

Problems and Countermeasures of Commercial Health Insurance in China

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Abstract. In recent years, with the improvement of national self-protection awareness and our country's medical insurance system covering all citizens, that is, "universal health insurance", the status of commercial health insurance has been promoted unprecedentedly. How to locate our country's commercial health insurance and promote its healthy development have become new topics. Based on the reality of China's commercial health insurance at the present stage, this article analyzes many aspects of it and puts forward some suggestions to provide theoretical support for the development of commercial health insurance.

Introduction

The so-called health insurance refers to the financial compensation insurance system provided for the insured person suffering from illness or accidental injury as medical expenses or loss of income. Health insurance in our country is a newly proposed concept in recent years, which used to be known as medical insurance, but in recent years with the reform of the national medical and health system and the development of social insurance, as well as the improvement of people's living standards and universal awareness of the importance of health, the concept of health insurance was gradually formed. From foreign experience, commercial health insurance is an effective way of national medical insurance. China's commercial health insurance started in the early 1980s when the domestic insurance industry was reunited. After 30 years of hard work, some achievements have been made. However, with the further deepening of social security system reform, many deficiencies have also emerged, and how to make commercial health insurance play a better role in supplementing medical insurance has become a social issue.

The Current Situation of Commercial Health Insurance in China

Development Prospects of China's Commercial Health Insurance. Rapidly growing business scale. Since 2009, the domestic commercial health insurance has shown a good development momentum driven by the positive health care reform policy. China Insurance Association data show that from 2010 to 2016, premium income of health insurance grew rapidly from 69.172 billion yuan to 404.25 billion yuan, an increase of 5.8 times, accounting for the proportion of life insurance premium income increase from 6.37% to 18.2%, that is, the proportion of premium income in the entire industry increased from 4.66% to 13%; health insurance increased from 26.02 billion yuan to 100.075 billion yuan, an increase of 2.8 times. Meanwhile, the depth of health insurance increased from 0.17% in 2010 to 0.54% in 2016; the health insurance density increased from 50 yuan per person in 2010 to 292.3 yuan per person in 2016.

Unprecedented development opportunities. In recent years, with the implementation of a series of policies of ensuring growth, expanding domestic demand and benefiting the livelihood of the people, the positive factors in China's economic operation have been steadily increasing. The trend of stabilization and rebound in the economy has been gradually strengthened and the overall situation has been positive. The rapid macroeconomic recovery and continuous improvement of people's living standards have laid a good economic foundation for the development of health

insurance. The promulgation and implementation of the new medical reform plan has created unprecedented favorable policies and rare development opportunities for the rapid development of China's health insurance. A series of health care reform supporting documents will be promulgated one after another, and governments at all levels and all sectors of society have further deepened their understanding of the status and role of health insurance in the construction of the national medical security system. The important functions of health insurance for people's livelihood and health protection will develop better. Commercial health insurance will have an unprecedented opportunity for development.

Continuous increase of business entities. Health insurance has been a life insurance company's business since China reinstated the insurance business in 1980. April 8, 2005, the establishment of China's first health insurance company, People's Insurance Company of China, marks the beginning of China's commercial health insurance embarking on a path of specialized management. At present, the premium income of the five specialized health insurance companies all showed positive growth in 2016 with a growth rate of over 40%, surpassing the average growth rate of 36.78% of life insurance companies in the same period. Among them, premium income was most prominent in terms of HEXIE HEALTH INSURANCE. In 2016, premium income surpassed 100 billion yuan, a year-on-year increase of 247.44%. Currently, nearly 1,000 kinds of health insurance products have been provided, which are divided into four categories: medical insurance, sickness insurance, loss-of-income loss insurance and long-term care insurance, which also extend to service areas such as residents' health management. The continuous increase of business entities provides a solid foundation for the development of health insurance.

