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Creating a service system from scratch: Community old age care services in China

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Abstract

Broadly speaking, China's current old age care service system has two pillars: community services (including home services and community-based services) and institutional care homes. While the need for services is still far from being fully met, this service structure has only emerged recently after years of development, including some U-turns, involving different roles for the market, the family, the state and the community.

This chapter analyses the policies and practices for community old age services and examines the current situation and the key governing issues. It shows that old age care in communities has multiple components. It is hard for each individual sector or service provider to initiate an all-rounded service system organically. The initial development of a community old age care system that covers all people in need requires the state to function as the initiator, stimulator and the coordinator. The case in China shows that that market actors did not initially see 'business' in community old age care services and were reluctant to operate in this field. The state therefore was involved in identifying what roles can be played by the market and figuring

out the conditions and supports needed for providers from non-government sectors. In this sense, the government had to introduce policies to 'bring the market' into or 'create the market' in the community service sector.

Keywords: old age care; service system; communities; China.

Introduction

The World Health Organization (2020) suggested that 2021–2030 is a decade of opportunities for taking coordinated actions to improve the quality of life of older people and their families in the community. Chinese society is being deeply affected by population ageing. It is expected to experience a peak in population size around 2030 (recent forecasts estimate that the peak may come as early as 2027). In 2000, the proportion of the population aged 65 and over was only 7 per cent, but by 2020 the proportion had reached 13.5 per cent. According to data released by the Ministry of Civil Affairs in October 2020, it is predicted that the older population will exceed 300 million during the '14th Five-Year Plan' period (i.e. before 2026). At this rate, it is estimated that by 2050, one in four people in China will be over 65 years old.

China's population ageing will have far-reaching impacts on public policies (Yang 2014). The older people's dependency ratio will increase, and the tax burden of the working population will increase. The older population and their savings will directly affect consumption patterns and the services people need. Pension funds will pose challenges for the capital market and portfolio management as they mature and retirees draw on their accumulated savings. The challenges in aged care will be aggravated by China's 4:2:1 family structure (four grandparents to two parents to one child) so that older people without children's support will become a more serious social problem if they cannot receive the care they need. The demand for socialised old age care will therefore increase. Some of these challenges are about the sustainability of economic development and some are about the ability to care for older people.

Broadly speaking, China's current old age care service system has two pillars: community services (including home services and community-based services) and institutional care homes. While the need for services is still far from being fully met, this service structure has only emerged recently after years of development, including some U-turns, involving different roles for

the market, the family, the state and the community. Reviewing China's policy changes, it is not difficult to see that the role of the community as a central manager of old age care services disappeared for a period and returned later. Why did community-based aged care fail in the first round of reform but survive in the second round? This article focuses on the policies and practices for community old age services and examines the current situation and key governing issues. The author argues that providing old age care in communities requires the involvement of multiple stakeholders from different sectors. Therefore, the initial development of a community old age care system that covers all people in need requires the state to function as the initiator, stimulator and coordinator. The state was involved not just in delivering social services, but also identifying the role of the private market, figuring out what the market needed to enter this field and how it might contribute to the provision of the services older people needed and desired. What is interesting in the Chinese case is that the market actors did not initially see 'business' in community old age care services and were reluctant to enter. The government had to introduce policies to bring the 'market' into the community service sector.

There has been some research on the market creation activities of the state as China shifted from a command economy to a 'socialist market' economy, such as in the financial sector (Collins and Gottwald 2014), electricity supply (Lei et al. 2018), infrastructure construction (Pascha 2020) and environmental services (Can 2002). In the field of social policy, market creation can be observed in the housing sector in the 1980s and 1990s (Li 2017), pension reform since the 1990s (Li 2014) and more recently in long-term care insurance (Zhu and Österle 2019). Community social services are somewhat different from these earlier goods and services in that community aged care is not a single or standard set of goods and services. It involves a range of goods and services delivered to people locally, the content of which may vary as people's needs and preferences vary and change. Therefore, the market creation in this field is worth separate examination.

