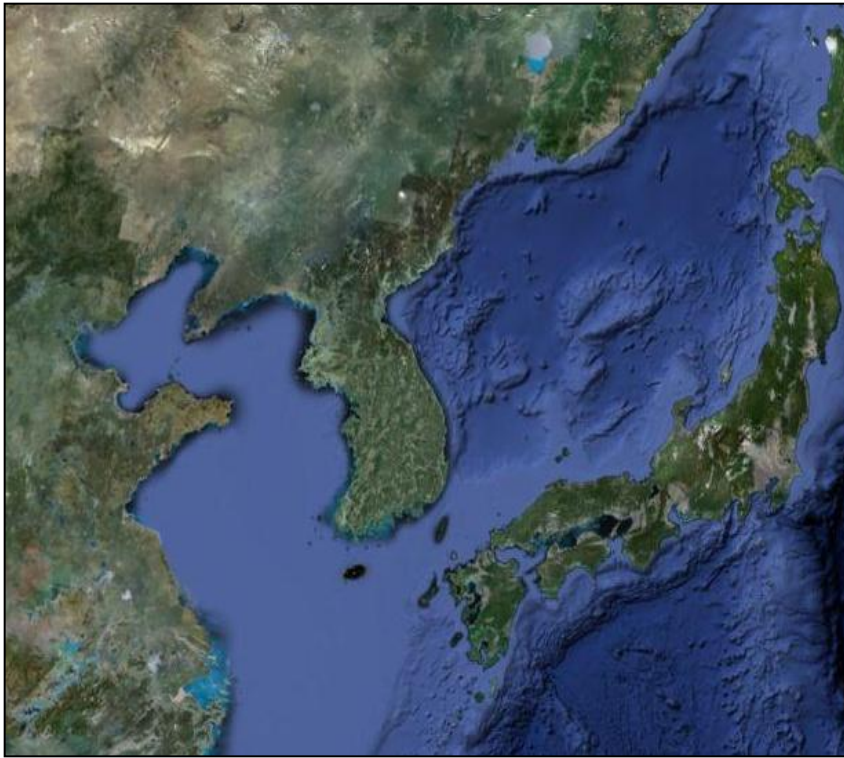




KOREA'S SINGLE PAYER INSURANCE REFORM

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Health Insurance Review and Assessment service of Korea

Republic of Korea



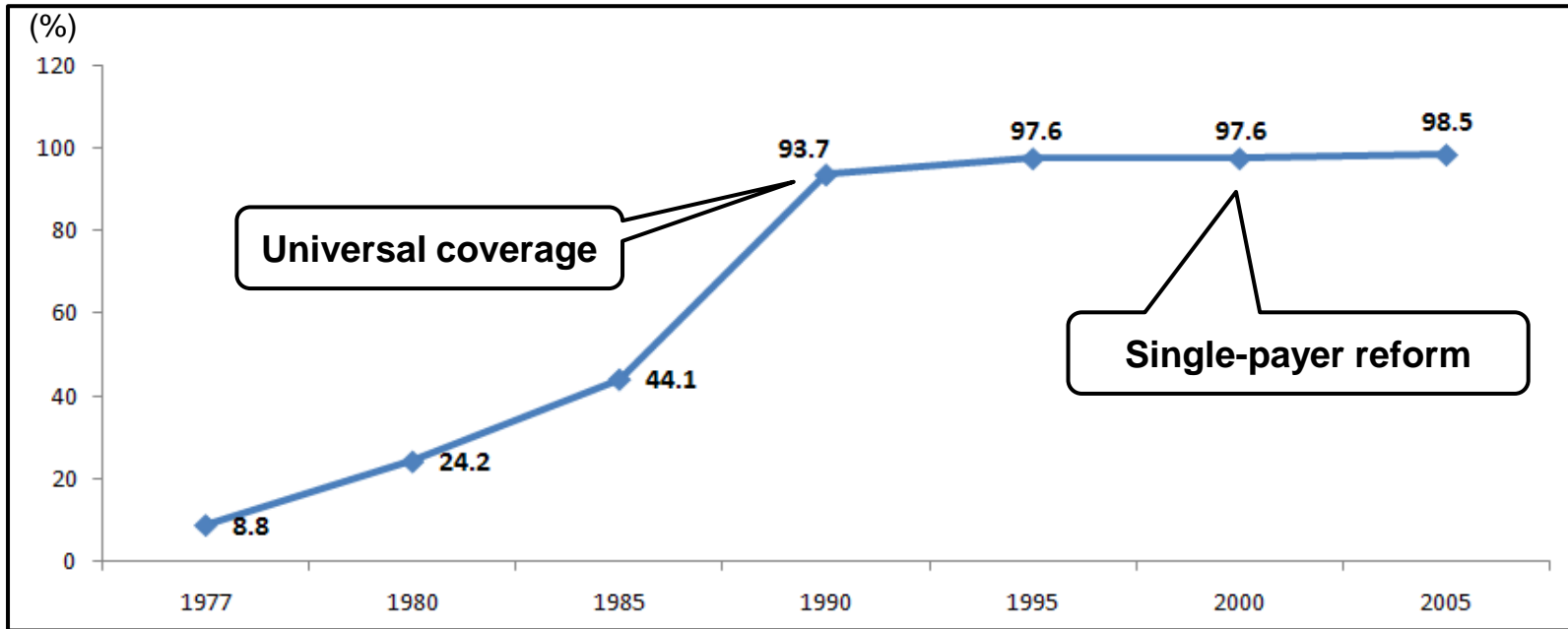
- Population : 48 millions (9th in OECD countries)
- Per capita GDP : 24,801 US\$ ppp (23th)
- Pop. Over 65 : 9.9%(28th)
- Per capita NHE : 1,688 US\$(20th)
- NHE in GDP : 6.8%(23th)

