

The Evolution from Commercial Insurance to PPP policies China Experience

Alex Xia

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- Introducing the journey of how commercial insurance in China has helped improve accessibility for cancer patients over the past decade, including the experiences, lessons learned, and the involvement of various stakeholders

The Structure of China healthcare system

The financial burden of cancer patients in China

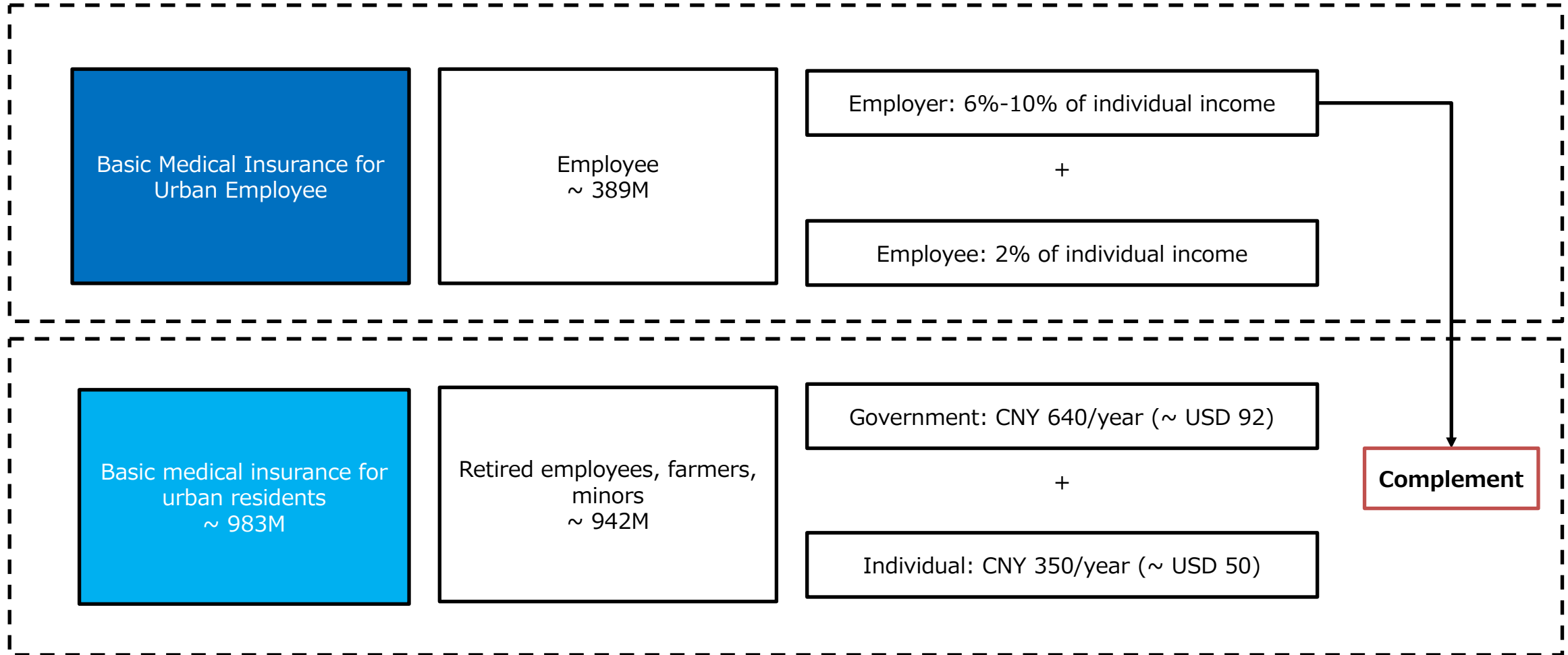
How Commercial Insurance in China Improves Cancer Patients' Access to innovative cancer treatment

The Structure of China's healthcare system

- China has established a social insurance system since 1996, which now covers over 96% of the national population. To further improve healthcare coverage, China's health system has undergone multiple reforms, with commercial insurance playing an increasingly vital role.

