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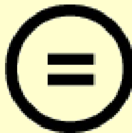
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Master's Thesis of International Studies

Understanding China's Long-term Care Insurance Pilots

- Key features, Challenges and Prospects of Shanghai Pilot Program -

중국의 장기 요양보험 파일럿 제도에 이해: 상하이 파일럿 프로그램의 특징, 도전과 전망

August 2022

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Understanding China's Long-term Care Insurance Pilots

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Submitting a master's thesis of
Elderly Care

August 2022

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Confirming the master's thesis written by
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Abstract

Understanding China's Long-term Care Insurance Pilots

- Key features, Challenges and Prospects of Shanghai Pilot Program -

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With aging populations, individuals are facing increasing longevity and long-term care (LTC) risks, especially for China, as a rapidly developing nation, has also started to suffer from the same problem, or even more serious than others. As a response, China launched its public long-term care insurance (LTCI) pilots in 15 cities in 2016, which have recently been expanded to further regions across the country, signaling a policy move towards a public social insurance model of long-term care financing.

Previous studies in the literature have concentrated on the implementation and effectiveness of China's LTCI in a big picture, but to a less extent on the analysis on one specific region and thoughts from the receivers or future receivers. This thesis studies the effects of LTCI from both theoretical and empirical perspectives.

This thesis starts with an overview of the general evolvement and policy guideline from the central government, followed by a more detailed description of a local (Shanghai) design, and key features, challenges and prospects of China's LTCI pilot program. It also includes the strength and constraint, implementation, challenging tasks and future prospects of LTCI pilots.

The review was conducted to reveal the effectiveness of the LTCI system in China, focusing on Shanghai as representative by reviewing existing literature, government official websites and documents, a survey conduction and several personal interviews as case study.

Generally speaking, the LTCI program is still in the beginning stage of development. Although the results show that the LTCI system casts a positive impact on the physical daily health and life quality of the disabled seniors. However, the role of LTCI in alleviating the financial burden on families with disabled elderly maybe limited. And the impact of these ongoing LTCI pilots on the development of local aged care markets also remain unclear and warrants more research. Hope this study will help to identify the outcomes of the LTCI in pilot cities so as to assist policymakers in their further implementation in China.

Keyword: Long-term Care Insurance (LTCI), Elderly Care, Pilot Cities, China, Shanghai, Effectiveness, Drawbacks

Student Number: 2020-20695

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I. Introduction

1. Research Background and Structure

The mainland part of China has encountered a fast population transition since 1963.1 The country had the greatest population globally as of 2000, with more than 1.3 billion people,2 before increasing to 1.39 billion just four years ago3 Rendering relevant services for the handicapped and the elderly have been the Chinese government's massive concern due to the aging population. By the conclusion of 2017, China's National Bureau of Statistics reported 241 million over-60-years-old individuals. It represented a growth of around 10 million from 2016, or 17.3 percent of the entire population.4 It made China the first nation globally to have a senior population breaching 200 million.

Compared to other industrialized nations, China's aging phenomenon has the distinctive characteristics of becoming old before getting affluent, fast growth in population, and a vast demographic base. As per the National Bureau of Statistics, Chinese citizens at least 65 years old was 165.65 million, or 11.94 percent of the entire population, by the conclusion of 2018. Meanwhile, elderly dependence proportion was 16.8 percent; it entailed that 16.8 seniors must be supported for every 100 of the working population in the country. Shanghai exemplifies such severity of the elderly disability crisis among China's mega-cities. The city's 60-to-

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[1] Chai, H.X. 2009. "Hollowing-
Out as Statecraft: The Case of Administrative Reform in China"
Ph.D. Thesis, Department of Politics, *University of York*: 33-35

[2] Yuan, Z.G.; Song, Z. 2000. "Demographic Rate, Pension System and Saving Ratio in China", *Econ. Study, 11,*45-52 (in Chinese)

[3] National Bureau of Statistics of China. 2018. Available online: http://www.stats.gov.cn/tjfw/tjzx/zxgk/201909/ t20190906_1696358.html (accessed on 28 April 2022).

[4] National Bureau of Statistics of China. 2019. Available online: http://www.stats.gov.cn/tjsj/tjzd/gjtjzd/201909/ t20190909_1696732.html (accessed on 28 April 2022).

80-year-olds manifested disability proportions of 5.0275, 14.8139, and 32.7914 percent, as per the Sixth Census Bulletin. Indeed, the rapid aging trend has intensified necessity for senior care.

Considering China’s pension system, despite the background that the handicapped, the elderly, and the necessity for medical care are robust, no directly suitable policy or insurance goods exists. Thus, prompt action is required to overcome the said concern involving aged care facilities.

The social security system of China is imperfect. While medical insurance may compensate patients' medical expenditures, typically non-reimbursable ones include charges on nursing and rehabilitation. Thus, nursing care expenditures following the patient's release are not included. Meanwhile, a shortage of commercial nursing insurance products in the country exists. Existing commercial insurance for critical illness emphasizes on treating diseases and income loss, while having limitations in complementing the present social insurance system. A payment threshold for critical sickness insurance also exists. Commercial insurance firms tend to not pay if the insured has not satisfied the payment requirements. If such requirements are satisfied, the coverage is merely a single payment that may not be applicable to those requiring long-term care. China is presently implementing a trial program for long-term care insurance (LTCI) to address the heightening necessity for care regarding China's aging population and to actualize the societal aim concerning the dependent elderly.

As a "super first-tier city" of China, Shanghai’s economic growth is leading the nation. Its system execution has notable importance for the nation. Hence, regarding developing an LTCI system for senior care, it is vital to initiate a pre-assessment of the elderly handicapped to explain the care requirements and establish a scientific and acceptable LTCI system. Meanwhile, this paper generally investigates China's LTCI, specifically selecting Shanghai as the study object and emphasizing on population projections and discussion in the introductory part.

In this paper, I explained the evolution of LTCI in both China in a broader range and Shanghai in a narrower range, as well as examined whether Chinese citizens and government need to establish an LTCI policy in the health care system. The second main aim of this work was to examine whether the LTCI policy is promoting the development of the health care system in China. We contend that the LTCI policy has become a key policy instrument in the process of initiating a modern Chinese social security sector. Then I analyzed the survey results, which aimed to have public's general understanding on LTCI, along with interviews with different age groups. This part emphasizes more to affection dimension of elderly care that is required to take into consideration when put LTCI into practice.

The findings of this thesis provide insights into the design of LTCI system and policy settings, which can hopefully guide Chinese policymakers to produce more progressive and personalized LTCI policy outcomes.

2. Literature Review

Practice of Long-term Care Insurance system in different countries.

LTCI began in Europe. During the 1960s, the Netherlands became the first to initiate a universal required social health insurance scheme encompassing a vast array of long-term care (LTC) tools for several care settings. Meanwhile, Germany pioneeringly established LTCI as a social law. The relevant statute became the fifth insurance pillar in 1995, alongside endowment, medical, accidental injury, and unemployment insurances. Consequently, other nations like the United States have enacted explicit LTCI laws.

Originated in the United States during the 1970s, the market-oriented LTCI context was proposed. As the senior population in the country continually increased, so did their care demands. The Health Insurance Portability and Accountability Act, enacted in 1996, provides extensive references to expenses involving long-term

insurance. Consequently, various European and Asian nations have implemented respective LTCI variants[5]. For instance, in France's dual systems, most hospital health expenditures were compensated by critical illness insurance; meanwhile, direct support of family assistance comprised merely 9 percent, necessitating mandatory care insurance implementation[6]. Later on, commercial nursing insurance became a supplemental tool[7]. Comparably, in Japan's universal social security system, benefits are given irrespective of family status or income[8]. To summarize, European nations implement mandatory insurance, while Asian ones adopt the scheme comparable to Japan. From a government-sponsored model, global LTCI has transformed toward a government-managed corporate business one, later toward a market-led corporate business approach.

In the United States, there is no mandated LTCI scheme. The country's market-oriented approach effectively guarantees business and social insurance. On the insurance market, it is primarily operated by commercial insurance companies alongside subsidies and participation by the government. There are a triad of fundamental types[9]. Medicare and Medicaid are generally government-offered as limited care protection for specific populations, while commercial LTCI covers the rest.

(1) Medical care (Medicare) generally covers those more than 65 years old. They need not pay for medical care expenses because it already provides nursing care, daily medical treatment, medicine, and hospitalization reimbursement within

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[5] Rhee JC. Done N, Anderson GF. 2015. "Considering Long-term Care Insurance for middle-income countries: Comparing South Korea with Japan and Germany". *Health Policy:*119:1319-1329

[6] Launois R. 1996, "Pooling public and private funds in the patient's interest: the case for long-term cares insurance." *Soc Sci Med* 43: 739-44.

[7] German Insurance Association. *Statistical Yearbook of German Insurance* 2016. Available from: https://www.nextdeal.gr/PDFS/ereunes/Stat_Yearbook_2016.pdf.

[8] Umegaki H, Yanagawa M, Nonogaki Z, Nakashima H, Kuzuya M, Endo H. 2014, "Burden reduction of caregivers for users of care services provided by the public long-term care insurance system in Japan." *Arch Gerontol Geriatr* 58:130-3.

[9] LIMRA. 2005, *U.S. Group Long-term Care Insurance Executive Summary. Annual.* Available from: https://www.limra.com/en/research/research-abstracts/Classics/2006/u.s.-group-long-term-care-insurance-2005-annual/.

a particular period.

(2) Medical assistance (Medicaid) is primarily administered through institutions, despite the government still responsible for execution. Since the fundamental aim is to render medical assistance, subsidy charges are typically for the institution's operator. Beneficiaries need not pay.

(3) The LTC cooperative plan serves as a government-corporation collaboration. While the corporation performs private operations, the government is responsible for the bottom line. Consequently, the insured willingly insures themselves, as the insurance cost is greater than in the aforementioned forms. Middle- and upper-income individuals are the primary beneficiaries, with the product typically offered by commercial insurance firms. This form of insurance further complements social insurance, striving to tailor to the insurance-buying requirements of high-demand sectors.

As for Japan's model of universal social insurance coverage, in 2006, the Japanese government enacted "Long-term Care Preventive Measures." Meanwhile, over the last decade of the sector's growth, various legislation have been presented[10]. The "Long-term Care Insurance Law" was amended in 2015 to become applicable to all individuals over 40. There are two insurance subject categories, split in terms of age: nationals 65 years old and above, denoted as No. 1 insurers; and those above 40 but below 65 years old, denoted as No. 2 insurers. These subjects are further classified into five tiers based on family size and income, provided in Table 1. Such an initiative arranges communal insurances for seniors while rendering safety for long-term care. The comparatively modest amount of participation allows for frequent screenings to pinpoint high-risk groups, while encouraging elderly-targeted social activities.

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[10] Ministry of Health, Labor and Welfare. Long-term Care Insurance System of Japan, Health and Welfare Bureau for the Elderly Ministry of Health, Labor and Welfare, **2016**. Available from: https://www.mhlw.go.jp/english/policy/care-welfare/care-welfare-elderly/index.html.

Table 1. Overview of the implementation of Long-term Care Insurance in Japan

Coverage Objects	Grades	Main component
No.1 insurers (People above 65 years old)	Level 1: Recipients of social assistance Level 2: Municipalities tax exempt households, etc. Level 3: Municipalities tax exempt individuals, etc. Level 4: A taxon insured income of less than 2.5 million yen Level 5: A taxon insured income of more than 2.5 million yen	Home services: such as home care, daycare, etc.; Community services: daily life care, etc.; Institutional services: nursing homes, health and medical institutions, etc. Among them, the No.2 insurers are paid for specific 16 diseases (such as advanced cancer, early-stage Alzheimer's disease, cerebrovascular disease, etc.)
No.2 insurers (People aged 40-65 years old)	Others	

Research Progress of Long-term Care Insurance

By the end of 2020, the senior population in China is projected to reach around 490 million; by then, according to Barlett and Philips (1997), one out of eight Chinese would be above 70.11 Carol (2002) calculated from the OCED reports, showing that the average disability rate of the elderly aged 65 and above was 11%, whereby the one of the 65-74 age group was 5.2%, the 75-84 age group was 11.9% and the 85 and above group was 31.1%[12].

