

Comparative Analysis of Domestic and International Health Insurance Payment Methods

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Abstract: Medical insurance is a significant social security system aimed at providing individuals with financial protection for healthcare expenses. Both domestically and internationally, the diversity of payment methods for medical insurance offers people a wider range of choices and security opportunities. Domestically, the main payment methods for medical insurance include social medical insurance, commercial medical insurance, and public medical insurance. Internationally, the payment methods for medical insurance encompass social medical insurance, private medical insurance, and public medical insurance, among others. Different payment methods vary in coverage scope, costs and amounts, freedom and choice, management and regulatory mechanisms, as well as payment efficiency. Therefore, conducting a comparative analysis of domestic and international payment methods for medical insurance is useful for understanding the strengths and weaknesses of various systems, and provides valuable reference for enhancing the quality and effectiveness of the medical insurance system.

1. Introduction

Medical insurance is a crucial protective system that safeguards the health rights of individuals and achieves universal accessibility. The comparative analysis of medical insurance payment methods, both domestically and internationally, holds significant importance. Firstly, the diversity of payment methods provides people with more choices and opportunities for coverage. Understanding the characteristics and differences of these methods can assist in formulating more personalized and effective medical insurance policies, tailored to different populations and needs. Secondly, by comparing medical insurance payment methods from different countries, we can draw upon their experiences and lessons, further improving the domestic medical insurance system, and enhancing coverage and service quality. Additionally, comparing the payment methods can explore the effects of different systems in cost management, resource utilization, and regulatory mechanisms, providing valuable insights and references for future medical insurance system reforms. This article aims to analyze the characteristics and differences of domestic and international medical insurance payment methods, evaluating their strengths and weaknesses in terms of coverage, costs and amounts, flexibility and choice, as well as management, regulatory mechanisms, and payment efficiency. By comprehensively understanding and analyzing the features of various payment methods, beneficial recommendations and suggestions can be provided

to enhance the medical insurance system. Ultimately, the goal is to construct a fairer, more efficient, and sustainable medical insurance system that provides better healthcare protection and services for individuals.

2. Comparison of Domestic Health Insurance Payment Methods

2.1. Social Health Insurance

The predominant methods of healthcare payment in China include social medical insurance, commercial medical insurance, and government-funded medical insurance, among others. Among them, social medical insurance is the most significant payment method, offering extensive coverage and high protection levels. Firstly, social medical insurance is a government-led and mandatory healthcare insurance system. Through social medical insurance, insured individuals nationwide can enjoy basic medical insurance benefits, including inpatient care, outpatient care, and medication expenses. This greatly alleviates the financial burden on insured individuals and improves access to basic healthcare services. Secondly, social medical insurance has wide coverage. Depending on regional and institutional regulations, social medical insurance generally includes basic medical insurance for urban employees, basic medical insurance for urban and rural residents, and new rural cooperative medical care, among others. These insurances cover the majority of urban and rural residents, gradually achieving the goal of universal healthcare coverage. Furthermore, the fee management of social medical insurance is relatively unified and standardized. Insured individuals contribute a certain percentage of their monthly wages as medical insurance premiums, while employers also contribute a certain percentage. These contributions form the medical insurance fund, which is used to pay for the healthcare expenses of insured individuals. The government oversees the overall allocation and management of the medical insurance fund, ensuring its rational utilization and maximizing its effectiveness [1].

2.2. Commercial Medical Insurance

Commercial health insurance refers to medical insurance services provided by insurance companies or other commercial entities. It is characterized by its profit-oriented nature and is typically purchased voluntarily by individuals or employers, offering additional medical protection and services to policyholders. Commercial health insurance, together with social health insurance, forms the foundation of our country's insurance system. Firstly, one of the prominent advantages of commercial health insurance is its flexibility and personalized service. Unlike social health insurance, which follows unified policies and benefits, commercial health insurance allows insurance plans to be customized based on individual or corporate needs, providing more personalized medical coverage solutions. Policyholders can choose insurance products that suit their own circumstances, enjoying more comprehensive and individualized medical insurance services to meet the diverse needs of different population groups. Secondly, the services provided by commercial health insurance are relatively richer and more flexible. In addition to regular medical expense reimbursement, commercial health insurance can also include more specialty services such as hospital allowances, outpatient specialty services, and coverage for medical treatment abroad, providing policyholders with more comprehensive medical protection. Lastly, commercial health insurance also offers varying degrees of supplementary and value-added services in terms of medical services and outpatient specialty, enhancing the practicality and attractiveness of health insurance.