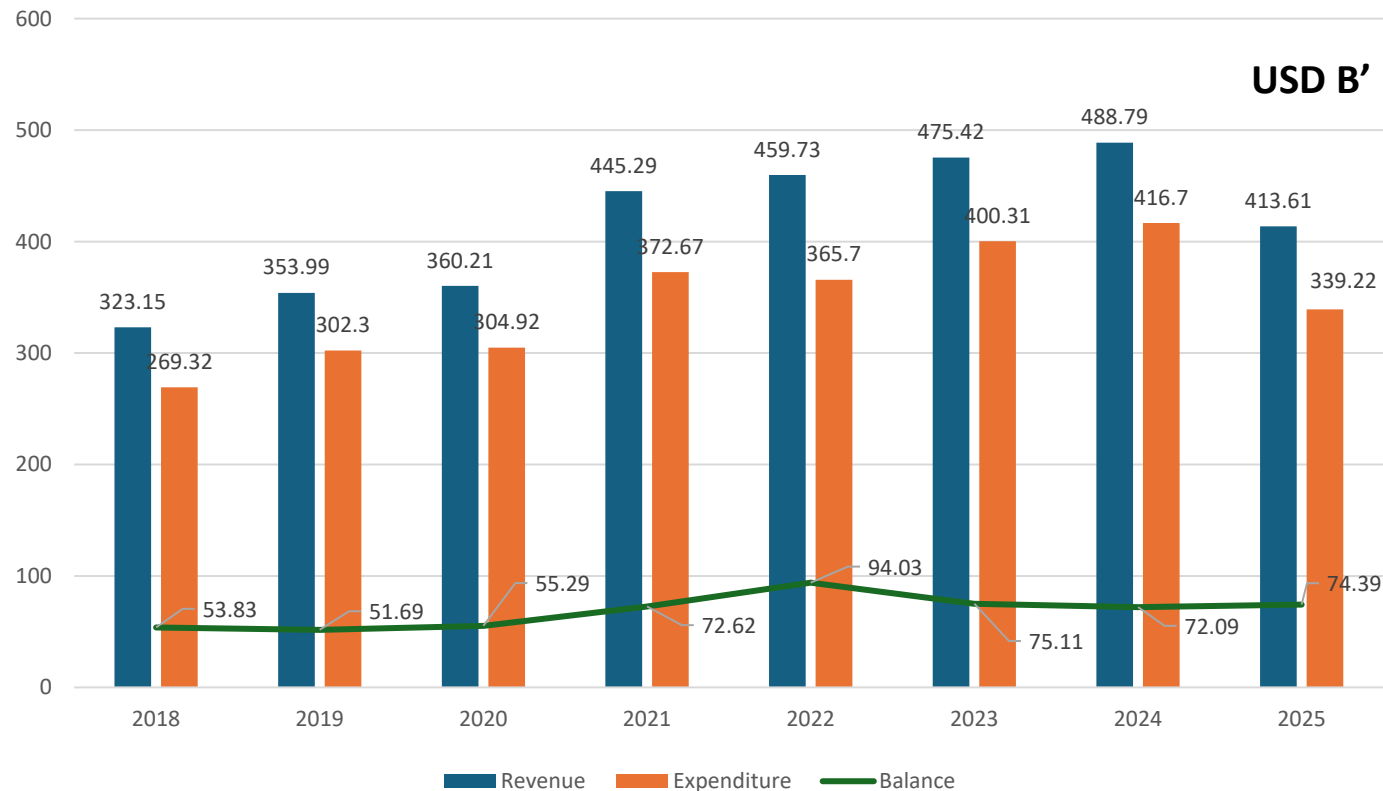
	1996-2016	2016-2020	2020-Present
Supplementary	Private Insurance (critical illness insurance)	Private Insurance	Supplementary Medical Insurance (SMI) Private Insurance
Main body	Basic Medical Insurance for Urban Employe Basic medical insurance for urban residents New rural cooperative medical system	Basic Medical Insurance for Urban Employe Basic medical insurance for urban residents	Basic Medical Insurance for Urban Employe Basic medical insurance for urban residents
last line of defense	Urban and rural medical assistance	Urban and rural medical assistance	Urban and rural medical assistance

Funding source of social insurance



Revenue and expenditure situation of social insurance

- With the intensification of aging, the revenue and expenditure of social medical insurance are gradually becoming tense. Directly leading to high priced innovative drugs becoming increasingly difficult to be covered by medical insurance



- Social security is **pooled and administered at the municipal level.**
- Cities with large working populations, such as Shanghai and Beijing, have a large young labor force and thus high social security income.
- By contrast, some smaller cities suffer from **substantial youth outflows**, with fewer contributors, but higher expenditures, leading to **social security deficits.**

The financial burden of cancer patients in China

- According to recent studies (such as The Lancet or National Health Commission reports), the proportion of Out-Of-Pocket medical expenses for cancer patients in China is about 30%-60%.
- According to the “White Paper on the Quality of Life of Cancer Patients in China”, about 60% of patients face "catastrophic medical expenditures", and the OOP portion often needs to borrow or sell assets.