(Year of 2007)

Korea's National Health Insurance

- National Health Insurance covering whole population
 - ▣ First introduced in 1977
 - ▣ Incrementally expanded until 1989
 - ▣ 369 societies in 1990s
 - 1 for civil servants and teachers
 - 142 for corporation-based affiliates
 - 227 for residence-based affiliates

Population Coverage of NHI



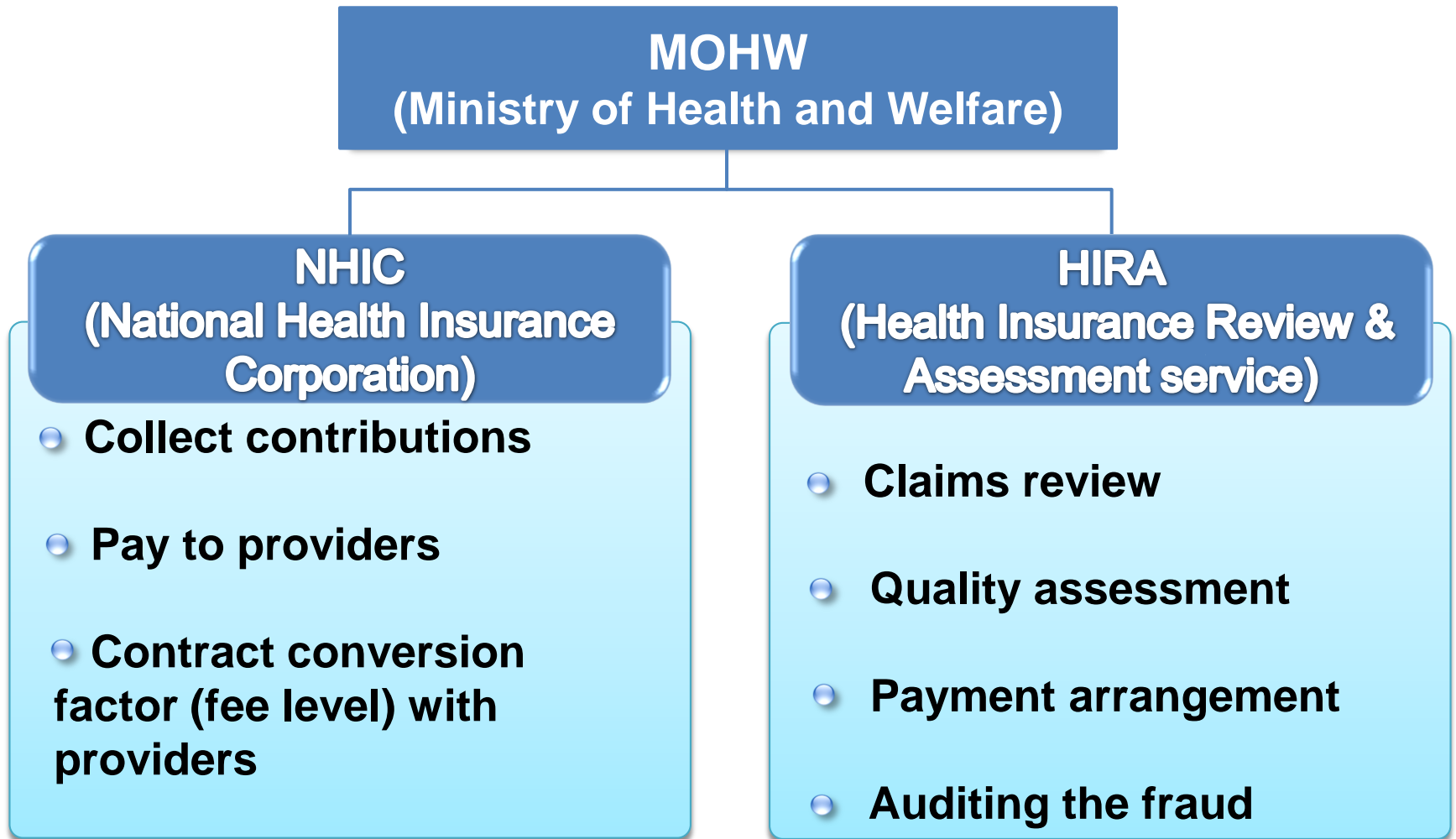
	1977	1980	1985	1990	1995	2000	2005
per capita GDP US\$	1,042	1,689	2,414	6,308	11,779	11,347	17,551

