

Piloting Children's Medical Insurance in Rural China:

The Experience of Plan China



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- 640 millions of rural Chinese lacked health insurance in 2003.
- Peasants' health began to deteriorate due to the increase of medical expenses.
 - Many peasants fell into poverty in order to pay medical bills.

From 2003, the Chinese government is implementing the New Cooperative Medical Scheme (NCMS) to provide health insurance to its rural population.

Characteristics of the NCMS:

- 1. Risk pooling and management** of the insurance fund is at the county level, i.e. approx 250,000 persons
- 2. Enrollment** is voluntary and per family (not individual).
- 3. Low premiums and existence of government subsidies.**
 - Annual premium is RMB 10 per each person in the family.
 - The local government provides a RMB 20 subsidy per each person
 - Central government contributes with RMB 20 per person. It also pays the deductible for the poorest families in central and regions of the country.
- 4. Benefits** mainly include inpatient care due to disease, accidents or injuries (i.e. catastrophic events).
- 5. Co-payments and deductibles are high** for the income level.
- 6. Cash ceiling of benefits** are setup.

Some challenges of the NCMS are:

- NCMS emphasizes inpatient care; neglects out-patient care, prevention and early treatment of disease.
- NCMS funds are mainly used in adults because children especially need prevention activities and out-patient treatment.



Plan China, an international, humanitarian NGOs began to implement a pilot children's medical insurance program in 2005.

Why to set up a children's medical insurance program?

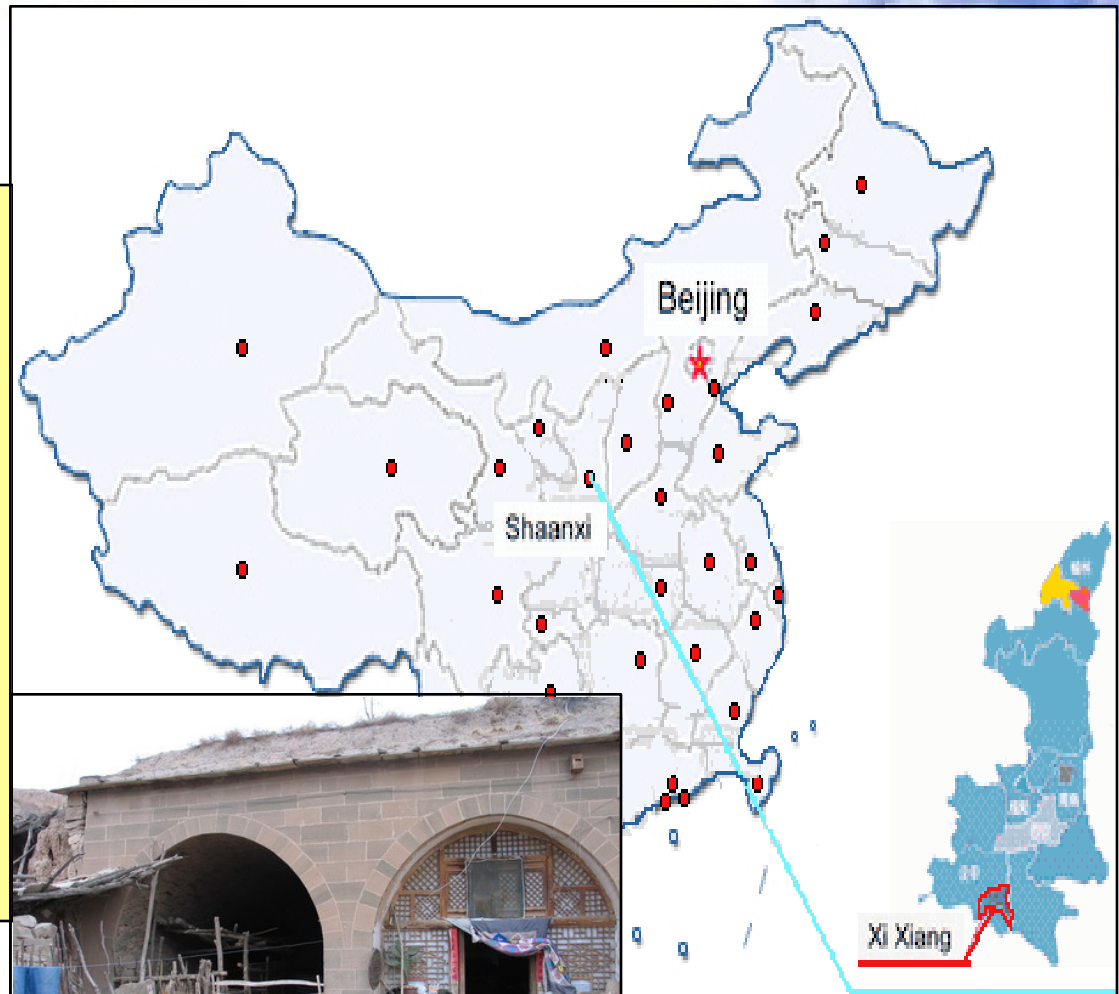
- To focus on children as beneficiaries and considering their particular health needs.
- To focus on prevention and early treatment, reducing medical costs and family financial burden .
- To manage a simpler reimbursement process and with a smaller annual premium.
- To assure that the insurance premiums and subsidies will be fully used on children.