OOP treatment cost for lung cancer patients

USD K'	Total	Social Insurance	OOP	OOP%
Surgery	15	10.5	4.5	30%
Chemo (local Brand)	7	4.9	2.1	30%
Chemo (import)	14	9.8	4.2	30%
Target Therapy (Axitinib)	25	17.5	7.5	30%
Immuno Therapy (Pembrolizumab)	30	0	30	100%
Total	91	42.7	48.3	53%

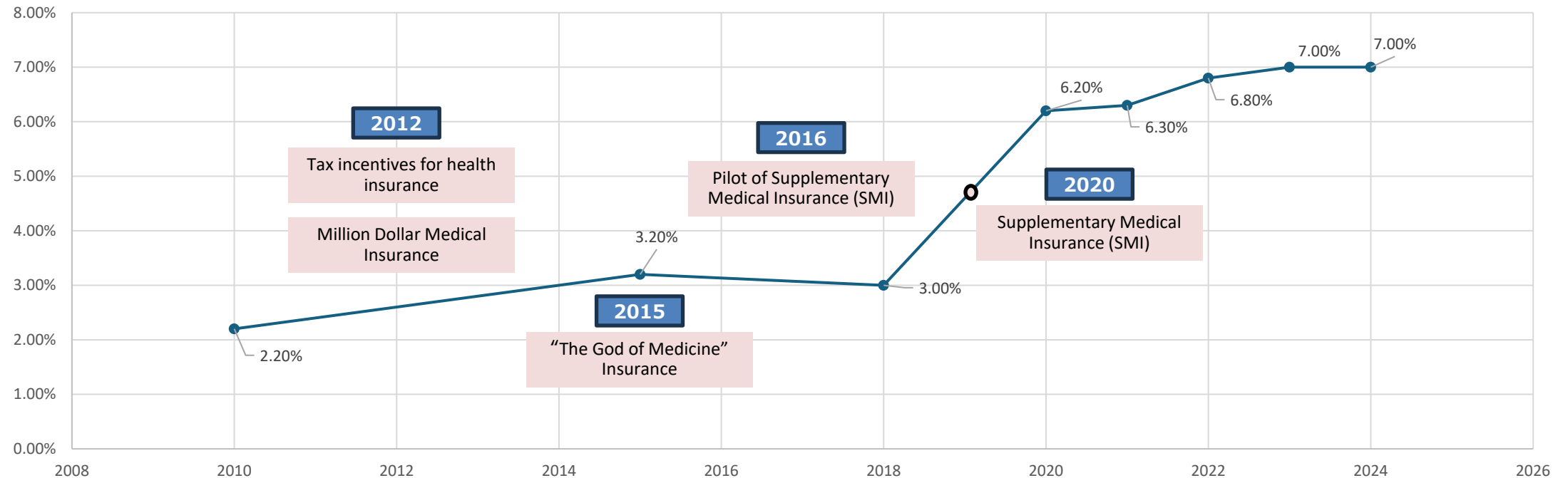
OOP treatment cost for TMBC patients

USD K'	Total	OOP	OOP%
Early Stage (surgery + chemo)	7 to 20	1.5 to 7	20-40%
Late Stage (chemo + immuno)	28 to 70	14 to 42	50-70%
If use ADC or PARP	42 to 85	28 to 70	70-90%

The Evolution from PHI to PPP

- The Chinese government launched the “Healthy China 2030” plan outline in 2016, which clearly proposed to increase the proportion of commercial insurance in health expenditures. With the introduction of various forms of commercial insurance, the proportion of commercial insurance in overall health expenditures has significantly increased. It is expected that the proportion of commercial health insurance will reach 10% by 2030.

Commercial insurance in overall health expenditures %



Data Source:

National Healthcare Security Administration. (2026). 2025 Statistical Bulletin on the Development of Healthcare Security Undertakings. NHSA.

National Health Commission. (2025). Statistical Communique on the Development of Healthcare Undertakings 2024.NHC.State Administration of Financial Regulation. (2025).

Annual Statistical Report on Commercial Health Insurance. SAFR.

