

# Research on the Application of Government Purchasing Services in the Construction of Pension Service System

## -- Takeing Ganzhou City as an Example

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### Abstract

**Government purchase of services is one of the important ways to build a public service supply system. Against the backdrop of an aging population, Ganzhou, as China's second batch of pilot cities for reform of home- and community-based elderly care services, officially kicked off the reform of the elderly care service system in 2018. Facing the surging new demand for elderly care services, Ganzhou promotes the supply-side reform of the elderly care service system by purchasing services from the government. The article summarizes the government purchase service model formed by social forces participating in the elderly care service, and focuses on analyzing the source of funds and the form of expenditure for the government purchase service. And summarizes the current problems and deficiencies in the purchase of services by the government of Ganzhou City, and condenses some suggestions for the construction of the service system for the aged by the government purchase of services.**

### Keywords

**Government Purchase of Services; Elderly Care Services; Elderly Care System; Ganzhou City.**

## 1. Introduction

In order to actively respond to the increasingly prominent problem of population aging, Ganzhou City, Jiangxi Province, as the second batch of pilot cities for the reform of home and community elderly care services in China, issued the Ganzhou City Home and Community Elderly Care Service Reform Pilot Implementation Plan in 2018. This plan officially kicked off the reform of the elderly care service system. After several years of hard work, so far, Ganzhou has basically established a home-based and community-based elderly care service network covering villages, towns and cities.

## 2. Construction of the Elderly Care Service System in Ganzhou

At the end of 2020, the number of permanent residents in Ganzhou was 8.97 million, an increase of 601,600 compared with 2010. From the perspective of population age structure, the proportion of the population aged 0-14 is 23.09%, the proportion of the population aged 15-59 is 61.26%, and the proportion of the population aged 60 and above is 15.64%. [1] It is not difficult to find from the data that Ganzhou City is facing greater pressure from population aging. What followed was the rising demand for old-age care.

Faced with such a severe situation, Ganzhou is constantly establishing an elderly care service system through policy support, social force operation, and market-oriented operation. Through pilot reforms, Ganzhou is striving to establish a home-based and community-based elderly care service system that combines family-based, community-based, "Internet +" as the means, market players as the support, and medical care. In the years of operation practice, Ganzhou

city's home and community elderly care service system has been continuously improved, its facilities have been further improved, the government's purchase of services has been further strengthened, and the ability of social forces or organizations to participate in elderly care services has been further improved. The growing needs of the elderly in home and community care are being continuously met. At present, there are 2,981 urban and rural elderly care service facilities in Ganzhou, with an area of 500,000 square meters. The coverage rates of urban and rural communities reached 95% and 73% respectively, and integrated medical care, health education, nutrition guidance and other elderly care services. [2]

### 3. Supporting Social Forces to Participate in Elderly Care Services

In order to effectively introduce the market competition mechanism, while seeking the efficient operation of the elderly care service system, as much as possible to reduce the pressure of government financial expenditure, in addition to the content that the government departments must provide personally, the Ganzhou government strongly supports and encourages social forces to participate in the provision of elderly care services. Therefore, the government purchases public services from the non-government sector.

Government procurement of services refers to the procurement of public services by governments at all levels from eligible suppliers and payments to them based on quantity and quality, although these are the government's own purview.

#### 3.1. Operating Service Facilities

As the aging population climbs, so does the cost of building and operating senior care facilities. In this context, the Ganzhou government encourages all localities to support private enterprises and professional social organizations in the operation of elderly care service facilities by means of government procurement of services, public construction and private construction, and private office assistance. Subsidies will be given to elderly care service facilities operated by enterprises or social organizations with reference to the relevant standards and norms of the *Administrative Measures for Government Purchase of Services*. Adopting this form can not only save the government budget, but also give full play to the professional level of the professional team to provide more efficient and professional elderly care services.

#### 3.2. Undertaking Special Services

The elderly are a relatively vulnerable group, and their social participation and ability to participate decrease with age. However, giving sufficient care and services to the elderly group profoundly reflects the level of civilization and development prospects of a society. Based on the special nature of the elderly care service system, the government supports professional social organizations or branded elderly care enterprises to embed themselves in the community by purchasing services to provide basic community services such as life care, medical care, emergency assistance, spiritual comfort and nursing consultation for the elderly. Provide living services such as meal assistance, cleaning assistance, medical assistance, bathing assistance, shopping assistance, and walking assistance for the elderly at home. It also provides special services such as rehabilitation and health care, psychological counseling, vacation replacement, and respite services.

