



Private Health Insurance and Health Actuary in Mainland China

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OUTLINE

- **History of Social Health Insurance Reform and Private Health Insurance Industry in Mainland China**
- **The Growth of Health Actuary in Mainland China**
- **The Construction of a new Chinese Health Insurance System and the Duty of Health Actuary**

History of Social Health Insurance Reform-Urban Areas

- **In 1950s, Government Insurance Scheme (GIS) & Labour Insurance Scheme (LIS)**
- **From 1980s, reforms on health care system in urban areas**
- **In 1998, the implementation of Urban Employee's Basic Medical Insurance (UEBMI)**

History of Social Health Insurance Reform-Rural Areas

- **In 1960s and 1970s, Rural Cooperative Medical System (RCMS)**
- **From 1980s, fading of RCMS**
- **In 2002, New Rural Cooperative Medical System (NRCMS)**

UEBMI & NRCMS leaves room for private health insurance

- **UEBMI guarantees simply access to basic medical service and at the end of 2006, only covered 157 million urban employees (MLSS)**
- **With strong financial support from the government, NRCMS benefited no more than 500 million farmers and the compensate rate was less than 50% even for hospital expense(MOH)**

History of Private Health Insurance Industry in Mainland China

- **From 1980s, the former PICC launched pilot products in group health insurance**
- **In 1995, individual dread disease insurance products were introduced to Mainland China**
- **From 1998, insurance companies diversified their products along with the nationwide UEBMI reform**
- **From 2003, property insurance companies were endowed the right to operate short-term health insurance**

History of Private Health Insurance Industry in Mainland China-continued

- **2005 saw the trend of specialized operation in Chinese health insurance market.**
- **Some insurance companies provided the fund and claim management for the NRCMS in rural area.**
- **Till now, there are tens of insurance companies providing over 300 health insurance products.**
- **In the past 10 years, the premium income of domestic private health insurance has increased annually by 40%.**

Premium Income and Claim of Private Health Insurance in Mainland China (1997-2006)

Year	Premium income (billion RMB)	Claim amounts (billion RMB)
1997	(1.36)	(0.87)
1998	(2.81)	(1.35)
1999	3.65 (4.15)	1.10 (1.10)
2000	6.55	1.29
2001	6.16	3.35
2002	12.24	4.99
2003	24.19	6.99
2004	25.99	8.91
2005	31.23	10.79
2006	37.69	12.51

All from CIRC, except () from NBS

The Growth of Health Actuary in Mainland China

- **No more than 100 actuaries are active in health insurance business.**
- **A large portion of them have no necessary certification.**
- **The scarcity of health actuaries in property insurance companies is even more severe.**
- **The market attracts health actuaries from foreign reinsurance companies and actuary consultant firms.**

Chinese health actuary is in its infancy

- **The routine of Chinese health actuaries is to price premium, with little concern for evaluating and experience analysis.**
- **The actuaries make great effort on hospital expense insurance, dread disease insurance, less in income protection insurance and long-term care insurance.**
- **The industry calls for acceleration of health actuarial technique and set a higher standard for health actuaries, but...**

Why private health insurance in Mainland China is still far from meeting the market demands

- **The nation-wide faint awareness of insurance**
- **The absence of favorable markets regulations and laws**
- **The lack of professionals, esp. the lack of health actuaries**

The Construction of a new Chinese Health Insurance System

- **It's urgent to establish a universal health care system in Mainland China.**
- **The public insurance aims to cover the whole population that needs social security.**
- **The private health insurance will act as a supplement for social and other public health insurance schemes.**
- **Private insurance attracts mainly people with high income.**

Challenges for Actuaries and the Private Health Insurance industry

- **Health actuaries should play a more active role in the new Chinese Health Insurance System.**
- **There is a long way to go to cultivate an actuary industry that can meet the increasing domestic demand for health insurance.**
- **A sound private health insurance market, market-oriented premium rate and professional health actuarial standards are needed.**

The Duty of Actuary in Chinese Health Care System Reform

- **Provide decision-makers with useful information that may help to cut down the risk of decision**
- **Estimate the total cost and allocating cost**
- **Provide professional independence and technical support for the financial evaluation of social health insurance funds**
- **Be responsible for evaluation and analysis of the trend of health expenditure**

From Health Insurance Actuary to Health Actuary

- **The cooperation with doctors, nurses and other medical professionals to improve the quality and efficiency of all the health services**
- **The new working field including rehabilitation and prevention, disease management, quality control of service providers, critical path analysis of diseases, evidence-based medicine, micro and macro financial models**

Thank You!

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