

Comparison of Insurance Between China and the United States

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Abstract: China has made enormous strides in economic development since the reform and opening up., while medicine and health care are relatively backward. Medical insurance is a very important social insurance project and an important institutional arrangement in the modern social security system. In addition to the common functions of social insurance, it also protects the physical and mental health of workers timely. It has special functions such as repairing labor capacity, reducing the economic burden of workers and their families, improving the physical fitness of the whole people, and promoting the healthy development of health services. Research question: which is better, Chinese insurance or American insurance. This paper analyzes the advantages of American insurance and the disadvantages of Chinese insurance through comparative research. This paper compares the coverage and protection, objects of insurance in China and the United States. By summing up the advantages of American insurance, it hopes that it can play a reference role in improving China's insurance. After analysis, this paper can draw the conclusion that the state needs to strengthen the people's awareness of maintenance, control the growth of medical expenses, and implement nationwide medical insurance.

Keywords: insurance in China, American insurance, coverage of medical insurance, enlightenment

1. Introduction

China's economic building has achieved great feats since the reform and opening up, but also faces many difficulties and challenges, medical insurance is one of them. Due to the large income gap, China needs to strengthen and improve medical insurance, focusing on solving the medical problems faced by low-income people, decreasing the wealth and poverty disparity, controlling the growth of medical expenses, and developing medical insurance with Chinese characteristics. After a series of medical insurance reforms, the system of the United States is more perfect than that of China. This paper compares the insurance systems of China and the United States, and by summarizing the reform and advantages of American insurance, hopes to contributing to the promotion Chinese insurance.

2. The Role of Medical Insurance

Medical insurance is a very important social insurance project and an important institutional arrangement in the modern social security system. In addition to the common functions of social

insurance, it also protects the physical and mental health of workers. Timely "repair the labor capacity, reduce the economic burden of workers and their families, improve the physical fitness of the whole people, promote the healthy development of health services and other special functions, and give the utmost priority to construction and improvement of the medical insurance system when paying attention to the construction and development of the system of social security(See Figure 1).

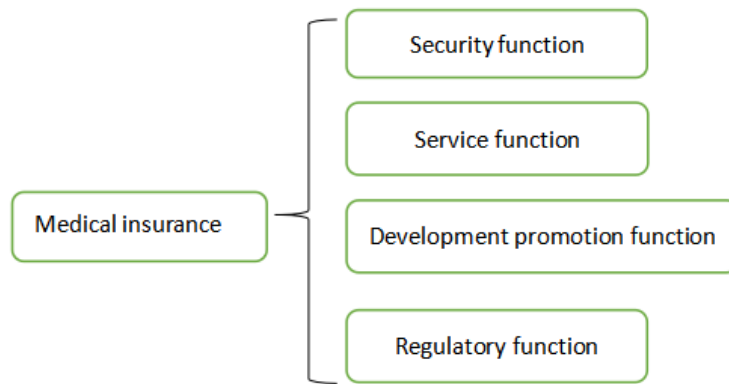


Figure 1: The role of medical insurance [1].

3. Medical Insurance in China

3.1. Scope of China's Medical Insurance

3.1.1. Basic Medical Insurance System for Urban Employees

This system is mainly applicable to employees of state-owned enterprises and some collective enterprises [2]. The Ministry of Finance of Labor Insurance and Medical Expenses issued regulations requiring that the incentive funds, welfare funds, and medical and health expenses of the centrally state-owned enterprises shall be withdrawn in a consolidated way, and the employee welfare funds withdrawn at a unified rate of 11% of the total wages of enterprises shall be directly included in the cost.

3.1.2. New Rural Cooperative Medical System

(1). Guarantee objects: The guarantee objects are mainly farmers, the government coordinates, directs, and supports, and farmers participate voluntarily.

(2). Security standard: This insurance system has been launched nationwide, and its payment level and security level vary from place to place. However, the payment level and financial subsidies have been gradually increased in various places, and the security level has been gradually improved.

(3). Financing method: The biggest feature of the new rural cooperative medical system is that the financing mechanism is relatively perfect, which clarifies the financing responsibilities of individuals, collectives, and governments, and increases government support.

(4). Payment: It is mainly used to pay the hospitalization medical costs and outpatient care costs of the specified diseases of the insured farmers within the scope of medical insurance. The new rural cooperative medical system establishes the baseline and upper payment limit for the total planning fund. Medical expenses above the starting standard and below the maximum payment limit of the overall planning fund shall be shared by the overall planning fund and farmers in a certain proportion.

