



Value and Path: The Role of Commercial Health Insurance in Constructing a Multi-level Healthcare Security System

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DOI: 10.32629/memf.v5i6.3363

Abstract: In recent years, with strong support from relevant national policies and guidance from the government, the commercial health insurance market has expanded, and the variety and services of products have become increasingly rich. Its development has, to some extent, alleviated the financial pressure on the government in terms of medical security and achieved significant results in meeting the diverse medical security needs of middle and high-income groups. However, the role of commercial health insurance in the multi-level medical security system is still in the exploratory stage, and its current development still faces many difficulties. Based on this, this article, from the perspective of constructing a multi-level medical security system, deeply analyzes the current situation of the development of commercial health insurance and the existing problems, aiming to scientifically judge the development paths that commercial health insurance can choose in the process of constructing a multi-level medical security system.

Keywords: Multi-level medical security system; Commercial health insurance; Value and path

1. Introduction

With the rapid economic development, our country's medical insurance is advancing towards comprehensive coverage. Constructing a multi-level medical security system is an inevitable trend for future development. Basic medical insurance meets the basic health needs of the people, while commercial health insurance plays a significant role in providing high-quality and diverse medical services. Emphasizing the role of commercial health insurance in the multi-level system, clarifying its value and advantages, and exploring development paths in response to existing issues, is crucial for the healthy development of the medical security cause.

2. Elements of a multi-level healthcare security system

In 2020, the State Council issued the "Opinions on Deepening the Reform of the Medical Security System," proposing a comprehensive reform framework of "1+4+2," which is centered around basic medical insurance, with medical assistance as a foundation, and supplementary medical insurance, commercial health insurance, charitable donations, and medical mutual aid developing together.

Basic medical insurance is the core of a multi-level medical security system, aiming to provide basic medical security for insured individuals, including basic medical insurance for urban workers and basic medical insurance for urban and rural residents; medical assistance primarily offers aid to those with economic difficulties or specific diseases, ensuring that everyone can access necessary medical services; supplementary medical insurance is used to complement basic medical insurance, including major illness insurance for urban and rural residents and some regions' major illness insurance for workers or large medical expense subsidies; commercial health insurance, as a market-oriented security model, aims to meet the diverse and high-level health security needs of insured individuals; charitable donations and medical mutual aid are informal medical security methods, including social donations and mutual aid organizations, providing services for those in need of medical assistance.

3. The value of commercial health insurance in building a multi-level medical security system

3.1 Improve and perfect the medical security system

Commercial health insurance plays a significant role in the multi-level medical security system, contributing to the complementation and improvement of the medical security system. With the rapid development of the socioeconomic, the quality of life for people has improved, and traditional low-level medical security can no longer meet the growing health

needs. Commercial health insurance can provide medical and pharmaceutical services beyond basic medical insurance, as well as coverage for major risks, making it particularly suitable for middle and high-income groups and special populations, meeting their diverse health needs.

3.2 Promote the development of the health service industry

Commercial health insurance is crucial for improving the quality of the health service industry. After the release of the "Opinions on Deepening the Reform of the Medical Security System," commercial health insurance has become a key component in building a multi-level medical security system. With government policy support, commercial health insurance leverages its market-oriented advantages to demonstrate significant potential in capital accumulation and economic development. In pursuit of higher profits, insurance companies compete for market share by innovating products and services, a competition that helps to enhance the level of health services. Moreover, insurers are able to introduce customized commercial health insurance products based on market principles to meet the individual needs of consumers, further promoting the development of the health industry.

3.3 Addressing the challenge of an aging population

Our country is facing the issue of population aging and needs to pay special attention to the medical security for the elderly. Statistics from 2022 show that the number of participants in employee medical insurance reached 362.43 million, with retirees accounting for 26.4%. However, the proportion of medical expenses for retirees is 59%, far exceeding their population ratio. Commercial health insurance can provide additional services to meet the health needs of the elderly and alleviate the financial pressure on medical security. Therefore, commercial health insurance is an effective means to address the challenges of aging and promote social stability and development.