The following section of this chapter examines how aged care policy changed and evolved over time. It shows how the state in turn had tried to directly provide community-based services to older people, then looked to the market and subsequently to social organisations; the section ends with a description of the eventual emergence of a largely community-based service system that relies on all sectors and utilises multiple sources of resources. The discussion section summarises the features of the emerging

service system and identifies some outstanding issues. The chapter concludes with a discussion of the implications for system creation in this sector in China.

Background and history

The Chinese Government has adopted various public policies to address ageing-related social risks. The first involved the establishment of social insurance arrangements, including a multilevel, integrated pension system to cover as many people as possible (Wang and Huang 2021), though the system still faces challenges of unequal access, segmentation and poor long-term sustainability (Li 2014; Lin et al. 2021). Alongside the introduction, expansion and consolidation of public health insurance schemes, long-term care insurance has also been piloted in some cities to support integrated medical and social care development for older people (Shen et al. 2014; Zhu and Österle 2019). The second was to develop the private care service market and form a system offering a diverse range of care services (Feng et al. 2012; Feng et al. 2020). The third was to improve adult children's ability and willingness to care for their parents through public awareness programs (Cheung 2019; Zhang et al. 2020), emphasising the obligation of adult children to support and visit their parents (Meng and Hunt 2013; Hu and Chen 2019), though the effectiveness of these policies has been questioned. The fourth was to adapt residential buildings to be old age–friendly (Xie 2018; Cheng et al. 2021; Yu et al. 2021). The fifth was to promote active ageing and healthy ageing—for example, investing heavily in socialisation, fitness and learning facilities and services for older people (Cai and Kosaka 2016; Cai and Kosaka 2019; Bonaccorsi et al. 2020; Wang et al. 2020; Xiao et al. 2020). These facilities and services allow older people to stay healthy and continue participating in society.

Some of these policies are directly aimed at older people while some have a broader target. For example, in some regions, it was once stipulated that adult children could only have access to pensions in cities if their parents belonged to a pension scheme in their rural area (Li 2014). Some communities in Shanghai require adult children to pick up and drop off their parents at their day care centres (Li et al. 2015). Some other policies affecting older people are aimed primarily at achieving other policy goals.

For example, to attract migrant workers to return to inland cities, some cities allow returning migrants to rent public housing together with their parents (Shen and Li 2020).

The development of the community old age service system has been through several stages, as described below.

State in the driver's seat, but failed (1990s–2000)

In the 1990s, China's family and social structure underwent serious changes as the nation moved to a more open economy. The average household size dropped from 4.41 in 1982 to 3.44 in 2000. The sense of community was weakened with rapid urbanisation and fewer people continuing to live in the same location throughout their lifetime. The number of people leaving hometowns to receive education and seek employment increased rapidly. It became more common that adult children and their parents lived in different cities. Even if they lived in the same city, young couples stopped living together with their parents. Families of three became common. More urban residents lived in high-rise apartment buildings, as low-rise residential areas were demolished. Community support networks operated by acquaintances or organised by employers collapsed. These changes undermined the traditional care model that relied on family members and neighbours to help each other. The government looked to privatise or socialise old age care by introducing a new old age care system.

The *Law of the People's Republic of China on the Protection of the Rights and Interests of the Older People*, published in October 1996, proposed the construction of service facilities and networks to meet the needs of older people and support rehabilitation in case of injuries. The 10th Five-Year Plan for the Development of Older People's Affairs set several targets, including that for every 1,000 older people there would be 10 beds in nursing homes, and 90 per cent of rural villages would have at least one nursing home. The goal was 'to build a community-based old age care service system to provide comprehensive services at various levels, effective monitoring mechanisms and a high-quality workforce for the older people (State Council PRC 2001).

The National Starlight Project for Community-based Old Age Welfare Services was launched on 8 June 2001. The 'Project' was set out to use 80 per cent of a welfare fund (about RMB5 billion) raised through a state-run lottery, plus RMB5 billion from the government and other sources over

three years, to establish welfare service facilities and social venues in 100,000 urban communities and rural townships. By the end of 2005, the Starlight Project had invested RMB13.4 billion to build 32,000 'Starlight Homes for the Elderly' and provided a series of services, including home services, emergency assistance, day care, health and rehabilitation, and sports and entertainment activities. Overall, an average of 1.3 urban old age welfare facilities were established per neighbourhood (*jiedao*, 'street'), and one nursing home for every 9.8 neighbourhoods (State Council PRC 2006).

