurance provided by adults, medical insurance ranks first, followed by annuity insurance, life insurance, critical illness insurance, and long-term care insurance. However, long-term care insurance lags far behind the other four types of personal insurance, and the proportion of participants in all age groups does not exceed 10%. Anti-risk is often considered from two perspectives, namely the frequency of risk occurrence and the situation of risk loss. It can be obtained from the data that the probability of occurrence of disability risk can be as high as 1/4, and once it occurs, whether it is mental pressure or economic The pressure on the family and the pressure on the family are long-term and significant.

5. THE OPTIMIZATION DIRECTION OF LONG-TERM CARE INSURANCE

5.1. Unify Relevant Policies and Evaluation Standards

Although the state has issued the "Guiding Opinions on the Pilot Program of Long-Term Care Insurance System", it does not clearly stipulate the relevant rules. Therefore, most of the pilot cities have a single funding channel and are overly dependent on the medical insurance fund; and even if funds are raised through individual contributions, There has also been a problem of excessive gaps in personal payment standards between cities. This is not conducive to the long-term development of long-term care insurance, and it also violates the concept of balanced development of various regions. Moreover, once long-term care insurance is paid, it has strong continuity of compensation. Because of the large amount of compensation, more relaxed policy standards can be adopted to regulate this aspect. It is necessary to specify the proportion of personal, corporate, medical insurance, and financial expenditures, as well as to enrich the financing channels of long-term care insurance to protect the long-term care insurance compensation amount. Secondly, according to the data of this study, it is found that there is a large gap in the number of disabled elderly people in each city, and a large gap in the cumulative expenditure of long-term care insurance. The reason is that although most cities use the Barthel index to measure elderly However, the set standards for moderate and severe disability are different, and after the disability risk occurs, the amount of long-term care insurance compensation is also different. This is not conducive to demonstrating social fairness and justice, and the balanced development of the region. Therefore, based on the pilot conditions of these 15 cities, relevant data can be collected and the disability assessment standards can be unified.

5.2. Carry out Multiple Forms of Long-Term Care Insurance

The core concept of my country's long-term care insurance system is shared responsibility and mutual assistance. On the basis of the existing pilot experience, we can learn from the financial subsidy model implemented by Sweden, Norway, Finland and other countries to supplement long-term care insurance. But for people with higher incomes and higher care needs, social security serves as a basic protection, and it is not enough to rely on social security to resist the risk of disability. Since the development time of commercial long-term care insurance in my country is very short, it can be said that it has just begun. Therefore, we can learn from the experience of Western countries to develop commercial long-term care insurance. The model is to raise funds through personal payment to achieve the equalization of rights and obligations. United States, New Zealand, United Kingdom. Therefore, while establishing long-term care insurance, various forms of old-age care should also be developed, such as financial subsidies and commercial long-term care insurance.

5.3. Strengthen Awareness of Resisting the Risk of Elderly Disability

The first thing to realize is that in most cases, it is not sudden events such as illness or accident that cause severe disability in the elderly, but the deterioration of physical functions

and cognitive abilities as they age. Therefore, disability is not only a foreseeable risk, but also a manageable, controllable, and even reversible health problem with the advancement of social medical technology capabilities. Secondly, whether it is the elderly who are currently in mild, moderate or severe disability, the age when they first have obvious self-care problems is around 65, so 65 years old are at risk of disability. Important turning point. Like other problems of the same type, active prevention and health management methods are an important way to reduce the risk of disability. Therefore, changing consumers' awareness of "disability", allowing consumers to understand the criteria for disability assessment, and understanding the necessity and importance of long-term care insurance will play an important role in promoting long-term care insurance.

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