#### 3.3. Building an Information Platform

Information technology and big data technology continue to play a larger role and play more functions in society. For the elderly with low living ability, it is particularly important to build a smart old-age care and medical management information platform. However, the information platform needs a professional operation team to participate in the construction and management, which promotes the government to introduce professional social forces. The

government purchases a *Virtual Nursing Home* without walls established by professional forces. It can provide day care, housekeeping services, rehabilitation care, spiritual comfort, logistics distribution and assistance to the elderly through communication networks, smart calls, and big data processing. It realizes the *Zero Distance* between service supply and demand.

### 3.4. Training more Nursing Staff

The professional quality and professional ability of nursing staff is a crucial link at the end of the entire nursing service system. The quality of nursing staff is directly related to the personal experience of the elderly receiving elderly care services. Therefore, it is very important to increase the number of nursing staff and improve the ability of nursing staff. The government arranges appropriate and professional full-time service personnel for each elderly care service site by purchasing public welfare posts, and purchases services from social institutions that train professional nursing staff or provides special fund subsidies to ensure the continuity of employees in the elderly service industry.

## 4. Sources of Funds and Expenditures for Government Procurement of Services

In recent years, under the advocacy of the relevant policies of the central government and the Jiangxi government, Ganzhou has continuously improved the construction method of the elderly care service system and continuously expanded the sources of funds for the construction of the elderly care service system. The Ganzhou government emphasizes the establishment of a diversified investment sharing mechanism for the elderly care service system through policy support, social force operation, and market-oriented operation. The funds to be used and allocated mainly include financial appropriation budgets, welfare lottery public welfare funds and donations from social groups. The funds for the government to purchase services are all managed by the municipal finance to ensure that the source is clear and the use is compliant.

The Ganzhou government has been arranging funds to support the construction of the elderly care service system for many years. The subsidy funds for the construction and operation of the city's elderly care service system have been increased year by year, providing a solid budgetary expenditure basis for the construction of the elderly care service system. Among them, in 2020, the city's financial budget expenditure reached 24.5331 million yuan, and 39.91 million yuan of central subsidy funds were obtained. The city-wide financial investment in the government's purchase of home and community elderly care services and the introduction of social forces is about 130 million yuan. In 2021, the general public budget of the municipal finance will allocate 30 million yuan, the welfare lottery public welfare fund will arrange 2 million yuan, and strive for a special support fund of 8.012 million yuan from superiors to support the construction of the elderly care service system. [3] Ganzhou has actively coordinated financial resources, focused on key points and practical results, and continuously increased investment in elderly care services. Among them, the proportion of government-purchased related elderly care services has continued to increase. The direction of capital investment mainly focuses on the operation and maintenance of elderly care facilities, the purchase of special services, the construction of information platforms and the cultivation of nursing staff. At present, more than 70% of the city's home and community elderly care facilities are operated and managed by social forces.

Of course, government purchases of services are not blind and unrestrained. Instead, an assessment mechanism is introduced. The central government subsidy funds are partially based on the principle of reward and subsidy, and are allocated according to the factor method. 60% of the pre-appropriation in the current year is adopted, and the remaining 40% is allocated

to the next year's assessment results. For regions with particularly good assessment results, an additional 10% reward will be given. The part undertaken by Ganzhou City must also strictly comply with the requirements of the *Guiding Catalogue for the Purchase of Services by the Government of Ganzhou City at the Same Level*, strictly regulate the content of the purchased services, and select the objects purchased by market-based competition and follow market principles. [4]

**Table 1.** Overview of social security and employment budget expenditure in Ganzhou City in the past five years

Years	2016	2017	2018	2019	2020
Social security and employment budget expenditure (ten thousand yuan)	5,822,353	6,639,343	7,610,648	8,177,559	8,656,497
General public budget expenditure (ten thousand yuan)	46,174,022	51,114,673	56,675,207	63,868,022	66,740,791
Proportion	12.6%	13.0%	13.4%	12.9%	13.0%
Financial revenue (ten thousand yuan)	31,430,214	34,477,187	37,957,936	40,015,608	40,483,623
Proportion	18.5%	19.3%	20.0%	20.4%	21.4%