4. Problems in the Development of Commercial Health Insurance in the Construction of a Multi-level Medical Security System

4.1 The product does not match market demand

Despite the increased investment in product innovation and service expansion by commercial health insurance, the issue of product homogeneity remains prominent. Market entities play an increasingly important role in the multi-level medical security system, yet the profit-oriented tendency of insurance companies leads to a focus on major illness insurance that is separated from statutory medical insurance and city-specific medical insurance that is closely related to government. Insurance companies prefer to provide major illness and city-specific medical insurance, neglecting disease prevention. Although investment in product innovation has increased, it is limited compared to market demand and cannot meet the needs of middle to high-income groups and treatment for special diseases.

4.2 Insufficient experience and professional competence in insurance companies

The development of commercial health insurance is rapid, but it started later and has less experience compared to basic medical insurance. Most insurance companies face issues such as product homogeneity, high operating costs, insufficient risk management and control, and a lack of professional talent, resulting in a lack of professional competitiveness. They are not capable enough in integrating with the medical security system, interpreting medical data, and meeting customer needs, leading to insufficient product innovation and difficulty in meeting the health protection needs of different income levels. Currently, commercial health insurance is mostly short-term, lacking long-term security capabilities. As market entities, insurance companies are susceptible to market fluctuations and competition, and their ability to cope with challenges still needs to be strengthened.

4.3 The risk management and control system needs to be improved

Most insurance companies lack professional risk management personnel, are unable to innovate their risk management approaches, and continue to use traditional business methods, lacking a risk management system that adapts to the medical security system. Insurance companies need to focus on monitoring medical events and the ability to control risks proactively, but they are lacking in this area. Moreover, the cooperation between insurance companies and governments and medical institutions is not close enough, making it difficult to accurately assess the medical needs of insured individuals, and they lack the management capabilities to deal with external risks such as medical cost inflation, over-commercialization, and selective policy cancellations.

5. Path Selection of Commercial Health Insurance in the Construction of a Multi-level Medical Security System

5.1 Satisfy the diverse needs of the market

Commercial health insurance serves as a supplement to basic medical insurance, mainly covering diseases, medications, services, and out-of-pocket expenses not covered by basic insurance, protecting the rights and interests of social members. It collaborates with the pharmaceutical industry and medical institutions to identify and fill gaps in medical security. Insurance companies should also provide health check-ups, disease prevention, and health consultation services to reduce the incidence of diseases. Commercial health insurance needs to leverage its flexibility, diversity, and professionalism to design targeted products, such as specific insurance plans for the elderly, children, and long-term disabled patients, to meet the market's demand for diversified health protection.

5.2 Enhance the professional capabilities of insurance companies

The specialization of an insurance company can not only include the business division part, but should be a dynamic, constantly developing and advancing process with The Times. In the development process of commercial health insurance, insurance companies should extensively absorb medical, medical and other technical talents, and rely on long-term accumulated medical data and medical management experience to carry out professional operation and management of the company. While paying attention to internal construction, insurance companies should also pay attention to the linkage with external subjects such as the government, medical institutions and social groups, so as to timely obtain medical information and understand the health security needs of social members. In addition, while improving their professional service ability, insurance companies should also actively exercise their ability to control improper medical behaviors, reduce the abuse of medical resources and unreasonable medical costs, so as to promote the healthy development of the medical security industry.

5.3 Improve the risk management and control system

Risk management in commercial health insurance should cover the entire process from disease prevention to rehabilitation. To improve this management system, a supervision system for medical institutions and insured individuals needs to be established, which requires the cooperation of the government and insurance companies. The government should use its influence to strengthen the education and publicity of health insurance, while insurance companies should fully leverage their market advantages to engage in in-depth cooperation with medical institutions, understand the information of insured individuals, prevent the occurrence of medical misconduct, and thereby enhance risk supervision capabilities. In addition, raising the legislative level, regulating market behavior, and detailing the supervision of online sales are also key measures.

6. Conclusion

In summary, commercial health insurance is a key component of China's medical security system, a necessary measure to meet the diverse health needs of the public and to alleviate the government's financial burden on healthcare. In the future, the government and insurance companies need to strengthen cooperation to clarify the role of commercial health insurance; insurance companies should enhance their professional capabilities and improve risk supervision to address the risks and challenges in the construction process.

Acknowledgments

This paper was supported by the following fund project: Inner Mongolia Autonomous Region Natural Science Foundation General Project: Research on Countermeasures for Consolidating and Expanding the Achievements of Poverty Alleviation in Inner Mongolia Based on Analytic Hierarchy Process (Project Number: 2021MS07005).

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