

Chapter 3



Policy Analysis of China's Long-Term Care Insurance Pilots

- (1) Establishing a National Policy Framework
- (2) Policy Innovations in Pilot Regions

(1) Establishing a National Policy Framework

The issuance of the 2016 Guiding Opinions marked the official launch of long-term care insurance pilot programs across China, providing a foundational policy framework and implementation guidelines. These pilots aim to develop an LTCI system grounded in mutual social support, with a focus on ensuring basic daily living assistance and medical care for individuals with severe disabilities.

In the initial phase, coverage was limited to enrollees of the Employee Basic Medical Insurance scheme. Funding came from both employers and employees in fixed proportions, supplemented by surplus from the medical insurance system fund. Benefits were determined by the required care level and service modality, with reimbursement rates generally set at around 70%. The policy also emphasized the importance of service quality and fund management; refines disability-assessment standards and dynamic adjustment mechanisms; promoted alignment with other social security systems such as basic medical insurance and pension insurance, and encouraged the development of supplementary commercial insurance, thereby laying a foundation for future national-scale rollout.

The 2020 Guiding Opinions further built on the initial pilots by broadening their geographic reach and incorporating both urban

and rural residents into the LTCI system. It introduced a diversified funding mechanism by encouraging the participation of both government and social capital, refined benefit disbursement standards with a greater emphasis on home- and community-based care services, and strengthened service infrastructure by fostering professional training and innovative service models.

At the same time, the 2020 Guiding Opinions reinforced fund supervision, standardized disability assessment criteria, and aligned LTCI with existing healthcare and pension schemes. It also highlighted the importance of commercial insurance as a supplementary measure. These developments represent a strategic shift from limited pilots to a unified national framework. The 2020 Guiding Opinions further elaborated on the principles guiding LTCI system design and implementation, outlining the core operational components and forming a basic institutional framework (see Table 2).

This framework clearly specifies key elements such as eligible populations, funding mechanisms, and benefit disbursements. It also introduces detailed and standardized requirements for core processes, including fund management, service delivery, and administrative operations—thereby providing essential policy support for the implementation of pilot programs across regions.

Table 2 Key Elements and Operational Norms of China's Long-Term Care Insurance System

System Component	Basic Principles
Eligible Population	Initially covers individuals enrolled in the Basic Medical Insurance for Employees; the coverage can be gradually expanded.
Coverage Scope	Focuses on meeting the basic care needs of individuals with severe disabilities.
Funding Mechanism	Funding Sources: Based on the concepts of mutual assistance and shared responsibility, primarily funded through contributions from employers and employees.
	Fund Projection: Total annual contributions are scientifically calculated for each region under the principle of “expenditure aligned with revenue with a modest surplus”.
	Funding Standard: In principle, employers and employees contribute at equal rates. The employer's contribution base is the total payroll of all its employees; the employee's base is their own wage income.
	Adjustment Mechanism: A dynamic adjustment mechanism aligned with socio-economic development and evolving benefit standards.
Benefit Disbursement	Differentiated Benefits: Benefits are tiered according to care levels and service modalities, with incentives for home- and community-based care.
	Disbursement Scope: Covers services or financial support for basic daily living care and associated medical care.
	Disbursement Level: Fund reimbursements are generally capped at approximately 70%.
Fund Management	Fund Independence: The fund is managed independently under standardized institutional arrangements.
	Fund Security: Risk control measures include a complaints mechanism, information disclosure, internal control, and anti-fraud safeguards.
Service Management	Standard Setting: Institutional and personnel management standards are established and reinforced through comprehensive agreement management and oversight frameworks.
	Regulatory Oversight: Third-party supervision is imposed on both administrative and care service providers.
	Financial Oversight: Cost control measures and budgetary management are enforced.
Administrative Operations	Participation of socialized actors: Non-governmental actors are encouraged to participate actively in service administration.
	Capacity Building: Mechanisms for performance evaluation, incentives, and risk prevention are implemented.
	Operational Oversight: Comprehensive operational procedures and service standards are defined, along with agreement management and oversight by delegated agencies.

Source: *Guiding Opinions on Expanding Pilot Programs for Long-Term Care Insurance* (Document No.37 issued by the National Healthcare Security Administration in 2020).

(2) Policy Innovations in Pilot Regions

Drawing on the core policy framework of China's long-term care insurance system, we retrieved relevant policy documents publicly released by pilot regions from the China Pilot Long-term Care Insurance Policy Database (CLIP), 2023. These documents were analyzed with regard to eligible populations, coverage scope, funding mechanisms, disability assessment, benefit disbursement, administrative operations, service delivery, and fund management, providing a comparative view of practices across the two batches of pilot regions.