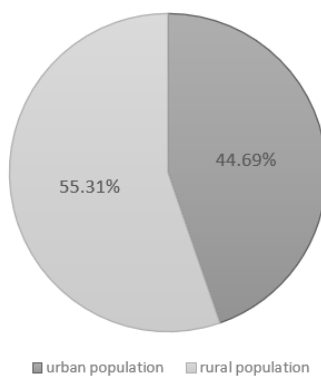
Source: *Jiangxi Statistical Yearbook 2021*

## 5. Problems in Government Procurement of Services

Since Ganzhou City started the pilot reform of the elderly care service system and introduced more social forces to participate in the construction of the elderly care service system, it has expanded the content of elderly care services, optimized the elderly care service system, and prospered the elderly care service industry through government purchase of services. meet the immediate needs of some elderly groups. But it is undeniable that it still has the following problems.

### 5.1. Unbalanced Urban and Rural Development

According to the statistical analysis of the urban and rural population structure of Ganzhou in 2020, in 2020, among the permanent residents of Ganzhou, the population living in urban areas will be 4.9617 million, and the population living in rural areas will be 4.0083 million, with an urbanization rate of 55.31%. It can be seen that the urban population of Ganzhou is slightly higher than the rural population, but the difference between the two is very small. However, the current status of the old-age service system that has been established is not in line with this population structure. Taking Ganxian District of Ganzhou City as an example, it can be seen from the overview of the construction of elderly care service facilities in the district in the past three years that most of the rural elderly care service facilities were completed in 2020. In addition, most of them do not have built-in nursing homes. Compared with the urban elderly care service facilities that have developed steadily, the rural elderly care service system started later, has a weaker level and lower quality. It is difficult for the government to avoid the disparity in the quantity and quality of urban and rural elderly care service facilities in the purchase of services. This unbalanced situation requires more efforts and practices. [5]



**Figure 1.** Urban and rural population structure statistics of the seventh census of Ganzhou City in 2020

**Table 2.** The construction of elderly care service facilities in Ganxian District Of Ganzhou City in the past three years

Administrative area	Community elderly care service facilities				Rural elderly care service facilities				Embedded nursing home		
	Number of communities	2019	2020	2021	Number of villages	2019	2020	2021	2019	2020	2021
Hanfang Town	1	1	1	1	20	6	20	20			
Dabu Town	1	1	1	1	14	4	14	14			
WangmuduTown	1		1	1	18	5	18	18			
Yangbu Town	1		1	1	13	4	13	13			
Datian Town	1	1	1	1	9	3	3	9			
Changluo Town	1		1	1	7	2	7	7			
Shadi Town	1	1	1	1	21	6	21	21			
Hujiang Town	1	1	1	1	22	7	22	22			
Chutan Town	1	1	1	1	9	3	9	9			
Wuyun Town	1		1	1	12	4	12	12			
Meilin Town	6	6	6	6	6	2	6	6	2	5	9
Maodian Town	1	1	1	1	12	4	12	12	1	1	1
Jiangkou Town	1	1	1	1	17	5	17	17		1	1
Shiyan Town	1		1	1	7	2	7	7			
Jibu Town	1	1	1	1	14	4	14	14			1
Nantang Town	1	1	1	1	21	6	21	21	1	1	1
Sanxi Town	1		1	1	9	3	9	9			
Tiancun Town	1	1	1	1	32	9	32	32		1	1
Bailu Town	1		1	1	13	4	13	13			
Total	24	17	24	24	276	83	276	276	4	9	14

Note: The resident of Ganxian District Government is Meilin Town.

Data source: *Three-Year Action Plan for the Construction and Development of the Elderly Care Service System in Ganxian District, Ganzhou City (2019-2021)*.

### 5.2. Poor Quality of Elderly Care Services

After the implementation of the government's policy of purchasing services, the level of elderly care services in Ganzhou has been significantly improved. However, due to the pressure of the financial budget, in addition to the service level of the elderly care institutions in the core areas under the jurisdiction of the city, other areas, especially rural areas, still have the problems of simple facilities and single functions. In many areas, the content of services is limited to simple daily care such as food, housing, and others, and insufficient attention is paid to the needs of

the elderly for leisure, entertainment, and medical care. There is a lack of skilled professional nursing staff and complete supporting facilities for the elderly in the purchase service. On the whole, the quality of life and service quality of elderly groups in relevant elderly care institutions is not high. The standardization system for government procurement of services is not perfect, resulting in a low overall quality of elderly care services.