The changes during this period reflected the government's intention to fill the gap between needs and services after the collapse of the planned economy. The focus was on the state as the driver but ongoing funding and care delivery being the responsibility of the market and the community. This approach of 'government setting up the stage and the people (or businesses) perform' (*zhengfu datai, qunzhong/qiye changxi*) was in essence a replication of the logic in other business activities, such as free trade zones and industrial parks (Yeh and Xu 2008; Jiang 2020). The idea was that if the government takes the initiative and provides some basic services and infrastructure, the businesses could take off.

Unfortunately, the Starlight Project failed (Feng et al. 2012). Nearly two-thirds of the services were terminated after the three-year project period and the homes were then used for other purposes by the local authorities. This experience revealed a clear lesson: community-based social care is different from other businesses that could generate continued cash flow through selling services to users. Relying on individuals or service providers to directly fund or find alternative funding without the state's ongoing budget support was not sustainable. The main reasons for the failed state initiative as widely reported in the media were (1) lack of supervision with many facilities not properly operating; (2) the investment mostly went to activities centres, and little was available for the needed care and health services; and (3) older people were rarely consulted in the decision-making and operation (Wan 2021).

Returning to the market only worked for the better off (from the mid-2000s)

Since China joined the World Trade Organization, labour market mobility has further increased. It became more common for older people to live separately from their parents (Li and Hyun 2013). At the same time, with the average life expectancy of older people increasing, there are more people

with senile diseases and disabilities. Even if adult children wish to take care of their parents personally, they would not be able to meet the needs of frail older people, due to lack of professional knowledge and skills (Zhu and Walker 2018). In February 2006, the State Council proposed to gradually establish and improve the service system with home care as the main form of care, community services to provide support and institutional care as a residual supplement, and to encourage private investment in old age care. Home-based social care began to take root in urban communities.

In 2010, the government decided to increase public funding support for the family service industry. In 2012, the *Law on the Protection of the Rights and Interests of Older People* shifted the priority from family care to home-based care. Home-based care means that older people live in their own homes but receive social services. This policy shift required a corresponding increase in the capacity of aged care services. The approach still stressed the family as the primary providers of care, but that they may expect to receive some housekeeping services subsidised by the government. Quite often domestic workers who were not trained for old age care became carers and the need for professional and accessible nursing services kept growing (Hesketh et al. 2005; Zhang and Goza 2006; Flaherty et al. 2007).

From 2000, privately funded care homes started to gain popularity. Older people, including healthy people, were attracted to the idea that they could socialise with other people in care homes. At that time, as a result of the next stage of 'opening-up' reforms, a large number of state-owned enterprises went bankrupt and many older people below retirement age lost their jobs and effectively retired. These, and many people above retirement age who were physically healthy, became bored after retirement. Private care homes identified this niche and targeted able-bodied older people. Private providers were keen to serve the high-end market enjoyed by the wealthy. However, even in the high-end care sector, it was difficult to profit directly from care provision as few consumers could afford the fees required. But many businesses were able to make profits by exploiting the local land economy. The land economy was booming at the time, and local governments were eager to lease land to the private sector to gain revenues. Real estate developers rode the tide of urban expansion and saw the potential gain in land value. They bought land and built houses or business facilities, the lion's share of the profits coming from land value appreciation and housing sales. In some cases, retirement care or facilities were offered at affordable prices, effectively cross-subsidised by the increasing housing and land value. As land value kept growing, even if the care services were not profitable, the companies

could still make a profit. This business model had two implications: the care services were cross-subsidised by the earnings from land; and the properties had to be located in peri-urban areas with the potential for urban expansion (Aveline-Dubach 2020). As a result, many able-bodied older people moved back to their own homes and accessed these market-provided services. Apart from services for people living in their own homes, some private old age care homes were also established this way. Some private companies set up care homes on these peri-urban land properties and charged more affordable care fees than those in more central locations. However, these business models also meant that the care provision was not taking place in most older people's communities. The disadvantages of this institution-based care soon became clear: it was not easy for their adult children to visit.