Eligible Population

As shown in Table 3, the coverage in pilot regions mainly falls into two categories: (1) Urban employees enrolled in Urban Employee Basic Medical Insurance,

including active employees, retirees, and self-employed individuals. This category is observed in the first batch of pilot cities like Chengde, Qiqihar, Anqing, and in second batch cities such as Tianjin, Jincheng, and Panjin; (2) Urban employees and urban-rural residents. This category is observed in cities like Changchun, Shanghai, and Nantong. It indicates that participation is structured according to the type of basic medical insurance, with a gradual expansion from urban employees → urban residents → urban-rural residents. However, differences in contribution mechanisms, channels, and levels between urban employees and urban-rural residents lead to corresponding disparities in contribution arrangements, posing challenges to system integration and equity.

Table 3 Eligible Populations of Long-Term Care Insurance in Pilot Regions in China

Eligible Populations	Pilot Regions
Urban Employees	Chengde, Qiqihar, Ningbo, Anqing, Chongqing, Tianjin, Jincheng, Panjin, Fuzhou, Kaifeng, Xiangtan, Nanning, Qianxinan, Kunming, Hanzhong, Gannan, Urumqi
Urban Employees & Urban-Rural Residents	Changchun, Shanghai, Nantong, Suzhou, Shangrao, Qingdao, Jingmen, Guangzhou, Chengdu, Shihezi, Shijingshan District (Beijing), Hohhot

Source: *China Pilot Long-term Care Insurance Policy Database*, 2023

Coverage Scope

As shown in Table 4, the target beneficiaries of LTCI in pilot regions fall into several categories: (1) Individuals with severe disabilities only, which is the model adopted by the majority of pilot regions; (2) Individuals with moderate or severe disabilities, as seen in cities like Changchun, Chengdu, Suzhou, Hohhot, and

Nantong; (3) Individuals with severe disabilities or cognitive impairment—for example, Qingdao, which includes individuals with dementia under its local standards; (4) Individuals with mild, moderate, or severe disabilities, as seen in cities like Shanghai and Guangzhou, which have broadened eligibility through locally developed disability assessment criteria.

Table 4. Beneficiary Categories of Long-Term Care Insurance in Pilot Regions in China

Benefit Recipients	Pilot Regions
Severe Disabilities	Shijingshan District (Beijing), Xiangtan, Tianjin, Jincheng, Panjin, Fuzhou, Kaifeng, Nanning, Qianxinan, Kunming, Hanzhong, Gannan, Urumqi, Chengde, Qiqihar, Ningbo, Anqing, Shangrao, Jingmen, Chongqing, Shihezi
Moderate & Severe Disabilities	Changchun, Chengdu, Suzhou, Hohhot, Nantong
Severe Disabilities or Cognitive Impairment	Qingdao (based on local standards)
Mild & Moderate & Severe Disabilities	Shanghai (local standards), Guangzhou (local standards)

Source: *China Pilot Long-term Care Insurance Policy Database*, 2023

As shown in Table 5, the benefits of long-term care insurance in the pilot regions include daily living care and medical care. While most regions limit their benefits to these basic services, a few have expanded their benefit scope to include functional maintenance, risk prevention, rental of device rental, prevention of disability and

dementia, medicines and consumables, and bed fees, etc. Generally speaking, daily living care mainly includes cleaning, assistance in eating, excretory care and other care contents closely related to daily life, while medical care mainly refers to medical care contents closely related to daily life.

Table 5 Scope of Benefits in China's Long-Term Care Insurance Pilot Regions

Regions	Living Care	Medical Care	Rental of Assistive Devices	Consumables	Functional Maintenance and Rehabilitation training	Risk Prevention of Disability and Dementia
Chengde						
Changchun						
Qiqihar						
Shanghai						
Suzhou						
Nantong						
Ningbo						
Anqing						
Shangrao						
Jingmen						
Qingdao						
Chongqing						
Shihezi						
Guangzhou						
Chengdu						
Beijing						
Shijingshan						
Tianjin						
Jincheng						
Huhehaote						
Panjin						
Fuzhou						
Xiangtan						
Kaifeng						
Nanning						
Qianxinan						
Kunming						
Hanzhong						
Gannan						
Urumqi						

Source: China Long-Term Care Insurance Pilot Policy Database 2023.

