

## **A study on policy of elders' long term care services: Focusing on problems of insurance system and solutions**

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### **Abstract**

The purpose of this study is to examine the long term care insurance system that has been 9 years and to understand issues arose during settlement of the insurance system in accordance with provision of solutions to increase the quality of elders' long term care service. Also, the study is aiming at providing contribution to both satisfaction of customers and workforces at the field along with achievement of the primary goal that the elders' care service policy was aiming at. To achieve the purpose of the study, authors gathered and analyzed reports and literatures from books published domestically, governmental open data and statistical data related to policy on long term care service insurance for elders to examine current problematic issues of long term care insurance and to explore ways to improve by having case studies of advanced countries. The result of this study shows that there are differences in the way how participants of the programs react to registering to insurance of program for supporting elderly persons' social activities and employment despite Korean government is operating the programs along general guidance for the programs as a standardized guideline.

**Keywords:** Elders' Long Term Care Service, Medical Service, Service Quality, Service Satisfaction, Problems of Service Policy and Solution.

### **1. Introduction**

Korea is facing rapid social aging and it leads to elderly persons' loss of income. Beside the problem of loss of income which led economic poverty, physical and psychological aging are bringing social problems such as deterioration of health conditions, social and psychological isolation etc. In the view of society, increase of non-economical active population leads to shortage of labor force, increase in expenditure of pension and health care which would increase burden on the public of a nation.

Currently, the number of solitary senior citizens is increasing sharply due to change of family member structure and the form of supports for elders which was mainly done by a family is being collapsed due to women's expanding socioeconomic participation. Especially, as individual support is facing institutional limit which led collapse of the concept of filial duty, the necessity of societal solution that fits to current situation to resolve social aging problems is arising.

The purpose of this study is to suggest future directions for elders' long term care service system to cope with undergoing situations where burdens over elders' long term care service is constantly increasing due to social aging and the family-dependent supports for elders are exposing its systematical limits.

To achieve the purpose of the study, reports and literatures from books published domestically and governmental open data and statistical data related to policy on long term care service insurance for elders to are gathered and analyzed to examine current problematic issues of long term care insurance and to explore solutions for the problems. On the basis of normative research methodology, this study reviews literatures regarding elders' long term care service insurance system through which to explore problems in consumer system, wage system, service delivery system and financial system, and to find solutions for the problems.

This study is structured as followings. Firstly, it states purpose, methodology and scope of the study during which concept of the elders' long term care service insurance and necessity of introduction of it are explored. Afterward, problems in customer structure, wage structure, communication system and financial system are explored. As a re-

sult, solutions for the problems are presented, and finally, a brief of the study is presented which derives the conclusion and suggestions in accordance.

## **2. Review of literature**

### **2.1. Concept of elders' long term care service insurance**

Choi (2011) states that there are differences in concept of long term care service among the countries have the service. It is asserted that there are various definitions and terminologies of the long term care service according to different economic/social/cultural environments and organizations/researchers. In case of WTO, it defines long term care service as activities of both of informal cares such as family members/relatives/neighbors and formal cares such as public health experts/social workers/volunteers provide care services to those who need care, and it states that demand for long term care service is influenced by customers' change on physical and psychological aspects, cognitive status, life patterns and environments (Lee, 2010).

OECD (2011) defines elders' long term care service as a formal or informal support for elders who need care in general aspects of life due to age-related diseases such as dementia or disabilities such as impossibility of movements due to old age. It also defines the service as a concept that integrates medical cares or convalescences at home or asylum and social cares such as household affairs, assistances and supports.

Lee (2008) defines elders' long term care service as a provision of long term health cares and social insurance to those who have disabilities in livings at the aspect of psychological functions. Also, it states that the service is dedicated to elderly persons.

As it is aforementioned, currently there are various views on long term care service insurance. In case of Korea, it is understood as a long term care service for elderly persons. It can be defined as formal and informal supports for social activities of taking care of elderly persons who are unable to take care of themselves or to live normal life by themselves due to age-related diseases like dementia and functional disabilities.

### **2.2. Domestic related works**

Elders' long term care service insurance is one of the policies of social security and social interest on it is continuously being increased due to aging society. There has been numerous and various research conducted by many other researchers. Therefore, this study firstly reviews research related to development and improvement of elders' long term care service insurance.

