

## PERSPECTIVE

### Charting an Inevitable Course: Building Institutional Long-term Care for a Rapidly Aging Population in China

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#### ABSTRACT

*The last 10-20 years have seen a rapid growth of elder care homes across major Chinese cities, primarily in the private sector. Given ongoing demographic shifts, family changes, and profound socioeconomic transformations in China, the rise of institutional elder care seems all but inevitable to meet the growing demand for long-term care of a rapidly aging population. As this new industry expands rapidly, it is imperative for Chinese policymakers to institute a formalized regulatory structure as soon as possible. To this end, building an information infrastructure is essential to enhance regulatory oversight and quality monitoring in Chinese long-term care facilities.*



#### INTRODUCTION

When it comes to elder care in China, few would have considered nursing homes a viable option. The country, after all, has a long tradition of relying on the family for care of the aged—a practice enshrined by the age-old Confucian norm of filial piety. Not long ago, elder care homes were virtually unheard of in China. The few facilities that existed were state-run social welfare institutions serving childless elders and those disabled without family support. For many, the very idea of placing an elderly parent in an institution to be cared by strangers would be frowned upon with a deep sense of shame and stigma.

Over the last 10-20 years, however, a quiet revolution has been underway to reshape Chinese elder care. Elder care facilities owned and operated by non-government entities have proliferated across major urban centers in China (Feng et al., 2011). There are indications that people are becoming more tolerant to the idea of residence in elder care homes (Fan, 2006). Open discussions about institutional living as an acceptable option or lifestyle are increasingly common. Entrepreneurship among potential providers is flourishing in the hope of tapping a new and profitable elder care market.

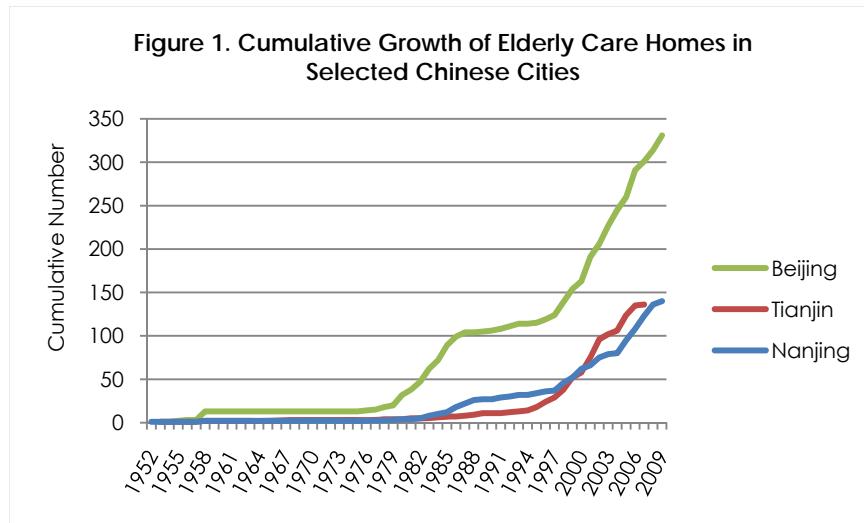
In this Perspective, I briefly review the recent growth of elder care homes across Chinese cities, outline the various forces driving this growth, and discuss major challenges in policy making to ensure the healthy development of this rapidly growing industry of institutional long-term care in China.

#### RAPID GROWTH OF ELDER CARE HOMES

A team of researchers from both the U.S. and China have recently documented the dramatic growth of elder care homes in several major Chinese cities (Feng et al., 2011). In Nanjing, for instance, there were only 3 facilities in 1980, but there were 27 by 1990, 52 by 2000 and 140 by 2009. Similar rates of growth were also observed in Tianjin and Beijing (see Figure 1). Across these cities, between one-half and two-thirds of all currently operating homes emerged in the last decade and about one-third in the last 5 years. The private sector has dominated this growth. Moreover, the

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residents found in today's elder care homes, even those in government-run facilities, are no longer limited to the childless and public welfare recipients. In fact, the great majority of them have families and pay for institutional care out-of-pocket (Zhan et al., 2006; Zhan, Liu, & Bai, 2005).



Source: Feng et al. (2011).

The forces underlying the recent growth of institutional elder care in urban China are multifaceted with changing demographics being the most obvious. Portrayed as an aging giant (Flaherty et al., 2007), China's rapidly growing elderly population projects escalating needs for long-term care. On the other hand, family size has declined sharply due in large part to China's rigorous family planning policies, thus straining the traditional family-based care system for the elderly. With increased industrialization, urbanization and geographic dispersion of the population, families and generations are separated more than ever. Recent reports suggest that almost half of elderly Chinese living in urban areas are "empty nesters", with nearly as many also living in rural areas (Young, 2010). The confluence of these factors heightens concerns over whether the family alone will still be able to shoulder the burden of care for the aged. Meanwhile, there are shifting attitudes—among both the elderly and their adult children—toward the concept of filial piety and institutional care (Chow, 1999; Guan, Zhan, & Liu, 2007; Lam et al., 1998; Zhan, Liu, & Guan, 2006; Zhan, 2004; Zhan et al., 2006). Driven by these ongoing changes, the rise of institutional elder care in China seems all but inevitable.