In initial foreign academic discussions regarding LTCI, the premise of rational

[11] Barlett, H.; Phillips, D. Ageing and Aged Care in the People's Republic of China: *Nation and Local Issues and Perspectives. Health Place* **1997**, 3, P149-159

[12] Carol Jagger, Ruth Matthews, James Lindesay and Caro Brayne, "The Impact of Changing Patterns of Disease on Disability and the Need for Long-Term Care," Eurohealth, Vol.17, No.2-3

individuals predominated.[13] Various foreign academics emphasized on familial bonds transcending generations.

Studies on aging has yielded quite extensive findings despite LTCI research in China commencing somewhat belatedly. According to Guang and Tuan (2011), aging in China has a triad important feature. The first involves becoming elderly before earning wealthy. China experienced a period of population aging when overall national strength was low. Likewise, the Chinese were quite unprepared for aging. Considering an imperfect pension system in the nation, significant consequences on aging are abound. Loneliness is the third factor. The elderly is susceptible to aging and become challenging to maintain for several reasons, including loneliness and sickness, mainly due to prevalent "fewer births" at present.

To assure quality senior care, the response plan of the government toward a huge shift in demographic structure must involve developing robust elderly care-related public service measures, emphasizing on the elderly's real requirements. In addition, since the Chinese population ages more rapidly, "long-term care" has been an intensive research subject. Various Chinese scholars like Jie (2002), Tao (2005), and Weidong (2011) have probed LTCI implementation in other countries and suggested an LTCI system with Chinese attributes for China. Minglai and Xinping (2017) discussed that the substance of Chin's existing development model varies significantly. As such, LTCI expansion can be accomplished through protecting consumers and evading moral dangers.

Feng Zhanlian (2021) also mentioned that the major barrier to the growth of a dynamic elderly care market, which is the lack of a nationwide, systematic and sustainable long-term care financing mechanism.

Additionally, while these studies provide a general description of the LTCI pilot programs, with varying levels of policy detail offered, there is a need to gain a better understanding of the substance of these programs and their local

[13] Gupta A, Li L. A Modeling Framework for Optimal Long-term Care Insurance Purchase Decisions in retirement planning. *Health Care Manag Sci* **2004**; 7:105-17.

implementation. In the relatively few studies that have aimed to assess the LTCI impact using the rather limited data available, the rigor of these studies is mixed and so are their findings.

In my paper, the research is designed to figure out the what are the policy and cultural problems underlying the current Long-Term Care Insurance in pilot cites in China, focusing on Shanghai's situation, that have impeded the system from coming into proper operation as expected. By analyzing and evaluating those problems, hopefully it will bring some insights for China to make better improvement, and furthermore, to help China promote the LTCI into the nationwide.

3. Significance of Research

Generally, problems followed by the launch of LTCI can be grouped into two categories. One is tasks to the insured and their family. The other is treatment of the carers, or more broadly speaking, the caring business. In my research, instead of stressing both as many other studies have done about LTCI issues, I decide to mainly focus on the former challenge. Also, I stand out my research by analyzing the LTCI pilot program in both boarder and narrower range and focusing on Shanghai as a representative, since it suffers the most from the aging crisis within China. By doing so, I intend to analyze the current situation of LTCI in both China as a whole and specific case in Shanghai and evaluating the effectiveness of the system so as to see whether the LTCI is feasible and where it will eventually go, especially for China, if the national government is considering to promote the LTCI in nationwide.

In addition to the policies level, where I can find data and statistics to prove the effectiveness, I am also considering to bring the evaluation of cultural factors into the 'family care' part since affection between the old and their offspring is hard

to be neglected when studying the old care issue, especially for China, a country values much about ‘filial piety’.

4. Methodology

Since China’s LTCI pilots are quite novel and remain operational, empirical information regarding these pilots’ functions and consequences are quite non-extensive. Accordingly, the study and investigation in this paper mostly consider accessible and publicized data from various sources until 2020. Meanwhile, this paper examined official websites of local and national governments to seek pertinent LTCI guidelines and policies. Records collection spanned from 2016 to 2017. The evaluation further included the checking of major government agencies’ websites, including those from the Ministry of Human Resources and Social Security and its offices in various municipalities and provinces, the provincial governments, and the state council.

Establishing on the care-dependent population estimation involving three dependency levels ("Who needs LTC?"), the sample was used for estimation of LTCI coverage ("Who participates in LTCI?"), benefits eligibility ("Who acquires benefits from LTCI?") and provided benefits ("What are LTCI’s benefits?"). Estimations consider the premise of nationwide implementation of LTCI pilots, generating a comparative view of the inclusiveness of these pilots.

In order to acquire more information of cultural factors, a questionnaire entitled “How do you view about LTIC” (See Appendix B) was designed. The information collected in the survey included age, sex, the choices of care, living location, and reasons willing to apply LTCI or not from both perspectives of the respondent and their parents as the receivers of care. The survey is distributed by my friends and parents through personal SNS (WeChat) due to the limitations brought by quarantine in Shanghai. As a result, I received 143 effective responses, for an effective response rate of 100%.

To be more detailed, I also conducted 5 personal interviews with the participants of the survey. 5 people are grouped in 3, covered the age group of 20-30 (2 of them), 30-50 (one of them) and 50-65 (2 of them). All of them are Shanghai residents and some of them have already participated the LTCI in use while those in younger generation did not know quite about the LTCI yet finished the survey. Although they show differences in life experience, family condition, financial condition and along with other factors, they still share quite a few similarities in making the same options in some of the survey questions. Thus, I intend to analyze deeper the intriguing findings of the survey while referring to the interviews I conducted with those age group representatives.

II. China’s Exploration and Pilot Program of LTCI

1. An overview of LTCI in China

In 2016, China officially launched its public long-term care insurance (LTCI) pilot programs in 15 cities across the country[14]. Although the design details of these pilots are different, a common feature is that they all build on existing medical care insurance programs that are financed through mandatory social insurance to achieve universal coverage. In 2020, the central government decided to expand the LTCI pilot program to include an additional 34 cities[15]. These pilots symbolize a policy move towards establishing a national based social insurance model of LTC financing in China.

Likewise typical procedure of the policy formulation process in China, in the case of LTCI pilots, the central government agencies – initially the Ministry of Human Resources and Social Security (MOHRSS), and subsequently, the National Healthcare Security Administration, which was established in 2018, set national policies and issue general guidelines and directives for sub-national governments to follow. Then, provincial and local governments concerned with the pilot cities respond to national policy guidelines and directives and are responsible for fleshing out and implementing specific policy measures[16].

Since China entered aging society, social insurance policies have undergone

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[14] Ministry of Human Resources and Social Security, *Guiding Opinions on Initiating the Long-Term Care Insurance Pilots* (Beijing: Ministry of Human Resources and Social Security, People’s Republic of China, **2016**)

[15] National Healthcare Security Administration, *Guidance on Expanding the Long-term Care Insurance Pilots* (Beijing: National Healthcare Security Administration, China, **2020**).

[16] Feng Zhanlian, Guan Xinping, Feng Xiaotian, Liu Chang, Heying Jenny Zhan and Vincent Mor. 2014. “Long-term Care in China: Reining in Market Forces through Regulatory Oversight”, in *Regulation Long term Care Quality: An International Comparison,* ed. Vincent Mor, Tiziana Leone and Anna Maresso. *Cambridge: Cambridge University Press*:409-43

constant changes as a result of changing demographics. Over time, both endowment insurance ("养老保险") and medical insurance("医疗保险")have expanded their coverage, narrowing the distinctions between people and systems and trying to weave the world's largest social security net. Furthermore, as various social security programs are being expanded massively, the urgent need for LTCI care services for the disabled seniors naturally aroused the attention of the state.

The 18th National Congress of the Communist Party of China held in 2012 made instructive strategic plans on how to address the increasingly serious situation of an ageing population actively. The Law on the Protection of the Rights and Interests of Elderly People("老年人权益保障法") has been newly amended to further address the issue of ageing from a legal perspective. The 12th Five-Year Plan for the development of China's ageing industry ("中国老龄事业发展"十二五"规划") proposes that during the 12th Five-Year period, China plans to speed up the construction of a muti-level social endowment service system consisting of home care, community-based care and institutional care. In 13th Five-Year plan launched at the Fifth Plenum of the 18th Central Committee of the Communist Party of China (2015), the establishment of Long-Term Care Insurance was raised to the national strategy level for the first time, asking for active responses to a series of problems aroused by the aging population and accelerating a practical establishment LTCI system that is applicable domestically.

The Long-term Care Insurance Pilots: Central Government Guidelines

(1) Evolution of LTCI's Development (Before 2016)

China's LTCI development can be divided into 3 stages: (1) Preparation Stage (2006-2012); (2) Initial Growth Stage (2012-2015); (3) Development Stage (2016 and beyond)

Preparation Stage (2006-2012)

In terms of policies and regulations, governments at all level, from central to local, had introduced policies related to elderly care and long-term care such as hospice care and subsidies for the elderly (Table 1), but long-term care had not been considered as an independent institutional system generally.

In the year of 2006, social security became the hottest topic of public concern, which prompted the government to put more emphasis on the construction of it. At the same time, ageing population triggered attention from all sectors of society to the elderly care service industry and thus various policies were introduced accordingly.

Starting from January of 2006, it was the National Commission on Ageing (NCA) firstly released the Opinions on Enhancing ageing work at grass-roots level (《关于加强基层老龄工作的意见》). Later in the same year, the NCA, along with the Ministry of Civil Affairs (民政部), jointly issued the Opinions on Accelerating the Development of elderly service industries (《关于加快发展养老服务业的意见》), in which mentioned the support for developing elderly care and hospice services. In May, again, the NCA issued another report on the implementation of 'Caring Project'. During 2006 to 2007, provincial and municipal offices on ageing issued the Elderly Care in the11th Five-Year Plan (《老龄事业"十一五"发展规划》) one by one. In February 2008, the Ministry of Civil Affairs released the Opinions on Promoting Ageing-at-home Services comprehensively (《关于全面推进居家养老服务工作的意见》). Thanks to those above, from 2008 to 2010, home care services for the elderly emerged everywhere. Key words as 'Day care centers' and 'community-based elderly care' has also been raised in policies and regulations. Then when it comes to 2011, the 12th Five-Year Plan for the Development of China's Ageing Industry (《中国老龄事业发展"十二五"规划》) finally issued by the State Council after the 6th National Census of Population (第六次人口普查).

Though many policies had been raised and LTCI system began to take its shape, yet the LTCI itself hadn't been formed as a whole.

Table 2. Policies Relevant to Aging Issues by Local/Central Government (2006-12)

Department	Date	Title
National Commission on Aging (NCA)	2006.1	*the Opinions on Enhancing ageing work at grass-roots level*《关于加强基层老龄工作的意见》
NCA & Civil Affairs Bureau	2006.2	the *Opinions on Accelerating the Development of elderly service industries*《关于加快发展养老服务业的意见》
NCA	2006.5	*Report on the implementation of the spirit of the instructions given by the State Council on 'Caring Project'*《关于落实国务院领导就"爱心护理工程"所做批示精神有关情况的报告》
Provincial and municipal Commission on Aging	2006-2007	*the11th Five-Year Plan*《老龄事业"十一五"发展规划》
Civil Affairs Bureau	2008.2	*the Opinions on Promoting Ageing-at-home Services comprehensively*《关于全面推进居家养老服务工作的意见》
The State Council	2011.9	*the 12th Five-Year Plan for the Development of China's Ageing Industry*《中国老龄事业发展"十二五"规划》

Initial Growth Stage (2012-2015)

In this stage, LTCI started to be noticed by the government. A number of policies were introduced to encourage the growth of social and commercial LTCI within just 4 years (Table 2)

The Law on the Protection of the Rights and Interests of Elderly People (《中华人民共和国老年人权益保障法》) amended in July 2013, and Opinions of the General Office of the State Council on Advancing the Development of Elderly Care Services (《国务院关于加快发展养老服务业的若干意见》) promulgated on September 2013, mention the support for the development of

commercial LTCI in various aspects. In December of the same year till 2015, many departments began to refer to guarantee of the LTCI explicitly in their reports.