2.3. Medical Insurance at Public Expense

Publicly-funded healthcare insurance refers to the provision of medical insurance services to residents by the government or public institutions, with the main source of funding coming from public finances. It boasts a wide coverage and strong protection. Firstly, publicly-funded healthcare insurance has a relatively broad coverage. Typically undertaken by the government or public institutions, it encompasses different groups, including civil servants, employees of enterprises and institutions, as well as urban and rural residents. This means that the majority of residents can enjoy the benefits of publicly-funded healthcare insurance, regardless of whether they reside in urban or rural areas, and have their medical expenses reimbursed. Secondly, publicly-funded healthcare insurance offers strong protection. It generally provides a high reimbursement rate, covering a substantial portion of medical expenses. Insured individuals within the scope of publicly-funded healthcare insurance only need to bear a fraction of the cost when seeking medical treatment, with the remaining portion covered by the insurance. This feature of strong protection enables insured individuals to better access medical services and alleviates their financial burden related to healthcare. Lastly, publicly-funded healthcare insurance is relatively centralized in management. The government or public institutions are typically responsible for its administration, ensuring a high degree of uniformity and standardization. The government can manage publicly-funded healthcare insurance by formulating consistent insurance policies and related regulations, thereby safeguarding the rights and interests of insured individuals. Additionally, the government can improve the operational efficiency of publicly-funded healthcare insurance through optimizing the allocation of medical resources and establishing healthcare information systems, providing more convenient services.

3. Comparison of Foreign Health Insurance Payment Methods

3.1. Social Health Insurance

Universal healthcare is a healthcare system adopted by many countries, providing extensive medical insurance coverage. Firstly, universal healthcare usually operates on a contributory system. Individuals participating in universal healthcare are required to contribute a certain percentage of their income as insurance premiums, typically shared by both the individual and their employer. This contributory system ensures the sustainable operation of the healthcare fund, providing stable medical security for the insured. Secondly, reimbursement methods in universal healthcare are flexible. In some nations, a "pay first, claim later" approach is adopted, where individuals pay a portion of the medical expenses upfront and then submit reimbursement claims to the healthcare institution for review and subsequent reimbursement. This approach alleviates the financial burden on individuals and encourages healthcare facilities to provide high-quality services. Thirdly, universal healthcare often establishes a unified medical insurance fund. This fund comprises contributions from the insured, which are then utilized to cover various healthcare expenses such as medical reimbursement, medication costs, and hospitalization fees. By centralizing the management of funds, a rational allocation and utilization of healthcare resources can be achieved, enhancing the fairness and sustainability of the system. Lastly, universal healthcare is often complemented by private health insurance. Insured individuals have the option to purchase additional private insurance to supplement the coverage and level of treatment provided by universal healthcare. This approach enables individuals to receive more comprehensive and higher-quality medical security, catering to their unique healthcare needs.

3.2. Private Medical Insurance

Private health insurance is a distinctive healthcare coverage system that differs from national health insurance. It is acquired autonomously by individuals or businesses and offers beneficiaries more comprehensive and higher quality healthcare protection. Firstly, private health insurance typically operates on an annual payment basis. Policyholders are required to pay a certain amount of premiums to the insurance company within a specific time frame each year in order to obtain healthcare coverage for a designated period. This annual payment method enables policyholders to more easily plan and arrange their medical expenses while allowing the insurance company to better manage the healthcare fund. Secondly, the reimbursement process of private health insurance is more flexible compared to national health insurance. In some countries, private health insurance usually follows a pay-first-and-claim-later approach. Policyholders are required to initially cover the full cost of their medical treatment and then submit reimbursement claims to the insurance company. After undergoing an evaluation process, they can receive the corresponding reimbursement. The reimbursement standards of private health insurance are relatively flexible and can be adjusted based on different medical services and treatment plans, providing policyholders with more personalized and adaptable healthcare protection. Lastly, private health insurance often complements national health insurance. Policyholders have the option to purchase both types of insurance simultaneously, augmenting the coverage scope and benefits of national health insurance. This approach allows policyholders to obtain more comprehensive and higher quality healthcare protection, catering to the unique medical needs of different individuals [2].

