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Analysis on Optimization Selection of Nursing Service Delivery Mode in Long-Term Nursing Insurance System

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ABSTRACT

Faced with the rapid increase in the demand for aged care services in the aging society, Germany and Japan have set a precedent for solving the problem of elderly care for by constructing long-term care insurance. In the design of the nursing service delivery model, Japan adopts payment in kind, while Germany introduces cash payment. Based on the characteristics of the disabled or semi-disabled elderly, this paper uses economic theory to analyze the applicability of cash and physical payment. Through the comparison and analysis of OECD data, this paper summarizes the impact of the choice of nursing service model in Germany and Japan. Besides, combined with background of the implementation of long-term nursing insurance in China and different elderly groups, it's optimal to introduce the cash payment method in the selection of nursing service models.

Keywords: *Long-term nursing insurance system; nursing service delivery model; in-kind payment; cash payment*

Long-term care insurance refers to insurance of the cost of care or care for those people who need long-term care because of their old age, illness or disability. This insurance's coverage is different from the existing medical insurance which is mainly targeted at people with disability or semi-disabled people with chronic diseases. At present, Germany and Japan, which have implemented a long-term care insurance system, have different choices of nursing service delivery models. Japan uses the payment in kind[1], and Germany adopts a mixed payment model of physical payment and cash payment[2].

Theoretical Analysis of Optimal Choice of Nursing Service Delivery Mode

The insured person of long-term care insurance is the elderly due to the reason that they are needy for receiving care insurance services of daily life, or medical care needs by others. Therefore, in this paper, we can classify them into two groups, half-disabled and disabled, according to the physical condition of the elderly.

1. **Hypothesis 1: The insured person is a rational person —— The utility of cash payment is better than the physical payment**

It is assumed that the recipient of the care service is a semi-disabled person. Most of those semi-disabled have awaken consciousness which means that they have a certain ability to control the money and judge the utility of welfare. We reckon that this part of the population is a rational person.

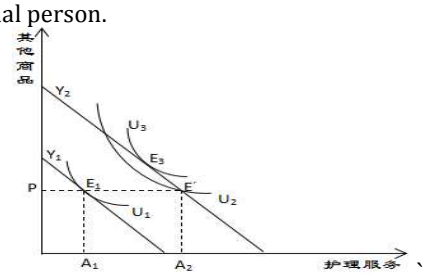


Figure1. Comparison of cash subsidies and physical subsidies

1. Payment in kind: refers to the provision of in-kind assistance to the insured, that is, nursing services.
2. Cash Payment: refers to the provision of cash assistance to the insured, who uses cash for his or her own consumption

In Figure 1, this is a comparison of the effect of cash payment and physical payment when the insured person is a rational person. The horizontal axis represents the nursing service, and the vertical axis represents other service products.
U1, U2, and U3 represent the indifference curves with increasing utility; Y1 and Y2 are two parallel budget lines respectively tangent to the indifference curves U1 and U3. The E1 point of the budget line Y1 tangent to the indifference curve U1 is the point at which the utility is initially maximized.

1. In the case of giving payment in kind to the semi-disabled person, that is, the quantity of other goods and services is unchanged, the total utility of increasing the half-disability of the nursing service increases, and the indifference curve changes from U1 to U2.
2. In the case of a half-disabled provided with cash payment, the amount of cash used to subsidize is equal to the amount of the physical subsidy, and the budget line is translated from the original Y1 to the budget line Y2.

Since the amount of payment in kind is equal to the amount paid in cash, the intersection point of the budget line Y2 and the indifference curve U2 is E'. And since the service provider is not free to select the service item, even if the total utility is increased to U2 when accepting the physical payment, E' couldn't reach its maximum utility. On the contrary, if cash payment is adopted for the service providers who have the awareness and ability to control cash, they can freely choose to maximize their utility E3. Therefore, when a cash payment is provided for a semi-disabled person, the semi-disabled person can maximize the utility at the E3 point on the indifference curve U3.

Conclusion: For a group of rational disabled people, the cash payment method can maximize the demand for nursing services.

2. Hypothesis 2: Unreasonable people accepting care services —— payment in kind is better than cash payment

It is assumed that the recipient of the care service is the disabled. The disabled can't take care of themselves and their consciousness is not clear, that is, they have no ability to control and manage cash, and they do not make reasonable judgments on the utility of providing services. They need to choose services with the help of family members. We reckon that this part of the population is irrational person.

Swedish economist Karl Gunnar Myrdal (1930) put forward the idea that in-kind assistance is superior to cash in the context of the debate on the characteristics of child welfare in Sweden. He believes that physical assistance can be fully focused on the target population compared to cash assistance. Classical economic theorists believe that cash benefits are optimal, because the mode of cash can maximize the choice of the recipient which means that recipients can freely choose goods that meet their needs. In addition, for individualists, they are more inclined to cash assistance because they reckon that in-kind assistance is a paternalistic violation of personal responsibility. The collectivists see it as something that social protection wants to achieve[3].