In the urban communities, some small businesses were able to enter the community old age care sector because of government subsidies. For example, some restaurants allow older people to pay with government-provided food vouchers. However, on the whole, apart from in the peripheral areas with a limited range of services, private companies were not keen to provide old age care in this period.

The state's intention to create a market for community-based care was visible. It played the role of a signaller: making it explicit in the policy that the largest share of care should take place at home and be funded by individual users and their families. There were several reasons behind the reluctance of private service providers entering this market. First, within urban communities, there is not much land to spare for care facilities and directing property to aged care is not profitable except for the very wealthy. Second, in this period, the average income of older people was much lower than it is now. Third, as the community sector was subsidised right from the beginning, it was difficult to tell how much money people were willing to pay. For profit-seeking private service providers, the case for entering the community aged care sector was low.

Inviting the social organisations to be part of the game (2005–15)

The private sector's reluctance to enter the aged care market drove the state to look for alternative solutions. The logic remained the same: the government would prop up the stage and invite the providers to 'perform'. To prop up the stage, two strategies were pursued. The first involved announcing policies highlighting even more the importance of old

age care and providing funds for 'hardware'. In December 2011, the State Council's 'Plan for the Construction of the Social Service System for Older People (2011–2015)' included measures to extend access to residential aged care for those unable to stay at home and to provide support to home-based care. The plan proposed that during the 12th Five-Year Plan, there would be 30 beds for every 1,000 older people; and 30 per cent of the existing beds would be renovated to meet the quality standards. The stress on producing the 'hardware', such as rooms, beds and equipment in communities, came with the hope that service providers would find them attractive and see the state's commitment. The higher authorities also found the provision of hardware easier to monitor as performance indicators.

As to the 'software', the actual services, a second strategy was to introduce social organisations to the sector. 'Social organisations' has been the official term for non-government organisations (NGOs) or non-profit organisations (NPOs) in China, which includes charities, and either newly set up NPOs or the previous state service providers. Social organisations entered the field of community social services, with 13 city pilots introduced in 2013. Some of the services were provided independently by the social organisations and some operated under various forms of partnership with the local governments—for example, with state funding or by social organisations using subsidised facilities. The government funding was by project grants and the funding had to be reviewed regularly. Sometimes, the state offered operational funds annually. At the same time, the government also severed itself from direct old age care service provision completely. The previously fully funded government services became non-profit services provided by social organisations.

These changes injected new energy in the system. By the end of 2015, the total number of old age care service organisations and facilities in communities reached 26,000. There were 62,000 mutual assistance facilities and 2.98 million beds were in the communities (including in community nursing homes and day care centres) (Ministry of Civil Affairs 2016). In addition to nursing services, new types of services also emerged. At the end of 2015, there were 2,280 national-level old age service NGOs, 210,000 legal aid centres, 71,000 coordination agencies for the protection of rights and interests of the elderly, 53,000 third age schools with 7.33 million senior students, and 371,000 activity rooms across the country (Ministry of Civil Affairs 2016).

However, the same old question soon returned: 'How to sustain these services?' The challenges include the following, as the fieldwork in the pilot cities by the author and her colleagues revealed (Li, Fang et al. 2019).

1. There were different understandings of local governments' roles in the development of social organisations. In the state–social organisation partnership, the government contributed in-kind support, such as venues and/or financial support, such as an initial startup fund or some annual cash input. Staff costs were not fully covered or not covered at all by the governments. Even when the government purchased services directly from non-profit organisations, the government only paid the minimum wage to staff members, which was much lower than the wages a professional could earn working for private service providers. The government considered the partial funding model an incentive mechanism, as they did not wish the social organisations to be dependent on the government. The social organisations were expected to 'graduate' and become independent. However, the social organisations did not see themselves as 'businesses' and expected the government to fund them on an ongoing basis.
2. Despite the overall support for the goal of improving services, not all stakeholders shared the same understanding of specific objectives in their daily operation or for each project. For example, the local government officials needed to get used to the fact that they were not just allocators of funds. They had to select projects to be operated by people with whom they had not previously worked and allow them some flexibility to conduct their businesses. However, the government officials were still held accountable to their managers to perform well—in this case, ensuring that the contracted social organisations delivered the outcomes they had promised. For an inexperienced local government official, a key question was how to balance the need to control the risk that the service providers default on their promises and the need to avoid treating social organisations as subordinate to management as if part of the government.
3. Paradoxically, the elderly users did not necessarily trust social organisations. This was partly because, in the past, the old age care services were provided by the public sector, many targeted at urban elites and provided at a high standard. For most people, staying at home was the only option and services beyond family support had not been available. When residents were invited to community-based facilities, prospective