Vast market demand . At present, according to the statistics of relevant departments, with the population aging in our country being aggravated, the reform of public health and labor insurance system and the rising medical costs, the current expenses of residents for their own expenses have accounted for 80% of their health expenditures. In 2015, the total expenditure on national medical and health expenses was 3.87 trillion yuan, of which 31% is government spending, social spending is 39%, and personal spending is 30%. According to the conservative estimates of market participants, the medical expenses will exceed 8 trillion yuan by 2020, of which medical insurance can afford half of the individual commitment of about 4 trillion yuan. According to a survey conducted by the State Council Development Research Center, residents expect their health insurance needs to reach 77%, ranking the first place in the personal insurance business. At this stage, the social demand for health insurance is mainly reflected in: social security coverage of the population, especially the vast majority of rural population hospitalization, outpatient medical insurance; high medical expenses insurance; social security outside the scope of the special inspection, disease, treatment and medication medical insurance; higher-level treatment and medical insurance services enjoyed by high-income people.

Constant improvement of supervision of health insurance. In the supervision of the development of health insurance, regulatory policies are also constantly improving in recent years, and the regulatory efforts are constantly increasing, creating a good market environment for the development of health insurance. China Insurance Regulatory Commission (CIRC) attaches great importance to the development of health insurance and successively issued the normative documents on "Guiding Opinions on Accelerating the Development of Health Insurance," "Measures for the Administration of Health Insurance," and the Commissioned Management of Health Insurance, as well as the statistical system, forming a relatively complete and healthy Insurance regulatory system.

Deficiencies in the development of commercial health insurance in our country. Although China's commercial health insurance has gained rapid development in recent years, at present, China's commercial health insurance is still in its infancy. There are still many problems to be solved urgently.

Indeterminate policy support. The biggest predicament of commercial insurance in China is that it is more restrictive than any other kind of policy. Commercial health insurance is hard to move forward almost in the policy canyon. In many places, the social medical insurance administration

departments use the policy vaguely to incorporate supplementary medical insurance into the social security management system, which severely squeezes the living space of commercial health insurance. The country did not learn from the advanced concepts of foreign countries in purchasing commercial health insurance to provide tax benefits. The promulgation and implementation of the new medical reform plan has created unprecedented favorable policies and rare development opportunities for the rapid development of China's health insurance. However, in the specific implementation process, the policy support boundaries obtained by health insurance are ambiguous; the market orientation is unclear; the situation of health insurance has not been improved.

Moral hazard and adverse selection. Moral hazard and adverse selection in health insurance are common problems in commercial health insurance systems around the world and are the reasons why health insurance is classified as the most difficult to run in all insurance coverage. The information asymmetry between doctors, patients and insurance industry makes the occurrence of moral hazard between supply and demand of medical and health services extremely common and the adverse selection is very difficult to control. Our country is still in the primary stage of market economy, and the social credit system that matches the development of market economy has not been set up yet, so the social credit level is low. There are insurmountable information barriers and institutional barriers between providers and demanders of health care services, social security agencies, insurance companies and the general public. For example, it is not easy for commercial insurance companies to inspect the insured person's case, and penalties for moral hazard behaviors of hospitals and doctors are even more difficult.

Lack of professional technical personnel and management personnel. The risks of operating health insurance are substantial, and its operation and management activities require its practitioners to have special expertise in risk management, medical service management, provisioning, rate determination, reserve recovery and business supervision and management. It is necessary to have a group of professional technical personnel and management personnel engaged in risk analysis, risk selection and risk identification. However, due to the particularity of the history of the development of China's insurance market, there is a lack of insurance professionals in this field.

Serious homogenization of health insurance products. Currently, the health insurance market in China is increasingly dominated by the growing number of health insurance products. Although health insurance products appear to be abundant in quantity, most of the products in the market are mainly medical reimbursement type, major diseases, and additional hospitalization allowances and a few other products. As consumer demand for insurance is increasingly diversified, a single health insurance product can not meet their needs. Naturally it cannot be normally developed. For insurers, the lack of fragmentation means more risk. Health insurance products are the fundamental, if there is no real insurance market to meet the needs of the insurance company and the health insurance products, professional health insurance can only be empty talk.

Low specialization degree. Professional business philosophy of health insurance companies is not in place. Health insurance is based on morbidity but not on mortality, and differs from life insurance in terms of risk characteristics, characteristics of accident insurance, risk control concepts and methods, and actuarial principles, etc.. Besides, health insurance business in commercial insurance companies is subsidiary for a long time, so that insurance companies ignore the difference between health insurance and general insurance. Therefore, they have not formed a professional business philosophy.