Regarding to the study of the long-term care insurance payment methods, this paper can conduct research based on the ideas of the predecessors.

First, the purpose of long-term care insurance is to provide long-term care for the disabled. The efficiency problem mentioned in welfare economics mainly includes the following three levels: at the government level, which payment method is adopted so as to directly serve this purpose; at the social level, how many disabled people can obtain nursing services to solve social problems of elderly society; at the citizen level, it is the problem of how the disabled can get care services.

Classical economic theorists believe that cash payment can provide the recipient with the greatest choice which is now widely used, with the premise that the disabled can make a choice of consumption. The disabled are completely unable to take care of themselves without ability to control cash. If they are paid in cash, it is difficult to ensure that the cash assistance will not become the budget for their family life which means that part of cash assistance or all of it ultimately will be used in family budget instead of their nursing service. If insisting on providing cash payments to the disabled, this payment method will eventually be in the form. Some disabled elderly in family with financial problems or lack of support for the elderly will have difficulty accessing care services. In that way, payment in cash method could not achieve the purpose of providing long-term care for the disabled. If the disabled person is provided with physical payment, the disabled person can directly receive the nursing service avoiding the phenomenon that lack of nursing service due to the family budget or even the nursing service cannot be accepted.

Conclusion: Based on the above analysis of the characteristics of disabled elderly, the method of physical payment is better than cash payment for the irrational group of disabled.

The practical analysis of the optimal selection of nursing service delivery models: consideration of the choice of nursing service models in Germany and Japan

1. Comparison of German and Japanese nursing service modes

[3] Neil Gilbert, Paul Terrell 著 [illegible] [M]. [illegible] 2003:172-206.

Table1. Comparison of payment methods for long-term care insurance between Germany and Japan

	Germany	Japan
Insured Object	All health insurance policyholders Have to take care insurance.	All citizens over 40. Of these, citizens above 65 are the first insured, while 40 -64 years old are insured for the second.
Payment Method	Home Care: Combination of cash payment and in-kind payment (the caregiver may determine the proportion of cash to in-kind payments at his own discretion) Institution Care: In-kind Payment	In-kind Payment: ① Home Care: Specialized care for staff on-site service ② Community Care: Providing care services for the elderly by non-long-term stays, such as elderly day care centers, elderly activity centers, medical clinics, etc. ③ Institution Care: Old people who are caring for in specialized institutions are generally elderly people who need care at all times.
Nursing grade Division	First level care, second level care, third level care, heavy level care	To support, To care 1, To care 2, To care 3, To care 4, To care 5

Source: OECD (2006)

As shown in Table 1, from the perspective of the insured objects, there isn't any age distinction of Germany's nursing insurance. All medical insurance policy holders must participate in nursing insurance which means it's basically the national insurance. According to Japanese policy, the insured object should be over 40 years old. And the insured person is divided into 2 categories, the first and second insured. For the first insured, that is, the nationals are over 65, the insurance right is naturally generated as long as there is a need for care. And the nursing needs of the second insured ranged from 40 to 64 years old, are limited to 15 diseases such as dementia. Recently, it is also exploring whether it is necessary to expand the scope of the insured object in Japan.

In terms of the classification of nursing grades, Japanese government divided the nursing grades into six grades according to the level of care required at five levels (Table 2). In Germany, the degree of care is divided into three levels. And four levels of care are set for the certain purpose. In addition, since 2012, Germany has given a certain amount of extra care grants per year to those with general care duties (generally those who need long-term care for elderly people with Alzheimer's disease or those with mental illness).

Table2. Japanese long-term care insurance level and care schedule

Need nursing grading	Content of nursing service
To Support	Use of day services twice a week
To care 1	Take advantage of some kind of service that accesses the caregiver every day
To care 2	Access to certain services per day, including day services 3 times a week
To care 3	Access to two services per day, including late-night or morning visits, as well as three visits per week, if necessary, and daily access to care for dementia older persons, including four daily services per week
To care 4	Access to 2, 3 services a day, including late-night or morning visits, etc., as well as three visits a week, and daily access to services for dementia older persons, including 5 days a week
To care 5	Three or four times a day, including morning and late-night visits to care, or take advantage of

Source: Analysing on the Differences of Long-Term-Care Insurance Between Germany and Japan

Regarding the payment method of nursing insurance, Japanese method currently implements a payment in kind method that only provides nursing services, while German government adopts a mixed payment method that has both cash payment and physical payment. Specifically, German nursing insurance system is divided into two types: home and institutional care. The institutional care is similar to Japanese payment method. As for home care, it is a hybrid payment method of physical payment and cash payment. The care recipient can choose the care service provided by the professional or selecting a combined service mode in which a part of the care cost is obtained while being cared for by the relatives.