The following documents all involve policies related to the LTCI to some extent, which indicates that the national government encouraged local municipalities to carry out pilot LTCI on their own: "the Ministry of Civil Affairs and the National Development and Reform Commission: Notice on the Pilot Project of Comprehensive Reform of the Elderly Care Industry " (《民政部办公厅发展改革委办公厅关于开展养老服务业综合改革试点工作的通知》，2014); Highlights of the NCA in 2014" (《全国老龄工作委员会办公室2014年工作要点》,2014); the Outline of the national medical and health service system in 2015 to 2020 by the State Council (《国务院办公厅关于印发全国医疗卫生服务体系规划纲要（2015-2020年）的通知》,2015)；Proposal of the Chinese Communist Party Central Committee on the Formulation of the 13th Five-Year Plan for National Economic and Social Development (《中共中央关于制定国民经济和社会发展第十三个五年规划的建议》, 2015); the State Council: the Guidance on Promotion the Integration of Medical and Health Care with Elderly Care Services forward the National Health Commission (《国务院办公厅转发卫生计生委等九部门关于推进医疗卫生与养老服务相结合指导意见的通知》,2015)

Table 3. LTCI Related Polities Introduced at National Level (2013-2015)

Department	Date	Title
National People's Congress Standing Committee	2013.7	*The Law on the Protection of the Rights and Interests of Elderly People*《中华人民共和国老年人权益保障法》
The State Council	2013.9	*Opinions of the General Office of the State Council on Advancing the Development of Elderly Care Services*《国务院关于加快发展养老服务业的若干意见》
Civil Affairs Bureau	2013.12	*the Ministry of Civil Affairs and the*

		National Development and Reform Commission: Notice on the Pilot Project of Comprehensive Reform of the Elderly Care Industry《民政部办公厅发展改革委办公厅关于开展养老服务业综合改革试点工作的通知》
The NCA	2014.1	*Highlights of the NCA in 2014*《全国老龄工作委员会办公室2014年工作要点》
The State Council	2015.3	*the Outline of the national medical and health service system in 2015 to 2020 by the State Council*《国务院办公厅关于印发全国医疗卫生服务体系规划纲要（2015-2020）年的通知》
18th Central Committee of the CCP	2015.10	*Proposal of the Chinese Communist Party Central Committee on the Formulation of the 13th Five-Year Plan for National Economic and Social Development*《中共中央关于制定国民经济和社会发展第十三个五年规划的建议》
9 Departments including the National Health Commission	2015.11	*the State Council: the Guidance on Promotion the Integration of Medical and Health Care with Elderly Care Services forward the National Health Commission*《国务院办公厅转发卫生计生委等九部门关于推进医疗卫生与养老服务相结合指导意见的通知》

In addition to relevant policies issued at national level, several local governments had also released policies to explore their establishment of LTCI during this period of time. On June 19th, 2012, various departments of Qingdao (Shandong Province) jointly issued the Opinions on the Establishment of a long-term Medical Insurance System (for trial implementation). In 2014, the Ministry of Human Resource and Social Security Bureau of Qingdao issued the Administrative Measures for Long-term Medical Care Insurance in Qingdao(《青岛市长期医疗护理保险管理办法》), which provides more

regulations on long-term medical care insurance in detail.

Since then, the concept of LTCI began to grow among the central and local governments. But still, China's LTCI system remain the exploring stage by the local governments themselves rather than nationwide till 2016.

From 2012 to 2016, only Qingdao, Shanghai, Nantong and Changchun carried out exploration of LTCI system. Among those, Qingdao emphasizes on the role of commercial insurance, Changchun takes care facilities as the basis for LTCI services, while Nantong values home care services. Each city has developed its own philosophy and characteristics of LTCI system.

Developmental Stage (2016 till now)

Since 2016, the LTCI system has rushed into a more comprehensively developmental stage. In order to reach the goals, set in the 13th Five-Year Plan on the construction of LTCI, several ministries and commissions have issued documents, requiring each city to explore the establishment of LTCI and encouraging the simultaneous development of commercial LTCI as well (See Table 4)

Table 4. LTCI Polities in 2016

Department	Date	Title
PBOC、Civil Affairs Bureau and other 5 departments	2016.3	*Guidance by PBOC, the Ministry of Civil Affairs and other five departments on financial support to accelerate the development of elderly service industry*《中国人民银行、民政部等五部门关于金融支持养老服务业加快发展的指导意见》
The National Health Commission, Civil Affairs Bureau	2016.4	*Notice of the National Health Commission, the Ministry of Civil Affairs on the plan for key points of medical and care integration*《国家卫生计生委办公厅、民政部办公厅关于印发医养结合重点任务分工方案的通知》
The National Health	2016.5	*The National Health Commission*

Commission, Civil Affairs Bureau		*and the Ministry of Civil Affairs on the Selection of Pilot Cities for combing Medical Care and Health Care*《国家卫生计生委办公厅、民政部办公厅关于遴选国家级医养结合试点单位的通知》
Civil Affairs Bureau	2016.6	*The 13th Five-Year Plan for the development of civil affairs*《民政事业发展第十三个五年规划》
Bureau of Human Resources and Social Security	2016.6	*Guidance on the implementation of LTCI pilot sites*《关于开展长期护理保险制度试点的指导意见》
The State Council	2016.10	*Outline of Project 'Healthy China 2030'*《"健康中国2030"规划纲要》

(2) Launch of the Pilot Program of LTCI (2016)

The Ministry of Human Resources and Social Security of China (MOHRSS) issued a policy directive instruction in June 2016, named "Guiding Opinions on Piloting the Long-term Care Insurance System" ("关于开展护理保险制度试点的指导意见", Document no.80, hereafter referred to as the Guiding Opinions), for 15 cities from 14 provinces or provincial-level municipalities selected as pilot sites. The 15 pilot cities (See Figure 1) include: Chengdu (Hebei province), Changchun (Jilin province), Qiqihaer (Heilongjiang province), Shanghai (municipality), Nantong (Jiangsu province), Suzhou (Jiangsu province), Ningbo (Zhejiang province), Anqing (Anhui province), Shangrao (Jiangxi province), Qingdao (Shandong province), Jingmen (Hubei province), Guangzhou (Guangdong province), Chongqing (municipality), Chengdu (Sichuan province) and Shihezi (Xinjiang Uygur Autonomous Region). The current implementation of those 15 pilot cities was initiated under the instruction of the Guiding Opinions (See Appendix A).

Figure 1. Locations of 15 Long-term Care Insurance Pilot Cities in China (before 2020)

The 15 pilot cities are a good combination and representative of various stages of economic development and local cultures. As shown in Figure 1, most pilot cities, such as Shanghai and Guangzhou, are located near China's south-east coast, which is among the most economically developed area within China. Financially, these cities would be better positioned to launch and aid the pilots. While both Shihezi and Qiqihaer are geographically isolated and have large ethnic minority groups, launching pilots there would bring unique value when implementing LTCI nationwide in the future. While Chongqing and Chengdu are known as the most populous cities in south-west part of the country, each with a large number of elderly people. Each pilot city is properly designed to become a unique case study to generate localized insights for central government policymakers.

The *Guidance Opinions* indicate that LTCI pilots are intended to accomplish two policy ***goals***:

(i) Investigating the construction of a social insurance system generating money via social mutual aid to render financial services or aid for daily needs, nursing care, and medical compensation to those handicapped needy for the long term.

(ii) Using one to two years to accumulate experiences so as to establish a LTCI policy framework during China's 13th Five-Year Plan period (2016-2020).

The pilots' primary ***responsibilities*** are the following:

(i) Particular policies controlling LTCI coverage extent, payment of premiums, and design of benefits.

(ii) Rules and standards controlling the eligibility determination's needs evaluation, categorization, and certification.

(iii) Measures that analyze the quality of different suppliers of long-term care services, contractual management standards, and reimbursement methods.

(iv) LTCI processes for operation, regulation, and management

The Guiding Opinions gave a general direction on various important policy aspects, such as the insured population, beneficiaries, funding process, and covered benefit compensation, stipulated in the succeeding paragraphs.

Who is eligible for LTCI benefits?

During pilots, LTCI fundamentally covers those partaking in the public health insurance system for urban workers, known as the Urban Employee Basic Medical Insurance (UEBMI) program. Depending on local requirements and conditions, pilot cities might progressively grow the insured people, including the coverage

and fundraising schemes.

What advantages does LTCI offer?

LTCI is intended for insureds handicapped for a lengthy period, particularly those seriously disabled. It can include basic care expenditures for daily expenses, as well as closely associated nursing and medical expenditures. Individual pilot cities choose eligible beneficiaries and certain benefits covered depending on the availability of insurance money. It may progressively change benefits and coverage extent according to local economic growth.

What is the method of financing?

LTCI may entails fundraising through UEBMI account structural optimization during the pilot phase. It may convey excess UEBMI pooled funds and rates regulation of the contributions of the workforce to UEBMI premiums, intending to provide a financing tool of LTCI across multiple channels with two-way support and communal stakeholder responsibility. Based on the fundamental premise of a balance between expenses and revenues while maintaining a marginal surplus, reasonable LTCI fundraising purposes and criteria must be established in accordance with domestic conditions and requirements. A dynamic financing approach consistent with local socioeconomic growth and increasing insurance coverage demands is further proposed.

What are the associated costs in the covered benefits?

LTCI reimbursement for valid long-term care expenditures should differentiate in terms of service type and care level. The rate of reimbursement should generally not exceed 70 percent of permissible expenditures. Particular qualifications and payment rates are decided independently by every trial city.

The Guiding Opinions further included the following ***proposals about LTCI***

administration:

Management of funds. LTCI funds must be designated for its necessary use, handled independently from other current social insurance schemes (e.g. medical care, pensions).

Service management. LTCI needs to build and enhance contract management systems, monitoring, and audit for service providers. It should also describe technical management protocols pertaining to service delivery, quality rating, and standards. Meanwhile, it must undertake the following: provide norms for the evaluation, certification, and classification of needs; devise management implements concerning benefits application, qualification, and disqualification; probe third-party regulatory approach for supervision enhancement regarding services and insurance fund utilization; intensify the control and management of budget and cost; and investigate appropriate payment schemes.

Operations management. Pilot cities need to enhance LTCI management in terms of capacity building, homogenize institutional structure and functions, aggressively coordinate staff allocation, and expedite information systems development. They need to develop LTCI operational processes, improve service processes, define pertinent standards, and devise management service methods. Social insurance organizations may investigate alternative implementation strategies, including outsourced management and procurement or the contracting of services and goods. Considering guaranteeing the safety and efficient insurance fund monitoring, pilot cities should aggressively engage diverse social forces, including certified commercial insurance enterprises, to assist in enhancing management service capabilities. They should intensify information network systems to implement information exchange and interconnection progressively alongside information platforms for healthcare establishments, nursing homes, and various significant industries.

The Long-term Care Insurance Pilots: Local Implementation and Policy Features

As previously stated, national policymaking in China typically commences with the central government, responsible for the issuance of Guiding Opinions and other policy directives, aiming to render broad advice for the local government without dictating details in the policies. Local governments have the discretion to specify the requirements and formulate detailed policies tailored to local circumstances. Local governments are also responsible for implementations.

In this section, I will briefly explain and compare key policy features across the 15 LTCI pilot cites. Table 4 summarizes the insured population goal and the finance approach for every pilot city.