Mobilization of funds

The allocation of health insurance funds occupies an important position in the financing sources of long-term care insurance. At present, the following two modes are mainly used for financing in the pilot regions: First, single-channel financing. It relies solely on transfers from the employee medical insurance pooled fund, or through internal adjustments between the basic medical insurance pooled fund and individual accounts, with no additional contributions from employers and individuals. This model predominates in the early pilot phase. The second is multi-channel financing, which combines diverse sources—individual and employer contributions, government subsidies, medical insurance funds, lotteries, and social donations. Most pilot cities now employ this approach, drawing on at least two funding streams. On the whole, the pilot regions have formed a situation in which the main bodies of medical insurance funds, individuals, employers and fiscal budgets take up a certain proportion of the total, and have basically established a diversified financing channel of mutual aid and shared responsibility.

The financing methods used in the pilot LTC insurance program mainly include flat-

rate financing and fixed-ratio financing (see Table 6 for details). Under the flat-rate approach, a fixed amount of contribution per insured person per year is specified, such as in Anqing, Shangrao, and Qianxinan. Under the fixed-ratio approach, the contribution rate is set as a percentage of a designated base, which typically comprises total individual wages, per capita disposable income of residents, or the total social medical insurance premium in Xiangtan, Kunming, and Fuzhou. Contribution levels are often determined on the basis of a combination of factors, including local economic and social development, elderly care needs, cost of care services, and the scope and level of LTC insurance benefits.. Among the pilots, the highest flat-rate contribution is 1,500 yuan per person per year for Shanghai residents, while the lowest is 7 yuan per person per year for Qianxinan residents. For fixed-ratio financing, the highest rate involves transferring 3 percent of the total Employee Basic Medical Insurance pooled fund into the LTCI fund in Nantong City, while the lowest rate is set at 0.05 percent of the Employee Basic Medical Insurance contribution base in Guangzhou City, paid by employers as individual premiums.

Table 6 Financing Methods in China's Long-Term Care Insurance Pilot Regions

Financing Methods	Pilot Regions
flat-rate financing	Changchun (residents), Qiqihar, Shanghai (residents), Suzhou, Ningbo, Anqing, Shangrao, Jingmen, Qingdao (residents), Shihezi, Chengdu (residents), Beijing Shijingshan, Hohhot (residents), Panjin, Kaifeng, Qianxinan, Hanzhong, Gannan, Urumqi (residents)
fixed-ratio financing	Chengde, Changchun (employees), Shanghai (employees), Nantong, Qingdao (employees), Chongqing, Guangzhou, Chengdu (employees), Tianjin, Jincheng, Hohhot (employees), Fuzhou, Xiangtan, Nanning, Kunming, Urumqi (employees)

Source: China Long-Term Care Insurance Pilot Policy Database 2023.

Disability assessment

The disability assessment is a comprehensive assessment of the physical function of applicants applying for long-term care insurance benefits conducted by a professional assessment team appointed by the insurance administrative agencies in accordance with the standards and procedures stipulated in the insurance system. The disability assessment is a key link in determining the beneficiary eligibility, and is also an important way to control fund expenditures.

In August 2021, the Office of the National Healthcare Security Administration and the General Office of the Ministry of Civil Affairs issued the *Long-Term Care Disability Rating Assessment Standards (Trial)* (Document No. 37 issued by the Office of the National Healthcare Security Administration in 2021). This document categorizes assessment criteria into three primary domains—activities of daily living, cognitive function, and sensory-perceptual and communication abilities—and

further subdivides these into 17 specific indicators (e.g., eating, dressing, time orientation, communication). Disability is graded on a six-point scale from level 0 (no impairment) to level 5 (severe impairment). At present, all 49 national pilot regions are in the process of transitioning to these national standards.

As shown in Table 7, regional management of disability assessment are mainly divided into three types: firstly, the insurance administrative agency is directly responsible for disability assessment; secondly, a specialized assessment committee—either constituted by the regional labor capacity appraisal committee or by the insurance administrative agency—reviews and approves assessment materials; and thirdly, the government purchases assessment services from designated agencies under contract with the insurance administrative agency. Across all pilot regions, the standard procedural workflow is: *Application* → *Preliminary Screening* → *Material Review* → *On-site Appraisal*. Applications are mainly initiated

by the insured person himself or their family members, and are accepted through one of three mechanisms—service-provider, administrative-agency, or on-demand models—depending on the entity authorized to receive applications as stipulated by local regulations in each region. Upon accepting an

application for disability assessment, pilot regions have generally established the following procedural workflow: *on-site information gathering* → *centralized information review* → *determination of the disability level* → *public disclosure of the assessment results*.