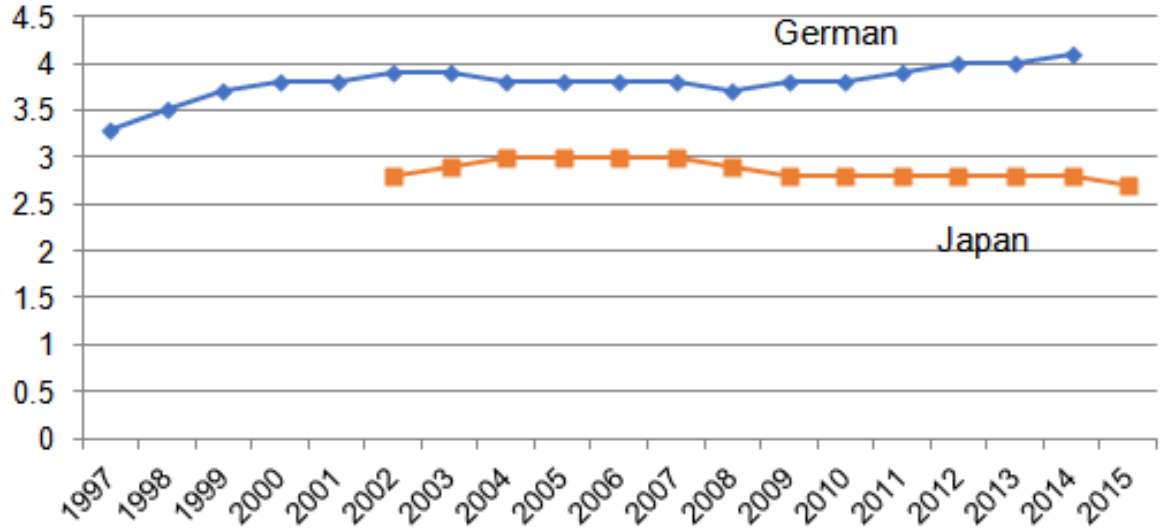
2. Comparison of the effects of long-term care insurance system in Germany and Japan

German and Japanese governments use different payment methods which produce different results in their respective countries. This part makes a comparative analysis of the results of the implementation of long-term nursing insurance payment methods in Germany and Japan from five aspects: coverage, nursing grade, nursing facilities, nursing staff and the sustainability of the system.

A. German coverage is higher than that of Japan

Table 2: Proportion of elderly persons over 65 years of age who receive long-term care in nursing institutions

Source: http://stats.oecd.org/#



In Figure 2, it shows the comparison of the proportion of elderly people aged over 65 who receive institutional care to the total number of elderly people. According to Figure 2, it shows that the German coverage o nursing insurance is clearly higher than that of Japan. According to German Nursing Insurance Act, it stipulates that all citizens who participate in medical insurance are required to participate in long-term care insurance, except for a minority of people. At the same time, the law also stipulates that insurance companies providing nursing insurance are obliged to insure any person who participates in private medical insurance, and are not allowed to reject with the excuse of higher risk. Besides, men and women pay the same amount of insurance tax, and children do not have to pay a separate insurance tax which has been covered. The maximum insurance tax for voluntary private care insurance cannot be higher than the social long-term insurance tax. And spouses without income or low income can also be covered with a 50% tax. The payment of voluntary private care insurance is the same as that of social care insurance. As for Japanese law, it stipulates that the main body for implementing long-term care insurance is municipalities and special districts, and the insured person is limited to nationals over 40 years old who have a residence in the regulated districts.

B. Nursing level: Japanese mode is highly targeted and German mode is highly operational

German system is divided into three levels according to the intensity of demand: level 1, level 2, level 3. While Japanese mode is divided into six levels which is more detailed according to the intensity of demand: support, nursing 1, nursing 2, nursing 3, nursing 4, nursing 5, even with the use of computer software to divide the ability of the elderly. Apparently Japanese method greatly saves manpower which provides targeted service for elderly. Besides, fairness is also taken into consideration. However, in the implementation process, Japanese grading system may have more investment. Although the German nursing grade division is relatively rough, the operation is strong which saves the operation cost to a certain extent.