3.3. Medical Insurance at Public Expense

Publicly-funded healthcare insurance refers to medical insurance provided by the government or employers, with the aim of providing comprehensive and affordable medical security for policyholders. Payment methods for publicly-funded healthcare insurance vary between countries. On the one hand, publicly-funded healthcare insurance is usually supported by tax funding. Governments invest funding into the publicly-funded healthcare insurance fund through fiscal policies such as personal income tax and corporate income tax, to provide medical security for policyholders. In some countries, governments also provide additional financial support for publicly-funded healthcare insurance through value-added tax and consumption tax. This approach fundamentally solves the problem of funding sources and sustainability of healthcare insurance. On the other hand, the reimbursement method for publicly-funded healthcare insurance is relatively straightforward compared to private healthcare insurance. In most countries, publicly-funded healthcare insurance adopts a direct payment method, where the government or insurance companies directly pay medical expenses to hospitals, thereby reducing the burden on policyholders during medical treatment. At the same time, the reimbursement standards for publicly-funded healthcare insurance are relatively fixed, ensuring that policyholders' medical expenses are fully compensated.

4. Comparative Analysis of Domestic and International Health Insurance Payment Methods

4.1. Coverage and Population Penetration

There are some differences and characteristics between domestic and international healthcare insurance payment methods in terms of coverage and accessibility. Firstly, international healthcare insurance payment methods are usually more extensive and comprehensive in terms of coverage. Private healthcare insurance is a common payment method overseas, which individuals can

voluntarily purchase to cover their own and their family members' medical expenses. The coverage of private healthcare insurance can be customized based on individual needs and financial capabilities, providing higher levels of medical services and cost reimbursement. In addition, public healthcare insurance is also commonly found internationally, where the government fully or partially covers medical expenses to provide healthcare protection for specific groups or individuals under specific conditions. Public healthcare insurance has a wide coverage, including basic and special medical services, ensuring the basic healthcare needs of the people. In comparison, domestic healthcare insurance payment methods have relatively narrower coverage. Social healthcare insurance is a common payment method domestically, covering urban employees, urban and rural residents, and retired individuals from enterprises and institutions. This payment method primarily involves the joint payment of insurance premiums by participating units and individuals, with medical expenses being paid by the social insurance fund. The coverage and payment standards of social healthcare insurance are determined by the government, usually including basic and partial special medical services. Secondly, in terms of accessibility, international healthcare insurance payment methods have a higher level of popularity. Private healthcare insurance is widely available in foreign societies, with many families purchasing it to supplement the limitations of public healthcare insurance or to provide additional healthcare protection. Public healthcare insurance also covers various social strata and income levels, ensuring that people receive the necessary healthcare protection through government financial support. However, domestic healthcare insurance payment methods face some challenges in terms of accessibility. Although social healthcare insurance has a broad coverage, its popularity is relatively low in rural areas and among low-income urban residents. Some individuals may not be able to fully participate in social healthcare insurance due to economic issues or the nature of their employment. Additionally, the popularity of commercial healthcare insurance is also low, with many people not having purchased it, which may pose risks and burdens in the face of high medical expenses [3].

4.2. Cost and Amount of Insurance

There are differences and characteristics in the payment methods and coverage limits of domestic and international medical insurance. On one hand, in terms of the premium cost, international medical insurance payment methods are generally more expensive than domestic ones. Private medical insurance, as a type of international medical insurance, is voluntarily purchased by individuals and usually comes with higher costs. These insurances often offer different protection plans and fee standards for different groups of people. Although public medical insurance is mainly funded by the government, the actual expenditure still relies on public finances, making the cost relatively high. On the other hand, in terms of coverage limits, there are also significant differences between domestic and international medical insurance payment methods. Private medical insurance, as a type of international medical insurance, offers relatively higher coverage limits, allowing individuals to choose different coverage amounts based on their needs, providing a higher level of medical services and expense compensation. Public medical insurance is fully or partially funded by the government, thus the coverage limits are typically stable and unified. In comparison, the coverage limits of domestic medical insurance payment methods are relatively lower. Social medical insurance is a common payment method domestically, requiring insured individuals to pay certain premiums while also receiving support from the government, resulting in moderate costs. Commercial medical insurance also has relatively lower premium costs and can be selected based on personal needs and financial capabilities. Generally speaking, there are certain differences in the premium costs and coverage limits between domestic and international medical insurance payment methods. International medical insurance has higher premium costs, suitable for individuals with

