

Health Insurance and Health Care among Mid-Aged and Older Chinese: Evidence from the National Baseline Survey of CHARLS

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Extended Abstract:

China has conducted a series of health reforms during the past two decades, including expanding its health insurance coverage and reforming its health service system. Although China continues with health reform, challenges remain. Availability of health services and generosity of health insurance programs and their inequalities across *hukou* and region are all still important issues.

The largest reforms of China's health insurance system were the introduction of two health insurance programs: the new rural medical cooperatives (NCMS), established in 2003, and the urban resident medical insurance, established in 2007. Before the establishment of these two programs, China's social health insurance system mainly covered workers in the formal sector, which comprises only a small proportion of Chinese people. With the establishments of NCMS and the urban resident medical insurance, the Chinese government successfully expanded its social health insurance system to nearly all people. The Ministry of Health in China declared a coverage rate of 95% by the end of 2011, while our calculation using the China Health and Retirement Longitudinal Study (CHARLS) suggests a coverage rate of 93% among people older than 45 in 2011. The expansion of health insurance coverage may improve the availability of health services and release health cost burdens, at least to some extent. But to what extent and for what groups of population is an issue that we want to explore in this paper.

Despite China's achievement in expanding health insurance coverage, a number of concerns have been raised about the segmentation of the health insurance system, the low reimbursement rate, rising health care cost, and a large difference in reimbursement across various groups. China now has more than four social insurance programs targeting different groups of population, and with those programs having quite different levels of reimbursement rates. For instance, the median of reimbursement rate of urban employee medical insurance for inpatient cost is about 66%, while that of NCMS is only 25%. Differences in reimbursement rates may then result in inequalities in utilization of health service, at the moment strongly favoring a subset of urban *hukou* holders.

So after a large set of health reforms, what is the profile of health insurance coverage? What is the profile of health cost burden given both rising health insurance generosity and rising health cost? How large are the differences in health insurance programs targeting different groups of the mid-aged and elderly population and what are implications of such difference on health service utilization? In this paper, using a national representative household survey data collected during 2011-2012, we document the key parameters of various health insurance programs in China and profile of health service utilization among mid-aged and older Chinese. We also

examine the correlates of availability of health insurance and health service. Estimates using CHARLS data show that overall health insurance coverage is about 93% with more than 95% of the insured covered by one of the three insurance schemes: New Cooperative Medical Scheme insurance (NCMS), Urban Employee Medical Insurance (UEMI) and Urban Residents Medical Insurance (URMI). Descriptive regressions show that respondents with lower income as measured by per capita expenditure (*PCE*) have lower chance of being insured. Premiums and reimbursement rates of health insurance both vary significantly by schemes, with UEMI has the highest level, followed by URMI and NCMS. Reimbursement rate increases with total cost except for that for inpatient service for rural people. For health service use, we find evident gaps varying across health insurance schemes. Insured people are more likely to use health service, especially for inpatient service. In general, Chinese people have easy access to median-low level medical facilities such as a community health center or a township health clinic. It is also not difficult to get to general hospitals or specialized hospitals for most Chinese people. But there exists a large difference in accessibility of health care facilities between rural and urban areas and between those with different health insurance schemes.