C. More nursing facilities in Germany, Japan needs more nursing staff

Chart2. Number of beds per 1,000 persons over 65 years of age

Source : http://stats.oecd.org/#

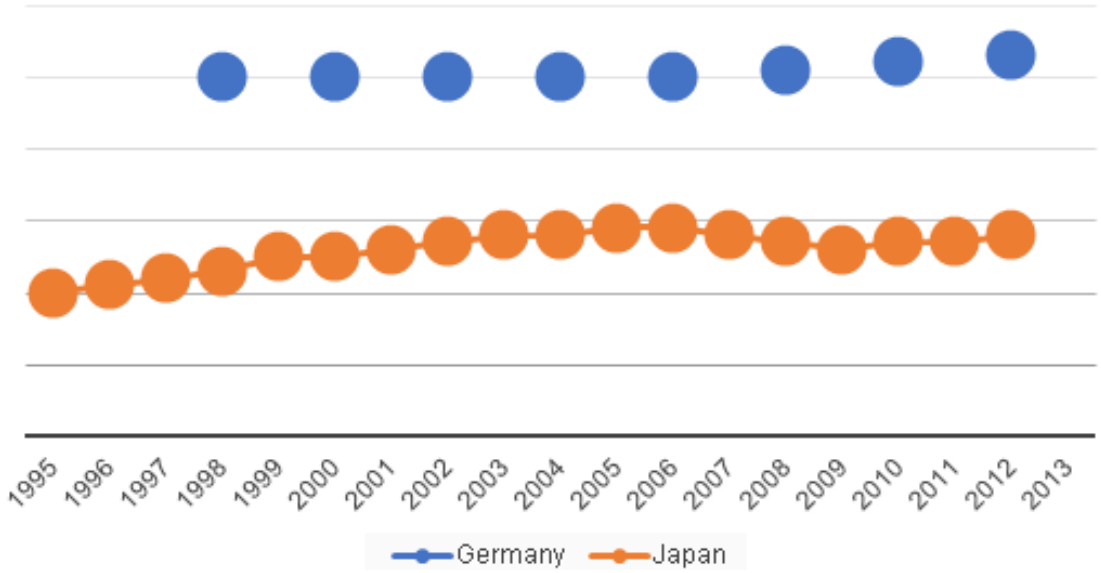
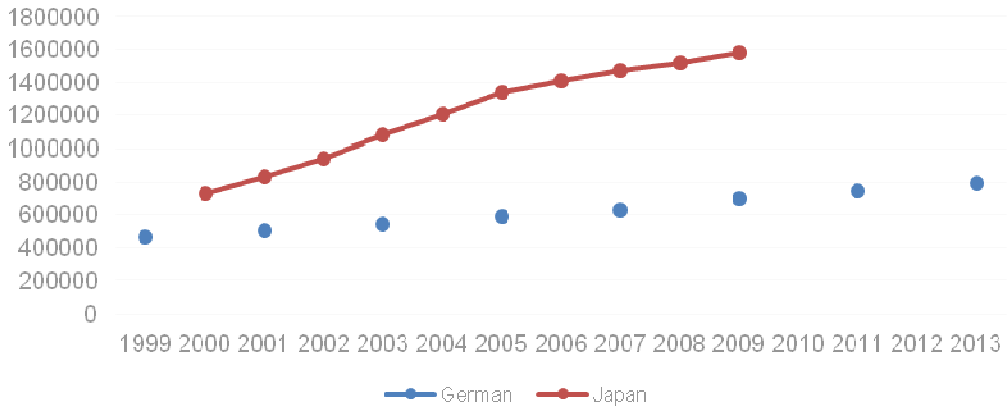


Chart 3 Total number of formal nursing staff

Source : http://stats.oecd.org/#



As Chart 2, the number of beds per 1,000 elderly people over 65 is much higher than that of Japan. As can be seen from Chart 3, the total number of formal nursing staff for long-term care insurance is higher than that of Germany. Furthermore, the total number of formal nursing staff in Japanese long-term care insurance is increasing year by year and the growth rate is faster. While the total number of formal nursing staff in German long-term care insurance is growing steadily. Between these two countries, the gap has widened gradually.

Since German government adopts the mixed payment mode, cash payment means home-based pension. The elderly will give cash to their children or relatives obtain the care from their children. In order to improve the quality of care, children can receive training. Nursing staff are residential and children, no need to add bed number. It's not necessary to recruit nursing staff and train them which reduces financial burden.

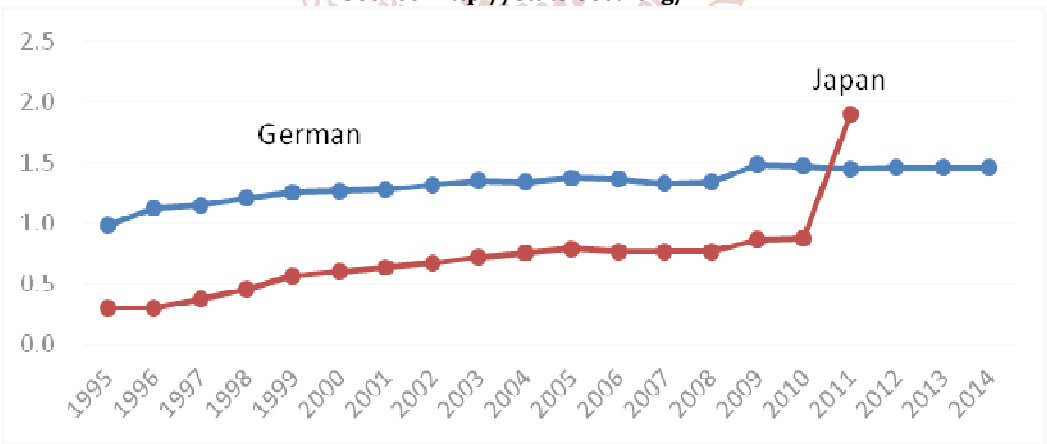
In Japan, the payment mode is the home care by professional nursing staff. The demand for nursing staff in Japan is pretty large which it is not easy to recruit a large number of nursing staff. Due to the special nature of nursing resulting in the large psychological pressure and heavy workload of nursing staff, most people are unwilling to engage in nursing work leading to the lack of personnel of nursing.