Challenges and Reform

- **Problems of multiple insurers**
 - ▣ **Chronic deficits in small and poor societies**
 - ▣ **Inequity across the societies**
- **Aims of Integration Reform in 2000**
 - ▣ **Equity by building the fair system to impose the contributions**
 - ▣ **Efficiency by achieving the purchasing power faced with private sector dominant providers**

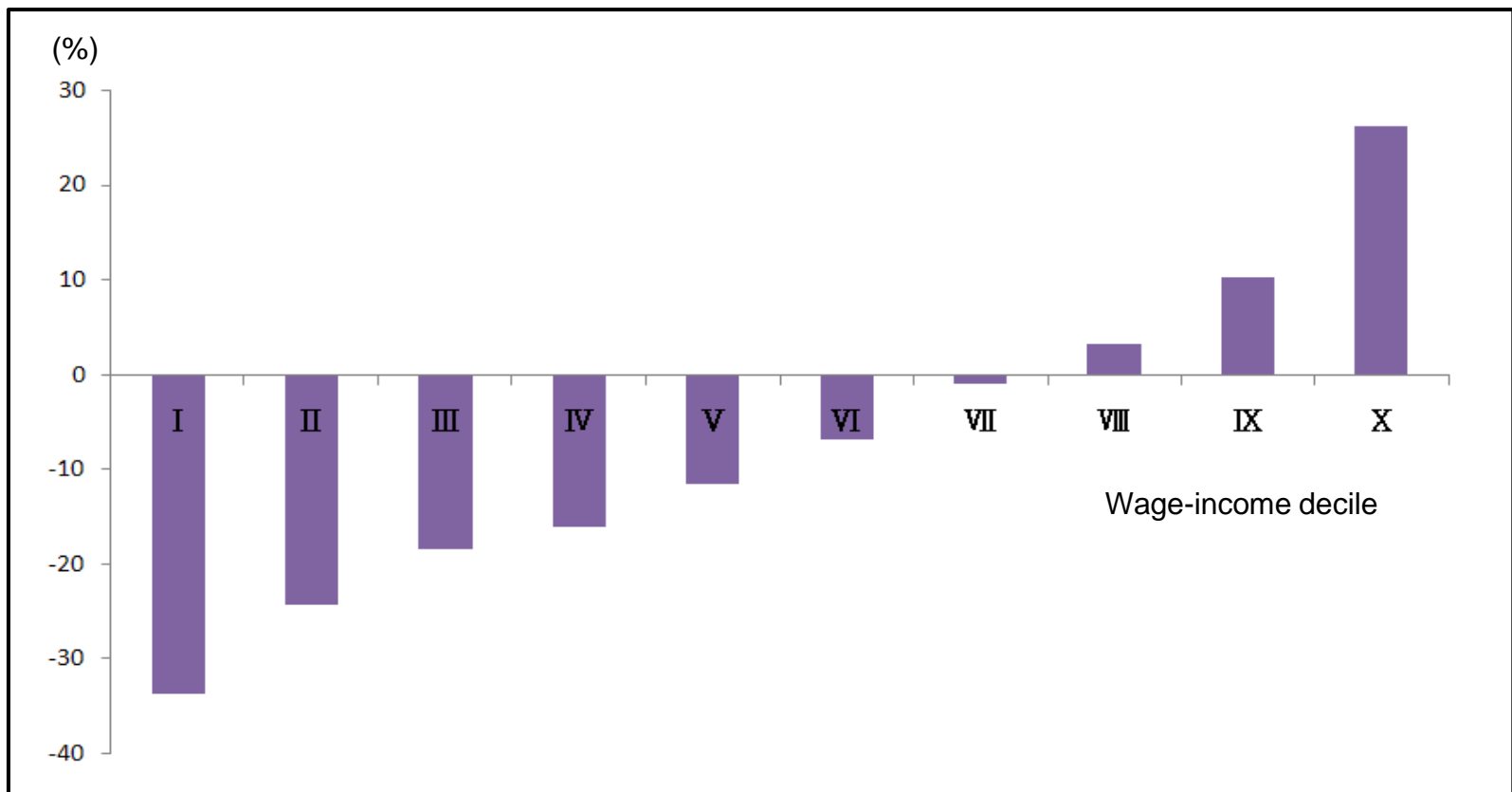
Integration Reform in 2000

Governing body of NHI after the Integration Reform

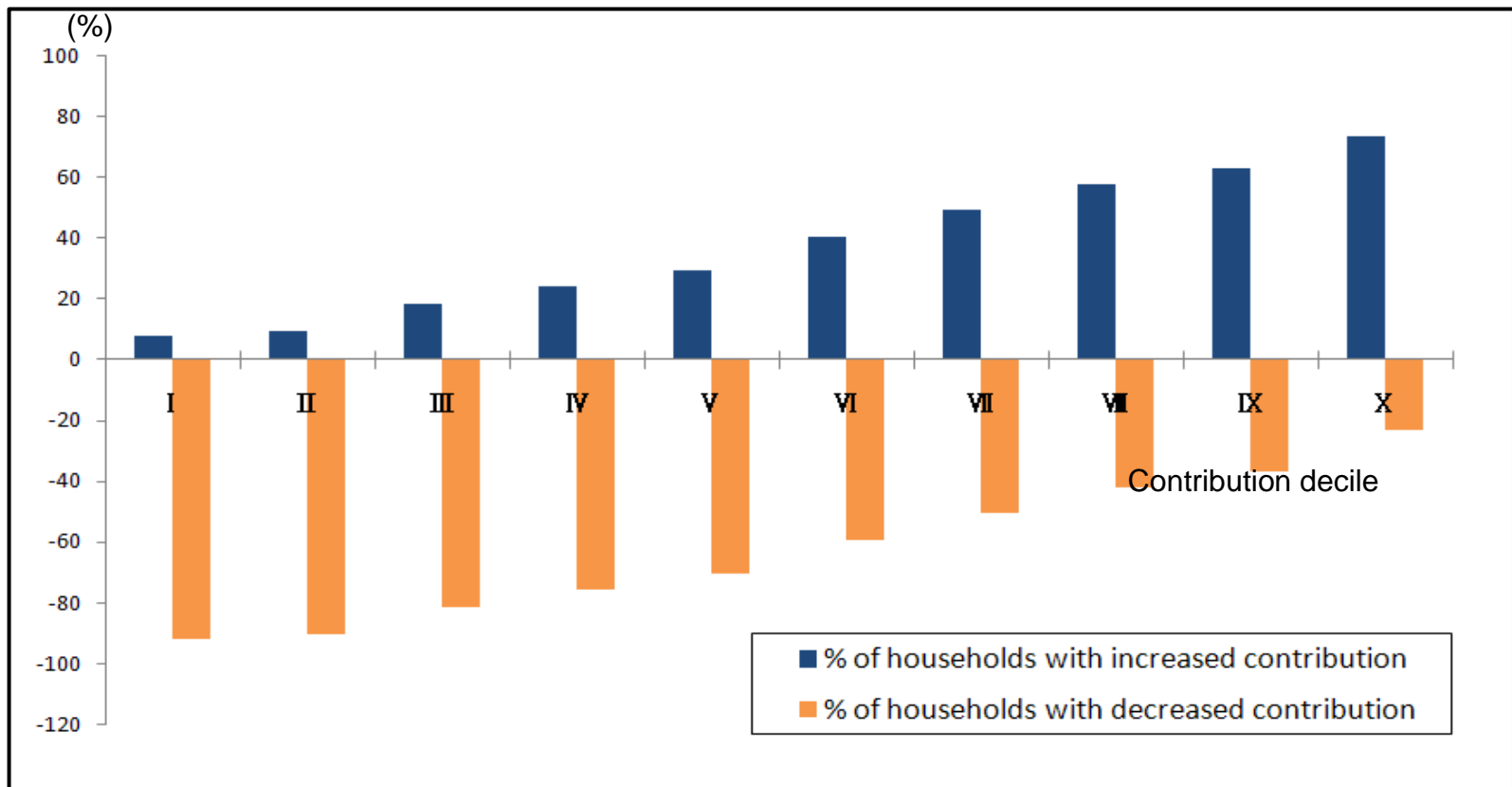


Percentage of Changes in Contributions by Wage-income Deciles

Percentage changes in contributions by wage-income deciles shows that equity in financial burden was improved sharply just after merger

