# Korea

Long-term Care

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## Key Facts

- Approximately 10.7% of the Korean population is aged over 65 (OECD average 15%) with 1.8% of the population over 80 (OECD average 4%).
- Korea spent 0.3% of its GDP on long-term care (LTC) in 2008, of which 0.2% was for health-related LTC, and 0.1% for social services of LTC; most LTC is publicly funded. LTC expenditure includes not only expenditure for LTC insurance services in the long-term care facilities but expenditure for National Health Insurance services in the long-term care hospitals (Jeong, 2010)
- In 2009, approximately 1.1% of Korea's population over the age of 65 received long-term care in an institution while 2.1% of this population received care at home.
- There are 3.3 long-term care workers per 1000 population over the age of 65 providing formal care in Korea (OECD average 6.1 workers).
- In 2009, Korea reported 14 long-term care beds per 1000 population over the age of 65, with steady increase since 2000. (OECD Health Data, 2010)

## Background

Korea, with a population of 49 million, faces an extraordinary challenge, as its population is ageing much faster than other OECD countries. In 2000, about 7% of Korea's population was over 65 with projections that in 2050, this will rise to approximately 37% due to dramatic increase in life expectancy and a sharp decrease in birth rates (OECD, 2007). The elderly dependency ratio[1] has increased from 6.4 in 1960 to 16.4 in 2010, while the previously common Confucian extended family model has more or less diminished particularly because of later-age marriages, higher divorce rates, and decreasing birth rates. The number of senior citizens relative to the working age population will increase from just below 10% in 2000 to almost 70% in 2050 (OECD, 2007).

## Benefits and Eligibility Criteria

LTCI in Korea does not cover the services in LTC hospitals but NHI does. In July 2008 Korea implemented the universal LTC-insurance, organized, planned by the Ministry of Health and Welfare and executed by the National Health Insurance Corporation (NHIC).

Eligibility for the recipients is dependent on the certification of LTCI to the local NHIC agencies. The local agents in NHIC agencies visit applicants and assess their ADL according to an assessment sheet, which is defined by the LTCI law (Act on Long-term Care Insurance for the Aged and Enforcement Regulations of Act on Long-term Care Insurance for the Aged). Then, the Assessment Committee, consisted of doctors, nurses, etc. decides the eligibility of the applier. With the LTC certification, every recipient makes a contract with the agencies individually. The LTC agencies submit their LTC service plan based upon the contract with the recipients and NHIC pays the cost based upon the receipts/bills which the agencies present.

A needs' assessment occurs at the municipal level by an assessment committee of 15 persons, based on the physical condition of the applicant, including his/her physical and mental functions, the nursing and rehabilitation care he/she requires, the extent of dependence, the ability to carry out essential tasks of daily living after accounting for age, and his/her living conditions and environment.

On a checklist with a maximum score of 100, a score of 55 and over makes an individual eligible for insured care. Assessment criteria include ADL, age and disabilities/health conditions. The Long-Term Care Certification indicates the category the beneficiary belongs to. It also states the length of time for which care will be given. The Standard Long-Term Care Utilization Plan contains details of care service entitlements, benefits, and associated costs. The target groups are people aged 65 and over and those aged 65 and under with geriatric or other diseases, as determined on national level (Presidential Decree).

Care is mainly delivered in kind according to the wishes of the client. The basic schemes are set by national guidelines, defining the maximum amount of benefits for each category.

[1] The elderly dependency ratio refers to the number of the senior citizens aged 65+ related to the working population aged 20-64. The elderly dependency ratio' referring to the number of 65+ related to the working age population aged 18-64 was 5.3 in 1960 and 14.7 in 2009 (see Statistics Korea, http://kostat.go.kr/portal/english/index.action)

The Standard LTC Utilization Plan is not an obligation but rather a recommendation. So, within the maximum amount of benefits in one month, clients can claim their rights according to their needs freely. Additionally, the number of the cash beneficiaries is not significant (around 600 cases each month).

**Residential care or nursing home care** refers to services in long-term care facilities, licensed nursing homes, retirement homes and licensed residential establishments. **Home care** or **'in house care'** is ADL-directed and includes, for example, a special vehicle fitted with a portable bath to provide the service at home.

**Cash for care** is mainly provided to those in remote areas or nearby islands where no regular support is available. Cash benefits are less than benefits in kind and amount to KRW 150 000 per month ( ≈ EUR 84, ≈ USD 126). Cash benefits can be provided to people suffering from other conditions as well (*e.g.* if the client suffers mental illness plus a kind of socio phobia). Benefits are not adjusted for inflation and wages, however benefits are adjusted annually.

**Funding and Coverage**

The Korean LTC system is funded by contributions from all participants to the NHI which make up 6.55% of total NHI revenue (2010-2011). The central government also subsidizes 20% of anticipated contribution receipts. User charges are equal to 15% for in-house services and 20% in the case of residential care. For beneficiaries in a medical aid programme and with low income or assets, co-payments are 7.5% for in-house services and 10% for residential care. For those under the National Basic Living Security Act, no co-payments are required. User charges are related only to their cost of care service not to their means.

Co-payments for home care are lower in comparison to residential care and may serve as an incentive for choosing home-care. In Korea, LTCI recipients can be classified in 3 classes, with those in the 1st class having the most severe disabilities. If the recipient is in the 3rd class, he/she can use home care service in principal, but not residential care. If that person suffers from dementia, he/she can use residential care exceptionally.

There are no special provisions for carers, although some employers may have collective arrangements including flexible working arrangements for employees, which could benefit carers.

**Delivery**

There are basic quality issues involved in the delivery of LTC. Those who want to become care workers must complete 240 hours training course and pass the national qualification exam. Provider organizations are required to hire carers according to the minimum required staff-user ratios.

In 2010, a qualification exam for carers was introduced. With the introduction of the exam, the qualification system was also revised, eliminating levels 1 and 2. The minimum required staff-user ratio is defined officially by LTCI law and is announced to all LTCI agencies (Act on Long-term Care Insurance for the Aged and Enforcement Regulations of Act on Long-term Care Insurance for the Aged). In Welfare of the Aged Act, the reasons of disqualification are clearly defined and there are no regulations regarding the eligibility of the LTC worker (Statutes of the Republic of Korea).

**References**

Jeong, HS, (2010), *Indicators for Long-Term Care Expenditure*, Ministry of Health and Welfare, Seoul.

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Statutes of the Republic of Korea ***http://elaw.klri.re.kr***