Therefore, the cash payment in Germany plays a role in the family care, in line with China's culture of filial piety, it is worth learning.

D. German mixed payment system is sustainable

E. Chart 4 Long-term care expenditure as a percentage of GDP

Source : http://stats.oecd.org/#



As Figure 4, at the beginning, Germany's long-term care expenditure accounted for a much higher proportion of GDP than that of Japan. When it came to 2010, the share of Japanese long-term nursing expenditure of GDP soared, rising rapidly which added the government's financial pressure. In-kind-payment needs to buy nursing facilities and regularly check of the nursing quality of the nursing staff which results in the higher management costs. However, cash payment only needs to provide certain cash compensation to the insured so that the insured can choose their own consumption goods or nursing services to meet their own needs. Furthermore, the government will not have additional management costs, so in the long run, German mixed payment will greatly reduce the financial burden.

At the beginning of the implementation of the system, the ratio of choice of cash payment declined from 83% to 46.4% in 2008 in German. While the proportion of choosing mixed payment increased gradually. Thus, it's no doubt that the mixed payment is sustainable.

Table 3 Amount to be paid per month for long-term care insurance

Japan		German	
To Support	61,500		
To Care	165,800		
To Care	194,800	Level 1	37,500
To Care	267,500	Level 2	90,100
To Care	300,600	Level 3	140,100
To Care	358,300	Special level	281,300

Table 4 Monthly home care cash / in-kind payments in Germany (euro)

Care Grades	Before 2008, July		2008, July		2010		2012	
	Cash	In-Kind	Cash	In-Kind	Cash	In-Kind	Cash	In-Kind
Level 1	205	384	215	420	225	440	235	450
Level 2	410	921	420	980	430	1040	440	1100
Level 3	665	1,432	675	1470	685	1510	700	1550

Source: Yang Chengzhou and Yu Xuan. The Long-term Care Insurance System in Germany: Origin, Planning, Effects and Reflections

It can be seen from Tables 3 and 4 that German mixed payment is much more sustainable which could be learnt to use in China. Because German system regulates that the amount of the payment could not be more than the amount of the payment-in-kind which reduces the financial burden and sometimes even lower than the budget. While Japanese government only uses payment-in-kind resulting in high cost. In addition, when Germany first enacted long-term nursing insurance, the corresponding payment methods were not so perfect. Combined with the influence of European individualistic culture, most insured persons chose to pay in cash in order to enjoy more autonomy. They paid cash to purchase service. Based on this situation, there're an increasing number of institutions providing care services, which in turn has promoted the development of an industry. The government does not need to provide excessive financial support in management. Such a phenomenon is conducive to the continued development of long-term nursing insurance.

3. Conclusion:

By comparing the long-term care insurance between German mode and Japanese mode from the above perspectives of coverage, nursing level, nursing facilities, nursing staff and sustainability, it can be concluded that the coverage of German long-term care insurance hybrid payment is wider than that of Japan. The Japanese nursing level is obviously more detailed, targeted and fair than that Germany, while German nursing level is highly operational which can save operating costs. The cash payment in the German hybrid payment saves the expenditures of care facilities, and nursing staff purchased by the government. In other words, the hybrid payment of German long-term care insurance has reduced the financial burden which adds strong autonomy of the insured. Therefore, in this paper, we believe that Chinese long-term care insurance payment method should learn from Germany to choose mixed payment.

Present situation of pilot Operation of long-term Nursing Insurance in China

From 1999 to 2015, the dependency ratio for the elderly of the population over 65 years of age rose from 10.2% to 13.7%, and the burden of dependency on the working-age population gradually increased[4]. In 2015, the average life expectancy in China was 76.34 years, with the improvement of medical conditions. Life expectancy is increasing in China. Chronic diseases such as heart disease, hypertension, cerebrovascular disease and other chronic diseases have become the biggest factors affecting the quality of life of the elderly. By the end of 2014, there were about 40 million disabled and semi-disabled elderly people in China[5]. The problem of long-term old-age care has risen from personal problems to social problems.

