THE FUTURE OF ELDERLY CARE IN SOUTH KOREA IN THE CONTEXT OF AGEING SOCIETY

Miss Piyanuch Buathong

A Thesis Submitted in Partial Fulfillment of the Requirements

for the Degree of Master of Arts Program in Korean Studies

(Interdisciplinary Program)

Graduate School

Chulalongkorn University

Academic Year 2015

อนาคตของการดูแลผู้สูงอายุในประเทศเกาหลีใต้ภายใต้บริบทสังคมสูงวัย

นางสาวปิยะนุช บัวทอง

วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต
สาขาวิชาเกาหลีศึกษา (สหสาขาวิชา)
บัณฑิตวิทยาลัย จุฬาลงกรณ์มหาวิทยาลัย
ปีการศึกษา 2558

Thesis Title	THE FUTURE OF ELDERLY CARE IN SOUTH KOREA IN THE CONTEXT OF AGEING SOCIETY
By	Miss Piyanuch Buathong
Field of Study	Korean Studies
Thesis Advisor	Professor Worawet Suwanrada, Ph.D.

Accepted by the Graduate School, Chulalongkorn University in Partial Fulfillment of the Requirements for the Master's Degree

.....Dean of the Graduate School

(Associate Professor Sunait Chutintaranond, Ph.D.)

THESIS COMMITTEE

.....Chairman

(Associate Professor Vipan Prachuabmoh, Ph.D.)

.....Thesis Advisor

(Professor Worawet Suwanrada, Ph.D.)

.....Examiner

(Associate Professor Ki Soo Eun, Ph.D.)

.....External Examiner

(Assistant Professor Wichian Intasi, Ph.D.)

ปิยะนุช บัวทอง : อนาคตของการดูแลผู้สูงอายุในประเทศเกาหลีใต้ภายใต้บริบทสังคมสูงวัย (THE FUTURE OF ELDERLY CARE IN SOUTH KOREA IN THE CONTEXT OF AGEING SOCIETY) อ.ที่ปรึกษาวิทยานิพนธ์หลัก: ศ. ดร. วรเวศม์ สุวรรณระดา, 88 หน้า.

ประเทศเกาหลีใต้ถือเป็นประเทศหนึ่งที่มีความมั่งคั่งทางเศรษฐกิจติดอันดับโลก แต่ในขณะเดียวกันก็เป็นประเทศที่มีภาวะเจริญพันธุ์ (Fertility) และอัตราการตาย (Mortality) ต่ำ ทำให้โครงสร้างอายุของประชากรในประเทศมีแนวโน้มสูงขึ้นอย่างต่อเนื่อง ซึ่งมีการคาดการณ์ว่าในปี ค.ศ. 2060 ประเทศเกาหลีใต้จะมีสัดส่วนประชากรผู้สูงอายุถึงร้อยละ 40.1 ทั้งนี้การดูแลผู้สูงอายุจึงเป็นปัญหาและประเด็นที่ท้าทายที่ต้องเผชิญอย่างหลีกเลี่ยงไม่ได้ งานวิจัยนี้จึงมีวัตถุประสงค์ที่จะศึกษาแนวโน้มในอนาคตของการดูแลผู้สูงอายุในประเทศเกาหลีใต้ โดยเฉพาะอย่างยิ่งการดูแลผู้สูงอายุระยะยาว โดยใช้การศึกษาในเชิงคุณภาพในการวิเคราะห์ข้อมูล โดยเน้นไปที่การศึกษาข้อมูลผ่านแหล่งข้อมูลทุติยภูมิ ผลจากการศึกษาพบว่า แม้ว่ารัฐบาลเกาหลีใต้จะมีการพัฒนาระบบการดูแลผู้สูงอายุระยะยาวที่เน้นการดูแลผู้สูงอายุโดยครอบครัว หากแต่การดูแลระยะยาวโดยสถาบันยังคงมีความสำคัญในฐานะที่พึ่งพิงสำหรับผู้สูงอายุในอนาคต โดยเฉพาะอย่างยิ่งกับผู้สูงอายุที่เปราะบาง (frail) และมีภาวะทุพพลภาพ (disability) อย่างไรก็ตาม ระบบการดูแลผู้สูงอายุระยะยาวควรได้รับการพัฒนาในเชิงบูรณาการและต้องอาศัยความร่วมมือกันระหว่างทุกภาคส่วนที่เกี่ยวข้อง

สาขาวิชา เกาหลีศึกษา ลายมือชื่อนิสิต .....

ปีการศึกษา 2558 ลายมือชื่อ อ.ที่ปรึกษาหลัก .....