users were reluctant to use them despite the services appearing to be more informal, smaller and cheaper to access than the publicly delivered services, though without a track record for good service. As a result, initially, new social organisations found it difficult to attract customers, even with government subsidies. This was particularly problematic for recruiting customers for services delivered to people's homes (Wong and Tang 2006).

The introduction of social organisations led both researchers and policymakers to reflect on the fact that old age care service investment is not commercially viable, and the government cannot avoid taking responsibility. The introduction of social organisations helped the state to draw on the resources of civil society and the non-profit sector's capacities to provide services. The social organisations, through project bidding, have managed to come up with some new initiatives that were not provided in the past by the state or the market, but the sustainability of these projects requires some ongoing government financial support.

More recent developments: Returning to community

The '13th Five-Year Plan' (2016–2020) reiterated the need to develop an old age care service system with home-based (90 per cent), community-based (7 per cent) and institution-based (3 per cent) services. A whole set of goals were set. The central government committed to support 203 cities during the plan to improve their home- and community-based care services.

The plan drew on previous pilot studies and attempts to encourage private investment. In February 2014, the Ministry of Housing and Urban–Rural Development had identified 42 areas, including Xicheng district in Beijing, to conduct pilots, marking a crucial step forward. Since the second half of 2014, the key components of the old age care service system became clearer as more businesses emerged to populate different segments of services: community-based day care centres, nursing homes, pensioners' homes, integrated medical and nursing service facilities, and rural old age service facilities. For most urban communities, the private sector was still the main supplier of services. In 2015, the government began to encourage private investment in the old age care sector and introduced tax reductions and

exemptions for nursing services provided by private old age care institutions. In the second half of 2015, the integration of medical and old age care was put on the policy agenda.

At the time of the 13th Five-Year Plan, despite the increased number of services, supply was still far from being sufficient to meet needs. Table 19.1 shows the results of a national survey conducted in 2015 of older people in China. The items in the left column are the main services that are meant to be available in the communities. Even the services with the most coverage, such as public health services and legal services, are only available to less than 40 per cent of older people. The red items are the services older people said they needed. Table 19.1 shows that most of these services have very limited coverage, revealing there is a long way to go to meet needs.

Table 19.1: Needs and supply of community-based services (2015).

Items	Availability to respondents
Legal services	33%
Funeral services	21.8%
Day care centres	**15.6%**
Domestic helper services	**15.2%**
Community canteen	**5.9%**
Shopping companions	2.2%
Matchmaking for older people	1.6%
Health talks	**37.5%**
Health professional visits	**35.0%**
Psychological counselling	**15.5%**
Recovery services	12.3%
Home visit nursing	**15.5%**
Hospital visit companions	5.6%
Family visits for patients	**4.5%**
Renting or selling recovery equipment	**3.9%**

Source: Table redrawn by the author, based on: www.Crca.cn.

Recognising these unmet needs, the 13th Five-Year Plan established firm performance targets, but by 2020 achievement fell short of most of the targets set (Table 19.2).

Table 19.2: Performance targets set by the 13th Five-Year Plan (2016–20).

	Target[1]	Achievement by 2020
Old age care beds		
Government-operated	<50%	–*
Nursing beds in care homes	>30% of all beds	–*
Health literacy	>10%	23.15%[2]
Grade I and II general hospitals with geriatrics departments	>35%	19.7%[2]
Health management rate for 65+	>70%	67%[2]
Third age education participation	>20%	4.1% (2019)**[3]
Registered older volunteers	>12%	NA**
Communities with grassroots associations for older people	>90%	65%[4]

Notes:

* Nursing home care beds made up 59.5 per cent of all old age care beds. However, this is a result of combined results of growing nursing home beds and reduced community care beds. Also, as a result of the reforms, fully funded government operated beds were disappearing.