### 5.3. The Integrated Medical and Elderly Care Service System is not Deep Enough

The establishment of the old-age service system should not only ensure *The Old Have Support*, but also ensure *The Old Have Medical Care*. The consumption of medical care and elderly care has become a rigid need for the elderly, and the intensity and scale of demand far exceed those of other consumer groups. [6] However, at present, the work of grassroots medical institutions in Ganzhou to promote the establishment of community nursing stations or demonstration points of medical and nursing integration has not been completed. Medical resources have yet to reach communities and families. The convenience of the elderly group to obtain medical resources in the home care or community care service system is not enough. From the overview of the number of health institutions, beds and personnel in Ganzhou in the past five years, it can be seen that the total amount of medical and health resources in Ganzhou is insufficient. In addition, the function of medical care and health management files that Ganzhou City has been working on has not been fully activated, and there are still obstacles to the use of elderly groups with low knowledge levels. The integrated medical and elderly care service system still needs to further penetrate into the grassroots and elderly groups to meet the increasingly diverse medical and nursing needs of the elderly groups.

**Table 3.** General situation of health institutions, beds and personnel in Ganzhou in the past five years

Years	Number Of institutions		Number of beds		Number of personnel		
		Hospitals		Hospitals		Technical staff	Doctors
2016	38,226	2,349	209,085	195,277	301,698	220,979	79,183
2017	37,791	2,259	233,513	214,206	317,816	235,773	83,652
2018	36,546	2,311	249,510	229,276	325,803	247,204	87,277
2019	37,029	2,403	267,187	246,733	348,413	267,917	96,437
2020	36,716	2,452	285,797	265,356	367,527	286,089	104,897

Source: Jiangxi Statistical Yearbook 2021

### 5.4. Insufficient Publicity Funds

Ganzhou City, as a city with a medium-sized economic development in eastern China, has a strong traditional family concept, and the idea of *Raising Children to Prevent Old Age* still exists in social families, and *Home Care* accounts for a large proportion of the elderly care system. However, no matter from the perspective of the city's economic development or the people's living standards, if we want to promote the development of the elderly care industry and reduce the pressure on the one-child elderly care, the proportion of home-based elderly care should be gradually reduced in the elderly care service system. However, at present, government purchases of services mainly focus on the content of the old-age service itself, rather than on the publicity of the old-age system. Strengthening the publicity of the old-age service system can promote the improvement of the old-age service system and the optimization of the old-age structure.



## 6. Suggestions on Government Purchase of Services in the Construction of the Elderly Care Service System

### 6.1. Balancing Old-Age Service Resources

Elderly care services should deeply reflect sociality, fairness and welfare, and elderly care service resources should be balanced and popularized as much as possible. Ganzhou should focus on utilizing the existing urban community resources and balance the projects and contents of community elderly care services. While balancing urban community elderly care services, we should pay more attention to the balanced development between urban and rural areas, and appropriately adjust the purchase of services between urban and rural areas. Strengthen the supply of rural elderly care service facilities. At present, the rural areas and their lack of embedded nursing homes should be paid attention to. The elderly in rural areas are relatively scattered, and centralized elderly care service facilities should also be strengthened. Ensuring the entertainment and leisure needs and emergency medical care needs of the rural elderly groups in their daily lives, and do their best to eliminate the dual structure of urban and rural pensions and balance pension service resources. [7]

### 6.2. Realizing the Diversification of Capital Investment

The government is the main body of the investment in home and community elderly care services. It should increase the general public budget of the government and increase the investment in government pension funds. In addition to the existing financial budget subjects, the subject of "home and community elderly care services" should be added to form a natural growth mechanism. [8] Focus on building a multi-level, diversified and convenient elderly care service system. In this process, the source of funds for elderly care services should be broadened, and the government should not be the only supplier. To this end, the government should optimize the social financing mechanism to relieve financial pressure, actively guide and expand social capital and strength into the construction of the elderly care service system, and ensure sufficient, stable and diverse supply of pension funds and resources.

### 6.3. Giving More Policy Support

In order to encourage more social professionals to invest in the elderly care service system and prosper the elderly care industry, the government should provide policy support such as tax relief, capital subsidies, and facility purchase subsidies to institutions that provide related elderly care and support services in the elderly care service system. Secondly, a pension service training mechanism should be established, and special training funds should be set up as part of the government's purchase of services to promote the establishment of a certificate system for practitioners, optimize government supply and institutional service standards, and introduce evaluation and assessment mechanisms to promote service institutions to improve their services. quality.

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