Table 5. LTCI in 15 Pilot Cities: Target Population and Financing Mechanism

Target Population	**City**	**Financing Sources**
UEBMI enrollees	Anqing	20 yuan pp/y (from UEBMI); 10 yuan pp/y (from individual)
	Chengde	0.2% of payroll (from UEBMI); 0.05% of payroll (from government); 0.15% of payroll (from individual)
	Chengdu	Non-retirees: 0.1% of payroll (from UEBMI); 0.1%-0.2% (from individual) Retirees: 0.2% of payroll (from UEBMI); 0.1% of payroll (from government); 0.3% of payroll (from individual)
	Chongqing	90 yuan pp/y (from UEBMI); 60 yuan pp/y (from individual)
	Guangzhou	130 yuan pp/y (from UEBMI)
	Ningbo	20 million yuan in total (from UEBMI)
	Qiqihaer	30 yuan pp/y (from UEBMI); 30 yuan pp/y (from individual)
	Shangrao	30 yuan pp/y (from UEBMI); 40 yuan pp/y (from individual); 30 yuan pp/y (from employer)
UEBMI+URBMI enrollees	Changchun	0.5% payroll (from UEBMI); 30 yuan pp/y (from URBMI)
	Shihezi	UEBMI enrollees: 180 yuan pp/y (from UEBMI); 40 yuan pp/y (from government) URBMI enrollees: 24 yuan pp/y (from URBMI); 40 yuan pp/y (from government)
UEBMI+URRBMI enrollees	Jingmen	0.4% resident disposable income per capita from previous year, with individual contributing 37.5% of the premium (36 yuan pp/y), government contributing 37.5% (36 yuan pp/y) and UEBMI or URRBMI contributing 25% (24 yuan pp/y)

	Nantong	30 yuan pp/y (from UEBMI); 40 yuan pp/y (from government); 30 yuan pp/y (from individual)
	Qingdao	UEBMI enrollees: 0.5% of payroll (from UEBMI); 0.2% of payroll (from individual); 30 yuan pp/y (from government) URRBMI enrollees: 10% of total premium (from URRBMI)
	Shanghai	UEBMI enrollees: 1% of payroll (from UEBMI) URRBMI enrollees: from URRBMI
	Suzhou	UEBMI enrollees: 70 yuan pp/y (from UEBMI); 50 yuan pp/y (from government) URRBMI enrollees: 35 yuan pp/y (from UEBMI); 50 yuan pp/y (from government)[17]

Notes: UEBMI = Urban Employee Basic Medical Insurance; URBMI = Urban Resident Basic Medical Insurance; URRBMI = Urban-Rural Resident Basic Medical Insurance; pp/y = per person per year.

2. Evaluation of Current Pilot LTCI

Drawbacks

One major advantage shared across the 15 LTCI pilot programs is that they are all designed on the principle of social insurance as a means of spreading and maximizing the risk pool for broad-based long-term care financing. Operationally, all these pilots build on China's robust, nearly universal social health insurance policy framework and infrastructure, which, if properly leveraged, can enhance the efficiency and save the administrative costs of the newly introduced LTCI program. Potential drawbacks or weakness of the LTCI pilots include inequitable coverage among population subgroups, meagre benefit package, overly stringent eligibility criteria for receiving benefits, and heavy reliance on existing risk pooled health insurance funds, as discussed below.

Target population of the insured. From Table 4, eight pilot cities currently cover UEBMI participants. Only two of them include both UEBMI and URBMI beneficiaries, while only five render most comprehensive coverages for UEBMI

[17] Feng Zhanlian, Elena Glinskaya, Chen Hongtu, Gong Sen, Qiu Yue, Xu Jianming and Winnie Yip. 2020. "Long-terem Care System for Older Adults in China: Policy Landscape, Challenges and Future Prospects", *The Lancet 396*: 1362-72.

and URRBIM beneficiaries alike. Urban workers are heavily favored compared to other urban inhabitants and the rural people. It is aligned with China's implementation of pension and medical insurance systems, encompassing urban workers before the rest of the population. However, emphasizing the coverage of LTCI for specific population segments by health insurance type poses the danger of perpetuating lingering inequities among sub-demographics rather than eradicating them.

Financing mechanism.

In most pilot cities, transfer dependence involving UEBMI and URRBMI funds as primary sources of LTCI funding can pose problems. China's current systems for social health-care insurance provide little coverage regarding approved medical treatments and rates of reimbursement[18]. Consequently, other medical bill payments remain inflated, particularly those benefiting from URBMI and rural NCMS. Utilizing pooled cash from medical insurance for supporting LTCI might aggravate such issues.

Regular individual contributions, a defining attribute of any scheme for social insurance, now portray a minor function in the majority of LTCI pilots. It is suitable and vital toward long-term sustainability to require and progressively raise LTCI funding individual payments[19]. Similarly, employer payments to LTCI funds, inherent to social LTCI systems, are missing from most existing LTCI pilots[20].

Politically, nonetheless, it may be impossible to demand further company payments to LTCI, considering that companies are already compelled to contribute

[18] Winnie Yip, Fu Hongqiao, Angela T. Chen et al. 2019. "10 Years of Health-Care Reform in China: Progress and Gaps in Universal Health Coverage", *The Lancet 394*, no. 10204: 1192-204.
[19] Li Fengyue and Junko Otani. 2018. "Financing Elderly People's Long-term Care Needs: Evident from China", *International Journal of Health Planning and Management* 33(2): 479-88.
[20] Rhee Jong Chul, Nicolae Done and Gerard F. Anderson. 2015. "Considering Long-term Care Insurance for Middle-income Countries: Comparing South Korea with Japan and Germany", *Health Policy 119*(10):1319-29.

regularly to various existing social insurance systems. These include work-related injuries, medical care, pension, maternity leave, and unemployment benefits). In March 2019, the Ministry of Finance announced that the employer contribution to an employee's pension fund would drop from 20 per cent to 16 per cent. It is predicted that additional adjustments to existing social insurance policies may be forthcoming to reduce the overall burden on employers. Therefore, at least from the standpoint of the central government and based on current policy trends, the chance remains slim for adding LTCI as yet another social insurance program that mandates employer contributions.

Moreover, all LTCI pilots rely significantly on funds that are pooled domestically, depending on regional resources and fiscal growth. Without considerable and continuous financial assistance from the national arm, developing a long-term LTCI system can be challenging.

Eligibility for benefits.

Presently, to acquire LTCI benefits, an insured must fulfill severe eligibility requirements. As an assumption, a considerable proportion of the recipients are terminally ill. Considering stringent qualifying requirements, LTCI can assist only a tiny fraction of handicapped beneficiaries necessitating long-term care. Indeed, it is essential and beneficial to establish stringent eligibility during the pilot phase; however, the eligibility standards must be gradually eased so that most handicapped individuals in need of care can acquire LTCI benefits.

Benefit package. Significant differences exist in LTCI benefits throughout the trial cities, mainly due to area-based inequities. In various pilot cities, the existing benefits package may be described as meager and by no means substantial. Furthermore, noticeable differences are present in the benefit package across beneficiary subgroups, particularly that the package is often more substantial for urban workers registered in UEBMI compared to other demographics benefiting

from URRBMI. From a budgetary standpoint, it makes sense to generate a low-ball offer in benefit packages during the pilot phase of LTCI. Meanwhile, it is necessary to progressively raise the covered benefits provided that LTCI funds stay viable.

Co-existence with private LTCI. At all levels, Chinese governments intensify their efforts to establish a viable system for long-term care, alongside the increasing participation of service providers and private investors[21]. These dynamic bolsters the potential for developing a vibrant aged care market in China. However, a major barrier to the growth of this emerging market is the lack of a nationwide, systematic and sustainable long-term care financing mechanism.

As the elderly care market develops, some commercial insurance companies begin to offer long-term care insurance that provides catastrophic coverage for policyholders who suffer certain severe long-term diseases. Meanwhile, considering such costly insurance for private long-term care relative to existing levels of income after retired, affordability is obviously a huge issue for many senior Chinese. Consequently, private yet accessible and high-quality services rests heavily on paying capacity.

Public financing for long-term care in China is rather insufficient when it compares to demand of it and it is also limited to the following aspects:

(i) Fundamental assistance for a few welfare claimants, typically identified as "three no's" (三无), specifically those losing capacity to work, having no income source, or having no family or legal guardians that can provide support.

(ii) Subsidies in capital for developing nursing homes, residential care facilities, and community centers for the senior's benefit.

(iii) Operational appropriations for aged care facilities and community centers that are run by private sectors.

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[21] Feng Z.L.,Elena Glinskaya, Chen.H.T., Gong S. Qiu Y., Xu J.M. and Winnie Yip.2020. "Long-term Care System for Older Adults in China: Policy Landscape, Challenges, and Future Prospects". *The Lancet 396* 10259: 1362-72.

(iv) Financial assistance for continuing insurance trial long-term care schemes in particular provinces and cities. Furthermore, through cash or redeemable vouchers for authorized services, certain local governments grant restricted allowances for the benefit of the elderly individuals in need and have satisfied specific criteria, including those at least 80 years old or those who are frail and without any children living with them or nearby.

Currently, subsidies from supply-side to service providers and demand-side subsidies to service users are remarkably unbalanced. The government generally invests much more in facility construction, setting up bed and subsidizing other operational costs than in distributing cash allowances or service vouchers directly to consumers.

Together them all, public cost on aged care services accounts for an estimated 0.1 percent (data from 2010) of the gross domestic product (GDP) in China, which is a rather small amount considering the large demand for those services, especially compared to an average of 0.8 percent of GDP in OECD (Organization for Economic Co-operation and Development) countries[22]. Current public financing remains uneven and flexible, with a significant dependence on welfare lottery profits, despite being restricted. Around 60 percent of national senior welfare-related expenditures are funded by public welfare lottery; the rest are by local governments (25%) and other sources (15%).[23]

Policymakers in China have begun to realize that in order to attract more private sector service providers and meet growing market demands, they have to figure out more dependable ways of paying for services. Otherwise, public long-

[22] Christine de la Maisonneuve and Joaquim Oliveira Martins. 2015. "The Future of Health and Long-term Care Spending", *OECD Journal: Economic Studies 2014*: 61-96.
[23] Joshua M. Wiener, Feng Zhanlian, Nan Tracy Zheng and Song Jin. 2018. "Long-term Care Financing: Issues, Options, and Implications for China", *Options for Aged Care in China: Building an Efficient and Sustainable Aged Care System*: 191-213.

term care services will no longer feasible or sustainable. While existing policies have still emphasized increasing the supply of and developing long-term care infrastructure, paying the recurring cost of such services and enabling their universal affordability remain a significant challenge to the government.

Supportive Measures by the Guiding Opinions

Coordinating with other social insurance system. Regarding fundraising and their benefits, LTCI tends to work aggressively alongside comparable social insurance systems. To prevent the insured from attaining duplicate benefits, LTCI must not compensate treatments likewise covered by comparable existing social insurance programs.

Furthering development of the long-term care service system. Pilot cities must undertake deliberate efforts to build LTC systems while promoting and advising NGO to partake in developing the sector on long-term care services. LTCI must apply laws and financial incentives to favor home- and community-involved services over institutionalized care, while encouraging LTC institutions to expand their services to encompass households and domestic communities. Suggestively, volunteers, family caregivers, and neighbors should render services and care for the benefit of the insured.

Exploring the establishment of a multilevel long-term care financing system. Pilot locations must actively guide LTCI's application on commercial insurance, social assistance, philanthropy, and comparable supplements to address different care levels. They must further compel exploring the systems on aged care subsidies to attain low-income seniors' LTC requirements, as well as commercial insurance firms to provide products and services on marketable insurance to sustain various LTC needs across several levels.

3. The Future of Long-term Care Insurance: Beyond the Initial Pilots

In the majority of the 15 pilot locations, the LTCI program remains in its early development phase. Currently, the pilots are facing two main challenges that may threaten the sustainability of LTCI: the shortage of financial support from both central and local governments, and the heavy reliance on risk pooled funds from medical insurance. In the long run, it is necessary to establish an independent funding pool for LTCI.

It is important to emphasize that the development of LTCI can also be leveraged to spur the growth of local aged care markets and generate economic gains. Currently, the aged care market in China is still underdeveloped. As such, many local governments will find it difficult to support the operation of LTCI due to the lack of qualified service providers and related infrastructure for service delivery.

