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Policy Issues and Prospects for the Development of China's Long-term Care Insurance System: Taking Shanghai as an Example

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Abstract. At present, Shanghai is the earliest city that entered the aging society and the large city with the highest aging degree in China. Over the past 30 years, the total number of elderly population in Shanghai has increased dramatically and the degree of aging has developed rapidly. The current long-term care (LTC) insurance policy has been piloted in Shanghai for six years. This paper understands and analyses the current situation of LTC insurance in Shanghai from various aspects related to LTC insurance, and provides a strategic direction for improving LTC insurance from the level of service and policy formulation. In February 2024, the project team selected family members of LTC insurance beneficiaries in Qianzhong Village, Fengxian District, Shanghai (n=13), relevant healthcare workers (n=3), and the secretary of the village committee and the leadership team of Wufang Village (n=2) to conduct face-to-face and telephone interviews and surveys, which included satisfaction with the LTC insurance, the degree of ease of handling, the level of service, problems, and suggestions, and the interviews lasted for half an hour. The content of the interviews was recorded, transcribed into text, summarised to generate themes, and finally concluded based on the statements of representative interviewees. According to the three types of interviews, long-term care insurance is convenient and well-received in terms of processing, service, and policy evaluation. However, there are problems such as uneven levels of carers, high cost of institutional care, and mismatch between home and institutional care needs. Recipients anticipate additional government policies since they require long-term care insurance services urgently for serious illnesses. In the future, it will be essential to enhance caregiver education, enhance the way that care expenses are reimbursed, and optimize service offerings to better serve the requirements of various families and support the long-term care insurance system's growth.

Keywords: Long-term care insurance system; Global aging Nursing for the elderly; Public welfare policy for the elderly.

1. Introduction

The current status of pension issues and long-term care insurance systems around the world is a topic of increasing concern. As populations age, many countries are grappling with elder care and long-term care challenges. The following are the current status of pension issues and long-term care insurance systems in some typical countries:

Japan's population is among the oldest in the world. Their need for long-term care is growing. Japan established the Long-term Care Insurance System (LTCI) in 1997 to offer assistance to those requiring long-term care via both public and commercial insurance policies.

Germany established a long-term care insurance system (LTCI) in response to the issue of an aging population. In order to provide long-term care services to individuals in need, Germany implemented long-term care insurance in 1995. Both employers and employees are paid for these services.

China is facing the serious challenge of population ageing, with the problems of urban and rural population ageing, advanced ageing, chronic illness and incapacity becoming more and more prominent, putting enormous pressure on the old-age security system. Against this backdrop, the establishment of a long-term care insurance system has been recognized as one of the key initiatives

to alleviate the pressure on old-age services, upgrade medical care, promote economic growth, alleviate poverty, and adjust population policy. Especially for the severely ill and disabled elderly, the long-term care insurance system has played a great role in solving their basic living care as well as medical care expenses. However, the long-term care insurance system has faced many problems in its implementation, such as insufficient sources of funding, unbalanced payment of benefits, and uneven quality of service, so in-depth studies are needed to improve policies, solve problems and promote the healthy development of the long-term care insurance system.

After in-depth research, it is found that with the development of aging, the market volume of the elderly in China is expanding, and the care of the elderly has become a problem that Chinese society must face. Drawing on the elderly care service system of Europe and other countries and Japan, China has introduced a long-term care insurance system. And started the pilot operation in 13 regions. Because the Shanghai area long-term care insurance system is typical and has regional characteristics, the team chose to research, and hope that through studying the long-term care insurance system in Shanghai, they can develop a model that can be adapted for other regions in China. By combining local characteristics with their findings, they aim to create effective pension care policies that will benefit everyone.

2. Literature Review

Since the first pilot cities in China began their LTCI projects in 2016, local academics have identified the trajectory of long-term care insurance development in China, either based on the implementation status quo of long-term care insurance in China or on one or more pilot cities. However, the development of long-term care insurance in rural areas in China still faces some problems, such as the invisibility of demand, the lack of continuity of financial input, and the difficulty of applying for insurance benefits [1]. In order to cope with these challenges, establishing a long-term care social insurance system is a rational choice for China. Such a system can produce a series of significant economic and social benefits, including pension services, medical field, economic growth, and poverty reduction, population policy, etc [2]. For China, the functional orientation of the long-term care insurance system is not to transfer family responsibilities but to compensate for the deficiencies in the family's ability to care. Therefore, to establish a national unified care insurance system, participation should be open to all residents in urban and rural areas, regardless of age [3].