Table 7 Disability Assessment Application Models in Pilot Regions for Long-Term Care Insurance in China

Model	Features	Representative Areas
Service Provider Model	Applications initiated by designated service providers, responsible for initial screening.	Jinan, Changchun, Qingdao, Guangzhou, Ningbo
Administrative Agency Model	Applicants apply directly to the administrative agency, and the preliminary screening is carried out either by the agency itself or by a designated service provider.	Chengdu, Tianjin, Shanghai, Qiqihar, Shijingshan (Beijing)
On-Demand Model	Multiple application channels are provided for applicants to choose from.	Nantong

Source: China Association of Gerontology and Geriatrics, et al. “Research on the Implementation of the National Strategy for Actively Addressing Population Aging”, Beijing: People's Publishing House, 2023.

Benefit Disbursement

In terms of the modalities of benefit disbursement, the primary form is service provision, with cash subsidies as a supplementary option. Currently, all pilot cities have considered the service provision model, but there are differences in the choice of cash allowances. The models are categorized as follows: (1) Service Only Model: This model provides services exclusively, exemplified by cities such as Shanghai, Suzhou, and Ningbo, where service resources are more abundant, and the service capacity is stronger. In these cities, services are purchased from

designated institutions to offer institutional or home-based care to individuals with disabilities. (2) Service and Cash Hybrid Model: It is more commonly found in regions with less robust home-based services, such as Chengde, Shihezi, and Jingmen. Cash subsidies are given to family members, relatives, or neighbors who provide caregiving services. Caregiving services are categorized into institutional care, as well as at-home and community-based care. Institutional care is further divided into medical institution care, integrated medical and nursing care, and nursing institution care. At-home and

community-based care includes services like institution-provided home visits, community-provided home visits, and community-based service. Currently, all pilot cities have included institutional care, but there are differences in at-home and community-based care. In some pilot cities, such as Shanghai, Qingdao, and Chongqing, only professional staff from care service institutions are authorized to provide home care. In others, such as Chengdu and Jingmen, institution-provided home care and informal family caregiving coexist. Finally, Nantong represents a hybrid model, where institution-provided home care is supplemented by small home-care subsidies to offset long-term care insurance out-of-pocket expenses.

As shown in Table 8, the methods for determining benefit levels can be categorized into two types: (1) Proportional Payment, with representative cities including Changchun, Chengdu, Shihezi, Tianjin, Jincheng, Kaifeng, Urumqi, etc. (2) Fixed-Amount Payment, with representative

cities covering Nantong, Ningbo, Anqing, Shangrao, Chongqing, Hohhot, Fuzhou, and Qianxinan. Most pilot regions combine a proportional reimbursement rate with an upper-limit cap. Moreover, three principal approaches to setting payment standards have emerged: Firstly, reimbursement rates vary by service modalities, with home-based care generally receiving more favorable rates. For example, Shanghai, Guangzhou, and Qingdao all apply higher reimbursement percentages to home-based care. Secondly, benefit levels increase with the disability level. Shanghai, for instance, defines six disability tiers, while Chengdu uses a three-level classification; in both cases, individuals with more severe impairments receive higher benefits.

Thirdly, benefit levels rise with longer contribution histories. In Chengdu, once a participant's cumulative contributions exceed 15 years, the reimbursement rate increases by one percent for every additional two years of contributions.

Table 8 Methods for Determining Benefit Levels in Pilot Regions for Long-Term Care Insurance in China

Methods for Determining Benefit Levels	Pilot Regions
Proportional Payment	Chengde (institutional care), Changchun, Qiqihar, Shanghai, Suzhou (home care), Qingdao, Jingmen, Guangzhou, Chengdu, Shihezi (institutional & home care), Xiangtan, Shijingshan (Beijing), Tianjin, Jincheng, Panshan, Kaifeng (home self-care), Nanning, Kunming, Gannan, Urumqi
Fixed-Amount Payment	Chengde (home care), Nantong, Suzhou (institutional care), Ningbo, Anqing, Shangrao, Chongqing, Shihezi (home self-care & non-designated), Hohhot, Fuzhou, Kaifeng (institutional care & home care), Qianxinan, Hanzhong

Source: China Long-Term Care Insurance Pilot Policy Database, 2023.

Insurance Administration and Service Management

Engaging specialized social actors to participate in insurance administration is a key strategy to ensure the stable operation of the LTCI system. In pilot cities, the administrative responsibility for LTCI resides either with medical insurance administration agencies or specialized LTCI offices established under medical insurance departments. On this basis, these cities generally adopt a government procurement model, inviting commercial insurers to bid for administrative contracts.