Chinese current social insurance mainly includes medical insurance, pension insurance, industrial injury insurance and unemployment insurance. However, with the fast development of aged population, the demand for long-term elderly care services has increased rapidly. Meanwhile, the original social insurance system cannot meet this new social service need. For this serious problem, China officially established a long-term nursing insurance pilot in 15 cities including Changchun and Qingdao on July 8, 2016, trying to establish the fifth insurance type – long-term nursing insurance.

Developed countries have entered the aging society ahead of us, so they have good experience in the exploration of the aged care insurance system. At present, represented by Germany, Japan and other countries, the long-term care for the elderly population has a relatively specific and perfect system - long-term nursing insurance system with great achievements. However, even in the same social insurance system, the design of payment methods for elderly nursing services varies. In 1995, Germany introduced a mandatory long-term care insurance operation model. According to the principle of "care insurance bases on medical insurance", German government adopted mixed payment mode of cash payment and pay-in- kind. By 2009, 2.34 million German residents would benefit from nursing insurance system. In April 2000, Japanese government introduced independent regional long-term care insurance. As for the insurance payment, Japanese system adopts home care and institutional care, that is, payment-in-kind which could gradually alleviate the nursing problems of the elderly.

4. Source: China Statistical Yearbook 2016

5. Source: Xiong Jian. The nursing deficiency is not mended resulting in that old-age industry is hindered. [N] People's Daily. 2015-11-18（15）.

The long-term nursing insurance system includes insurance types, fund raising, quality assessment, supervision and payment methods. At present, China's research mainly focuses on insurance type, fund raising, quality assessment and supervision, and system design. But there is little research on the payment. However, the payment method also plays an extremely important role in the entire insurance system. To some extent, it affects the government's fiscal expenditure, the payment of benefits of the insured, and insurance coverage. Based on the successful experience of long-term care insurance in developed countries such as Germany and Japan, this paper combines the theory with the actual situation in China to find out the insurance payment method that meets the needs of the elderly population in China.

From the perspective of Chinese condition, most of Chinese citizens are collectivists. For example, the social welfare thoughts described by Neil Gilbert, if they provide physical payment for the disabled, most of the Chinese citizens as collectivists, most of them will regard this payment method as what social protection wants to achieve. Therefore, this is also conducive to the implementation of the physical payment method for the disabled.

1. Comparison of payment methods of pilot Project of long-term Nursing Insurance in China

Facing with the increasingly serious aging problem, to seek a long-term nursing insurance model suitable for Chinese conditions, in June 2016, Chinese issued the guidance of the General Office of the Ministry of Human Resources and Social Security on the pilot of the long-term nursing insurance system (hereinafter referred to as the guidance) setting up pilot projects in 15 cities. Among them, Jilin of Changchun and Qingdao of Shandong are the key cities of the state. Besides, the implementation of long-term nursing insurance system in Shanghai and Nantong is also representative.

Table 5 Comparison of objects, payment methods and contents of nursing insurance Changchun, Qingdao, Nantong, Shanghai

City	Changchun	Qingdao	Nantong		Shanghai	
System Name	Medical care insurance for disabled persons	Long-term medical care insurance	Basic care insurance		Long-term Nursing Insurance	
Insured Objects	Urban workers and residents participating in medical insurance	Employees and medical insurance personnel of urban and rural residents	Staff and workers, residents participating in medical insurance		Staff and workers participating in medical insurance and those aged 60 and above in medical insurance for residents	
Treatment service object	Severe disabled person	Severe disabled person	Disabled person		Mild, moderate and severe disability population	
Payment mode	In-kind Payment	In-kind Payment	In-kind Payment	Cash Payment	In-kind Payment	Cash Payment
Payment content	Pure institutional nursing service	Institutional nursing and home-based nursing to encourage home-based nursing	Combination of home and institutional care	Eligible for treatment, 15 yuan per person per day for severely disabled persons and 8 yuan per person per day for moderately disabled persons.	Community home care, institutional care for the aged and in-patient medical care	In order to encourage home care for the aged, those insured persons with an assessment rating of level 5 or level 6 receiving home care services for a continuous period of not less than one month but not more than six months (including) shall select on their own. On the basis of the prescribed service time of 7 hours a week, increase the service time by one hour per month, or receive a cash subsidy of 40 yuan; Those who have continuously received home care services for more than 6 months shall, at their own choice, increase their service hours by 2 hours per month or receive a cash subsidy of 80 yuan on the basis of the prescribed service hours of 7 hours a week.

2. Problems and enlightenments in the operation of payment mode of nursing insurance in pilot cities

A. The independent status of nursing insurance is based on the basic medical insurance

The four pilot cities of Changchun, Qingdao, Nantong and Shanghai all adopted to attach their respective nursing insurance to basic medical insurance in the exploring process of exploring, of which only Qingdao achieved full coverage of urban and rural areas in 2015 by means of a "Government Decree". As for the rest of the pilot cities, each of them basically covered the urban basic medical insurance, while Shanghai regulated that only urban citizens over 60 could apply for nursing insurance.