According to research on finance and financing, long-term care insurance for urban employees must be independently financed to prevent the health insurance fund from becoming unsustainable. The amount of long-term care insurance coverage for residents of rural as well as urban regions should also be gradually increased in order to avoid placing an undue financial burden on them [4]. Urban workers are suitable for a mixed system, and urban and rural residents are suitable for a pay-as-you-go system, and the study is important for the construction of a pilot financing system for long-term care insurance. The study deduces the conditions under which the pilot programme does not have financial deficits, which helps to select low-risk programmes for promotion [5]. In the future, attention should be paid to the linkage of financial income and expenditure, strengthening the prediction and assessment, and considering factors such as the demand for long-term care, the culture of old age, and industrial development [6].

Based on an examination of the first group of fifteen pilot projects, in terms of long-term care insurance funding, the function of the long-term care insurance system is not to transfer the family responsibility but to compensate for the deficiencies in the family's caregiving capacity. Therefore, to establish a national unified care insurance system, all individuals should be included regardless of age and residency, encompassing both urban and rural populations [7]. At the same time, it is necessary to clarify the positioning of long-term care insurance and establish a long-term and diversified financing mechanism and an appropriate level of treatment payment mechanism [8]. Moreover, the 15 pilot regions in China have initially formed an independent financing of long-term care insurance that is mainly based on the transfer of medical insurance, supplemented by financial allocation, and with the participation of individuals and the community [9].

Through empirical analyses, the project team studied the Sixth People's Hospital of Guangxi Nanning, Xiangtan City, and CHARLS data. Coordinating the link between social development and economic growth will help advance the creation of the long-term care insurance system. Medium and long-term development policies should be formulated, the governance model of multiple subjects should be constructed and the investment of talent capital should be strengthened [10]. The implementation of a standardized management system for nursing institutions further standardizes the operation and management of LTCI within the institutions, expands the knowledge of LTCI-related knowledge, and improves the motivation of the service personnel and the satisfaction of the service users, thus ensuring the sustainable development of the LTCI system [11]. Therefore, it is recommended to reasonably improve the population coverage, programme coverage, and quality of care services of LTCI, and the policy efforts are tilted toward the disadvantaged groups [12].

In the process of literature analysis, developed countries provide inspiration for China's long-term care insurance. The specific type of long-term care insurance needs to be clarified. There has been a long evolution of social welfare and several reforms, reflecting the uneven development between the East and the West [13,14]. In developed regions, it is recommended to adopt a commercial long-term care insurance system, while less developed regions should implement a social long-term care insurance system. In terms of system protection, payment methods, and other aspects, improvements are needed [15]. Japan and Germany are rich in long-term care insurance reference research. As representative countries of East Asia and Europe facing serious aging issues, they have introduced the "preventive care" system and commercial care insurance for individuals with low demand for care services. These initiatives provide valuable insights for developing a long-term care insurance system that is suitable for China's national conditions [16].

3. Results and Analysis of the Interview

3.1. Analysis of Interviews with LTCI Family Members Interviewed

3.1.1. General information of the interviewees

There are 13 interviewed family members of long-term care insurance, among which 10 are from Qianzhong Village, Fengxian District, Shanghai, and 3 are from Wufang Village, Fengxian District, Shanghai. The samples and results are authentic and credible.

3.1.2. Interview results

Most of the beneficiaries of long-term care insurance are mildly disabled, and the interviews were conducted in five aspects: the simplicity of the handling procedures, the fees and the source of funds, the content and quality of the services, the differences and needs between home care and institutional care, and the overall satisfaction and the evaluation of the policy.

Firstly, in terms of handling procedures, some interviewees mentioned that they went to the government centre in person. The processing procedures of the government affairs centres are also very convenient, as they only need to prepare the relevant materials and one outlet for all, without the need to make multiple trips. The level of home care workers is relatively low, and only a basic nursing certificate can not meet the nursing needs of the disabled elderly with serious diseases. Nursing workers, who are mostly non-professionals from third-party institutions, are middle-aged women from other fields who obtain temporary nursing certificates for work.

In addition, the government centres have outlets in several districts, in every town, which provides great convenience to residents. Some interviewees also mentioned that there are also helpers in the community centres, which provides additional convenience for the elderly who are not familiar with online operations or residents who are not able to go out. In addition, some interviewees mentioned that they made the declaration online using the Walk-in Office App. This suggests that LTCI processing is not only limited to offline, but online processing is equally convenient and fast. This combination of online and offline provides residents with more choices and meets the needs of different people. Family members indicated that they have not paid for LTCI so far, and the cost is

borne by the carers who come to their homes. This approach is similar to carers providing services in exchange for job opportunities and paying a certain amount of money for a place. Secondly, family members are satisfied with the service content of the LTCI. The carers will provide the elderly with services such as bathing, messaging, laundry, and cleaning. The family members particularly mentioned that the carers have a good service attitude and do not take any extra benefits, just like the People's Liberation Army. This shows that the service quality of LTCI is recognised by the families. The family members mentioned that at present, LTCI mainly provides home care services, but for the elderly when they are sick, they may need to be sent to a specialized institution for care. Families expressed concern about the reimbursement and cost of institutional care, saying that institutional care is more expensive and they may need to bear part of the cost themselves. In addition, family members expressed their demand for long-term care insurance services for major illnesses for home care and hoped that the Government could introduce the relevant services so that they could take better care of the elderly at home. Finally, the family members expressed great satisfaction with the LTCI service, believing that this policy has brought benefits to the elderly. They were particularly grateful to the Communist Party of China for its policy, which they considered to be of great significance to both families and society.