The objectives of Plan China's children's medical insurance program were:

- ❖ To promote and raise awareness of medical insurance for rural children
- ❖ To pilot replicable forms of children's medical insurance
- ❖ To promote the integration of the children's medical insurance pilot with the NCMS

Location and target population

- 12,000 families living in 6 rural villages of Xixiang county (tot pop 410,000) of Shaanxi province.
- Subsistence agriculture is the major economic activity. Poverty is commonplace.
- Eligible children are from 3 to 16 years old.



Major differences of Plan China's Children's Medical Insurance with the NCMS

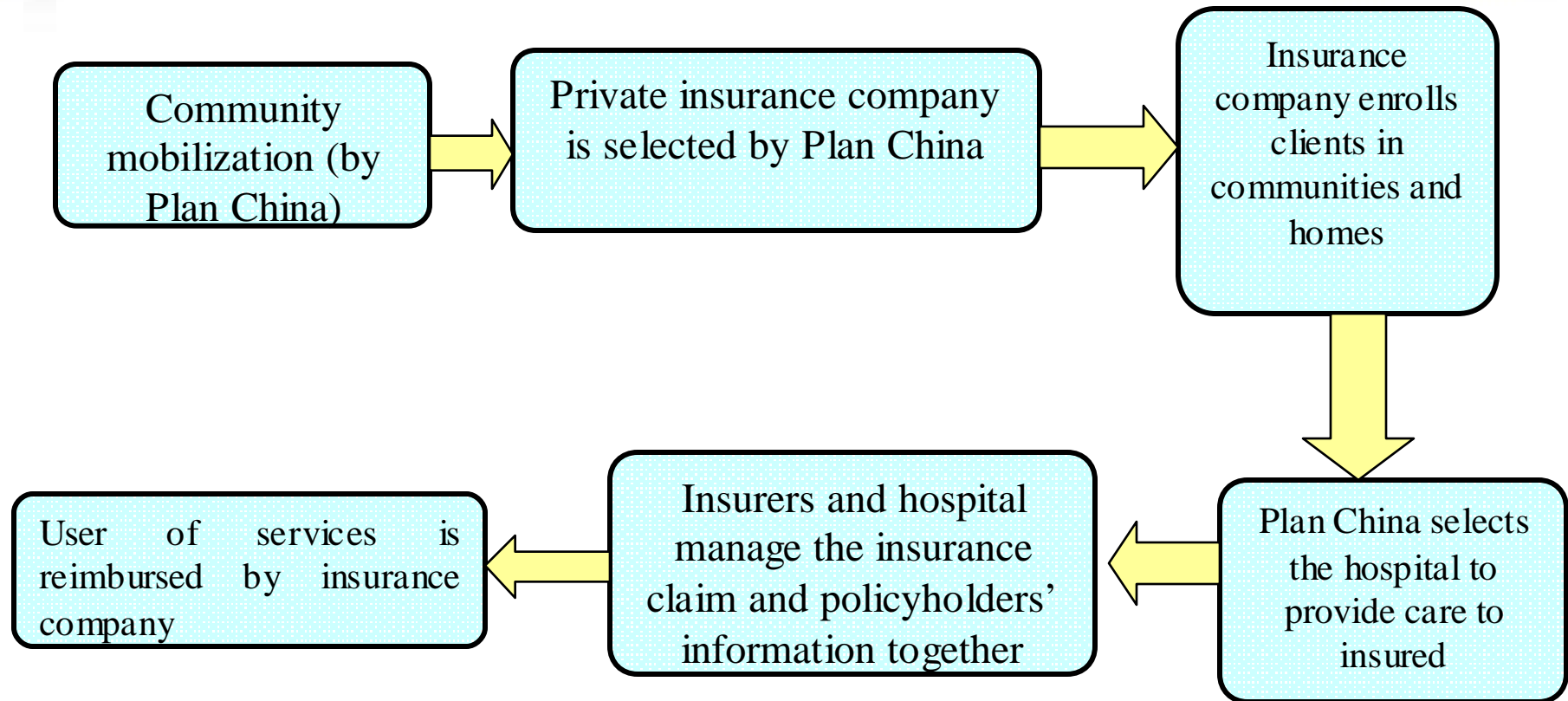
	Plan China's Children's Medical Insurance	New Cooperative Medical Scheme (NCMS)
Benefits	For children only, includes prevention, outpatient and inpatient care	For all family members, only includes inpatient care
Ceiling of cash benefits	Up to 4000 RMB per child	upper limit for person: 10,000 RMB upper limit for family: 20,000 RMB
Annual Premium and Subsidies	5 RMB (from families) plus 5 RMB (from Plan China) per child. Total: 10 RMB	10 RMB (from families), plus 20 RMB (from local government), plus 20 RMB from central government (in poor regions of country) per family member. Total: 50 RMB.
Deductible	50 RMB per accident, none for disease	Township hospital: 50 RMB County hospital: 300 RMB City hospital: 1000 RMB
Percent of reimbursed medical costs	80%	Township hospital: 50% County hospital: 40% City hospital: 15 to 30%