** Data not available as COVID-19 affected the social activities of older people.

Source: Compiled by the author using the following documents:

[1] State Council PRC (2017).

[2] Health Commission (2021b).

[3] Association of Senior Citizens University (2021).

[2, 4] Health Commission (2021a).

The difference between this new community care initiative and the 2001 Starlight Project was that the focus was not on prescribing the services to be provided, but rather on setting up a community service matching system in which the community service centre is at the core, functioning as a platform for linking resources and services. Some centres also provided services, such as day care, community canteens and game rooms. Others provided an open space for users to book. In some cases, services are contracted out by the community service centre to private and social organisations service providers (Li, Fang et al. 2019).

The 14th Five-Year Plan (2021–2025) and the 2035 Long-Term Vision Outline (*yuanjing mubiao gangyao*) proposed to vigorously develop inclusive old age care services, build an old age care service system that synthesises home care, community-based care and institutional care, integrate medical care and health care, and promote smart old age care, as well as to develop a multilevel and multi-pillar pension insurance system. The government

would support the development of new business models such as 'internet + old age care', 'property + old age care', and 'medical health + old age care'. By 2025, all urban communities are to be covered by care service facilities, forming a circle of community-based home care services that can be reached within 15 minutes. In rural areas, during the '14th Five-Year Plan', the government plans to fill the remaining gaps in old age care service and strive to build at least one county-level care institution for people with disability and two township-level rural/regional old age care service centres in each county, and to develop cooperative old age care facilities to provide home-based care services in all rural villages. In short, to produce a three-level rural care service network at the county, township and village levels. In the next five years, the supply of nursing beds in old age care institutions is to continue to increase. By 2025, 55 per cent of the beds in old age care institutions would be nursing beds, which would provide professional nursing care and guarantee care for older people with disability. This means that the institutional care facilities have to provide more substantial nursing services which are more needed by older people who have become disabled.

In the process of defining this service framework, two trends have emerged. The first is redefining the relationship between the family, the market and the government in care provision. To this day, the family's responsibility as the primary caregiver remains. The government has never ceased to reiterate family responsibilities. At the same time, the policymakers also recognise the problem of lower family care capacity under the current population structure and have tried to search for a solution to the problem of the sole reliance on family members to provide care. The trend of growing socialisation of care is the result of such a pursuit. The second trend is the changing understanding of the ideal place of care. Initially it was the family home. It was later shifted to a private nursing home that could be far away from an older person's family home. Once it was recognised that private nursing homes were not sufficient, there was also a return to the family and the older people's own home. But this return to the family is supported by community-based services.

In recent years, providers of high-end elderly care institutions have moved into a wider segment of the community services sector through various public–private partnership models, such as public provision of service venues with contracted private/NGO service provision, or subsidised private/NGO service provision. In July 2019, the National Development and Reform Commission officially announced the first batch of contracted inclusive elderly care projects in the country, a total of 119 projects,

including projects to be managed by well-known high-end brands in the industry. The Ministry of Civil Affairs data shows that in July 2020, there were 42,300 old age care institutions nationwide, with 4.291 million beds serving 2.146 million older people. Among them, the number of private care institutions and their share of beds exceeded 50 per cent.[1]

Several factors lie behind the private sectors' interests in community care. First, 'community care' now incorporates what was home-based care (90 per cent) and community-level care (7 per cent). This means that community care can cover both services delivered to people's homes by businesses based in the communities and services delivered at the community level. The concept of community care will cover 97 per cent of the elderly population and encompass all care services (Zhu and Österle 2019). This greatly increases the options for the types of services that can be supported by the government. Second, the private old age care companies have to seek alternative markets as a result of the changing regulations. However, the ability of real estate developments to continue to profit on land in this way has become uncertain. Since 2016, a series of land registration and taxation reforms have been introduced to make land transactions and revenue uses more transparent than before. This is expected to change business models where businesses focus either on the profits generated by land or profits from the activities on the land (Yang and Yang 2021). While this is yet to have much impact on the urban land economy (Zhu and Österle 2019), private businesses are starting to look for alternative business solutions to diversify their risks. Third, with more government subsidies flowing into the care sector and the prospect of long-term care insurance (Du et al. 2021), the prospect of earning a profit in community care is higher than before. It is far too early, however, to tell whether these larger private companies can outperform their predecessors and play a major role in community aged care.