3.2. Analysis of Interviews with LTCI Workers Interviewed

There are 3 interviewed workers of long-term care insurance, among which 1 are from Qianzhong Village, Fengxian District, Shanghai, and 2 are from Wufang Village, Fengxian District, Shanghai. The samples and results are authentic and credible.

First of all, due to the particularity of nursing for the elderly and the influence of traditional Chinese concepts, the professional identity of nursing workers is generally low. Nursing talents who graduate from vocational and technical schools often leave the nursing market and choose other industries for various reasons. At the same time, the considerable remuneration brought by the nursing industry has attracted some people who have not participated in professional training, which leads to the large population mobility and uneven quality of the nursing industry.

What's more, the home care for the elderly in the long-term care insurance policy is entrusted by the government to a third party. As for-profit organizations, third-party organizations prefer middle-aged rural women because they have some experience in taking care of their families, and they work hard and pay low. However, they only pass one or two months of short-term training and obtain the primary care qualification certificate, with less investment, low professional identity, and the inherent female social status and family division of labor in Chinese society, they are easy to leave the market, and a high degree of personnel mobility is not conducive to the development of the system. According to the field research, the third-party care workers in the long-term care insurance system mainly come from the publicity of middle-aged rural women who become care workers. When she gets paid for her labor from the long-term care insurance system, she tends to tell her friends that the two will do the job together. This relatively primitive recruitment method is the mainstream of the current long-term care insurance system, which leads to special difficulties in personnel selection, assessment, and promotion. There is no room for excellent nurses to rise, and excellent professionals are easy to lose. This method also brings great difficulties to the management of personnel. A nurse usually cares for 4 to 6 elderly people. Once a nurse leaves, the elderly people she is in charge of may face the risk of incompetent care in the short term.

3.3. Analysis of Existing Policies on LTCI

3.3.1. Narrow coverage of insured persons, contrary to fairness

Just seven of the trial areas—where the LTCI system is now being used—cover rural residents. The percentage of senior people who are completely incapacitated is significantly greater in rural than in metropolitan regions, and these individuals struggle with poverty and disability together, making their circumstances even more challenging. The elderly impaired couple who have no children and are in greater need of life care and basic medical care are a group that greatly benefits from long-term care

insurance coverage. Long-term care insurance is a public policy that should be designed with universality and justice in mind. It should also consider the demographic makeup of China, even though it is still in the pilot stage.

3.3.2. Single funding channel and unclear division of responsibilities

From the policies of the pilot areas can be seen, the vast majority of pilot areas of long-term care insurance financing are more dependent on the health insurance fund and health insurance individual account allocation, relative to the realization of the true meaning of the unit contribution and individual contributions to the region, more inclined to the government's financial subsidies. The single channel of financing not only restricts the development of the LTCI system but also leads to its over-reliance on government subsidies. To a certain extent, most of the pilot areas have not delineated a clear body of responsibility for contributions, and their LTCI policy relies more on the government. The single financing channel has weakened the independence of the LTCI financing mechanism on the one hand, and the mutual assistance of LTCI on the other hand.

3.3.3. Low financing standards and large regional differences

Pilot regions exhibit significant disparities in financing levels and unit contributions, with individual contribution ratios being too low to highlight significant features. The low level of financing standards not only increases the financial pressure on the government but also limits the coverage of the beneficiaries in the pilot regions, making it difficult to meet the care needs of the beneficiaries and to ensure the sound and sustainable operation of the insurance fund in the long term.

4. Conclusion

Shanghai's long-term care insurance scheme is a welfare program that offers nursing services to senior citizens over the age of 60. The government funds 90% of senior citizens who enroll in the program, with third parties covering the majority of the remaining 10%. Disabled elderly families only have to pay a small portion of the costs. This project's analysis of Shanghai's long-term care insurance program for the disabled revealed that the elderly with disabilities and their families have varying degrees of satisfaction with the program.

Through visiting 13 groups of disabled elderly families, 3 medical workers of long care insurance and 2 grassroots government cadres, as well as the data obtained by recovering the 460 valid questionnaires, the project team scientifically and effectively analyzed the current situation of nursing services received by the families of disabled elderly with different levels in the long-term care insurance system. Research shows that the current long-term care insurance system can bring care services to the slightly disabled elderly that meet their needs, but for the severely disabled elderly, the nursing services of the long-term care insurance system can not fully cover their needs. This is due to the distribution of medical resources, the level of nursing workers, and the different financial support between the government and third parties.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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