Million Dollar Medical Insurance

- Due to high premiums and low coverage, the disease insurance has not gained widespread recognition in the market. After the Chinese government introduced the "health insurance tax incentives" policy, various insurance companies began to launch innovative medical insurance products.
- Million-dollar medical insurance products emerged in the market. With their product features of low premiums and high coverage limits, they quickly gained market recognition. By the end of 2024, the number of insured people reached 240 million.

Insurance coverage

The coverage amount	Generally, between 1 million and 6 million CNY per year (cancer coverage amount doubles (such as 2 million to CNY 4 million).
Reimbursement scope	Reimburses 80% OOP costs for inpatient medical care, special outpatient services (such as kidney dialysis), outpatient surgery, pre - and post hospitalization outpatient and emergency services (usually within 7 days and 30 days).
The deductible	CNY 20K (USD 2.85k) per year (cancer/major illness may have no deductible).
Renewal conditions	1-year (no guarantee of renewal), and some products offer 6-year/20-year guarantee renewal .

Annual Premium

Healthy adults	Annual Premium
30 years	CNY 200-500 (USD 30-70)
50 years	CNY 1000-2000 (USD 70-140)
Family	Some products offer family discounts (such as a shared deductible for the whole family and a 5% - 10% premium discount).

1 USD = 7 CNY

However, Million-dollar medical insurance mainly target young people. For those aged 60 and above, premiums are extremely high, or coverage may be denied. Meanwhile, these insurance products are only sold to healthy individuals.

“The God of Medicine” Insurance

- The God of Medicine Insurance - a special anti-cancer drug insurance that mainly provides protection for high anti-cancer drug costs. The extremely low premium combined with high protection makes the public willing to purchase. Within 3 years of launching, the number of policy holder exceeded 24 million.

The coverage amount	CNY1 million to 2 million (USD 14.3K to 28.6K)
Reimbursement scope	Covers over 100 types of anti-cancer drugs (such as PD-1 inhibitors, CAR-T therapy drugs, etc.) and is dynamically updated. Reimburses % : 100%
The deductible	None

1USD = 7CNY

- Annual premium

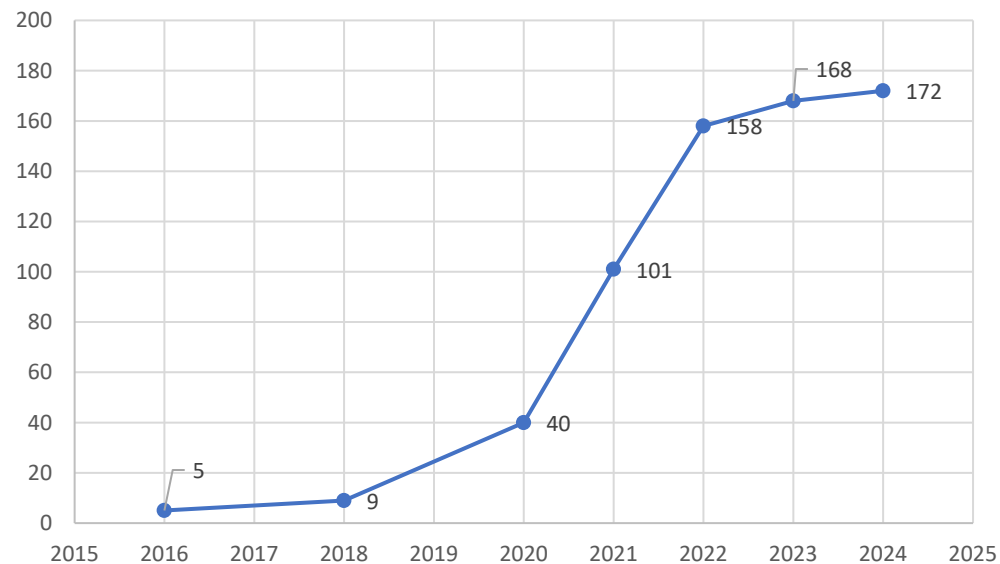
Healthy adults	Annual Premium
30	CNY 60 (USD 9)
50	CNY 150 (USD 22)

However, The God of Medicine Insurance only target young people. For those aged 60 and above, coverage may be denied. Meanwhile, this insurance is only sold to healthy individuals.