5787526220 : MAJOR KOREAN STUDIES
KEYWORDS: ELDERLY, ELDERLY CARE, LONG-TERM CARE, SOCIAL WELFARE, SOUTH KOREA

PIYANUCH BUATHONG: THE FUTURE OF ELDERLY CARE IN SOUTH KOREA IN THE CONTEXT OF AGEING SOCIETY. ADVISOR: PROF. WORAWET SUWANRADA, Ph.D., 88 pp.

South Korea has been ranked as one of the most prosperous countries in the world. However, the success still has a downside. Korean society has faced a problem about a change of population toward ageing society, which has been caused primarily by a long-term decline in fertility and mortality. Moreover, it is projected that the proportion of elderly will rise up to 40.1 percent by 2060. Therefore, caring for the elderly has inevitably become a major challenge in Korean society. This research aims to study examine the future trend of elderly care in South Korea, in particular institutional long-term care services. The qualitative approach was used to examine and analyze data, which focusing on secondary sources. The results of this research indicated that even though governments have been promoted and supported family-based care, the institutional care continues to play an important role as a shelter for elderly in the future, in particularly, for frail and disabled elderly. However, the integration of elderly care and the cooperation between all stakeholders are needed in the future.

Field of Study: Korean Studies Student's Signature .....

Academic Year: 2015 Advisor's Signature .....

ACKNOWLEDGEMENTS

I would like to extend my sincerest thanks and appreciation to those patient souls who helped me accomplish this study. First and foremost, I would like to express my sincere gratitude to my advisor, Professor Worawet Suwanrada, Ph.D. for his guidance, recommendations and ideas in helping me to complete this thesis. Later on, I am pleased to thank my thesis chairman, Associate Professor Vipan Prachuabmoh, Ph.D., as well as my thesis examiner, Associate Professor Eun Ki-soo, PhD., for their useful suggestions that greatly help to improve this thesis. I am also appreciated Assistant Professor Wichian Intasi, Ph.D., my thesis external for his invaluable advice.

Also, I would like to extend my gratitude to Korean Studies staff, Miss Nongluk Boonthiem as well as the Faculty of Economics staff, Chananchida Mapetch for their assistance and encouragement. Lastly, I would like to thank my beloved family and friends for their support and encouragement, including those who concerned with this research, whose name is not mentioned herewith.

CONTENTS

Page

Page

Page

LIST OF TABLES

Page

LIST OF FIGURES

Page

CHAPTER I

INTRODUCTION

Most elderly people require long-term care due to the fact that ageing is accompanied by biological changes that increase likelihood of chronic illness and disability. In general, caring for the elderly has been the responsibility of their family. The family members are the main source of care for elderly persons in all regions. However, demographic and social changes have challenged the family-based care system because the demand for elderly care will increase sharply in the future. This has stimulated a great deal of discussion about how to provide an effective response to a rapidly ageing population and its challenges, especially in terms of caring for elderly. Therefore, in response to the needs and demands of the aged population, social policies for elderly have been developed in almost every country during the past few decades. As is the case in the Republic of Korea (hereafter "South Korea"), the Long-term Care Insurance (LTCI) was established in July 2008 to directly tackle to the population ageing issue 2008.

It is well known that long-term care services in South Korea were focused more on institutional care services since the earliest stage of its development. However, in the twentieth century, institutional care is challenged by a new strategy, familiarly known as Ageing in Place (Prachubmoh, 2015). Home-based care and community-based care have been introduced as an alternative care strategy for elderly in many

developed countries over the past decade. Several countries have shifted their policy towards community-based care, including South Korea. Consequently, the Korean institutional long term care seems to be overshadowed by these new approaches. However, when the proportion of elderly is rising to almost half of its total population, institutional care might take the significant role of a shelter for elderly who are in need of a safety net in the future.

1.1. Research Background

Population ageing is a worldwide phenomenon that began several decades ago. This phenomenon is defined as an increasing proportion of elderly persons in the society (Ghazy, 2006, p. 1). Although the definition of elderly may vary, the chronological age of 65 years was generally accepted as the definition of an elderly person in most developed world countries (WHO, 2015). The rapid increasing numbers of the world's elderly population is determined by the trend in fertility, mortality and international migration (OECD, 1988). This trend led many countries to experience the demographic transition towards an ageing society such as France, Sweden, the United Kingdom, and the United States, including developed countries in Asia, Japan and South Korea.

South Korea, like other countries, is also one of many countries that encountered demographic transition. While, South Korea was named as the world fastest growing economies from the early 1960s to the late 1990s, has achieved

incredible success in economic development and become one of the world largest economies. According to the World Bank (2016a), South Korea was the 11th largest economy in the world, with an estimated gross domestic product (GDP) of 1,377,873 billion U.S. dollars in 2015. Conversely, while successful in economic and technological development, South Korea also was confronted with an increasing of ageing population, which has been caused primarily by a long-term decline in fertility and mortality, associated with a longer life expectancy. As shown in Table 1, the birth rate and the death rate of South Korea's population has fallen substantially, whilst life expectancy has progressively increased since the 1960s. Thus, these have had a great effect on the population structure.

