Basic social medical insurance in China

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BSMI

The basic social medical insurance scheme for urban employees (1998)

The new rural cooperative medical insurance scheme (2003)

The basic social medical insurance for urban residents (2007)
The basic social medical insurance scheme for urban employees

- Launched by the central government throughout the country in 1998.
- The local governments are allowed to adjust certain policies regarding
  - drug formularies
  - reimbursement
  - list of services to be reimbursed
  - and others

Financing for the insurance fund

8% = 2% + 6%

8% of employees' monthly payroll
(for a payroll of 1,000 yuan: i.e. 80 yuan)
2% contributed by the employee
(1,000 yuan: i.e. 20 yuan)
6% provided by the employer
(1,000 yuan: i.e. 60 yuan)
Fund distribution

The individual account
- Employees' entire contributions plus 30% of contributions from employers
- (i.e. 20+60*0.3=38 yuan)

The social pooling account
- the remaining employers' contributions are paid to the aggregate social pooling account
- (i.e. 60*0.7=42 yuan)

Account purpose

The individual account
- outpatient expenses, emergency services, and outpatient drug costs

The social pooling account
- inpatient's costs within a pre-defined band (above the deductible line but below the ceiling)
Basic Social Medical Insurance (BSMI) Card

For urban employees

### Example: BSMI hospitalization reimbursements in Beijing

<table>
<thead>
<tr>
<th>Classification of medical institutions</th>
<th>The deductible</th>
<th>The rate of reimbursement</th>
<th>Medical costs: above 40,000 yuan (above $6451.60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial hospitals</td>
<td></td>
<td></td>
<td>95%</td>
</tr>
<tr>
<td>Municipal hospitals</td>
<td></td>
<td></td>
<td>97%</td>
</tr>
<tr>
<td>Community health centers</td>
<td></td>
<td></td>
<td>97%</td>
</tr>
</tbody>
</table>
**Individual Reimbursement Rate for Outpatient Expenses in Beijing**

- Ceiling: 20,000 yuan
- Deductible: 1,800 yuan
- Reimbursement rates:
  - 100% (exceeding ceiling)
  - 70% (90% for community health service centers)
  - 30%
  - Out-of-pocket

Yellow = out-of-pocket
Blue = reimbursement (90% for community health service centers)
Ceiling = 20,000 yuan ($3556)

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**Social Pooling Reimbursement Rate for Inpatient Expenses in provincial hospital in Beijing**

- Total ceiling: 200,000 yuan
- Ceiling: 100,000 yuan
- Deductible: 1,300 yuan
- Reimbursement rates:
  - 100% (exceeding total ceiling)
  - 95% (40,000 yuan)
  - 90% (30,000 yuan)
  - 85% (10,000 yuan)
  - 80% (the deductible 1,300 yuan)
  - 70% (5%)

The ceiling
Case Study
(Gallbladder removal in Beijing)

Mr. Zhang, 30 years old, monthly income 6000 yuan,

Total medical cost: 14000 yuan ($2300)
outpatient fees: 500 yuan (all deductible)
inpatient fees: 13500 yuan (1300 is deductible)

Out-of-pocket payment calculation:
[14000-500-1300] * 85% = 10,370 yuan
15% = out of pocket = 1830 yuan
Total out-of-pocket = 1830 + 1800 = 3630 yuan ($600)

The New rural Cooperative Medical insurance Scheme (NCMS)
Implemented by the local governments at their discretion.

central government

Premium contributions

local governments

individual rural residents
Financing for the Insurance Fund: NCMS

The relatively poor regions of western and central China
- The central government assists the local government

The more affluent eastern region of China
- The responsibility of financing the premium rests solely with the local government

The role of central and local government in NCMS
- In 2014, the central and local governments increased their contribution to 320 yuan/person (~$50)
- Each individual contributes up to 90 yuan/person (~$15)
- The fund is mainly used for hospitalizations and outpatient expenses incurred in the treatment of critical diseases
- Scheme has been running on a voluntary basis
Case Study
(Lanzhou City in Gansu Province in western China)

Rural Area

Classification of medical institutions

<table>
<thead>
<tr>
<th>Classification</th>
<th>Deductible and Ceiling</th>
<th>Reimbursement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial hospitals</td>
<td>3000–40000 yuan ($484–6452)</td>
<td>60%</td>
</tr>
<tr>
<td>Municipal hospitals</td>
<td>800–30000 yuan ($129–4838)</td>
<td>70%</td>
</tr>
<tr>
<td>County or district hospitals</td>
<td>400–15000 yuan ($65–2419)</td>
<td>80%</td>
</tr>
<tr>
<td>Community health centers</td>
<td>100–3000 yuan ($16–484)</td>
<td>85%</td>
</tr>
</tbody>
</table>

NCMS Successfully implemented

- By the end of 2012, 89.8% counties in China had implemented the scheme
- 98.3% farmers (805 million people) in these counties had been enrolled
- In 2012, the annual funds of this rural scheme reached 248.5 billion yuan ($40.10 billion)
- Overall reimbursements totaled 240.8 billion yuan ($48.80 billion)
The basic social medical insurance for urban residents

• A trial program carried out in 79 cities since 2007
• Mainly covers the elderly, students, and children
• Increased the average subsidies in 2013 from 40 to 280 yuan ($45) per person per year
• However, subsidies vary from city to city

Financing for the Insurance Fund

The less developed areas
• The government subsidy is set at the guaranteed minimum of 40 yuan ($6.50) per person per year

The developed cities
• pay more for the insured residents
Fund purpose

• Hospitalization
• Medical expenses incurred in outpatient clinics for critical diseases

Case Study
(Chengdu City in Sichuan Province)

- Annual government subsidy: 260 yuan (~$42) per person
- Annual fees vary:
  - Individuals: 120 yuan (~$19)
  - Families with infants, young children, and primary and middle school students: 50 yuan (~$8)
  - University students: 40 yuan (~$7)
Example: BSMI hospital reimbursement in Chengdu City

The deductible for pooling funds is determined according to the different levels of medical institutions.

<table>
<thead>
<tr>
<th>Level of hospital</th>
<th>The deductible</th>
<th>The reimbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community health centers</td>
<td>100 yuan ($16.13)</td>
<td>92%</td>
</tr>
<tr>
<td>Secondary hospitals (municipal level)</td>
<td>200 yuan ($32.26)</td>
<td>75%</td>
</tr>
<tr>
<td>Top hospitals (provincial level)</td>
<td>500 yuan ($80.65)</td>
<td>50%</td>
</tr>
</tbody>
</table>

*The ceiling is not to exceed 4 times the preceding year's average disposable income for urban residents of Chengdu.*

Summary

<table>
<thead>
<tr>
<th>SCHEME</th>
<th>FUND FINANCING</th>
<th>PURPOSE</th>
<th>Enforcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMSI (Urban Employees)</td>
<td>8% of employees' monthly payroll</td>
<td>Inpatient and outpatient expenses, emergency services, and outpatient drug costs for all diseases</td>
<td>Mandatory</td>
</tr>
<tr>
<td>NCMS (Rural Residents)</td>
<td>The central government assists the local governments or the local governments subsidize by themselves</td>
<td>Inpatient and outpatient expenses incurred in the treatment of critical diseases</td>
<td>Voluntary</td>
</tr>
<tr>
<td>BMSI (urban residents)</td>
<td>The government subsidy is variable (40 - 700 yuan)</td>
<td>Inpatient and outpatient expenses incurred in the treatment of critical diseases</td>
<td>Voluntary</td>
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Thank you