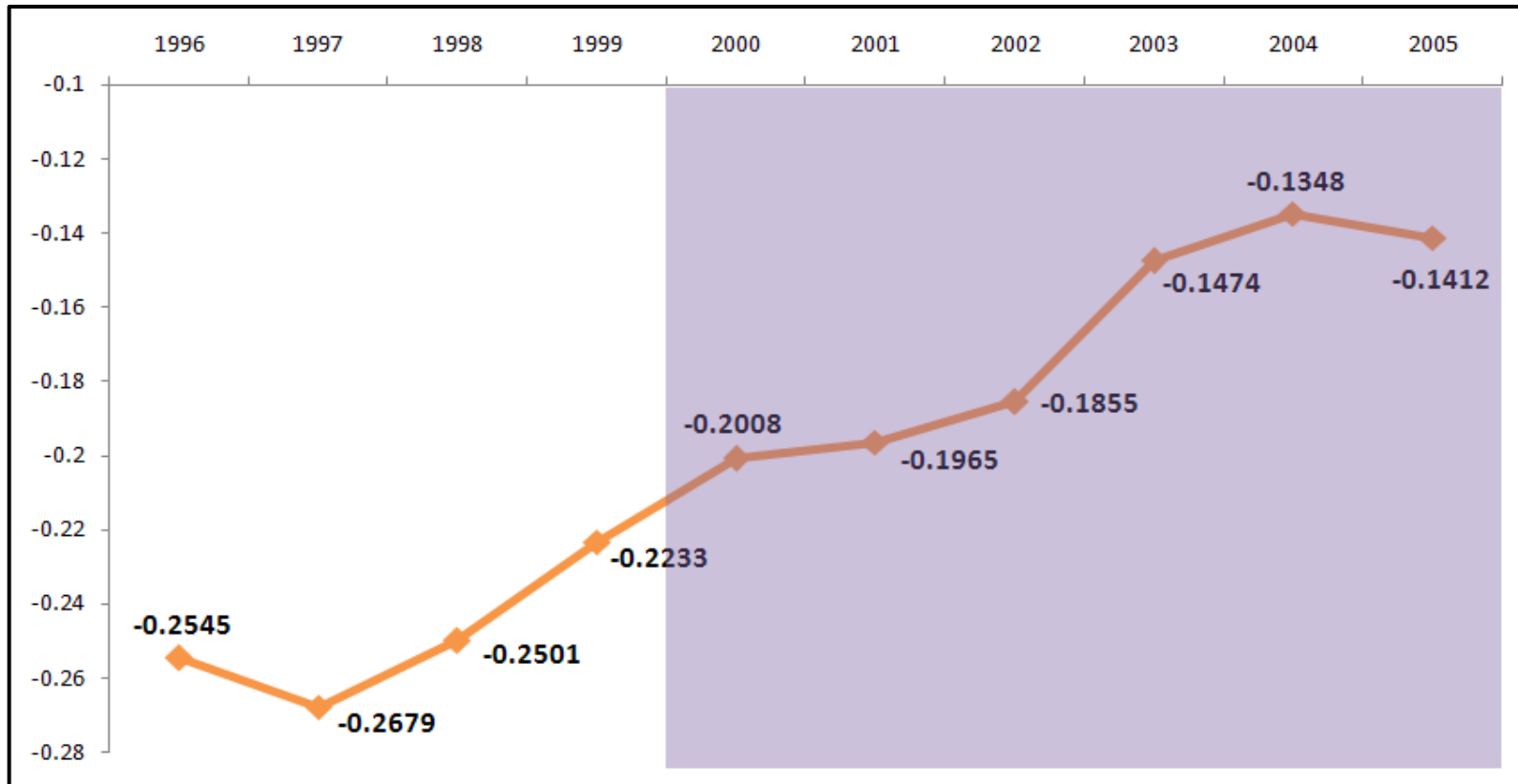


Percentage of Household with Contribution Changed



Kakwani Index

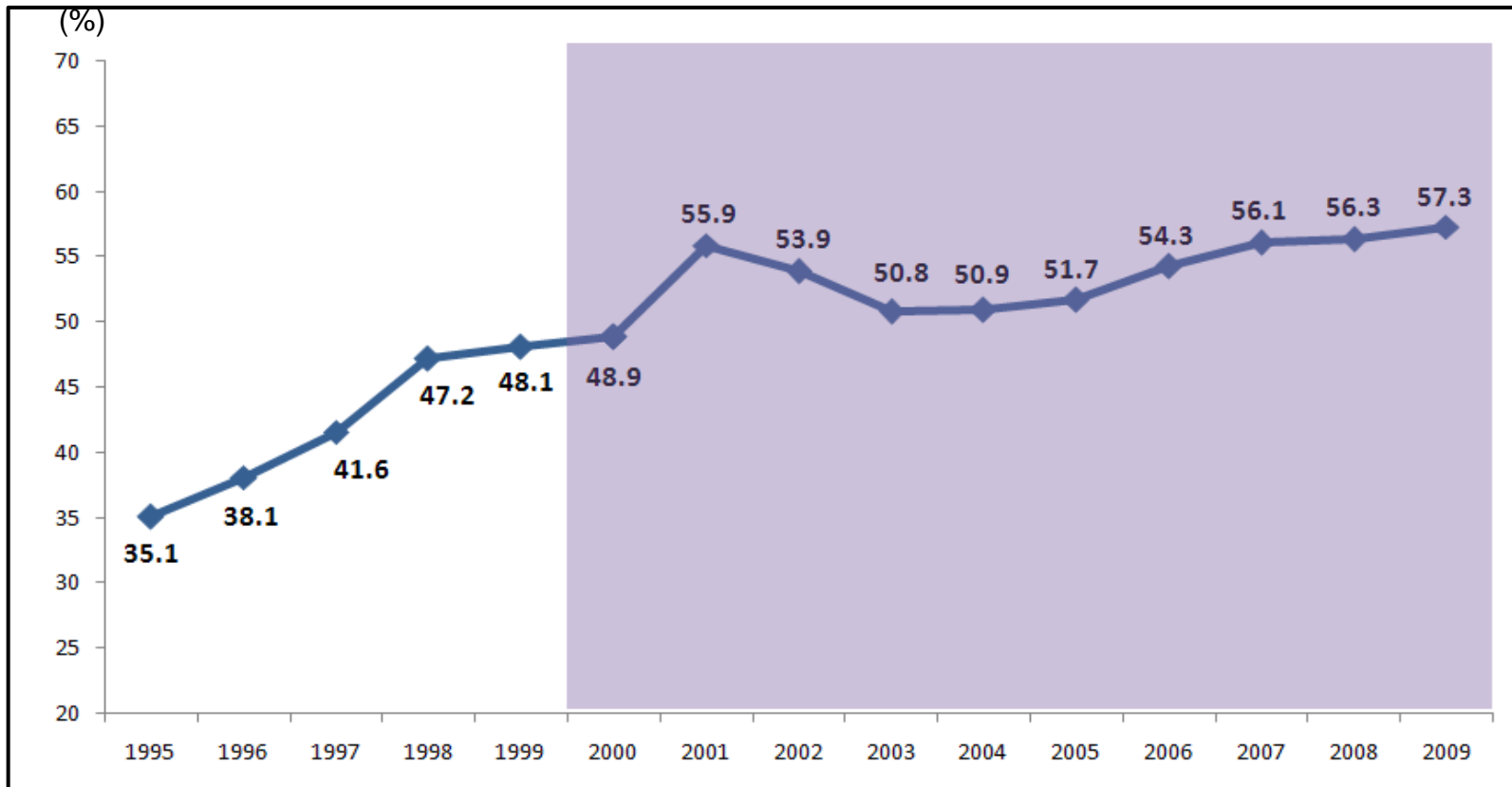
Overall, the Kakwani index that represents progressivity of premium burdens had been improved since a single payer reform.