purchasing power and financial strength, providing higher levels of medical services and expense compensation. Domestic medical insurance has relatively moderate premium costs, making it more universal and widely accessible. International medical insurance offers higher coverage limits, meeting the needs of consumers at different levels, but it also comes with higher premium costs. Domestic medical insurance, on the other hand, provides relatively lower coverage limits, focusing more on basic medical needs, but with more moderate premium costs, it has gained broad recognition and trust.

4.3. Freedom and Choice in Health Care

There are differences and characteristics in the payment methods of domestic and international health insurance, particularly in terms of the freedom and choice of healthcare services. On one hand, in foreign countries, medical insurance payment methods typically grant insured individuals greater flexibility and freedom in selecting healthcare services. Private health insurance is a common payment method abroad, allowing insured individuals to choose from a wide range of healthcare providers. They have the option to select private hospitals or medical institutions within specific healthcare networks, as well as specific doctors and personalized medical services, thereby enjoying higher levels of medical resources and customized care. Additionally, private health insurance usually offers more flexible reimbursement options, including direct payment and reimbursement percentages, enabling insured individuals to have greater freedom in choosing healthcare services and payment methods. In comparison, domestic health insurance payment methods in China offer relatively lower freedom and choice in healthcare services. Social health insurance is a common payment method domestically, and insured individuals are required to seek treatment at designated medical institutions and adhere to prescribed medical services and cost standards for reimbursement. Compared to private health insurance, insured individuals have limited freedom in choosing healthcare services due to restrictions on medical institutions and costs. Although commercial health insurance exists in China, it is also subject to certain limitations in terms of the choice of healthcare services, with insured individuals often needing to seek treatment at designated medical institutions or within cooperative networks in order to enjoy the corresponding insurance benefits. On the other hand, differences in healthcare insurance payment methods exist on a global scale as well. Many developed countries' healthcare insurance systems allow insured individuals to freely select healthcare services nationwide, including both public and private hospitals. This system provides insured individuals with greater freedom and choice, allowing them to choose appropriate healthcare service providers based on their needs and preferences, and enjoy high-quality medical services. However, in some countries, particularly developing nations, there may be limitations on the freedom and choice within the healthcare insurance system. Insured individuals are required to seek treatment at designated medical institutions, without the ability to freely select healthcare service providers.

4.4. Management and Regulatory Mechanisms

There are differences and characteristics in the management and regulatory mechanisms of medical insurance payment methods both domestically and internationally. In foreign countries, the management and regulatory mechanisms of medical insurance are relatively well-established. Usually, specialized medical insurance companies are responsible for operating and managing medical insurance business. These companies need to obtain government authorization and approval to operate, and they must comply with relevant laws, regulations, and provisions for management and operation. At the same time, the government also strengthens supervision of medical insurance companies to regulate their cost accounting, claims processing, information

disclosure, and other behaviors. In addition, foreign medical insurance companies typically establish cooperative relationships with healthcare providers, specifying fee standards and service quality through contracts and agreements to protect the insured's rights. In comparison, the management and regulatory mechanisms of medical insurance in domestic settings are relatively weak. The medical insurance system is dispersed among various departments and units, resulting in decentralized and less specialized management. There are relatively few medical insurance companies in China, with most being state-owned enterprises that need to improve operational efficiency and service quality. The division of responsibilities and management models among relevant regulatory agencies and government departments are also complex, leading to insufficiently significant supervisory effects and problems such as regulatory loopholes, improper fund management, and unfair claims processing. Different countries and regions have varying management and regulatory mechanisms for medical insurance. In many developed countries, the medical insurance system is relatively well established, with strong government leadership in management and supervision, and sound laws, regulations, and policy measures effectively safeguard the insured's rights. However, in some developing countries, the medical insurance system is not yet well-established, and there are gaps in government management and supervision, resulting in significant violations of the insured's rights. To sum up, there are certain differences in the management and regulatory mechanisms of medical insurance payment methods both domestically and internationally. The management and regulatory mechanisms of medical insurance are relatively well-established in foreign countries, with dedicated medical insurance companies and regulatory institutions for operation and supervision. On the other hand, the management and regulatory mechanisms of medical insurance in China are relatively weak, and further efforts are needed to strengthen government guidance, professionalization, and standardization of management to ensure the protection of the insured's rights. In addition, each country and region's management and regulatory mechanisms for medical insurance also have certain differences, requiring analysis and reforms tailored to the actual situation in order to explore a medical insurance system that is more suitable for each country's specific circumstances [4].