Given these challenges, it would certainly have been unrealistic to realize the aspiring goal of "Using the pilot experience accumulated over a period of one to two years to set up a LTCI policy framework during the 13th Five-Year Plan period" by 2020, as suggested in the Guiding Opinions. Meanwhile, the central government has already moved on to expand the LTCI pilot programs to more cities. While this can be seen as a affirmative development, given the limited understanding of the current pilots in terms of their influence, viability and expecting sustainability, it would be useful to continue allocating time and resources to further develop the current LTCI pilots in order to solidify and fine-tune key policy parameters.

Equally important, additional efforts are needed to collect empirical data to track the evolution of the LTCI pilots, support their operations and assess their impacts. There is a lack of rigorous evaluation of the impact of the LTCI pilot

programs on the insured population in terms of accessibility to long-term care services, qualified care provided and care cost. The potential impact of LTCI on the utilization and costs of health- care services, particularly hospital-based acute care, is largely unknown. Such analyses entail the use of adequate and high-quality administrative and research data, which are currently under dearth. The impact of these ongoing LTCI pilots on the development of local aged care markets also remains unclear and warrants more research. A research- based evidence base goes a long way towards informing future LTCI policy options beyond the pilot phase.

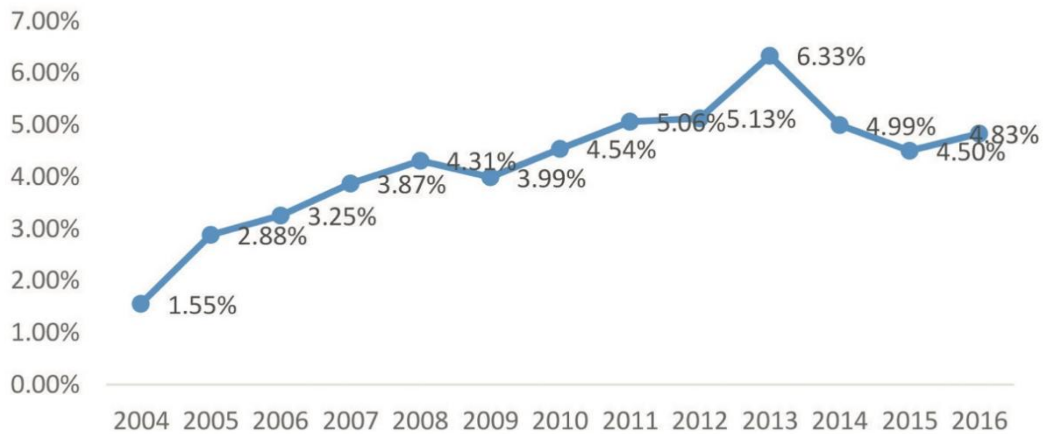
III. Practice of LTCI Pilots in Shanghai

Shanghai is a super-aged city in China. In 2013, Shanghai introduced a pilot home-based medical and nursing care scheme for the elderly, which built a foundation for the creation of the long-term care insurance (LTCI) system in 2016. This chapter gives a detailed account of the development of LTCI in Shanghai. It suggests the Shanghai government learn from the experiences of Germany, Japan, and South Korea to facilitate fair distribution of LTC services to people in need, increase the supply of elder care workers, and enhance their level of competency. Further, the use of smart devices should be promoted to improve the quality of home care.

1. Aging Background in Shanghai

The source of data in this section is the total population of Shanghai registered household registration and the number of people above 60 years old age who are registered in the Shanghai Statistical Yearbook from 2004 to 2017. It can be seen from Figure 1 that the degree of aging in Shanghai has raised year-by-year. Especially in 2014, with the aging growth rate reached 6.33%. Shanghai has reached a state of deep aging in 2015. Among them, the proportion of the population above 60 years old is 30.21%.

Figure 2. The Growth Rate of aging from 2004 to 2016 in Shanghai



Data source: Shanghai Statistical Yearbook 2005-2017.

On the other hand, according to the Sixth Population Census in Shanghai, health status is measured by self-care ability, it is divided into the elderly who are not disable, partially disabled and completely disabled and the latter two are composition of the disability rate as shown in Table 6.

Table 6. Distribution of disability among the elderly population

Age Distribution	**60-69 years old (%)**	**70-79 years old (%)**	**Above 80 years old (%)**
Total	100.0000	100.0000	100.0000
Not disabled	94.9725	85.1861	67.2086
Partially disabled	4.1806	11.3786	19.6793
Completely disabled	0.8469	3.4353	13.1121
Disability rate	5.0275	14.8139	32.7914

The phenomenon so called the ‘purely old family’ (纯老家庭) in which all family members are over 60 years old is becoming more and more obvious, while the function of family security is weakened. The number of ‘purely old family’ in Shanghai by the end of 2016 reached 1.16 million, an increase of 173,700 compared with 2015. Among them, the number of elderly people over 80 was 311,100. And those living alone was 283,000, which included 30,800 childless seniors.

2. Development of LTCI in Shanghai

The pilot home-based medical and nursing care scheme for the elderly (2013)

The escalating growth of the elderly population in Shanghai led to an increasing demand for long-term care (LTC). In July 2013, Shanghai introduced a pilot home-based medical and nursing care scheme for older adults living in six subdistricts and towns in Pudong, Yangpu, and Changning Districts. The pilot scheme covered older adults who, aged 70 and above, were Urban Employee Basic Medical Insurance (UEBMI) participants, had household registration (hukou) in Shanghai, and lived in subdistricts and towns where the pilot scheme was implemented. Older adults who wanted to obtain medical and nursing care services through the scheme could submit a written application together with the photocopies of their identity card, household registration record, medical insurance card, and medical history to the Community Affairs Service Center in their living districts. The application was then passed to the medical insurance center for review. Once the application was accepted by the medical insurance center, older adults would get a needs assessment according to the standards set by Shanghai Municipal Human Resources and Social Security Bureau and Shanghai Municipal Health Commission. Assessment content included the health and medical conditions of older adults and their self-care ability.

After the assessment, the seniors would know about the level of care (照顾级别) they belonged to. Eligible older adults in care level two would receive three hours of services at home every week. Those in care level three or four would receive five hours of services at home every week. Those in care level five or six would receive seven hours of services at home every week. Although the scheme was called home-based medical and nursing care scheme, it actually also covered activities of daily living (ADLs) care. Services which were related to ADLs included changing bedsheets, washing face, combing hair, oral hygiene, perineal care, foot cleaning, dressing, assisting older adults to eat and drink, assist older

adults to turn over in bed, assisted cough, toileting, incontinence care, pressure ulcer care, fingernail and toenail care, bathing, and home safety. Medical and nursing care services included blood glucose and vital signs monitoring, venous blood sampling, giving oral drugs, injection, nasogastric tube feeding, urinary catheterization, enema, and oxygen therapy. They were provided by nursing stations, community health centers, nursing homes, and outpatient clinics. The standard fee of 65 yuan was charged each time if the services were provided by medical care assistants and 80 yuan was charged each time if the services were provided by qualified nurses. The Social Pooling Fund (SPF) of the UEBMI would cover 90 percent of the fees, with the rest covered by the service recipient's individual Medical Savings Account (MSA). The service recipient had to pay on his/her own if his/her individual MSA was unable to cover the service fees (See Table 7).

In November 2014, the pilot scheme was extended to 28 subdistricts and towns in Pudong, Yangpu, Changning, Xuhui, and Putuo Districts. In January 2016, the pilot scheme was extended to the whole city. As of 30 June 2016, the pilot scheme provided LTC services for about 155,000 older adults. The pilot scheme built a foundation for the creation of the LTCI system in Shanghai (Liu, 2018).

Table 7. The pilot home-based medical and nursing care scheme for the elderly (2013)

Description	To provide the elderly with ADLs care, medical and nursing care at home		
Target Population	The elderly aged 70 and above, who were UEBMI enrollees, had household registration in Shanghai, and lived in 6 subdistricts and towns in Pudong, Yangpu, and Changming Districts		
Eligibility	Care Level two and above		
Level of Care	2	3 or 4	5 or 6
Frequency of services	3 hours of services per week	5 hours of service per week	7 hours of services per week
Service Charges	[a] Qualified nurse: RMB 80 each time [b] Medical care assistant: RMB 65 each time The SPF of the UEBMI would cover 90% of the fees, with the rest covered by the service recipient's individual MSA. Out-of-pocket payment was required if the service recipient's individual MSA was unable to cover the service fees.		
			[1] Changing bedsheets [2]

Types of Service	ADLs Care	Washing face [3] Combing hair [4] Oral hygiene [5] Perineal care [6] Foot cleaning [7] Dressing [8] Assisting older adults to eat and drink [9] Assist older adults to turn over in bed
	Medical and nursing care	[10] Assisted cough [11] Toileting [12] Incontinence care [13] Pressure ulcer care [14] Fingernail and toenail care [15] Bathing [16] Home safety [17] Blood glucose monitoring [18] Vital signs monitoring [19] Venous blood sampling [20] Giving oral drugs [21] Injection [22] Nasogastric tube feeding [23] Urinary catheterization [24] Enema [25] Oxygen therapy

Source: Policy Interpretation of the Opinion on the Pilot Medical and Nursing Care Scheme for Older Adults in Shanghai (Chinese version) (2016). Online. Available: http://m.lc123.net/ laws/2016-08-30/291483.html.

Pilot Program of LTCI in Shanghai (2017)

The 2013 pilot home-based medical and nursing care scheme for older adults built a foundation for the creation of the LTCI system in Shanghai in 2017. In December 2016, the Shanghai municipal government issued Pilot Measures for Long-term Care Insurance in Shanghai (hereafter the 2016 Pilot Measures). According to the 2016 Pilot Measures, LTCI would be implemented first in Xuhui, Putuo, and Jinshan districts in January 2017 to provide ADLs care, medical care, and nursing care for people with long-term disability. It would then be implemented in the whole city starting from January 2018.

Who receives benefits?

LTCI covered all the UEBMI participants as well as Urban and Rural Resident Basic Medical Insurance (URRBMI) participants aged 60 and above. According to the 2016 Pilot Measures, UEBMI participants, their employers, and URRBMI participants were required to pay LTCI premium. UEBMI participants were required to contribute 0.1 percent of their average monthly salary in the previous year to LTCI. Their employers were required to contribute 1 percent of their employees' average monthly salary in the previous year to LTCI. Retired UEBMI participants did not have to pay LTCI premium. For URRBMI participants, they were required to contribute about 15 percent of the total premium, with the rest of the premium being shared by the municipal and district finance in a 1:1 ratio. LTCI in Shanghai had two separate accounting systems: one for UEBMI participants and one for URRBMI participants.

How to receive LTCI?

Participants aged 60 and above and had household registration in Shanghai could submit an assessment application to see if they were eligible for receiving LTC services. They could submit the application through different channels such as Community Affairs Service Centers, Community Integrated Service Centers for the Elderly, online platforms, and mobile application. Once the district-level authority reviewed and accepted the application, it would entrust a designated third-party evaluation agency to send an evaluation team to the applicant's home to conduct the needs assessment. Evaluators were doctors, nurses, or social workers (Hu 2018: 85). Due to insufficient number of evaluators, every district in the city had to mobilize doctors who worked in community health service centers to use their spare time to conduct needs assessment at the applicants' homes (Dai et al. 2019: 11).

According to A Unified Needs Assessment Standard for Elder Care (Pilot), the evaluation team assessed the applicant's overall level of care needs based on two

dimensions: the applicant's self-care ability and disease severity. Self-care ability consisted of three components, including 13 ADLs (e.g. eating, toileting), two instrumental activities of daily living (IADLs) (i.e. using transportation and handling finances), and cognitive abilities (i.e. orientation to time, orientation to space, short-term memory, and instant memory). The corresponding weights of these three dimensions were 85 percent, 10 percent, and 5 percent respectively. Disease severity referred to 10 highly prevalent diseases among older population, including hyper- tension, chronic obstructive pulmonary disease (COPD), pneumonia, diabetes, Parkinson's disease, cerebral hemorrhage, cerebral infarction, advanced cancer, coronary artery disease, and lower extremity fractures (Shanghai Municipal People's Government 2016b). Each disease was assessed by four factors, including disease symptoms, signs, auxiliary examination, and medical complication, with a corresponding weight of 30 percent, 30 percent, 30 percent, and 10 percent respectively (See Table 8).