source: Kwon et al(2007)

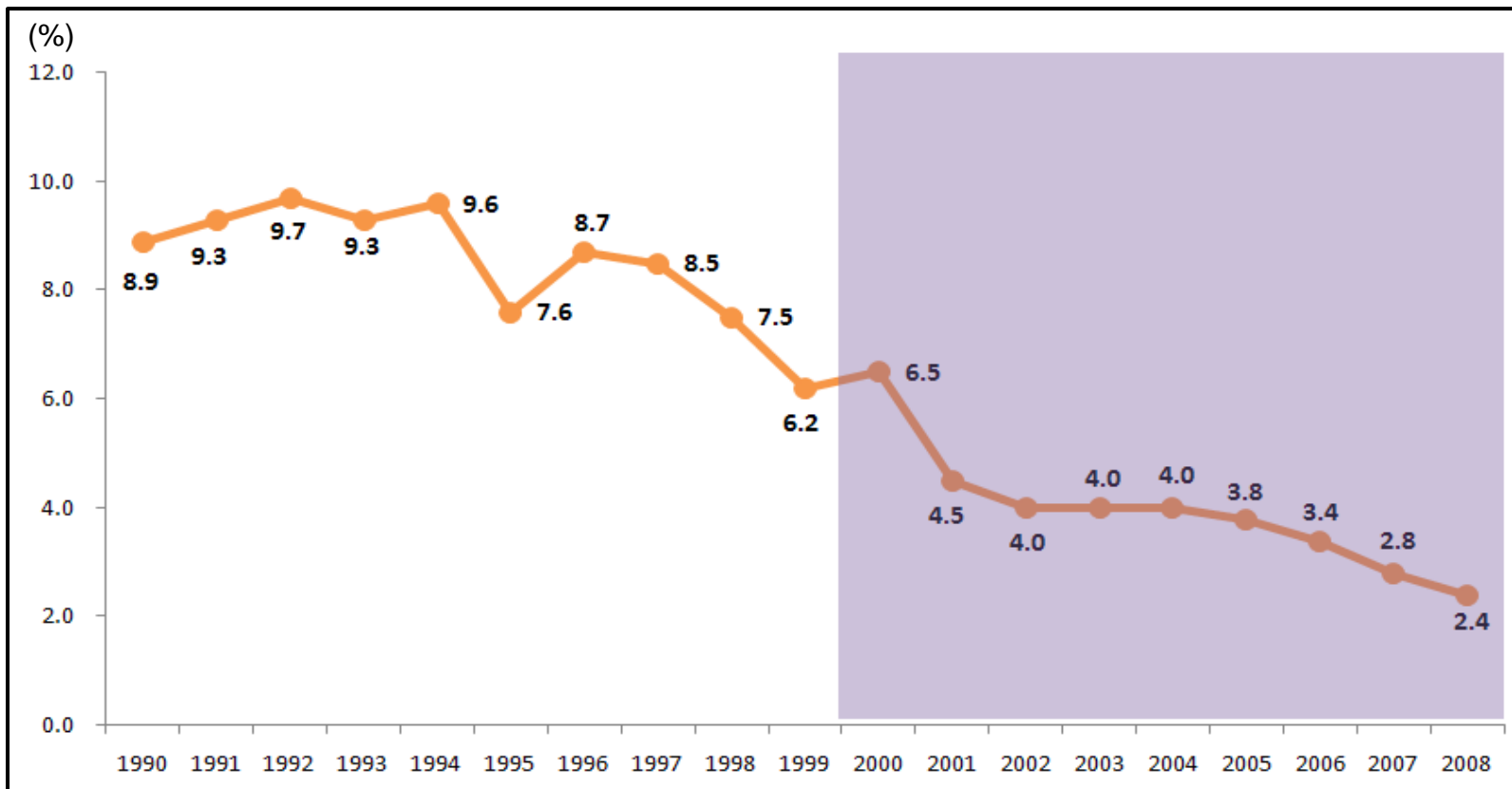
Benefit Coverage Rate of Healthcare Expenses

Benefit coverage in healthcare expenses has been expanded in steady pace. The jump in 2001 came up from the coverage expansion of prescription drugs.