Drug circulation system and health care system. The current problems of drug circulation system and health care system are one of the biggest obstacles in the development of commercial health insurance. As a third party who pays patients for medical expenses and illnesses in the health insurance system, commercial health insurers have little to do with drug distribution and medical treatment. Under the system of hospital and medicine, the pharmacy income of the hospital is directly related to the income of the hospital and the doctor. Therefore, the insurance company has very little control over the medical expenses of the medical service providers and the demand-side medical expenses. At the same time, under the existing health care system, fully competitive insurers have poor bargaining power with large hospitals, so they have no choice but to give up

benefits and reduce management .

Some Suggestions on the Development of Commercial Health Insurance in China

Obtain More Policy Support. In terms of international experience, the development of commercial health insurance is closely linked with policy support. Many measures are encouraged to promote the development of commercial health insurance. Some statutory medical insurance premiums are entrusted to the insurance companies for management; business tax and income tax are exempted for the health insurance businesses that are encouraged to be developed. Certain financial subsidies are even provided; allow business that purchase commercial health insurance list in cost before taxation within a certain limit; individuals are exempt from personal income tax for their purchase of personal health insurance.

Design Health Insurance Products and Improve the Health Insurance Product System. Product is the most important tool in the market competition. According to the health insurance market demand, to develop the correct product development strategy is the basis for business success. At present, the coverage of social medical insurance is narrow, and various insurance companies can vigorously launch insurance such as basic medical insurance, heavy sickness insurance and inpatient medical living allowance subsidy insurance for low-income and non-guaranteed populations; for workers who enjoy basic medical insurance, they should provide low-price, narrow-range and high-protection insurance; for the richer young people, they should provide affordable insurance with a moderate proportion, long term protection, and targeted coverage of insurance coverage; they should provide high-priced and highly-guaranteed insurance products to high-income middle-aged groups.

Establish a Cooperation Mechanism between Medical Institutions and Insurance Companies. If health insurance is not tied to and constraining the health care provider's interests, it is difficult to keep health care costs under control. To this end, many American commercial health insurers initiated and gradually established health maintenance organizations that mainly controlled the behaviors of medical service providers and implemented the advance payment system, which achieved good results in practice. Our country should encourage medical institutions to work with health insurers and bring together health insurance companies that are relatively fragmented and weak at the present time to enhance their capacity to start consultations with medical institutions by appropriate means, At the same time, in order to truly realize the supervision and management of medical services by commercial health insurers, legal obstacles to the insurance industry investment in the medical industry need to be solved.

Specialize Health Insurance Business. Professional management concept is a very important part of health insurance specialization. Health insurance companies should recognize that health insurance is very different from life insurance and property insurance in actuarial basis, pricing method and risk control; operating health insurance is not about controlling all the risks but about what risks are manageable and how to control them, which ones are impossible to control and how to avoid them; due to the large amount of moral hazard and adverse selection in health insurance, we cannot guarantee all that the client needs. What we provide is the fullest protection for what should be guaranteed and make sure it is firmly controlled.

Train and Introduce Professional and Technical Personnel and Management Personnel. Commercial health insurance is professional and technical, which is difficult to manage, so there is an urgent need for a high-quality professional personnel. Health insurance companies should carry out health insurance business at the same time, focus on strengthening the training of health professionals, to establish their own "hematopoietic" mechanism. They should also establish a professional training system for personnel related to health insurance and improve the professional qualifications of the health insurance team through the platform of the qualification examination system for life insurance practitioners. There is a planned and step-by-step introduction of a group of professionals from foreign countries and other industries related to health insurance to improve the company's business capability.

Improve the Company's Service Awareness and Level. Health insurance covers the body functions of human beings who are constantly changing due to the restriction of the laws of nature. From the pre-insurance medical examination, the inquiry from the policy holder, the examination of the under-covered medical insurance, the prevention and treatment of the disease to the claims after the accidental insurance, specialized customer service is required. The purpose is also to control the risk, to serve the insured better. Insurance companies should start with improving services, on the one hand, to increase the market competitiveness of products, on the other hand to help to establish corporate image, and to seize market share.

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