The scores of the dimensions of self-care ability and disease severity would determine the level of care needed by the applicant. The score ranged from 0 to 100 points. The level of care was defined on seven levels: normal, level one, level two, level three, level four, level five, and level six. A LTC information system software would be used to calculate an overall score and indicate the level of care needed by the applicant (Shanghai Municipal Human Resources and Social Security Bureau and Shanghai Medical Health Insurance Office 2018). A higher assessment score translated to a higher level of care required.

Table 8. A unified needs assessment standard for elder care (pilot) in 2016

Dimensions	Components	Weightage
Self-care ability	13 ADLs [1] Faecal incontinence [2] Urinary incontinence [3] Hand/face washing [4] Combing hair [5] Toileting [6] Eating [7] Standing up from a seated position [8] Sitting on a chair [9] Walking on level ground [10] Putting on/taking off clothes [11] Putting on/taking off trousers [12] Walking up and down the stairs [13] Bathing	85%
	Two IADLs: [1] Using transportation [2] Handling finances	10%
	Four types of cognitive abilities: [1] Orientation to time [2] Orientation to space [3] Short-term memory [4] Instant memory	5%
Disease Severity	[1] Hypertension [2]Chronic obstructive pulmonary disease (COPD) [3] Pneumonia [4] Diabetes [5] Parkinson's disease [6] Cerebral hemorrhage [7] Cerebral infarction [8] Advanced cancer [9] Coronary artery disease [10]Lower extremity fractures	Each disease was assessed by four factors: [1] Disease symptoms (30%) [2] Signs (30%) [3] Auxiliary examination (30%) [4] Medical complication (10%)

Source: Shanghai Municipal People's Government (2016b) Opinions on Comprehensively Promoting the Establishment of a Unified Needs Assessment System for Elder Care (Chinese version). Online. Available HTTP: http://law.esnai.com/view/181979/

In December 2019, an updated version of A Unified Needs Assessment

Standard for Elder Care (Pilot) was implemented in Shanghai. The updated version showed that an applicant's overall level of care needs was still evaluated based on the two dimensions of the applicant's self-care ability and disease severity. The updated version indicated that the government paid attention to the impact of cognitive impairment or dementia on care needs of older adults.

The evaluation team must finish the needs assessment within 15 working days. Based on the assessment result, the evaluation team suggested which type of LTC service would be suitable for the applicant and provided the name of the LTC service provider in the assessment report. After finishing the needs assessment, the evaluation team would submit both the assessment report and the Notification of the LTCI Needs Assessment Result to the district-level authority. Then, the district-level authority would notify the applicant of the assessment result. In principle, the assessment result was valid for a maximum of two years. The older adults should apply for the needs assessment again within 60 days prior to the expiration date of the assessment result. During the period, however, the elderly could submit a request for reassessment if his or her health condition had changed.

What are the service providers?

In Shanghai, LTC services are provided by medical institutions, elder care organizations, and community elder care organizations. Medical institutions refer to nursing hospitals, nursing stations, community health centers, and outpatient clinics that have obtained the Practice License for Medical Institution. Elder care organizations refer to organizations that have obtained the Permit for establishing. Elder Care Institution. Community elder care organizations refer to those that have obtained Non-profit Organization Registration Certificate.

3. Evaluation of LTCI in Shanghai

Since the implementation of LTCI, Shanghai has seen an increase in the number of beneficiaries. As of end October 2017, 14,000 out of 25,000 older adults who submitted application were eligible for receiving community home care and nursing home care (Shanghai Observer 2017). The average age of LTCI beneficiaries receiving home care was 80.1 years old, while the average age of LTCI beneficiaries receiving institutional care was 85 years old (Xu 2020). As of July 2019, the LTCI expenditure was RMB 1.27 billion, of which RMB 940 million was payment for community home care, RMB 300 million was payment for nursing home care, and RMB 30 million was needs assessment fee (Shanghai Observer 2019).

Pros are as follows.

Better utilization of medical resources

The implementation of LTCI in Shanghai helps utilize medical resources in a better way. A recent study which used the administrative patient-level data in Shanghai in 2016 and 2017 found that the implementation of LTCI led to the substitution of LTC for hospitalization and health improvement (Feng et al. 2020: 113081). The length of stay in LTC facilities significantly increased by about 55 percent while the length of inpatient stay decreased by 41 percent (Feng et al. 2020: 113081). Meanwhile, inpatient expenditures, medical insurance expenditures, and outpatient visits per month decreased by 17.7 percent, 11.4 percent, and 8.2 percent respectively (Feng et al. 2020: 113081). Besides, the study found that the implementation of LTCI had a greater effect on inpatient care and expenditures among older people aged over 80 years old (Feng et al. 2020: 113081). One possible explanation was that older people had more severe disability and had lower IADLs performance (Feng et al. 2020). They had greater demand for LTC. Through a cost–benefit analysis, the study also found that every extra RMB 1 spent

in LTCI could lead to a decrease of RMB 8.6 in medical insurance expenditures (Feng et al. 2020: 113081). In sum, the implementation of LTCI promoted more older adults to receive more care services in LTC facilities than medical services in hospitals, which drove the lower inpatient expenditures on average (Feng et al. 2020: 113081). It helped promote better utilization of medical resources and 'improve the allocation of health insurance funds' (Feng et al. 2020: 113081).

Reducing cost

In Shanghai, LTCI can greatly reduce the financial costs borne by care recipients and their family members because it covers 85–90 percent of LTC service fees, with the remainder paid by care recipients. As of 17 September 2018, the number of hours disabled elders receiving community home care had been accumulated over 6.31 million and the number of days elders receiving nursing home care had been over 13.18 million (The Development Research Centre of Shanghai Municipal People's Government 2020). This helped directly reduce the economic burden of older adults and their caregivers by RMB 131.1 million (The Development Research Centre of Shanghai Municipal People's Government 2020).

Cons are as follow.

As a super large city in China, especially under the aging population trend as described above, it is noticeable that the situation and characteristics of Shanghai and Japan share certain similarities, and the number of people who need care under the distribution of the elderly population in Shanghai from 2017 to 2027 is much lower than the number of people who need LTCI. Meanwhile, the current long-term care service has a large labor gap and high professional skills requirements, but the current salary is relatively low compared to the demand. Besides, the share of elderly care institutions is rather small, which is not enough to support the current occupancy needs of the severely disabled. The actual development has a greater impact on public health expenditures, especially the increase in public

health expenditures after the outbreak of the COVD-19 has brought greater uncertainty.

Inadequate receivers of LTCI

At present, LTCI beneficiaries are restricted to UEBMI and URRBMI participants who are aged 60 and above and who are in care level two and above. Disabled people aged below 60 are unable to enjoy LTCI. The number of people need LTCI is much larger than those in the pilot, which indicates the demand potential of LTCI remains huge.

Insufficient medical care experts

In Jading District, for instance, the ratio of home-based carers to the elderly is 1:63, while the rate of those with professional licenses consists only 48%. According to the LTCI Item List and Related Service Standards and Specifications (Trail) （《长期护理保险服务项目清单和相关服务标准、规范（试行）》), carers include 5 categories: health care workers (健康照护员), elderly care workers (养老护理员), medical elderly care workers (医疗养老护理员), licensed nurses (执业护士), licensed nurse practitioners (执业护师) and specialist nurses (执业专科护士). Workers can basically handle offering daily care, while clinical care are only qualified by nurses. It is one thing when there are not enough profession nurses, and another when workers are not qualified enough to give medical care. Hence, the services need to be enhanced, and carers must be well supplemented.

Lack of funding source

As the 'Sixth Insurance', the key feature of LTCI is its social universality and emphasis on social mutual assistance. It is likely that with the deepening of the aging society, the demand of elderly care increases, so does the pressure, especially

to a city like Shanghai. Without turning help to other methods, the fund pool will inevitably face grand challenges. Although the LTCI is a social insurance, commercial insurance should be considered and introduced at the same time under the pressure brought by the sharp increase of elderly and disabled population. It might be a good idea to learn from models implemented in other pilot sites, allowing payment from individual or employers into the fund pool.

To sum up, the implementation of LTCI in Shanghai leads to better utilization of medical resources, save medical insurance fund, and greatly reduce the financial costs by care recipients and their family members. However, the government needs to remove the age limit of LTCI, increase the supply and improve the quality of LTC workers, improve the quality of LTC services, and ensure the financial sustainability of LTCI in the long run. Looking forward, more people in Shanghai will have access to LTC and enjoy better quality of LTC services.

IV. LTCI Survey and Interviews

Of the respondents, in the assumption of 'ME' as the receiver (or future receiver) of LTCI, 76.61% (95 people) preferred care at home. A total of 16.13% of the participants (20 people) preferred to pay the nursing home. 4.84% (6 people) were paying the hospital to look after them. While, in the assumption of 'parents' as receiver (or future receiver), 76.34% (100 people) preferred seeing domestic care for their parents, 11.45% (15 people) chose nursing facilities, and 8.4% (11 people) voted for hospital care.

One more thing worth attention is that the original intention of the survey is designed to have a general understanding of LTCI, at a pure 'conception' level, rather than aim at some specific region. However, since the survey was spread out by the author, as a local Shanghainese, in the first place, so the 85% or above of the respondents are Shanghai residents (with Shanghai Hukou). Therefore, the results and opinions of interviewees can be viewed as part of representative of LTCI in Shanghai's case.

Table 9. Definitions and descriptions of variables included in the survey (n=143)

Variable	Measurement	Min.	Max.	Percentage (N)
Sex	1 = Male 2 = Female	1	2	20.28% 79.72%
Age	1 = 20-29 2 = 30-39 3 = 40-49 4 = 50-59 5 = 60-69 6 = 70 and above	3	1	53.85% 8.39% 2.1% 6.29% 23.78% 5.59%
Situation 1: Respondents as receivers				
Willingness of LTCI	1 = Absolutely 2 = Probably 3 = Depends 4 = Not at all 5 = No idea	4	2	27.27% 46.15% 13.29% 0% 13.29%

Choice of Care	1 = At Home/Local community	4	1	76.61%
	2 = Nursing Home			16.13%
	3 = Hospital			4.84%
	4 = Others			2.42%
Situation 2: Parents as receivers				
Willingness of LTCI	1 = Absolutely	4	2	40.56%
	2 = Probably			45.45%
	3 = Depends			6.99%
	4 = Not at all			1.4%
	5 = No idea			5.59%
Choice of Care	1 = At Home/Local community	3	1	76.34%
	2 = Nursing Home			11.45%
	3 = Hospital			8.4%
	4 = Others			3.82%
Degree of Satisfaction	1 = Very Satisfied	4	5	1.4%
	2 = Not bad			35.66%
	3 = Not good enough			12.59%
	4 = Unsatisfied			0.7%
	5 = No Idea			49.65%

When organizing the data results, this study found several points intriguing and worth further discussion.

1. Responsibility of parents' care and Gender culture

Among the 143 respondents, over 85% of them regarded that all children should share same responsibility when taking care of parents. Apart from those one-child generation, whom their parents can only turn to when they are in need, only 8 (out of 143) people think it the eldest child should take first responsibility, and 5 (out of 143) people chose 'those living nearest to parents'. All of those 13 people are in their 60s or 70s, which we can see some traditional mindset remains. However, it is unexpected that no one insist the female character (daughter or

daughter-in-law) should be responsible for elderly caring. Interviewee A and B even showed anger when seeing the 'daughter or daughter-in-law' option, accusing that "Why did it become an option in the first place?".

According to interviewees, there is something special about gender relations or social distribution in Shanghai. No doubt that like many other regions in China, there are different forms of gender inequality in Shanghai as well, however in some aspects, female even demonstrate more leading position. All female interviewees mentioned it has always been their father or husband that responsible for cooking, grocery shopping or even part of the housework. Interview D and E said that in their family, wife takes in charge of the salaries of spouses. Those phenomena are not quite usual to the traditional thoughts. Since the majority of the survey respondents are local Shanghai residents, the special gender culture of Shanghai could partly explain the results.