Some large social organisations such as NPI[2] and Kangle Nianhua[3] have gradually developed into national or regional service chains. The wider geographic coverage and broader range of services made it possible for them to work beyond administratively defined service zones and develop standardised service packages and take advantage of economies of scale.

1 There is a high vacancy rate of old age care beds. This phenomenon results from the governments' subsidies fixating on the number of beds rather than on the provision of suitable services that are demanded by the older people. This is a legacy of the era for quantitative growth which needs to be addressed in the future (Li et al. 2021).

2 See: www.npi.org.cn.

3 See: www.klnh.net/html/guanyu/gong.

Supporting mechanisms

A series of related system changes have been put on the policy agenda, such as improving the health of older people, exploring a long-term care insurance system and clarifying guardianship for older people, developing a nationwide service quality standard and evaluation system, and developing a rating system for old age care institutions. In October 2016, the government started to subsidise construction of old age friendly housing and adaptation of old houses. In order to facilitate family care for older people at home, a household registration reform policy was introduced in 2018: people aged 80 and above can move to the same city as their children and settle down with local household registration (*hukou*). In December 2020, the State Council proposed to expand service supply to encourage innovation and integration of the old age care industry. In December 2020, the Ministry of Civil Affairs began to advocate a 'property services + old age care services' home community old age care model.

Another crucial perspective that has yet to be resolved is the labour market supply. The market for aged care workers was not regulated. Abuse of either workers or older people happened in private homes and there was no way to address it (Laliberté 2017). The workers did not receive much training and could not provide quality services when there were special needs (Strauss and Xu 2018). In some pilot cases, the state took greater responsibility to manage the domestic service labour force. The workers were employed by the local agencies and service users would receive vouchers to book services. As a result, these services were regulated. However, the type of services provided in this way was limited to relatively simple tasks such as house cleaning and visiting for companionship. For some years, the workers did not receive any social protection and their jobs were not secure (Cook and Dong 2017). The situation is gradually improving because of severe labour shortages. Some regions such as Guangdong and Zhejiang provinces started to provide extra wage subsidies to attract more labour (Li et al. 2021).

Discussion

This review of government policies and the changing approaches shows how the Chinese government has been trying to create a coherent and effective old age care system in the communities. In the beginning, following the initial 'opening-up' economic reforms, the government recognised the need for

old age care services and decided to take on the responsibilities by itself, but these efforts failed because there was no follow-up or ongoing investment, and there was no clear understanding of what services older people needed. The services established at the time were terminated as a result. Failure in direct state provision encouraged the opposite view; that the market could do better. However, the market did not seem to see community old age care as their territory, other than via some home care services provided by workers with limited care skills. Efforts to contract social organisations were a 'third way' solution which drew on the non-profit sectors and hoped to inspire civil society. However, as newcomers into the service sectors, social organisations faced issues of low trust and the challenges of limited ongoing funding by the government. Accordingly, the activities since the end of the ill-fated Starlight Project to develop a community old age care system in China can be perceived as a flurry of policies and efforts to create a system that could hold businesses from different sectors together to play their part in supporting older people to stay at home. It is becoming apparent that several core components are essential for developing a care service system in communities.