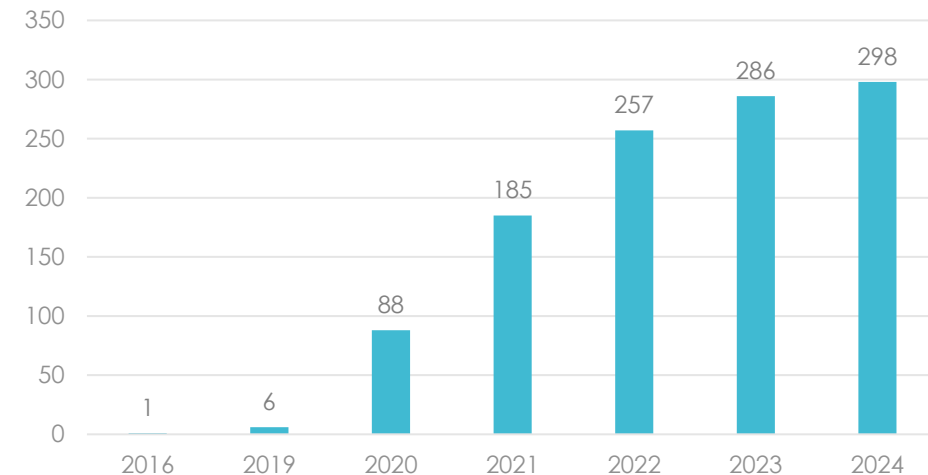
Supplementary Medical Insurance (SMI)

- The government has seen innovative medical insurance products gaining market recognition. At the same time, the social health insurance was facing enormous pressure, and the burden on patients with critical diseases is heavy.
- Since 2016, SMI has been piloted in Shenzhen, with a participation rate exceeding 80% of the city's residents for three consecutive years. Starting from 2019, SMI will be implemented nationwide.

Enrolled population of SMI M'

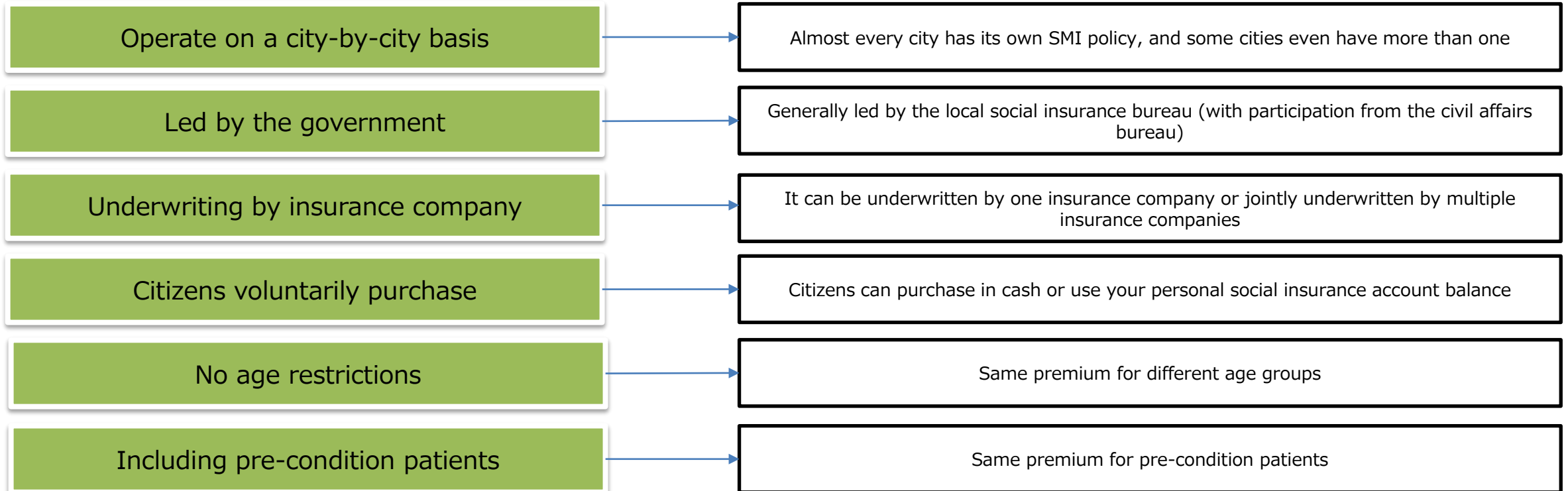


Number of active SMI policies



Supplementary Medical Insurance (SMI)

Main features of SMI



Supplementary Medical Insurance (SMI)

