



Chapter 4

Typical Practices in China's Long-Term Care Insurance Pilots

(1) Shanghai

(2) Qingdao

(3) Nantong

(1) Shanghai

Among all the pilot cities, Shanghai, Qingdao (Shandong Province), and Nantong (Jiangsu Province) have emerged as nationally representative cases due to their distinctive implementation models and notable outcomes. An detailed analysis of these three cities provides a comprehensive understanding of the specific approaches and innovative practices in China's long-term care insurance pilot initiatives

In 2017, Shanghai launched a pilot program for long-term care insurance (LTCI), initially conducted in Jinshan, Xuhui, and Putuo districts. In 2018, the program was expanded citywide. The system covers all urban employees, as well as rural and non-working urban residents enrolled in basic medical insurance. Eligibility is contingent on local household registration, being over 60 years of age, and an assessment indicating care needs at levels 2 to 6. In terms of funding mechanism, urban employees' contributions are drawn quarterly from the urban employee medical insurance pooled fund at 0.5% of the employer's contribution base. For rural and non-working urban residents, funding is sourced from the rural and non-working urban resident medical insurance pooled fund at a slightly lower per capita rate compared to that of urban employees³.

Shanghai employs a citywide standardized demand assessment system for older adults, focusing on two dimensions: functional capacity (activities of daily living, instrumental activities of daily living, and cognitive function) and disease severity (based on ten common geriatric conditions).

Assessments are conducted by qualified third-party agencies, with assessors (physicians, nurses, or social workers) required to complete training and certification administered by the municipal health authorities. Assessment criteria are developed by specialized institutions, and a double-blind algorithm embedded in the LTCI information system is used to generate scores and determine levels of care needs. Oversight is strengthened through district-level platforms, which carry out random audits, surveys, and third-party evaluations to ensure the integrity of assessments, referral procedures, and service delivery.

LTC services are structured into three models: 1) Community-based home care, which provides basic daily living assistance and closely related nursing services (excluding in-home hospital beds) ; 2) Institutional residential care, which is delivered within eldercare facilities, including services provided by integrated medical units; 3) Inpatient nursing care,

3. Shanghai Pilot Measures for Long-Term Care Insurance (Document No. 97 issued by Shanghai Municipal People's Government in 2017)

which offers long-term nursing services for insured individuals in designated non-acute nursing beds within nursing homes or primary/secondary healthcare institutions. Care institutions develop personalized care plans based on assessment results, ensuring services are delivered according to prescribed durations and frequencies. Care is implemented by trained personnel, including licensed nurses, certified eldercare workers and individuals who have completed accredited training in medical or health care services. The service package consists of 42 standardized items, covering basic living assistance, routine nursing care, and care guidance. Under the community-based model, service hours are allocated according to assessed care levels: three hours per week for levels two-three, five hours for level four, and seven hours for levels five-six⁴.

Shanghai's Civil Affairs and Health Departments leverage their sectoral expertise to conduct routine quality monitoring of eldercare institutions, community-based eldercare facilities, and nursing stations. The Municipal Healthcare Security Administration has established a

contractual management framework for designated LTC institutions and is actively exploring standardized third-party evaluation systems to standardize service provision and promote high-quality growth of the LTC sector.

Designated care institutions include medical facilities licensed by Health departments (e.g., nursing stations), and institutional or community-based eldercare providers approved by Civil Affairs departments. These designated institutions are subject to dual-layered regulatory oversight: at the sectoral level, they are supervised by the relevant regulatory and licensing bodies; once designated under the LTCI system, they are further governed by LTCI-specific regulatory entities and operate under the contractual terms set out in the LTCI designated facility agreement. Care personnel include healthcare professionals (e.g., licensed nurses) and eldercare personnel (e.g., medical caregivers, eldercare caregivers, health caregivers). All services are implemented in accordance with individualized care plans developed by the institutions based on the needs of the care recipients..

