

Introduction of Long-term Care Insurance in Korea

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ABSTRACT

Facing rapid aging of population, Korea introduces long-term care (LTC) insurance on July 1 2008, which will be one of major components of the Korean welfare state as the fifth social insurance system. LTC insurance aims to ease the financial burden of the elderly related to long-term care and hopes to reduce the financial pressure that social admissions of the elderly put on health insurance system. This paper examines the demographic and socioeconomic background and policy process in the implementation of LTC insurance in Korea. Like previous social insurance system, LTC insurance is more of state-driven policy facing rapid demographic change. This paper also discusses key issues associated with the introduction of LTC insurance in Korea such as financing mix (tax, insurance premium, and out-of-pocket payment), population coverage, benefit coverage, and the assessment of functional status. Korean LTC insurance will provide benefits (benefits-in-kind rather than cash benefits) to cover long-term care of the elderly and age-related long-term care of the non-elderly. This paper also presents the results of the three-year pilot program of LTC insurance in Korea. It concludes by discussing the future challenges for LTC insurance in Korea such as the limited role of local governments and the lack of supply (LTC personnel and facilities).