2. Lack of public awareness towards LTCI

The purpose of this survey is to determine the public's awareness about and satisfaction with Long-term Care Insurance. If the previous question evaluated the people's perspective on 'aging society', then this question touches on a more fundamental issue, namely, "How much do people know about LTCI?". The results indicate that of the 143 respondents, 66.4% (95 people) were unaware of or knew little about the LTCI, which makes it more difficult to say that the public has any substantive insights into the program. Among them, there were 69 young-generation group (20-39 years old), 7 middle-aged group (40-59 years old) and 19 seniors aged over 60 years old. So, when asked about their satisfaction with today's LTCI system, 71 people (49.65%) responded with, 'I have no idea'. Among them, 53 people were from young generation, 6 were from middle age and other 12 were senior group. The younger generation does not have enough knowledge on LTCI, probably due to their parents yet being too young to need care by others. However, in the survey, the popularity of middle-aged and elderly people's awareness of

LTCT is also not that high, which reflects the overall improvement of China's medical level in recent years and the continual development of social security and medical insurance, at least to some extent. Therefore, the demand, at least in Shanghai, is nowhere near the expected level.

Despite the fact that more than 60% of the respondents did not know clearly what LTCI was and how it worked, over 40% of them expressed high willingness to consider it for their parents and themselves in the future. The most popular reason was professional and thoughtful services by LTCI. Many people showed a high level of trust and expectation for the LTCI services introduced by the state. Interviewees A, B and C stated that while they are unsure of the application or implementation of LTCI, as it is a state-sponsored program, they expect that it will be more formal than private nursing institutions, with more reasonable prices and more standardized services. It is not so much about believing in LTCI system, but a natural preference for state-issued projects among Chinese citizens.

3. Legacy of One-child Policy

Among the result, it is surprising that the young generation group has particularly shown interest in LTCI after they become to have some knowledge of its functions through the survey questions and interviews. Interviewee A and B even inquired the author and did research on the internet about the LTCI during the interview. Both of them mentioned although they have not felt being threatened by the aging society as an individual, however, they still worried a lot about their life after retirement and beyond as a only child in their families. Interviewee B suggested that she did not have the plan of having a new family and giving birth, which made her more anxious about the elderly care issue when she gets old.

Young respondents of this survey target at people above 20 years old, which means most of those 20s and 30s are the generation of the 'One-child policy'. As known to us all, the significant result of the Family-Plan Policy since 1971 was to

increase the age of marriage and childbirth[24]. In China, despite the evident sacrifice of individual rights in the interest of the collective rights of Chinese society, the policy has generally been viewed as the right strategy for controlling the population explosion under the circumstances. However, the policy has resulted in an irremediable risk for social security, as, by 2050, China will be a so-called 'gray society[25]'. There is no doubt that this policy has placed Chinese society and its young generation at serious risk, especially in rural areas, where the elderly heavily depends on their families for elderly care.

In spite of the fact that One-child Polity did significantly improve the China's economy and reduced the incongruity between the population and public resources of China in a short time. During this period, the side-effect of the One-child Policy began to accumulate and burst out eventually, having long-term negative impacts on the future of Chinese society. The aging society is one of the main adverse consequences of this policy. China has nearly 40 million disabled and partially disabled elderly people, including nearly 10 million completely disabled elderly people in 2017[26]. The problem with an aging society and deficiency in LTCI for disabled people is leading to an irremediable challenge for social security in China as, between 2022 and 2035[27], China will face a serious situation caused by increasing by growing numbers of elderly people, with an annual net increase of 11.52 million and a 3.41% annual growth rate. The total number of elderly people will reach 420 million by the year of 2035[28].

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To put it briefly, as a result of a sharp decline in the number of children and the significant increase in the number of 'One-Child' in each family, the traditional nursing model of multiple children taking care of parents is severely crushed. Traditional family care is gradually vanishing, and nursing needs of the elderly cannot be fully met at the same time. Studying, working and moving away from home will result in a phenomenon of empty nest families (空巢家庭). If the only child becomes disabled or even more serious, dies, then the parents will have nobody to be taken care of. With the first generation of the only-child parents now reaching an old age, the risks of long-term care for them are increasing. Moreover, the One-child generation will face with the growing burden of taking both children and parents while striving in workplace. No wonder why there are more and more youngsters choose to stay single or not having children. But when they grow old (as Interviewee B), the problem of senior care haunts after. A true dilemma for this generation. Thus, how should the Chinese government and society do to response to the long-term care problem of Chinese families initiated by one-child policy would be a challenging issue.

4. Filial Piety and Cultural Shifts

Next is about the location of LTCI services. Regardless of it is 'parents' or 'me' as receiver, most people were more willing to receive care within one's own house. In the assumption of 'ME' as the receiver, 65 (out of 95) people felt more comfortable in a familiar environment, which, somehow contains the traditional ideal of returning to one's roots. Moreover, there is also possibility that the society as a whole subtly encourages everyone to enjoy their senior life at home. Out of 100 respondents, 44 people were reluctant to send their parents to a nursing home. In addition to reasons mentioned above, the interviewees A and B also revealed that there are many youngsters in their 20s and 30s who have not been married yet, thus

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2012. (Assessed on Apr 13)
http://www.stat.gov.cn/tjsj/tjgb/ndtjgb/qgndtjgb/201302/t20130221_30027.html

still living with their parents. It would be more reassuring for them if parents can be taken care of under their supervision. Additionally, part of the reasons was that they still believe it is their responsibility to take care of parents. As the only child, they have to study or work at the same time, so it is hard for them to have enough time spending on their parents. Feeling guilty about their neglection on the seniors makes them more inclined to have their parents cared at home.

Only 20 people selected nursing facilities to receive care and 7 of them said they did not want to burden their children in the future. While the other 6 have not been married or did not plan to marry in the future, so once they are in need, there is nowhere but nursing facilities will meet their needs. And all six are women in their 20s. Only 15 respondents were willing to send their parents to nursing homes. 9 of them agreed that the elderly care institutions might offer more professional services. Interviewee C and E mentioned that although 'ease my burden of caring' is also important, they thought that due to work and limited level of caring, they could not provide necessary assistance to parents, which might make them suffer. So professional carers or institutions are more preferable.

From the results, it is clear to notice that caring for parents (or seniors in family) has long been viewed as a family responsibility since filial piety is one of the most important values in Chinese culture.[29] It is no wonder why even the young generation would rather to arrange home-based care services for their parents, just for seeking at least a little mental relief, because they received education of respecting parents, the seniors and taking care of the elderly since childhood. And the whole society is expecting and demanding everyone to obey the traditional Confucian ethics, to become a 'dutiful son' (孝子), an obedient daughter (孝女). Wu (2016) stressed domestic elderly care is more valued among rural residents, who have poorer access to approach long-term care provision[30].

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While considering the ethical responsibilities conflicting with the actual caring ability of people in nowadays, it might be especially essential for the society to create an environment encouraging the public to choose between institutionalized and home-based long-term care, depending on their own conditions. Instead of undertaking all obligations on one's own, the governments should encourage the healthy development of eldercare industry, transforming ideas, paradigms and experience of elderly care through promoting a brand-new mindset of aging issue. At the same time, measures should be taken to monitor the quality of the care provided at home, because there might be risks of the family members receiving reimbursement, but lack the ability to provide the care in need by the senior.

5. Expected fund raising and improvement of LTCI

In regards to the issue of fund raising, more than 51% (73 people out of 143) people chose to become more involved, though the government provides the funds. While it appears that LTCI fund pool is largely derived from medical insurance already, interview B asserts the participation of private funds have the effect of valuing care recipients' opinions and decision more in choosing care services. That is why she was willing to give another payment to LTCI. The fund-raising issues is closely related to the debate of whether LTCI funds should be separated from the medical insurance, as already described in Section II. Therefore, it may be wiser to listen to public's voice regarding fund raising before LTCI becomes nationwide.

In terms of 'expecting improvement of LTCI', although many respondents had high expectations for its services, 37 people believed that the diversity of care services should be increased, and 51 people thought that nursing level should be enhanced. It is easy to understand that although the general public has a high preference for government programs, there are still concerns about the elderly care

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elderly in rural China: a case study in Lanxi county". *World Health Organ* 95: 167-173.

industry itself. This, in turn, illustrates the reasons that people resort to state-issued project rather than private institutions. Obviously, this survey did not take ‘income’ into consideration. The results might be different in high-income groups.

V. Conclusion

The purpose of the LTCI policy is to relieve the problem initiated by an increasing aging society and the relevant issues with the health care system within China. As mentioned in Section II and III, I mainly focused on the origin of LTCI in China, a broader range, and in Shanghai, a narrower range, the implementation and following problems. Then, I conducted a survey, as shown in Section IV, to grasp a generally picture of people's understanding of LTCI system.

Before moving any further, there are some limitations existing in my research that need clarifications.

First, this research was mainly based on a quantitative method. The data were gathered randomly through the survey, which means the respondents were not segmented by any other factors, such as social status, income, educational background, etc. The feedback from the survey may not be accurate or reflective enough for LTCI issue. Further studies and data are required to identify and quantify other more factors.

Second, some differences exist in LTCI among the pilot cities in the policy implementation process due to their local situation, which is so called 'policy gaps' in administrative science field. And the policy gaps among those pilot cities should be explored more in the future studies.

Third, this study contained a few interviews, all of them are from Shanghai, which means did not cover enough cases in other situation. Further studies are needed to obtain more details from other respondents in the future.

However, in summary, the LTCI program in China is still rather new, compared to the existing social and medical insurance, and it is in the early stage of development.

Until nowadays, the LTCI pilot programs are facing with challenges from both policy and cultural aspects, threatening its functioning, as well as the sustainability. From the policy side, there are two main tasks lying ahead. One is the lack of

financial support from both central and the local governments to the LTCI. The other one is the undeniable heavy reliance on the pool funds from medical insurance, impeding LTCI from becoming truly independent. Thus, it is after all, essential to build an independent funding pool for the LTCI for the sake of its long run. Moreover, in the cultural level, what has been suggested from the survey here is the insufficient awareness of LTCI among the public, particularly to the young generation, as a future national scheme that benefits the people. And the legacy of long-lasting filial piety embedded in the Chinese families has prevented Chinese people from utilizing the LTCI properly, struggling in the swamp of individual, family and governments in terms of elderly care responsibility.

Given those challenges above, it seems over optimistic to set the unrealistic goal of 'Learning from the pilot experience accumulated more than one to two years to establish a LTCI policy framework during the 13th Five-Year Plan Period by 2020', as stated in the Guiding Opinions. Although the goal failed to be so promising, the central government meanwhile, has already taken its steps to further expand the LTCI pilot programs to more cities, as it already did in early 2022. The continuous expansion can be viewed as a positive development, due to the overall limited understanding of the data and empirical experiences in those pilot cities. It might be useful to proceed allocating time and resources to develop the existing system of LTCI, in its impact, viability and sustainability, so as to strengthen and determine key policy parameters as soon as possible. Quote from Prime Minister Li Keqiang, he said that the LTCI will be expanded by Chinese government in order to provide 'happy twilight years' to each elderly person in China.[31]

Challenges mentioned above could also be solved, or at least released to some extent from political and cultural level. As for the political challenges, it is necessary to stress that the development of LTCI is also able to be leveraged to stimulate the one of elderly care market as a whole. Currently, the elderly care

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[31] Zhang, Y.Z.; Yu, X. 2019. "Evaluation of Long-term Care Insurance Policy in Chinese Pilot Cities". *Northeast Asia Study College, Jilin University*, Changchun 2699, 53-64

market within China is clearly underdeveloped. Since according to the survey, the public did not know much about LTCI but still showed much trust on it just because it is a national project, with indicates professionalism compared to the private market. As such, the central and local governments will find it tasking to fully backup the operation of LTCI due to the lack of qualified care workers and facilities for care delivery.

On the other hand, when it comes to the tasks in cultural dimension, in order to fully implement the LTCI into a larger scale, it may be important for the central and local government to make the public more aware of LTCI and persuade them to believe in the system. The author suggest that the state should work on developing a venue through which the LTCI is more publicly announced through various medias like news, promotion within the hospitals and etc. At the same time, the central and local governments should encourage the healthy competition within aging care market, in order to accelerate the development of eldercare industry. Set the public free from cliched ethical chains.