#### **2.2.1. Research on social perception**

Jung, Kim, & Ko (2014) analyzed perception levels of consumers and the result shows that elderly persons who have abilities are more likely to take care of themselves without any others' support and tend to show lower satisfaction levels to care services. For this, the authors claim that sympathy with the public is important, and increase of quality of home care service and connection between medical and convalescence services are needed.

Song (2008) discusses development plan for elders' long term care service while the author states that it is important to know clearly what consumers and their families demand and to provide clear information and services around their needs.

Park (2015) investigates the effects of governmental policy on consumers' level of satisfaction on life and claims that governmental policy tends to induce life quality rather than increase life quality.

#### **2.2.2. Research on analysis of policies**

Sunwoo (2009) points out problems in service delivery system in policy analysis. The research claims that it needs improvement of reinforcement of home care service and infrastructures of long term care service, and development of value incentive program etc. Therefore, the research states that improvements of policies through reviewing trials and errors of developed countries are needed.

Sakong (2009) points out problems in grading system, and the lack of expertise in service delivery and the difficulties in preparation of financial resources under current system, and thus it leads to decrease of service level.

Compared with item analysis that can be found internationally to have recover the reliance of welfare policies, Chon (2012) states that detailed modifications on item analysis which does not provide basis for judgement on detail contents are needed and a system should be constructed so under which service quality can be evaluated thoroughly.

Kim (2015) points out problems in grading system during the process of selecting consumers and states that flexible application of grading standard and increase in level of expertise of workforce are needed.

### **2.2.3. Research on service delivery system**

Regarding care nurses in service delivery system, Son (2013) claims that improvement of work environment and increase of quality level of education on care nursing are needed to reinforce vocational expertise.

Sok (2010) claims the importance of education on care nursing for cultivation of care nurses. And Yang (2013) claims that to solve the problem that care nurses can charge medical fee worth of only 1 hour home care service, a certain level of compensation is needed and also care nurses' rights to choose home care services should be secured in various ways.

### **2.2.4. Research on wage policy**

Lee & Seo (2008) investigates the actual state of consumption of home care services through in-depth interviews and claims that expansion of home care service is needed.

Kim & Lee (2013) states that it should provide targeted home care service to slight ill persons through provision of prophylaxis and rehabilitation like ones can be found in Japan and other countries.

Seo (2008) investigated problems of elders' long term care service insurance and welfare policies for elders and suggested improvement plans for it.

Park & Nam (2010), with focusing on way of procurement of financial resources, seeks effective operation of budgets through comparison between realities in Korea and Japan.

### **2.2.5. Common features of existing research**

Through literature review, common feature of research is found to be that we need to proactively introduce and practice empirical cases found in developed countries to have positive and active alternatives for problems of elders' care service. And also, existing research attach importance on establishment of policies that fit to the current nationwide reality through revitalizing workforces of research in the field. Therefore, continuous study on tasks and changes of improvement of elders' long term care service insurance and accumulation of know-hows are necessary.

## **3. Results**

### **3.1. Problems of elders' long term care service and solutions found through literature review**

After reviewing literatures, problems of elders' long term care service and solutions are derived as followings.

1st, in grading system, the problems are insufficiency in grading system and lack of expertise for grading due to subjective opinions of workforce in grading process. Therefore, to recover the reliance on grading system, it needs modification and complements on item analysis and, for interviewers among workforce for grading, professional education is needed and evaluation on them is critical.

2nd, in wage system, the problems are insufficient financial support for family nursing found in wage system and insufficient selection pool for home care services. Therefore, realistic compensations for home care nursing, which is considered as free labor, is needed and it needs to prepare a systematical support for home care nursing to reduce social cost incurred in protection of elderly persons and to increase life quality of elderly persons. Also, it is considerable to provide fine medical service for sever ill persons through reinforcement of home care nursing service.

3rd, in service delivery system, the problems are lack of expert knowledge of care nurses and lack of expertise of care nurses due to low-level treatment, inequity of provision of service due to imbalanced arrangement of infrastructures between regions. Therefore, for the service delivery system, it needs to improve work environment for care nurses through financial support for sanitariums, and, in consideration on flooding of institutions that train care nurses with unqualified educations, it also needs to strengthen education on care nurses to keep them highly expertized in their field. In addition, to provide equal and fine care services nation-widely, the infrastructures that are currently arranged in an imbalanced manner in which some places are flooded by care institutions while other places are in short of care service should be rearranged in an even manner where services are provided to fit local realities. Finally, an evaluation system for long term care service institutions should be established to maximize consumers' satisfaction through revising the standard of infrastructures.