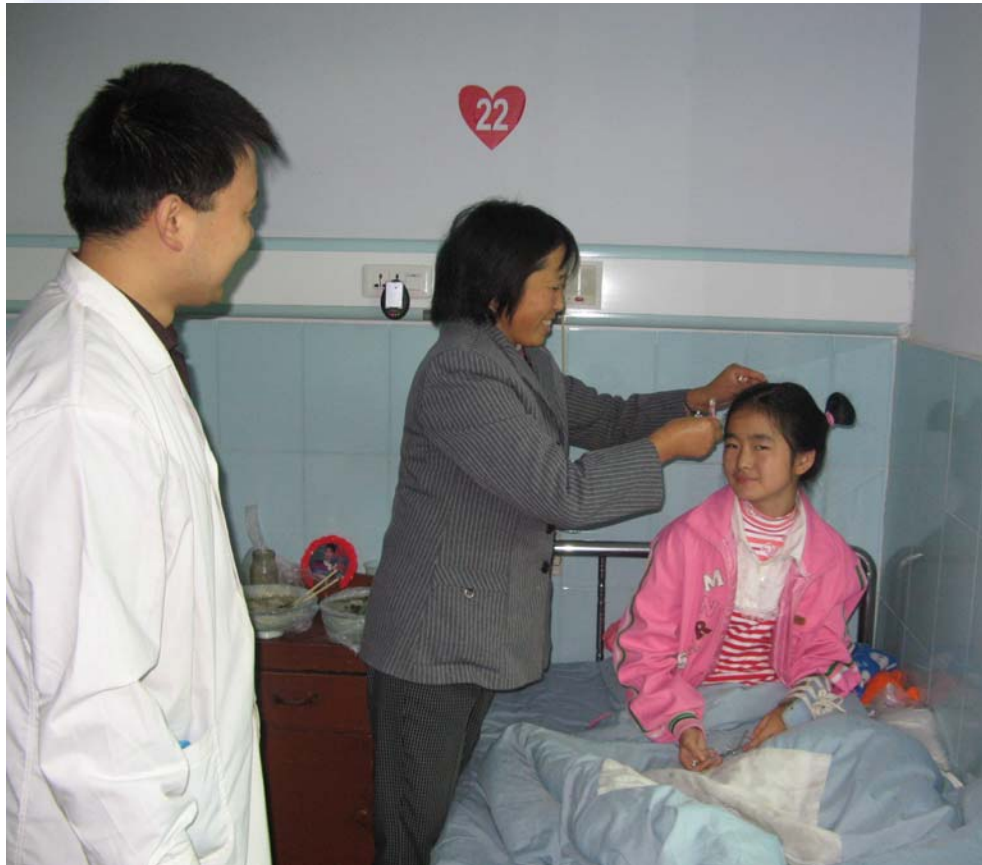
Roles of program partners:

- Private insurance company: China Union Property Insurance Company manages the enrollment, manages the fund, receives claims and pays benefits.
- Local medical hospital acts as the appointed service provider and completes the insurance claim.
- Plan China promotes the children's insurance among families, provides the fund's subsidy and monitors the program.



Flow chart of major events in Plan China's children medical insurance project





RESULTS:

- About 6400 children have purchased insurance
- Till date, 49 sick children and 40 children claimed for their expense on hospitalization or outpatient service
- Total settlement paid by the insurance company amounts to 28,480 Yuan
- The average reimbursement per family is 62.29% of the premium paid.

INTERACTION/COMPARISON OF THE CHILDREN'S MEDICAL INSURANCE WITH THE NCMS (2007)

- Percentage of families enrolled in the government's NCMS: 91.8%
- Percentage of families enrolled in children's medical insurance: 39%
- 90% of families with children's medical insurance also have the NCMS.

- NCMS: The annual family premium is 1925 RMB
- NCMS: The average annual reimbursement per family is 790 RMB on NCMS
- NCMS: The average reimbursement per family is 41% of the premium paid.

These findings have provoked new questions, such as:

- How to enhance the impact of the NCMS on children?
- How to keep a balance on the interests of villagers, insurance companies and hospitals?
- How to avoid fraud, i.e. use of a child's insurance by uninsured children?
- How to guarantee the project sustainability?



Next Step:

- Plan China and New Rural Cooperative Medical Research Center (MOH) will jointly carry out a 3-year program to improve policies and procedures related to rural children's medical insurance within the NCMS. The total budget will be RMB 1,000,000