Due to the fact that long-term nursing insurance is a brand-new one in China, the medical insurance targeting at protecting citizens' health as the long-term nursing insurance was a good reference for exploring the initial long-term nursing insurance. In the 4 pilot cities, those governments have had a certain amount of experiences to explore nursing insurance continuing the mode of "nursing insurance depending on basic medical insurance". However, both fund-raising and staffing are cross-linked with medical insurance, which results in the reliance on basic health insurance rather than the institutional independence. To some extent, this situation resulted from the guidance that in the pilot stage, the long-term nursing insurance system mainly covers the basic medical insurance coverage as pointed out in the guidance of the Ministry of Human and Social Affairs. But this mode was not a long-term solution. Based on Chinese situation, the focus on long-term nursing insurance should be an independent social insurance instead of the extension of medical insurance. Otherwise, it is not effective not only to the overall planning of the government, but also to the balance of the operation of the two kinds of insurance in the future.

In addition, there's deviation existing in the long-term nursing insurance system. Indeed, in different pilot cities, the name of the long-term nursing insurance is not uniform. According to the guidance issued by the Ministry of Human Resources and social security of the People's Republic of China[6] in June 2016, it was clearly pointed out that the pilot city was exploring the "model of long-term nursing insurance system." Apparently, the long-term nursing insurance is the exploration direction designated by government. But the concept orientation is not unified, there's some misunderstanding in the exploration of the insurance which delayed the process of the long-term nursing insurance.

B. Needs of most citizens couldn't be met due to the cognition deviation of the treatment service object and the vague grade division.

The cognitive deviation of the target of treatment and service does exist. The treatment of Changchun, Qingdao, Nantong and Shanghai are mainly aimed at the disabled people over 60 years old which is crossed with the pension insurance's treatment object blurring the differences and boundaries between those 2 kinds of insurance. Long-term nursing insurance should be firstly aimed at disabled or semi-disabled people who cannot take care of themselves, regardless of age. As long as the conditions are met, people can apply for nursing insurance; As for elderly people who can take care of themselves, they do not need long-term care who should be covered by old-age insurance. Obeying the targets specified in the above 4 pilot cities, many young people and adolescents who cannot take care of themselves would be ignored. Therefore, this specific requirement on long-term nursing insurance will cost a great deal of resources, meanwhile, the implementation of long-term care insurance would fail to achieve the expected effect of policy implementation at the same time.

Besides, the classification of nursing population is not clear. The target group in pilot cities is mainly the elderly with severe disability. While, only in Shanghai, the classification is divided into three grades: light, moderate and severe. The classification of nursing population is vital to insure whether those people with disabilities could obtain the nursing services in accordance with their own physical conditions. If the classification of nursing population is fuzzy, the target group would not be precisely positioned resulting in waste of nursing service.

C. Single payment method resulting in insufficient nursing staff and excessive financial pressure

In those pilot cities, the payment methods mainly rely on paying in kind. Changchun chooses a pure institutional nursing service; Qingdao adopts a combination of institutional nursing service and home nursing service; Shanghai provides a pure home nursing service with cash payment; Nantong relies on a home care with institutional care combined with cash payment. The payment mode content of long-term nursing insurance is nursing service supplied by nursing staff and nursing products. However, according to the running situation in pilot cities, there is a shortage of professional nursing staff. Because nursing insurance is a new insurance in China, nursing staff mainly come from nurses in hospital. They have professional medical nursing knowledge and skills, but they do not have knowledge and skills in life care and mental care.

Based on the international experiences, cash payment can prevent families capable of caring for older persons from passing on their care responsibilities and obligations to older persons through long-term care insurance so as to play a family role completely. Furthermore, cash payment could also avoid the lack of care for the elderly due to the shortage of nursing staff. Therefore, the payment-in-kind method needs to be reconsidered.

The cash payment mode in Nantong also has its problems which is not conducive to the coverage to realize the largest utility. Though the implementation of cash payment in Nantong is beneficial to promote home care, this method is not correct on the target. In Nantong, those people accepting cash payment are the elderly with severe disability at home who have not the ability to use the cash. Therefore, the cash they get could not help them get the care they really need. In the end, the severely disabled elderly who receive home care are neither entitled to cash payment nor receive the long-term care they deserve.

D. The service of nursing is biased towards medical care instead of daily emotional comfort.

In terms of nursing service content, in those 4 pilot cities, Changchun, Qingdao, Shanghai and Nantong, the long-term nursing insurance was divided into two parts, medical nursing service and life nursing service. In Changchun and Qingdao, the contents of nursing were mainly constituted of

[6] Policy Source: http://www.mohrss.gov.cn/gkml/xxgk/201607/t20160705_242951.html

medical nursing service with part of life nursing service added. As that for Shanghai, the content involved more life care services than the previous two cities. When it comes to Nantong, the government gave priority to life care, taking into consideration of medical care if necessary. Long-term nursing insurance is aimed at people with chronic diseases, while, medical care focuses on the short-term outcome. Due to the nature of long-term care, the content of long-term nursing insurance does not only include the medical treatment and life care, but also mental care and psychological comfort. Therefore, it's quietly necessary to provide emotional care with the basic medical care.