4th, in financial system, the problems are that there are uncertainty of the budget due to low governmental financial supports and that there are many low-income classes who cannot be served due to high charge rate. To resolve such a problem, it is considered to raise governmental financial support level. Since the load of support on government is relatively low when it is compared to that of other countries' governments, it needs more active financial supports

and strives for financial stabilization of consumers, and it is expected to recover the reliance on government. Also, due to the fact that the patients' cost-sharing rate is higher compared to one is in other countries, it is considered that there would be some cases in which patients would relinquish their rights of welfare recipients due to their unstable economic status. To resolve such problems, the functionality as a general policy should be recovered through effective management of financial resources.

### **3.2. Solutions for elders' long term care service according to trend of global welfare and the changes of the times**

Apparently, many problems that should be solved are laid under elders' long term care service insurance and there have been numerous governmental and nongovernmental trials like revision of laws to improve the system into a more stable and general insurance system. In spite of all the efforts, there are still many problems to be solved and it needs continuous improvements.

In case of Japan, where the stage of social aging is 20 years earlier, people are being benefited from Japanese long term care insurance. Most of people older than 65 are taking benefits of this insurance and it is at the stage of generalization. Lately, Japanese government is trying to more various services such as establishment of "areal generalized care system" to expand home-based benefit. In case of Korea where satisfaction on home care service is low, it needs to introduce and/or establish services that fit to areal realities like cases found in Japan to increase satisfaction on home care service.

According to National Health Insurance Service (2014), currently there are approximately 600,000 elders are suffering from dementia and the number is expected to be increased by 2 million by 2050. Dementia is one of unbearable age related diseases and it becomes a big burden to household economy. According to "Status and improvement plan for national dementia management" report published by National Assembly Budget Office in Aug. 2014, by the year of 2030 when current baby-boomer generations become elders, social cost is expected to be increased by approximately \$34.2 billion and it would reach \$43.2 billion by the year of 2050.

To cope with such issue, national assembly resolved "Amendment bill for law of management of dementia" including development of consultation programs for families suffering from dementia, establishment of integrated dementia institutions and teleconsulting centers and preparation of foundations for financial supports. However, such efforts are concerned to duplication of services since there already is elders' long term care insurance. In any case, the core of the amendment bill was resolved to prevent development of patients suffering from dementia. Since dementia patients are protected under law of elders' long term care insurance, the two laws should be integrated to leakage of budget. For example, in case of prevention of dementia or slight dementia patient, they can be protected by law of management of dementia, and severe dementia patients are protected and provided medical services under law of elders' long term care insurance.

For such reasons, elders' long term care insurance is critical and necessary for dealing with elderly persons in aging society. And social perception on necessity of the insurance as a core policy for elders is surging over the society after 9 years from the commencement of the insurance policy. Along with that, it is considered that elders' long term care insurance has fulfilled elderly persons' demand and it has reduced burden on families who support elders and has improved family relationships. However, the elders' long term care insurance is deficient when it is compared to that of other countries who have well-formed welfare systems, and to settle it down to fit realities of the country, studies on model creation of welfare states and governmental efforts such as changes on perceptions of policy makers and who have responsible posts are urged.

Consequently, studies on elders' long term care insurance needs analysis on changes of eras and global trend in welfares depending on national status. In the future, quantitative and qualitative accumulations of policies and welfare services of welfare states regarding to elders' long term care service and changes in consumers' demands are required.

## **4. Conclusion and suggestions**

Aging society is a serious problem in Korea. Because it can bring economic poverty, deterioration of health, social isolation, lack of social workforce, supports for elderly persons and etc. to society. Among those, support for elderly persons is the most serious problem. Such problem can bring changes on family structures and evasion of responsibility of supporting elders which would weaken functionality of supports for elders, and consequently, it is becoming serious national task to be taken care of.

Korean government has poured efforts on solving supports for elders with social insurance. In 2001, general measure for elders' long term care service was announced and it was massively discussed and examined. On the basis of it, national assembly passed the bill of elders' long term care insurance on Apr. 2nd, 2007 and it has been regularized since July in 2008. Such system was established to cope with serious social problems. However, it still needs continuous concerns since it was established and operated in a relatively short time period.

Consequently, elders' long term care insurance should be redirected to where the government takes the responsibility on the operation. National atmosphere on resolving problems of elderly persons through filial duty is reaching to its limit. Especially, quick establishment of system for welfare of elders in response to sharp increase of elderly persons is needed.

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