Thus far, the emergence and rapid growth of elder care homes in China is largely the result of market forces catering to increasing consumer demands for formal long-term care services for the elderly. The government has been actively promoting the development of elder care facilities by the private sector. Various policy measures have been put in place to encourage this development with such incentives as preferential treatments in land leasing, tax breaks, and financial inducements for bed construction. However, the implementation of these policies is highly variable from place to place, depending on local resources and levels of demand. The extent to which such policies may have actually spurred the growth of facilities is not clear.

#### STRENGTHENING REGULATORY OVERSIGHT

Partly because of its minimal involvement in financing the growth of elder care facilities in the private sector, currently the government remains largely detached from this nascent and rapidly expanding industry. Other than imposing licensures and maintaining essential recordkeeping through local Bureaus of Civil Affairs, the government provides little regulatory oversight over the kinds of services and quality of care provided in elder care facilities. Perhaps this hands-off

approach is not entirely surprising, considering the perceived high levels of need and widespread urge for building more beds quickly among policymakers and developers alike. Indeed, despite rapid growth, this new industry is still quite small in terms of both the numbers of facilities and beds vis-à-vis growing demand. However, this is by no means the reason why policy response should be lagging far behind the curve of industry growth. Rather, Chinese policymakers should contemplate a formalized regulatory mechanism with increased oversight—sooner rather than later.

The U.S. experience in long-term care regulation offers a valuable lesson for China. Decades ago, nursing homes in the U.S. were largely unregulated until the public became increasingly aware of the horrifying stories of abuse, neglect and otherwise substandard care. After numerous media exposés, Congressional hearings and several rounds of regulatory reform efforts—most notably passage of the national nursing home reform legislation as part of the Omnibus Budget Reconciliation Act of 1987—conditions improved. It is worrisome that history seems to be repeating itself in China today, as illustrated poignantly in two recent tragic events. On December 3, 2008, fire erupted in a privately run senior apartment in the city of Wenzhou, Zhejiang Province, killing 7 elderly residents (Xinhua Net, 2008). It was later found that the doors of the building were locked when the fire broke out shortly after midnight, and that the facility had failed previous fire safety inspections yet still remained in operation until the fire. In another scandal making national news, a nightshift caregiver of a privately run Seniors Home in Zhengzhou, capital city of Henan Province, was caught on video on May 30, 2011 forcing a 79-year-old resident to drink his own urine (Xuyang, 2011). When the resident refused he was hit with a slipper and whipped with strips of cloth that were also used to tie him to his bed. Authorities later found many residents in that home were suffering from dementia and often tied to their beds. Anecdotal reports on safety concerns and resident care problems also emerged in other parts of the country, further stressing the need for more rigorous regulation and quality monitoring.

Since institutional long-term care in China is still in its early stages of development, an overly ambitious or heavy-handed approach to regulation may not be advisable, for two reasons. First, it can be too costly to be financially feasible or appealing to policymakers. Second, it may have the unintended effect of stifling private sector initiatives to further the growth of the industry. Instead, a well calibrated, lighter approach informed by sound and credible information will provide a crucial launching point, as outlined below.

#### BUILDING AN INFORMATION INFRASTRUCTURE FOR QUALITY MONITORING

Effective oversight and quality monitoring must be evidence-based, entailing the periodic collection of good-quality information with respect to long-term care facilities and their residents. In the U.S., all Medicare/Medicaid certified nursing homes are mandated to report both facility- and resident-level data electronically and on a regular basis. This is achieved through a uniform survey instrument for annual facility inspections and a standardized resident-level assessment instrument (reported upon admission, and at least quarterly thereafter, for all residents in a facility). This data is integral to ongoing efforts in regulation oversight, quality improvements and policymaking.

It will take time and substantial resources in order to build a similar infrastructure in China. To begin with, Chinese policymakers should consider launching a demonstration project in a few advanced provinces or major cities to pilot a “reduced” form of an online information gathering system. To do this, a two-step strategy could be followed. As an initial step, it would be easier to start building a facility-level data collection system. All prospective and existing facilities participating in the demonstration would be mandated by the local government authority to report some basic facility-level information (e.g. ownership, size, services provided, staffing levels and mix, and aggregate health conditions of current residents, etc.) on a regular basis (e.g. once a year). Facilitated by a web based data reporting and retrieval system, information on all individual facilities could be made available to both the central government authority (Ministry of Civil Affairs)

and local regulatory agencies on a timely and ongoing basis. With this type of information, the government would be able to implement targeted monitoring and interventions focusing on a small number of facilities where problems are most likely to occur (for example, facilities that house much sicker than average patients yet have much lower than average staffing levels). In the second step, a similar demonstration could be initiated to pilot a resident-level assessment instrument designed to garner key information on care processes and outcomes. In the long-run, the ultimate goal of these demonstrations, if successfully implemented, is to build a comprehensive data system for long-term care facilities nationwide.

## CONCLUSION

In a culture which for millenniums has emphasized the Confucian ideal of filial piety and family care for the aged, the recent emergence and rapid growth of elder care institutions in China may not be something to celebrate. Rather, this phenomenon signals a demographic inevitability and attests to the growing demand for formal long-term care for a rapidly aging population. As this new industry expands rapidly in China, it is imperative for policymakers to institute a formalized regulatory structure as soon as possible. To this end, it is essential to build an information infrastructure in order to enhance regulatory oversight and quality monitoring in Chinese long-term care facilities.

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