4. Shanghai Pilot Measures for Long-Term Care Insurance (Document No. 97 issued by Shanghai Municipal People's Government in 2017)

(2) Qingdao

In 2012, Qingdao established its LTCI system, and in 2016, it was selected as a national LTCI pilot city. All individuals enrolled in Qingdao's basic medical insurance and are automatically eligible to LTCI. For employees, funding is sourced through multiple channels: a monthly transfer of 0.3% of the total contribution base from the employee basic medical insurance pooled fund, a monthly transfer of 0.2% from basic medical insurance individual accounts, and an annual government subsidy of ¥30 per person. The total annual per capita funding for employees is approximately ¥300. For urban and rural residents, LTCI funding is primarily drawn from two sources: an annual allocation of ¥30 per person from the resident medical insurance fund, and government subsidies totaling ¥60 per person annually as of 2023 (comprising an initial ¥30 subsidy, with an additional ¥30 added in 2023). A reserve adjustment fund has also been established by allocating 30% of cumulative surplus from both employee and resident LTCI funds⁵.

To address the fragmentation of services, Qingdao advocates for integrated care services, which encompass both medical support and professional care services. The scope of services includes health management and maintenance therapy, long-

term nursing care, daily living assistance, functional maintenance, palliative care, hospice care, and emotional support. In terms of delivery formats, the system prioritizes both home-based care and institutional care. For home-based services, Qingdao has identified 60 specific service items that are either technically complex or cannot be independently performed by family caregivers. To ensure that older adults with disabilities or dementia can truly benefit from the dual guarantee of “medical services & care services” under the LTCI system, Qingdao has gradually built a multidisciplinary care team comprising physicians, nurses, caregivers, and other professionals to comprehensively address the needs of older adults with disabilities (or dementia). For example, physicians conduct home visits to perform medical procedures, assess whether patients with hypertension or diabetes require medication adjustments, monitor changes in their conditions, and address basic medical issues. Nurses regularly visit to deliver medications, measure blood pressure, monitor blood glucose levels, and manage the care and replacement of urinary catheters or feeding tubes. Caregivers provide home-based daily living assistance, such as bathing, toileting, and helping bedridden older adults with turning over

5. Qingdao Long-Term Care Insurance Implementation Measures (Document No. 6 issued by Qingdao Municipal People's Government in 2021)

and back-patting.

In terms of benefit levels, Qingdao has established reasonable reimbursement standards. For insured employees, the reimbursement rate is set at 90%. The reimbursement rates for first-tier and second-tier resident contributors are 80% and 75%, respectively. Regarding payment management, care allowances are linked to the individual's assessed level of care needs. Currently, for disability assessment levels three, four, and five, the maximum monthly reimbursement standards are: (1) ¥660, ¥1,050, and ¥1,500, respectively for employees; (2) ¥450, ¥660, and ¥1,050, respectively for residents. In addition, medical expenses are covered on an as-needed basis. For nursing institutions, medical cost settlements follow a per-diem bundled payment system, with differentiated standards set for various service formats to encourage reasonable medical practices⁶.

Since 2021, Qingdao has implemented a regional underwriting model, dividing the city into several administrative districts, each of which is underwritten by a commercial insurance company. These companies also participate in specific operational and evaluation tasks. In this framework, disability assessment agencies are primarily responsible for conducting disability level assessments and related tasks, while entrusted administrative service agencies assist medical insurance agencies in operating the LTCI system excluding

disability assessments.

The Healthcare Security Administration has issued regulatory documents on disability and dementia level assessment, as well as the supervision of entrusted administrative service agencies. These documents clarify the responsibilities of medical insurance administrative agencies, assessment agencies, and entrust administrative service agencies, establish regulatory requirements, and incorporate oversight into the performance evaluation of commercial insurers. Furthermore, a third-party management assessment mechanism has been established, linking assessment results to annual cost compensation.

Qingdao has adopted a dynamic “entry-exit” agreement management mechanism for designated nursing institutions. The accreditation process for these institutions relies on an expert evaluation-based admission system, which includes detailed criteria related to staffing, bed capacity, and service capabilities. Experts select high-quality providers based on scoring. Meanwhile, Qingdao has refined a multi-dimensional supervision mechanism, combining routine oversight with smart monitoring. Regular inspections, including self-audits, random checks, follow-up visits, and on-site verifications, ensure that LTC services comply with regulatory standards. An integrated information platform has been developed, enabling real-time monitoring of

7. Qingdao Long-Term Care Insurance Implementation Measures (Document No. 6 issued by Qingdao Municipal People's Government in 2021)

beneficiaries' profiles, caregivers' credentials, and service delivery status. A mobile nursing app with features such as GPS tracking, facial

recognition, and video call has been introduced to enhance the supervision and quality control of home-based care services.