1. A better-defined concept of 'community' in China is needed. There are about 8,562 'streets' (neighbourhoods) in cities that are also labelled as communities. There are also 38,773 rural communities. There is a big difference between the population of streets and rural communities. The largest 'streets' can have 200,000 to 300,000 residents, and the small ones can have tens of thousands of people. If the larger ones are divided into smaller units (such as by residential estates), there are at least one hundred thousand or more communities across the country. Therefore, 'full coverage' (one service centre per community) by street-level definition will still mean quite low service density. In addition, communities can have very different population structures. Some communities can have very high density of older population and others very low. The administratively determined service capacity may have to be adapted to the varied level of needs. So far, as the policy is still in a pilot stage, cities and communities have some leeway to adjust. In the future, one would expect higher-level planning to specify more clearly the meaning of 'community' and the standard levels of services to be provided.
2. A suitable service structure is crucial for making community services provision an attractive space for businesses. The merging of home-based care and community-based care has broken down the barrier between 'home' and 'community' and opened the business horizon in

communities. For example, instead of older people having to move into a care facility that will be subsidised by the government, older people can receive subsidised services when they are living at home. This will significantly reduce the community service providers' costs.

3. A community-wide governing structure that would not just be about government 'social service planning' and 'policy implementation' but also about supporting businesses, public, private or non-profit, to meet the care needs of the people. It is increasingly clear that community service centres can function as platforms to match services and needs. However, these service centres had been used as government policy implementers for many years. Their capacity to identify and service the population is far from developed (Li, Hu et al. 2019).
4. Profitable or at least sustainable business models for various community-based services for service providers are yet to be properly developed. At present, the state funds service venues and part of the operating expenses but expects service providers to cover labour costs beyond a minimum income level (Li et al. 2021). At the centre of the sustainability issue is that there has been a serious shortage of qualified social workers to assess needs and allocate resources and a shortage of care workers, in particular those who are qualified, to look after the frailest older people. Many types of old age care services, in particular long-term care, are labour intensive and it is hard to ensure sufficient supply of skilled labour (Vadean and Allan 2021). In China, the average users cannot afford to pay by themselves for the services that would be considered affordable in richer countries. While some companies have gained experience through older people's real estate and high-end care homes and have a better understanding of what care services older people need, it is difficult to figure out how much money people are willing and able to pay for these services in addition to government subsidies. At the same time, governments in China are not yet able to fund the sort of core services that higher income countries can afford. As labour costs are the main part of the business operation, few service providers have managed to develop a profitable or even sustainable business model, even with the government subsidies China has so far found it can afford.

In theory, there may be several lines of solutions: (a) lowering service costs through technological and managerial innovation; (b) identifying or establishing alternative sources of funding, such as charity funds and long-term care insurance; (c) focusing the spending on a smaller number but core needs. The long-term care insurance is promising as it would involve

formalised service needs evaluation and relieve older people from the burden of paying for care out of their own pockets at the point of use. Long-term care insurance is still at the pilot stage. There have been high hopes that it will enhance affordability and assess needs more rigorously. However, there is no guarantee of success (Feng et al. 2020), one challenge being the need for a qualified labour force. Some provinces such as Guangdong and Zhejiang have managed to subsidise labour costs, which had resulted in more labour supply. However, these are the wealthiest provinces in the country and the popular destinations of migrant workers. The poorer provinces, in particular rural areas, on the contrary continue to suffer from severe shortage of qualified labour (Pei et al. 2017).

Conclusion

There has long been a debate in China over whether old age care should be the responsibility of the family, the market or the state. A further discussion is whether market supply is able to respond automatically when demand grows or whether government interventions such as ensuring a suitably skilled workforce are required. As population ageing gains momentum, worrying about the potential crises in old age care, the state saw the necessity to take action before the market was willing to react. So far, in the community-based care sector what can be observed is that the state cannot be the single player in the field. Social organisations (NGOs) are not yet fully effective, as the literature on communities likes to highlight, largely because the state's funding position is still heavily constrained and charging higher fees from the users is not feasible in most cases. The private sector has been doing well in the high-end market but is still hesitant and tentative in community-based services. What the state has managed to achieve so far is to figure out that combining home-based care and community-based care gives both the state and the market players a lot more room to manoeuvre so making the community service system more attractive to private sector providers. What is also clear, however, is that ultimately, for the care system to function well, it is important to find a coherent overall framework with state subsidies based on some assessment of care needs and ability for users to pay, leaving a clearer role for the market and social organisations to compete to deliver the associated services. The ongoing long-term care insurance pilots have opened the door for streamlining the finance and needs evaluation of the service users. However, to what extent it can help to fill the sphere of community-based care is yet to be seen.

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