Since the pilot implementation of the system, regions have tailored service-management practices to local conditions—such as socioeconomic development, fiscal capacity, and the availability of elder-care facilities and services. Currently, the care services provided under LTCI system mainly fall into three categories: institutional care, home-based care, and home-based self-care. Among these, home-based self-care is a unique approach adopted in some pilot regions due to the lack of market-driven or

socialized home care resources. In this model, care is provided by family members, domestic helpers, or other informal caregivers under the guidance and supervision of professional social service agencies, with cash subsidies disbursed from LTCI funds.

To strengthen process oversight and tailor services to individual needs, pilot regions have widely implemented a service-item catalog system for LTCI. The catalog primarily covers two categories—daily living assistance and medical care—while some regions extend it to include rehabilitation training, risk prevention, functional maintenance, psychological counseling, and assistive-device rental.

To improve the standardization and professionalism of care services, pilot regions require service personnel to hold relevant qualification certificates. Service providers and administrative agencies utilize information technology tools and big data platforms—combining online and offline methods—to monitor service processes and safeguard service quality.

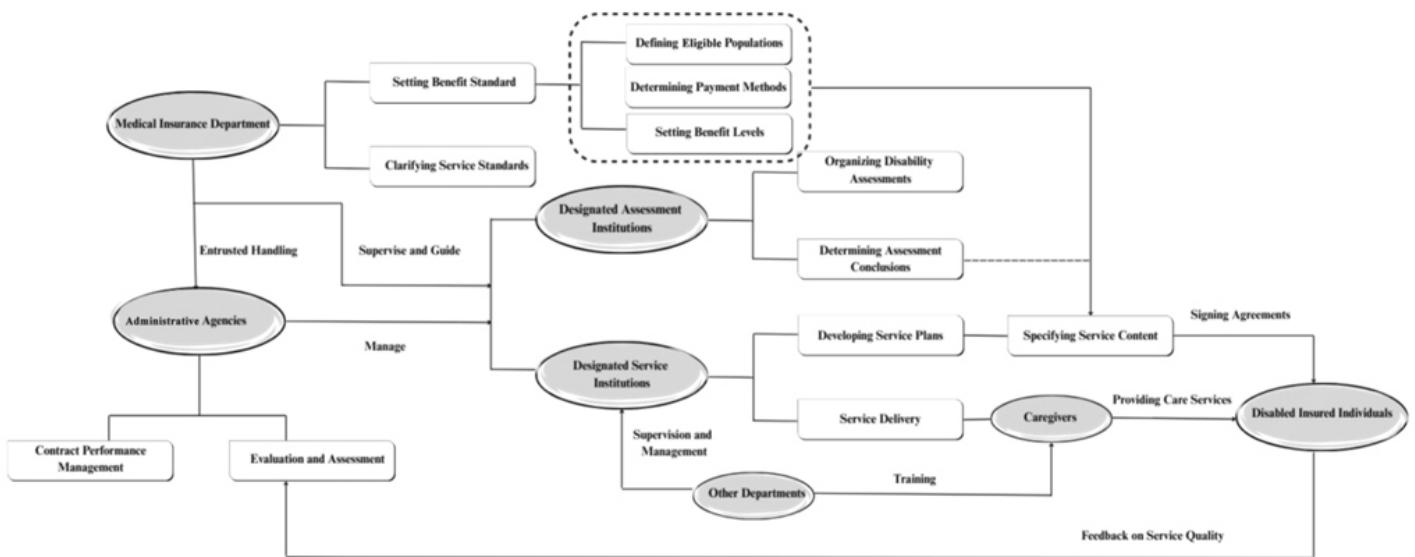


Figure 1 Long-Term Care Insurance Administration and Service Management

Source: Zhang Wenjuan, Mei Zhen. "Synergistic Development Strategies for Long-Term Care Insurance and the Social Elderly Care Service System: An Analysis Based on Pilot Experiences". Journal of Beijing Administrative College, 2024, (06) : 118-125.

Fund Management

The LTCI fund constitutes the fiscal bedrock for the scheme's ongoing operation, making a robust and stable management framework indispensable for its sustainability. In line with the 2016 and 2020 Guiding Opinions, fund administration is governed by existing social insurance fund regulations, mandating separate accounting and independent bookkeeping. Mechanisms for fund

supervision, including innovative oversight tools and strengthening risk-management mechanisms, must be established and improved, such as whistle-blowing and complaints handling, information disclosure, internal controls, and anti-fraud safeguards. Across all pilot regions, these arrangements uniformly mirror the institutional principles and operational standards of general social insurance fund management.