Last but not the least, China possesses a combination of some of the richest and poorest areas in the world, hence, issues such as the capacity to pay for social insurance and maintain it in a long-run, are fundamental to be addressed both timely and appropriately. Especially when today's LTCI remains in the beginning stage for China, not to mention huge differences between regions lying in front, policy making and practical implementation should be learnt from the experiences of pilot program. Therefore, more efforts should be put in to collect more empirical data and cases to track down the evolution of LTCI system in those pilot cities, supporting them with the operations, and evaluate the impacts at the same time, mainly on the insured elderly in terms of care services, quality of care and its cost accordingly. The potential impacts of LTCI on the exact usage costs of health care services, especially the hospital-based care is largely unclear and has been underestimated. Such analyses involve the utilization of adequate and high-quality administrative and research data, which are far from enough. The influence of

those ongoing LTCI pilots on the development of local elderly care market is still vague and warrants more studies.

VI. Appendix

Appendix A

Table 1. The Status of LTCI Implementation.

City	Responsible Department	Contract Start Date	Service Coverage	The Status of Implementation
Chengde	Bureau of Human Resources and Social Security, Chengde, China	2017.6	The Participants of UEBMI	LTCI has covered 245,000 people who participated the UEBMI. 899 participants have been benefited by the LTCI services.
Changchun	Bureau of Human Resource and Social Security, Jilin Province, China	2015.5	The Participants of UEBMI and BMIURR in Jilin Province	There are 35 nursing institutions and 20 professional caring institutions have participated in LTCI. 3892 participants have been provided with professional cares. And 5.568 million RMB has been paid as the reimbursement by government.
Qiqihaer	Insurance Regulatory Bureau Heilongjiang Province	2017.10	The Participants of UEBMI	There are 31 professional cares institutions that have been initiated in alliance with LTCI.
Shanghai	Bureau of Human Resource and Social Security, Shanghai, China; Development and Reform Commission Shanghai, China; Civil Affairs Bureau Shanghai, China; Bureau of Finance	2017.1	The Participants of UEBMI and BMIURR	The LTCI has completed covered. There are 78,000 people has been cared by the professional institutions and 108,000 has been benefited

	Shanghai, China			by the LTCI at home.
Nantong	Bureau of Human Resource and Social Security, Nantong, China	2016.1	The Participants of UEBMI	There are 1.202 million people Insured in LTCI. The rate of home care and professional institution care is 71:29.
Suzhou	Bureau of Human Resource and Social Security, Suzhou, China	2017.10	The Participants of UEBMI and BMIURR	Till April 2019, 64.89 million RMB has been paid as the reimbursement of LTCI.
Ningbo	Bureau of Human Resource and Social Security, Ningbo, China; Bureau of Finance, Ningbo, China	2017.12	The Participants of UEBMI	Till March 2018, 1.33 million RMB has been paid as the reimbursement of LTCI which reliefs 1200 RMB to each family monthly.
Anqing	Bureau of Human Resource and Social Security, Anqing, China; Bureau of Finance, Anqing, China	2017.1	The Participants of UEBMI	Till January 2019, there are 12 institutions that provide LTCI service in Anqing including 7 elderly care institutions, 4 professional care institutions and 1 family care institution. 4.5633 million RMB has been paid as the LTCI funds.
Shangrao	Bureau of Human Resource and Social Security, Shangrao, China	2017.7	The Participants of UEBMI	Till July 2019, there are 2341 people has benefited from LTCI.
Qingdao	Bureau of Human Resource and Social Security, Qingdao, China; Development and Reform Commission,	2018.4	The Participants of UEBMI	Till September 2019, the LTCI has covered 2.7 million people, and there are around 600

	Qingdao, China; Civil Affairs Bureau, Qingdao, China; Bureau of Finance, Qingdao, China; Insurance Regulatory Bureau, Qingdao, China			million RMB has been paid by LTCI in Qingdao.
Jingmen	Bureau of Human Resource and Social Security, Jingmen, China	2017.1	The Participants of UEBMI and BMIURR	Till July 2019, there are 2.46 million people covered by LTCI and then 4530 person-time have benefited in all.
Guangzhou	Bureau of Human Resource and Social Security, Guangzhou, China; Development and Reform Commission, Guangzhou, China; Civil Affairs Bureau, Guangzhou, China; Bureau of Finance, Guangzhou, China; Insurance Regulatory Bureau, Guangzhou, China	2017.8	The Participants of UEBMI	Till March 2018, there are 2500 benefited by the LTCI. This has significantly relieved the financial both of the government and families.
Chengdu	Bureau of Human Resource and Social Security, Qingdao, China	2017.7	The Participants of UEBMI	There is 94.64% of people who aged over 60 benefited by the LTCI. LTCI has signed 53 professional care institutions to provide the care to the participants.
Shihezi	Bureau of Human Resource and Social Security, Shihezi, China	2017.1	The Participants of UEBMI and BMIURR	Till 2018, there are 28 professional care institutions signed. And the rest cities of Xinjiang start to draw the lesson of LTCI from Shihezi.

Appendix B

Survey Questions

How do you view about LTCI? (Translation Edition)

---------------- General Questions -----------------

Q1: You are:

- male
- female

Q2: Your age is at:

- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- above 70

Q3: Do you have any siblings?

- Yes (to Q4)
- No

Q4: Who do you think takes the first responsibility for caring your parents?

- The eldest son/daughter
- Daughter(s)/ Daughter-in-law
- Every off-spring share the responsibility equally
- Whoever live with or nearby parents' house
- other: ___________

--------------- Questions about LTCI -----------------

Q1: Do you concern about “aging society/hyper-aged society”?

Very concerned

- a little concerned
- not so concerned
- not concerned at all
- have no idea

Q2: Do you think the current social endowment insurance and medical insurance can meet the nursing needs of the elderly?

- Totally
- Kind of
- Not enough
- Cannot meet at all

Q3: Do you know about the LTCI?

- Yes, I know it very well
- I know part of it
- I’ve heard of it but know little
- I’ve never heard of it

Q4 -Q10 Please answer the following questions resuming you are receiver of elderly care in the future.

Q4: When you need care from others, would you consider applying for the LTCI?

- Yes, absolutely (to Q5)
- Probably (to Q5)
- Might not (to Q10)
- Out of consideration (to Q10)
- I have no idea

Q5: Where do you prefer to receive care of the LTCI?

- At home (to Q6)

- Nursing facilities (to Q7)
- Hospital
- others: _________

Q6: What's the main reason for you to choose "nursing at home"? (to Q8)
- Prefer domestic environment (Feel more comfortable at my own house)
- Lower prices
- Still want care from my family
- Dislike nursing home (the environment, higher price etc.)
- others: ________

Q7: What's the main reason for you to choose "nursing facilities"? (to Q8)
- Relieve the burden of my family (kids)
- Nursing at home may not meet the needs of mine
- Prefer the atmosphere of nursing facilities (feel lonely at home)
- Have no kids/ have no plan for raising a kid so far
- others: ______

Q8: Please rank the importance brought by the LTCI as below:
- Daily care (showering, cleaning, walking etc.)
- Medical care (mostly to illness, disable)
- others (e.g.: mental care)

Q9: What is the main reason you'd like to apply for the LTCI?
- Low price
- Relieve the burden of my children
- Consideration service provided by the LTCI
- other: ____________

Q10: What is the main reason you are reluctant to apply for the LTCI?
- Want to be taken care by the family
- LTCI cannot meet my full need
- Hard to apply (too many procedures/too many candidates/to costly…)

- other: ________

Q11 – Q16 Please answer the following questions resuming your parents are receiver of elderly care.

Q11: Would you like to apply for the LTCI for your family in need?
Absolutely (to Q12)

- Probably (to Q12)
- Probably not (to Q16)
- Out of consideration (to Q16)
- I have no idea

Q12: Where do you prefer to your family to receive care of the LTCI?

- At home (to Q13)
- Nursing facilities (to Q14)
- Hospital
- other: ________

Q13: What is the main reason you prefer your parents to receive care at home? (to Q15)

- Nursing at home can totally meet the needs of elderly (level of assessment is low)
- Low price
- Parents refuses nursing facilities
- I feel guilty sending my family to nursing facilities
- other: __________

Q14: What is the main reason you prefer sending your parents to the nursing facilities?

- Nursing at home cannot meet the need of the elderly
- Care in nursing facilities is more professional and thoughtful
- Release my burden in taking care of them
- Parents ask for staying in the nursing home

- other: _________

Q15: What is the main reason for you to apply LTCI for your family in need?

- Relieve my burden
- Low price
- Considerate and professional service
- other: __________

Q16: What is the main reason for you reluctant to apply for LTCI for your family in need?

- Not feeling comfortable to my family taken care by others/ rather take care myself
- Services cannot meet the need of the elderly
- More trust on private professional facilities/carers)
- Hard to apply (too many procedures/too many candidates/too costly…)

other: __________

Q17: From your perspective, the fund of LTCI should come from

- Individual
- Individual as main source, government or employer as supplementary
- Government as main source, individual as supplementary
- Government
- other

Q18: How are you satisfied with the current LTCI?

- Very satisfied
- SO-SO
- Not so satisfied
- Not satisfied at all
- Have no idea

Q19: Where do you think the LTCI can improve?

- Provide with more services
- Enhance the level of carers

- More caring facilities

other: _________

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국문 초록

현재 여러 사회가 고령화로 인한 노인 돌봄의 문제에 직면하고 있으며 이에 따라 장기요양보험제도(LTCI)의 도입의 필요성이 커지고 있다. 특히 급속하게 발전하는 중국도 노인 돌봄에 있어서 다른 나라들 보다 더 심각한 상황에 부딪히고 있다. 이에 중국 정부는 2016년에 15개 도시에서 장기 요양보험 파일럿 프로그램을 시행했다. 최근 이를 전국적으로 확대, 적용하면서 중국의 상황에 맞는 장기 요양보험 제도를 수립하고자 모색 중이다.

이전의 연구는 중국의 LTCI의 실현과 효과를 거시적으로 검토하는 데 집중한 반면, 특정 지역의 파일럿 프로그램을 구체적으로 분석한 바 없으며, LTCI에 대한 수혜자 또는 미래 수혜자의 이해방식은 파악하지 못했다. 이에 이 논문은 상하이에 도입된 LTCI 파일럿 프로그램에 대한 사례 분석을 통해, 이론적 및 경험적 관점에서 장기 요양보험의 영향을 연구하려고 한다.

본 논문은 중국 중앙정부의 LTCI 도입 과정 및 정책 지침에 대한 개요로 시작하여 상하이의 설계와 중국 장기 요양보험 파일럿 프로그램의 주요 특징, 과제 및 전망에 대한 자세한 설명으로 시작한다. 또한 이 LTCI 파일럿의 장점과 한계, 실시, 도전 및 미래의 전망도 포함한다.

본 연구는 기존 문헌, 정부 공식 웹사이트 및 문서, 설문조사, 개별 인터뷰 등 방식을 통해서 상하이를 중심으로 중국 내 장기 요양보험제도에 대한 보험 수혜자의 이해방식과 이 제도가 미칠 사회적 영향을 밝히는

것을 목표로 했다.

장기 요양보험 프로그램은 아직 개발 초기 단계에 있지만, 스스로 생활하기 어려운 노인들의 신체 건강과 삶의 질에 긍정적인 영향을 미칠 것으로 기대된다. 다만 이 프로그램은 개별 가정이 돌봄에 지출하는 경제적 비용을 덜어주는 데는 한계가 있을 수 있다. 그리고 파일럿 프로그램이 각 지역에 노인들의 의료 시장의 발전에 미치는 영향도 여전히 불분명하며 더 많은 연구가 필요하다. 이 연구를 통해 파악한, LTCI 파일럿 프로그램의 실시 결과가 정책 입안자들이 중국 전체로 이 제도를 확대 시행하는 데 도움이 되기를 바란다.