



Chapter 5

The Effectiveness of Implementing China's Long-term Care Insurance System

- (1) Progressing in Pilot Programs Steadily and Sustaining the Growth in System Outputs
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(1) Progressing in Pilot Programs Steadily and Sustaining the Growth in System Outputs

With the continuous advancement of the long-term care insurance pilot program, the system's operation has gradually matured, and the number of insured persons and beneficiaries have shown a significant and stable upward trend. As shown in Table 11, in 2017—the initial year of the pilot—the number of insured persons in the first batch of pilot regions was 44.69 million, while the number of beneficiaries was only about 75,000. With the gradual expansion of pilot cities, by the end of 2023, the number of participants in long-term care insurance nationwide has reached 183.31 million, representing a 3.1-fold increase compared with 2017. During the same period, the number of beneficiaries has also rapidly increased from 75,000 in 2017 to more than 1.3 million in 2023, an increase of nearly 18 times. Notably, the rapid growth in participation is due to the continuous expansion of the pilot scope. From the initial few cities to 49 pilot cities across the country, the improvement of coverage has enabled more people to benefit from this form of social security. In addition, urban and rural residents have been gradually included in the coverage scope, which has further promoted the increase in the number of insured persons.

From the perspective of fund revenue

and expenditure (see Table 9), in 2017, fund revenue was about 3.1 billion yuan and fund expenditure was 580 million yuan, indicating that the utilization of funds was relatively cautious in the early stage, mainly used to cover the basic care needs of a small number of people with disabilities. However, from 2017 to 2021, with the increase in the number of insured persons and the improvement of the service system, fund revenue and expenditure showed a steady growth trend. By 2021, fund revenue had increased to 26.06 billion yuan and fund expenditure reached 16.84 billion yuan, an increase of about 7.8 times and 28.7 times respectively compared with 2017. This growth trend shows that as the system deepened, the scale of the fund has continued to expand and the service capacity has been significantly enhanced. In 2022 and 2023, both fund revenue and expenditure experienced a modest decline. In 2023, fund revenue was 24.36 billion yuan and fund expenditure was 11.86 billion yuan, a decline from the high point in 2021. This decline may be affected by many factors: on the one hand, some pilot regions may have adjusted contribution rates or reimbursement standards, resulting in a slowdown in the growth of fund income; on the other hand, due to the impact of the

epidemic or other economic factors, some regions may have reduced the scale of fund expenditure. Nonetheless, overall fund

income remains at a relatively high level, sufficient to support the stable operation of the system.

Table 9 Overview of long-term care insurance in pilot regions from 2017 to 2023

Years	Number of insured persons (million people)	Number of beneficiaries (thousand people)	Fund revenue (billion yuan)	Fund expenditure (billion yuan)
2017	44.69	75	3.10	0.58
2018	76.91	276	17.05	8.28
2019	98.15	747	17.69	11.20
2020	108.35	835	19.61	13.14
2021	144.61	1087	26.06	16.84
2022	169.90	1208	24.08	10.44
2023	18.33	1343	24.36	11.86

(2) Ensuring Care Needs for Disabled Individuals

The services provided by long-term care insurance have significantly improved the health status of its beneficiaries while greatly enhancing their life satisfaction. For individuals with disabilities, long-term care insurance not only offers professional medical care and daily living assistance but also helps them better manage the challenges associated with physical impairments through scientific assessment systems and personalized service plans.

For families of individuals with disabilities, long-term care insurance has brought positive effects. On one hand, it has significantly alleviated the financial burden on households. Without long-term care insurance, families are often required to

cover high caregiving costs on their own. Long-term care insurance helps to offset a portion of these expenses. On the other hand, long-term care insurance has effectively reduced the time and energy demands on family members. Under traditional caregiving arrangements, family members typically sacrifice their own work and personal time to care for disabled loved ones, which can lead to severe physical and mental strain. The introduction of professional nursing services through long-term care insurance not only frees up family members' time but also allows them to focus on their own work and lives, thereby improving the overall quality of life for the entire family.

(3) Alleviating the Stress on Medical Resources

The advancement of the long-term care insurance system has significantly reduced the demand for healthcare services by optimizing resource allocation and minimizing unnecessary hospitalizations, thereby alleviating pressure on medical resources. Without long-term care insurance, many older individuals with disabilities opt for long-term hospital stays due to a lack of professional care services—a phenomenon known as “social hospitalization.” This not only occupies a substantial amount of medical resources that should be allocated to acute patients but also increases the financial burden on individuals and society.

Long-term care insurance has also indirectly promoted health management

awareness among insured individuals and their families. As more people focus on disease prevention and delaying disease progression, their demand for regular health check-ups, chronic disease management, and rehabilitation training has gradually risen. These behaviors facilitate early detection and timely intervention, preventing conditions from deteriorating to the point of requiring emergency medical care. For example, some pilot regions have launched family doctor contracting services for older adults, integrating long-term care insurance policies to provide in-home visits, long-term rehabilitative care, and hospice care for severely ill or disabled seniors.

(4) Promoting the Development of a Standardized Care Service System

The pilot program of the long-term care insurance system has achieved remarkable results, driving the establishment of care service standards and fostering the standardized development of the elderly care industry. By clarifying service scope, standardizing service procedures, and improving service quality, the system has laid a solid foundation for building a scientific and rational care service system.

Throughout the pilot process, various regions actively explored and gradually refined standards for care services. For instance, many pilot regions established unified disability assessment criteria and detailed care service item catalogs, which not only enhanced the professionalism of services but also ensured fairness and rationality in resource allocation.

The long-term care insurance pilot also promoted the standardization of care service processes. In practice, many regions introduced market access standards and

regulatory measures for care service institutions, requiring staff to meet specific qualifications and undergo regular inspections and assessments. Meanwhile, pilot regions adopted digital management tools, creating unified information platforms to record and monitor service processes in real time, further ensuring service quality.

Furthermore, the pilot program facilitated continuous optimization and innovation in care service standards. As pilot efforts deepened, regions refined existing standards based on lessons learned. For example, some pilot cities revised service reimbursement standards to include more in-demand items in the coverage scope, better meeting the diverse needs of individuals with disabilities. Some regions also introduced third-party evaluation mechanisms, inviting independent institutions to conduct objective assessments of service quality, thereby enhancing transparency and fairness in the standards system.

(5) Boosting the Development of the Elderly Care Service Industry

With the accelerating aging population in China, demand for elderly care services is growing. The long-term care insurance system, by providing stable financial support, has improved the scale and quality of nursing services, effectively promoting the entire care ecosystem including home-based care.

On one hand, the long-term care insurance system has provided clear market demand signal for the elderly care industry. Through standardized disability assessments and corresponding benefit disbursements, the system has clarified which services are covered, helping care institutions adjust their offerings and improve quality in line

with policy requirements.

On the other hand, the system has accelerated the development of a professional workforce for elderly care services. Various regions have introduced measures to strengthen vocational training for care workers and implemented training subsidy policies accordingly.

As the pilot program expands, it has also spurred the growth of local health and elderly care industries. By the end of 2023, China had totally 49 pilot cities for long-term care insurance, 8,080 designated service institutions, and 302,800 care service personnel⁹.

9.The National Healthcare Security Administration. The 2023 National Healthcare Career Statistical Bulletin [EB/OL]. (2024-07-25) [2025-02-24]. https://www.nhsa.gov.cn/art/2024/7/25/art_7_13340.html