From the international experiences, Japan has designed a scale specifying different levels on physical and mental dysfunction for the elderly which is the evidence for determining the degree of care services. And it is obvious that Japan has already concerned not only the physical diseases, but also the psychological aspects of the elderly. Japanese mode is valuable to Chinese long-term nursing insurance.

Prospect of mixed payment in the Future

Based on the above theoretical analysis and the comparison of payment methods between Germany and Japan, the hybrid payment method can not only reduce financial expenditure, but also achieve fairness and efficiency under the premise of ensuring certain coverage. Combining the experience of different payment methods for long-term care insurance in China and foreign countries, it's necessary firstly to define the boundary between disabled and semi-disabled elderly. For semi-disabled persons, it's wise to adopt a mixed payment method with priority to use cash payment, while only those who are disabled are provided with payment in kind. What's more, on the basis of the original medical and living care, the psychological comfort should be involved within the daily life care.

1. Policy Unity of Insurance system and narrowing Regional differences

Although long-term care insurance is still in the exploration stage, with the increasing degree of aging, a series of problems such as solving the aging of social workers should be put on the agenda. Even if the situation in each region is different, long-term care insurance should have the characteristics of each region to a certain extent. However, it's necessary to keep the consistency of the system in the general so as to avoid the duplication of other social insurance. Since the long-term care insurance system is to be implemented nationwide, each region should also narrow down the differences while exploring their respective local characteristics, which is beneficial to the implementation of the system in the country in the future.

Therefore, the state should improve the pilot policy of the long-term care insurance system in the following aspects: in the future exploration process, all cities should gradually get rid of the dependence on basic medical insurance and pension insurance. It's vital to unify the name of nursing insurance so as to avoid the cognitive bias of nursing insurance. In order to ensure the smooth progress of the long-term care insurance in each pilot area, the state should introduce the corresponding long-term care insurance law as soon as possible.

2. Clear the boundary between disabled and semi-disabled, and implement mixed Payment

Due to the fact that physical and psychological characteristics of the disabled and the semi-disabled are different, the insurance payment methods are also different. It is necessary to define the boundaries between the two, which is also the premise of implementing mixed payment. From the experience of German and Japanese policy implementation, the hybrid payment method cannot only reduce the financial pressure, but also make family play the role in taking care. As for the pure payment in kind, it is completely provided by the government or the institution, which obviously does not involve the role of the family. Furthermore, this method also calls for higher requirements on professional skills of nursing staff which will add the administrative expenses of recruitment and training of nursing staff resulting in increasing the financial burden of the government. However, the mixed payment method can avoid these problems to a greater extent, such as, reducing financial pressure, and involving the role of the family. Besides, the mixed method could also meet the needs of different insured persons.

In order to enable more people in need of care to receive care services, for disabled people, the payment in kind is a must. As for semi-disabled people, they can freely choose the payment method. For exerting the role of the family and saving labor costs, it should be inclined to pay in cash.

3. Reasonable division of care levels to provide different care services for different groups

Different people in need of care need different nursing services, which requires the government to reasonably divide the level of care when formulating the content of nursing services. The long-term care insurance system in Germany and Japan sets different levels of care based on each national condition which are divided into 3 levels and 6 levels respectively. The mode of Germany is highly operational, while that of Japan is highly targeted. However, China is a country with a large population. If it is too subdivided, it will make nursing insurance difficult to be operated. Therefore, for the classification of nursing level, China can learn from Germany to divide it into 3 grades. As for the division standard, Shanghai's standards can be followed.

For specific service items and times, please refer to the following table:

Table 6 Home Care Classification

Nursing level	Mild disability	Moderate disability	Severe disability
Service level	Psychological comfort	Corresponding medical care, part of daily life care and psychological comfort, housework assistance	Daily life care, psychological comfort, corresponding medical care, housework assistance
Number of visits	Once-twice per week	4-5 times per week	6-7 times per week or above
Care time	45 min-1h per time	2h-3h per time	3.5h-6h per time

4. Increase psychological comfort in daily life care

As the society becomes more diversified, the needs of elderly care not only have medical care needs, but also spiritual needs. For some elderly people with chronic diseases or degenerative diseases, they need more psychological care for daily life. On the one hand, elderly people who need long-term care cannot be complete or not good at expressing their psychological demands. On the other hand, in today's highly competitive society, their children do not have enough time or care to care about the psychological problems of the elderly which makes psychological comfort become extremely important.

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