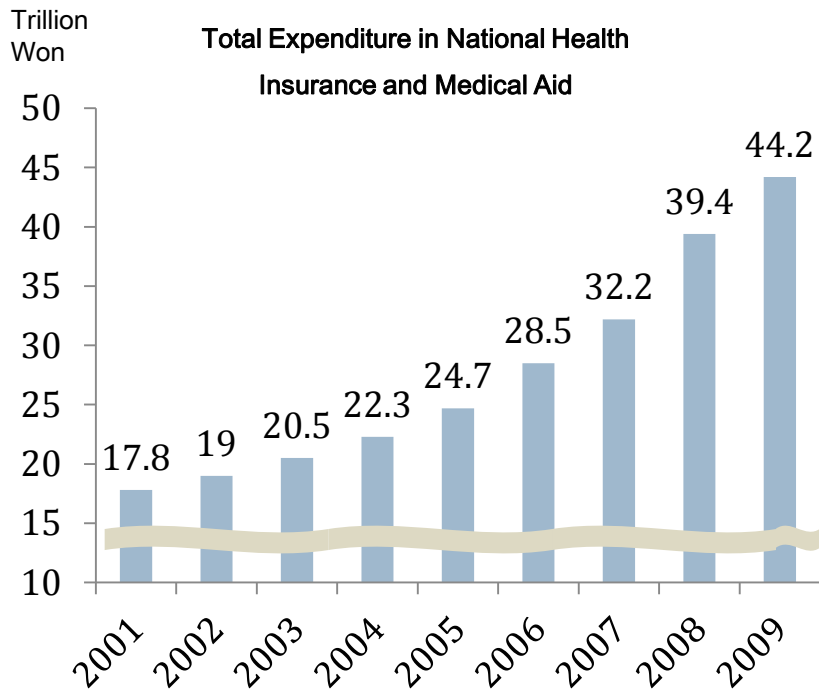


Administrative Cost in NHI

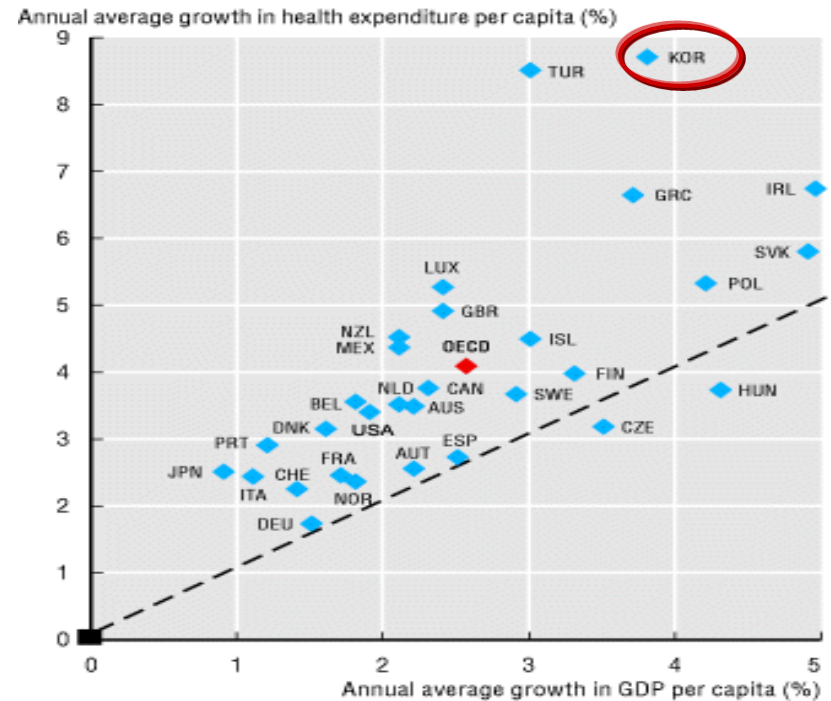
Administrative cost in NHI expenditure



Increase of Expenditures in NHI



※ Source : HIRA, National Health Insurance Statistics 2009



※ Source : OECD Health at a glance 2009

Causes of Cost Rising

- Aging of the population
- Acute sector dominant delivering system
- Fee-for-service payment structure
- Rush of high price technologies including drugs
- ✘ Private dominant providers

Cost Containment Plans in 2011

- **Strengthening of primary care sectors to manage the chronic diseases**
- **Rearrangement of payment structure into DRGs**
- **Expansion of pay for performance from input-based incentives to performance-based one**
- **Decreasing the drug prices**

Advantages of Single Insurer

- **MOHW's policy setting and legislation to control the cost and improve the performance**
- **NHIC's bargaining power to maintain the relatively low price level**
- **HIRA's information system for quality assessment and pay for performance**



Thank you very much!