3.1.3. Basic Medical Insurance System for Urban Residents

(1). Coverage: The pupils of primary and secondary schools (including vocational high school students and technical secondary school students), children and other non-working urban residents who are not covered by the basic health insurance program for urban employees may choose to voluntarily enroll in the basic health insurance program for urban residents.

(2). Payment and subsidy: mainly family payment, with appropriate subsidies from the government.

(3). Payment: The basic medical insurance fund for urban residents is mainly used for the hospitalization and outpatient medical expenses of insured residents. Minimum payment standard: 980 yuan for Level III, 720 yuan for Level II, and 540 yuan for Level I.

The following table briefly illustrates the differences between the three health insurance systems.

Table 1: Three medical insurance systems in China.

| | Guarantee object | Payment of expenses |
|--|---|---|
| Basic medical insurance system for urban employees | Employees of state-owned enterprises and some collective enterprises (must participate) | The employee welfare fund is set aside at 11% of the total wages of the enterprise. |
| New rural cooperative medical system | Farmers (voluntary participation) | The medical expenses above the starting standard of the overall planning fund and below the maximum payment limit shall be shared by the overall planning fund and farmers in a certain proportion. |
| Basic medical insurance system for urban residents | Children, primary and secondary school students, students in technical and vocational secondary schools, and other unemployed urban residents who are not covered by the basic health insurance program for urban employees (voluntary participation) | The fund payment proportion of primary, secondary and tertiary medical institutions is 75%, 60% and 50%. Urban residents can increase to 80%, 65% and 55%, respectively after two years of continuous insurance payments. |

3.1.4. China's Major Disease Insurance

China's major disease insurance covers a total of 28 diseases, including cancerous tumors, a myocardial infarction, cerebral apoplexy sequelae, major organ transplantation or hematopoietic stem cell transplantation, coronary artery bypass grafting, end-stage renal disease, multiple limb loss, acute or subacute severe hepatitis, benign brain tumors, chronic liver failure, encephalitis or meningitis sequelae, deep coma, deafness in both ears, blindness in both the loss of language skills, severe aplastic anemia, aortic surgery, severe respiratory failure, severe Crohn's disease, severe ulcers, and colitis; severe Parkinson's disease; severe Alzheimer's disease; severe brain injury; severe Parkinson's disease; severe third-degree burns; severe primary pulmonary hypertension; severe motor neuron disease; and paralysis. The last three will be added in 2021. Although many major diseases are included, some, such as carcinoma in situ and skin cancer, are not included.

3.2. Problems with China's Medical Insurance

There are few insurance types, poor pertinence, and low level, which are mainly for minor diseases, colds and fever. The scope of insurance is not wide enough, and it is uneven in different places. Town residents, urban enterprise employees, civil servants, public institution personnel, migrant workers, and rural medical security system "work independently".

4. Medical Insurance in United States

4.1. Coverage of American Medical Insurance

4.1.1. Old Age Medical Insurance

People can apply for the federal old-age medical insurance only when they are 65 years old or older. Applying for this insurance is not restricted by income and assets. Millionaires and ordinary retired workers are treated equally, and they will generally enjoy life if they apply for approval.

4.1.2. Medical Assistance Insurance

This is a kind of medical insurance specially provided for low-income families and individuals, which is the responsibility of the state government. There are certain restrictions on applying for such insurance. As long as the monthly salary is not high enough and there is no money in the bank, you can apply for medical insurance.

4.2. Health Insurance Reform in the United States

In 1965, the United States Congress passed a medical care plan for the elderly over 65 years old and a medical subsidy for the poor. The Medical Care Plan is a national and compulsory social medical insurance presided over by the federal government of the United States. The elderly retirees who are 65 years old and above can automatically obtain the elderly medical insurance service [3].

After continuous reform, the United States has a relatively sound universal medical insurance system. Whether it is free medical care for the poor or commercial medical insurance that needs to be paid, it provides unlimited medical insurance for American residents. There is no restriction on any disease, and it will not be refused insurance or compensation because of huge medical expenses [4]. Table 2 details the changes and reforms in U.S. health care policy.