(3) Nantong

In September 2015, Nantong launched a basic care insurance system, and in 2016, it was selected as a national pilot city for long-term care insurance. Nantong's system covers all urban and rural residents enrolled in basic medical insurance. Initially piloted in urban districts, the program followed a principle of gradual, stable, and accelerated implementation, progressively refining disability and dementia assessment criteria, third-party service standards, and care service protocols. By December 2019, LTCI was fully rolled out citywide, achieving comprehensive lifecycle coverage across both urban and rural populations, for both employees and residents.

Nantong has established an integrated care insurance system that operates in coordination with basic medical insurance scheme. The program adopts a diversified and dynamic funding mechanism that draws from four sources: government subsidies, basic medical insurance pooled funds, individual contributions, and social donations—reflecting a shared responsibility model among individuals, society, and the government. The annual premium is determined at approximately 3% of the city's previous year's per capita disposable income. Under the current standard, each participant pays 100 yuan annually, consisting of 30 yuan

from individual contributions, 30 yuan drawn from medical insurance pooled funds, and 40 yuan in government subsidies. Eligibility for benefits requires that an individual has undergone at least six months of medical treatment and has been officially certified as having either severe or moderate disability. Qualified beneficiaries then have the option to receive either home-based care or institutional care services based on their personal needs⁷.

Individuals opting for home-based care are entitled to three types of benefits. Firstly, they may select one home care service package from 11 available options, receiving four weekly visits at a monthly cost of approximately 1,100 yuan. The cost is covered by the LTCI fund with a personal co-payment of five yuan per visit. Secondly, they may access home assistive device rental or purchase services, with annual limits of 8,000 yuan for individuals with severe disabilities or cognitive impairment and 6,000 yuan for individuals with moderate disabilities or cognitive impairment. Costs within the limit are shared at ratio of 8:2 between the insurance fund and the individual. Thirdly, they receive home care service subsidies disbursed at a rate of 15 yuan per person per day for severe cases and eight yuan per person per day for moderate cases. For those choosing institutional care at

7. Opinions on the Establishment of a Basic Care Insurance System (Trial) (Document No. 73 issued by Nantong Municipal People's Government Document in 2015)

designated facilities, reimbursement is based on standardized average per diem bed fee ceiling, with direct settlement between the LTCI fund and designated institutions. Specifically, for care delivered in medical institutions, the fund pays 70 yuan per person per day for severe cases and 40 yuan per person per day for moderate cases; for care delivered in eldercare facilities, the fund pays 50 yuan and 30 yuan per person per day, respectively⁸.

Nantong employs a public-private partnership model to administer LTCI operations. Through open bidding, selected commercial insurers jointly establish the Care Insurance Service Center, which serves as a third-party administrator responsible for eligibility assessments, claims processing, payment settlements, auditing, and information system development and maintenance. Operations follow a fixed-rate, risk-sharing, and performance-based contract model. The Service Center also appoints community care managers who are tasked with policy communication, individualized care plan formulation, quality tracking, and dispute resolution. To ensure operational integrity, standardized workflow diagrams have been developed covering the entire process—from enrollment and eligibility application to assessment, benefit delivery, and institutional oversight. Over 10

critical risk points are identified and addressed through risk control protocols and a dual-review mechanism. A robust “pre-, mid-, and post-event” supervision system has been established to ensure traceability, compliance, and accountability across all operational stages.

In terms of service management, Nantong has issued a comprehensive set of administrative regulations, covering areas such as administration of designated care institutions, record-keeping, financial accounting, standardized service delivery, contractual agreements, performance evaluation, and institutional credit rating. In addition, a series of operational guidelines have been established, covering service provision, disability assessment, preventive care, and care service administration. To enhance care quality, Nantong has implemented comprehensive functional assessments for admitted individuals with disabilities, forming the basis for personalized care plans tailored to each beneficiary's specific needs. Designated care institutions are subject to a quantitative performance evaluation system encompassing over 60 indicators. Assessment outcomes are linked to incentive payments and integrity deposits, creating a mechanism that aligns service quality with institutional accountability and financial incentives.

8. Opinions on the Establishment of a Basic Care Insurance System (Trial) (Document No. 73 issued by Nantong Municipal People's Government Document in 2015)