A typical SMI policy -- Shanghai SMI (2025-2026)

- Insurance coverage period: from Jul 2025 to Jun 2026
- Enrollment period: 1st Apr 2025 to 30th Jun 2025
- Annual premium: 129 yuan/year/person (~ USD 18.4)
- Eligible population:
 - Shanghai basic medical insurance insured persons (including employee medical insurance and resident medical insurance)
 - **No age, occupation restrictions**
 - **No health condition restrictions (insured or compensated for illness)**

Real case (2023):

- Patient: 52 years old with advanced gastric cancer (*precondition*)
- Total OOP treatment cost: 280K yuan (hospitalization) + 190K yuan (special medicine) = CNY 470K (~USD 67K)
- SMI reimbursed: CNY 187K (~USD 27K)
- Reduce burden rate: 40%

	Hospitalization OOP medical expense	Domestic specific high-cost drug	Proton and heavy ion	Overseas special drug	CAR-T
Coverage	OOP expenditure during hospitalization	48 high-cost drugs (including 38 cancer drugs)	Proton & heavy ion	28 special drugs only available in "Hainan"	4 different CAR-T treatment plans
Sum of insured	CNY 1M (USD 142K)	CNY 1M (USD 142K)	CNY 300K (USD 43K)	CNY 300K (USD 43K)	CNY 500K (USD 71K)
Deductible	12,000 CNY/year	0	0	0	0
Reimbursement % (Non-precondition)	70%	70%	70%	70%	100%
Reimbursement % (Precondition)	50%	30%	30%	30%	100%

Supplementary Medical Insurance (SMI)

Roles of different relevant stakeholders

	Design Phase	Enrollment Phase	Claim Phase
Government	<ul style="list-style-type: none"> Design principles for developing SMI (premiums, coverage, targeted audience, etc.) Organize bidding Review proposal from insurance companies Finalize SMI policy (after bidding) Set the profit margin (upper and lower limits) for SMI 	<ul style="list-style-type: none"> Media campaign Enrollment support 	<ul style="list-style-type: none"> Review claim data Prepare for next year's renewal Collect feedback from patient and HCP
Insurance Companies	<ul style="list-style-type: none"> Actuarial calculations based on government principles Design SMI policy Participate in bidding Decided to participate in this year's SMI or not 	<ul style="list-style-type: none"> Online enrollment On-site enrollment 	<ul style="list-style-type: none"> Manage claim Submit claim report to government
Academic institutions	<ul style="list-style-type: none"> Provide support for government design principles (knowledge and data) 		<ul style="list-style-type: none"> Analyze claims report Provide suggestions for next year's updates
Citizens		<ul style="list-style-type: none"> Voluntary joining 	<ul style="list-style-type: none"> Claim online
Pharmaceuticals	<ul style="list-style-type: none"> Provide data support for insurance companies to design SMI policies 		<ul style="list-style-type: none"> Analyze claims report (of own products)

Supplementary Medical Insurance (SMI)

The IMPACT of SMI in reducing the burden on patients

The difference between SMI and commercial insurance

	Commercial insurance "Million Dollar"	SMI
Premium	CNY 1,000-2,000 (50 years old)	CNY 120
Age limit	<60	No limit
Sum-of-insured	CNY 1-6M yuan	Up to 3M yuan
Pre-condition	No	Yes

The biggest claimed amount for a single case was **1.673M yuan** (Guangzhou)

Leukemia (CAR-T treatment): total cost 1.29 M → **reimbursed 900K** (Shenzhen)

Reduced financial burden for cancer patient in average: **32% - 50%**

Rare disease patients: **73%** of cases with annual treatment costs exceeding 500K receive compensation

SMI is the first insurance for over **40%** of people in their lives

Preventing **42K households** from falling back into poverty due to illness in 2023 (Zhejiang data)

Improved treatment options: **27% increase** in the proportion of patients using expensive innovative drugs

The Enlightenment from the Development of Commercial Health Insurance in China

Commercial insurance companies need to step out of their comfort zone and develop insurance products that cover a wider range of people

Health insurance products need to be more in line with local medical environment

The government needs to intervene at the appropriate time to maximize the help that commercial insurance can bring to the health system

Other stakeholders (academic groups, pharmaceutical companies, etc.) need to provide real-world data for commercial insurance to improve the efficiency of insurance companies' actuarial calculations

Thanks!

xiahao1977@gmail.com