4.5. Payment Efficiency and Effectiveness of Healthcare Resource Utilization

There are differences and characteristics in the payment efficiency and the utilization of medical resources between domestic and international medical insurance payment methods. In foreign countries, medical insurance payment methods are usually more efficient. Private medical insurance usually adopts a payment-first reimbursement-later approach, which allows the insured to directly pay for medical expenses and then claim reimbursement from the insurance company. This approach can quickly complete cost settlement and reduce the communication and waiting time between medical service providers and insurance companies, thus improving payment efficiency. At the same time, private medical insurance is also more efficient in the use of medical resources. The insured can choose high-quality and efficient medical service providers according to their needs and preferences, avoiding the problem of long waiting times, and can receive timely medical services more quickly. In contrast, the domestic medical insurance payment methods are relatively less efficient in payment efficiency and medical resource utilization. Social medical insurance usually adopts a cost-first reimbursement-later approach, where the insured needs to pay for medical expenses and then apply for reimbursement from the Medical Insurance Fund. This approach is more complicated and requires multiple interactions and communications between the insured and medical institutions, resulting in longer settlement times and lower payment efficiency. At the same time, due to limited medical insurance funds and uneven allocation of medical resources, the insured often needs to face long waiting times, resulting in poor utilization of medical

resources. Medical insurance payment methods also affect payment efficiency and medical resource utilization in different countries and regions. In many developed countries, medical insurance payment methods are faster and more efficient, reducing cost settlement time and communication costs, and improving payment efficiency. At the same time, these countries usually have a more sound and efficient medical service system, resulting in better utilization of medical resources. In some developing countries, medical insurance payment methods are relatively inefficient, and the medical service system is also inadequate, resulting in poor payment efficiency and utilization of medical resources. Overall, there are some differences between domestic and international medical insurance payment methods in payment efficiency and medical resource utilization. Foreign medical insurance payment methods are usually more efficient, enabling quick completion of cost settlement, improving payment efficiency, and more effective utilization of medical resources. In contrast, domestic medical insurance payment methods are relatively less efficient in payment efficiency and medical resource utilization. Therefore, it is necessary to further enhance payment efficiency and medical resource utilization while strengthening the construction and reform of the medical service system to provide more efficient and high-quality medical services. In addition, medical insurance payment methods in each country and region need to be reformed and adjusted based on actual conditions in order to pursue better payment efficiency and medical resource utilization.

5. Conclusion

In the comparative analysis of domestic and international healthcare insurance payment methods, we can observe the advantages and shortcomings of different systems. The domestic social healthcare insurance system boasts extensive coverage; however, there is still room for improvement in cost management and healthcare resource utilization. Commercial healthcare insurance possesses flexibility and personalization advantages, but its level of popularity remains relatively low. Meanwhile, international healthcare insurance payment methods differ in terms of premium costs, insurance coverage limits, freedom of healthcare service selection, and regulatory mechanisms. By comprehensively analyzing the comparative aspects of domestic and international healthcare insurance payment methods, we should draw insights from foreign experiences, strengthen the management and supervision of healthcare insurance systems, and enhance insurance coverage and service quality. Moreover, it is necessary to further explore innovative payment methods and mechanisms to cater to the diverse needs of different populations. The reform and development of healthcare insurance constitute a complex and long-term process, necessitating the collective efforts of the government, insurance institutions, healthcare facilities, and the public. Through continuous research and improvement, we can gradually establish a more equitable, efficient, and sustainable healthcare insurance system, providing better protection and services for individuals.

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