Table 2: Health insurance reform in the United States [1].

| particular year | Changes in US medical policy |
|-----------------|---|
| 1937 | Establishment of Medical and Nursing Technical Committee |
| 1938 | The National Health Service Conference was held in Washington |
| 1940 | Establishment of the National Health Act of 1939 |
| 1945 | President Truman proposed a comprehensive and pre-paid medical insurance plan for all |
| 1947 | President Truman proposed the National Health Plan |
| 1949 | President Truman proposed to provide free universal health insurance for people of all ages |

Table 2: (continued).

| | |
|------|---|
| 1951 | President Truman proposed the appointment of a commission on the need for universal health security |
| 1952 | Oscar Evan, the federal security network administrator, proposed a health insurance plan based on payment |
| 1960 | Presidential candidate Kennedy formulated a health and social insurance plan specifically for Americans |
| 1962 | Congress promulgated Document No. 18 to establish medical insurance programs (and "health insurance for the elderly" in the Social Insurance Act) |
| 1965 | Establish medical protection plan for the elderly and the disabled and medical subsidy plan for low-income people |
| 1972 | The medical insurance program has added eligible disabled persons and individuals suffering from advanced kidney disease under the disability insurance program |
| 1986 | Require national and local government staff who are not covered by social insurance to participate in medical insurance |
| 1997 | Beneficiaries can freely choose health insurance items according to their own conditions under the medical insurance items |
| 2000 | Issue the Welfare Promotion and Protection Act (BIPA) to increase the payment of medical insurance plan expenses |
| 2000 | Promulgate the bill of prescription drugs for medical care and the bill of modernization of medical security |

5. Characteristics of Medical Insurance in China and the United States

Chinese insurance and American insurance have three similar places. The first point is that the insurance of both countries has the same subject (with the government as the main body). Second, the role of insurance in both countries is to reduce medical expenses and expand the coverage. The third point is that they have the same payment mode, which is paid by a third party.

American insurance is also very different from Chinese insurance. China's insurance is mainly for minor diseases, such as colds and fever. Because there is medical insurance, it almost costs nothing. However, China's medical insurance has an upper limit. If the treatment procedure exceeds a certain cost, the insurance company will not compensate. Medical insurance in the United States is mainly for serious diseases. Minor illnesses are almost always at one's own expense. But there is no upper limit for insurance in the United States. In addition, the financing methods of American medical insurance and Chinese medical insurance are also different. China participates in insurance and pays fees according to law, and the United States voluntarily pays fees. There are also great differences in the types of medical insurance between China and the United States. The medical insurance in the United States is relatively comprehensive, while the insurance in China is relatively single, and the insurance coverage is insufficient.

In terms of coverage ratio, the medical security system with social medical insurance as the main body seems to be more fair on the whole. The characteristic of commercial medical insurance is that the government does nothing or does little to improve the efficiency of medical treatment. The commercial medical insurance system in the United States has greatly reduced the burden of medical expenses of the insured population, and the financial medical expenses are mainly borne by the

federal government, while the local government only bears a certain management responsibility, with sufficient sources of funds [5].

6. Inspiration from American Insurance to China

China's insurance industry should develop science, technology and medicine related to medical care, Strengthen disease prevention and control [6]. In addition, it should enhance people's awareness of maintenance, control the growth of medical expenses, implement nationwide medical insurance, carry out a unified national medical insurance system, and expand the coverage of basic medical insurance [7]. What's more, governments should comprehensively improve the development of medical informatization [8]. The necessity and advantages of medical informatization have been fully demonstrated in the medical reform of the United States. The implementation of medical informatization not only meets the needs of medical and health reform, but also improves the management ability of the government in public affairs and administrative fields. What is more, China should increase the proportion of government expenditure in the whole social medical system, and increase financial subsidies and tax relief [9]. China is still at the stage of development, with a large population of rural residents and a great demand for basic medical care. The level of subsidies for the new rural cooperative medical system should be raised to enable more and more rural residents to enjoy basic medical services [10].

7. Conclusion

China and the United States face different political systems, cultural backgrounds, and different stages of economic development. Although the medical insurance system in the United States also has great problems, it is much better than that in China. Through comparative analysis, this paper draws the following conclusions: to enhance the awareness of the masses to maintain and strengthen the prevention and control of diseases. Control the growth of medical expenses, develop community medical care, and improve the referral system. We will implement nationwide medical insurance, implement a nationwide unified medical insurance system, and expand the coverage of basic medical insurance. In addition, Chinese medical insurance companies should combine insurance technology with a managed medical model to strengthen disease prevention and health care through technology. Finally, the overall leadership of the CPC is the advantage of China's medical insurance, and Chinese governments can summarize the experience of American medical insurance and develop a medical insurance system with Chinese characteristics. However, this paper also exists limitations. It only compares the medical insurance systems of China and the United States, but does not compare the relevant data. Later, relevant data analysis will be added for more in-depth research.

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