Table 1 Trend of Fertility Rates, Mortality Rates and Life Expectancy in South Korea, 1960 – 2014

Year	Fertility Rates[a]	Mortality Rates[b]	Life Expectancy[c]
1960	6	14.34	53
1970	4.53	8	62.04
1980	2.82	7.3	65.81
1990	1.57	5.6	71.3
2000	1.47	5.2	75.84
2010	1.23	5.1	80.55
2014	1.21	5.3	82.40

Note: a. Fertility Rates Total, Children/woman, b. Mortality Rates Crude (per 1,000 people), c. Life Expectancy at Birth, Total (years)

Source: (Korean Statistical Information Service, 2015c)

Even though people live longer than the past, most of them tend to live with poor health and poverty in later life. It was revealed by the United Nations that in 10 developed countries and 4 developing countries, Portugal, Switzerland, Israel, Spain, Japan, The United States, Chile, New Zealand and Australia and South Korea, elderly persons live with poverty rates higher than the OECD overall average (14 percent). Moreover, non-communicable diseases were the leading causes of death among the elderly in 2008 as 85 percent of elderly died from any kinds of chronic non-

communicable diseases such as stroke, dementia or cardiovascular diseases (United Nations, 2013).

Most Korean elderly have relied heavily on family members to provide support and care. However, after the rapid modernization and industrialization since the 1960s, the demand for elderly care has increased sharply and diversely from the demographic and social changes that occurred in Korean society. With an increase in elderly proportion, a change in family structure and a weakening of traditional norms –filial piety– have challenged the family-based care system. In response to these challenges, social policies have been developed in almost every country in the world during the past few decades, including South Korea.

To meet growing needs of care, several programs were established in South Korea, including the long-term care system. Under the pro-welfare Kim Dae-Jung government, the long term care services have emerged to be an important part of elderly care in South Korea, especially for the frail and disabled elderly. Nevertheless, some formal long-term care services are deemed to be less accepted by Korean people for a number of reasons. The primary reason is the Asian traditional norm, filial piety (Kim, E.-Y. & Kim, 2004). It has contributed to Koreans' unwillingness to use some long-term care services, especially institutional care such as nursing home or home for the aged (Kim, E.-Y. & Kim, 2004). However, when the proportion of elderly

is rising to approach or surpass half of its total population, those long-term care services could become more important for elderly in the future.

This research will examine the trend of Korean elderly care, in particular the likelihood of institutional long-term care as it will underpin the nature of the provision for Korean elderly in the future and should be carefully studied in order to be able to estimate how great and important the demand will be for long-term care services in the near Korean future.

1.2. Research Questions

- What is the predictable future trend of formal long-term care services in South Korea?
- How does the Korean government develop elderly care, especially long-term care for elderly persons?

1.3. Research Hypothesis

- The roles of institutional care services become more important in the near future as a shelter for Korean elderly.
- Contextual factors have an influence on Korean people's needs toward institutional long-term care services.

1.4. Objectives of the Research

- To study the development of elderly care in South Korea, especially long-term care services for elderly persons.
- To examine the future trend of elderly care services in South Korea, especially institutional care services.

1.5. Methodology

This research used a qualitative approach, which was based on secondary sources. A content analysis is used as the method of this research in order to find out the complete overview of the Korean ageing situation and the trend of elderly care in South Korea. All the literature selected for use is relevant to the research topic, which consist of a number of previous studies as follows:

- Collect data from previous research and surveys about the current situation of the Korean ageing society and the development of social care in South Korea, including the attitudes of Korean people on long-term care, in particular institutional care.
- Collect data from official and reliable website, e.g. the National Health Insurance Service official website, The Long-term Care Insurance official website, The OECD, The World Bank, The Statistics Korea and The Korean Statistical Information Service.

1.6. Scope of the Research

This study evaluates the trend of elderly care by focusing on the national long-term care insurance system (LTCI) and its development. The reason is that this insurance system was implemented indirect response to the rapid increasing number of aged in the Korean population. As a result, it was proved to be a significant part of the elderly care system in South Korea since 2008.

1.7. Significance of the Research

The outcome of this study will present and provide information of the Korean ageing situation and the trend in elderly care, particularly the trend of long-term care for Korean elderly persons, which will be of benefit to researchers, students and other individuals who are interested in the Korean ageing society and the long-term care system in South Korea, including Thailand. As Thailand is expected to face a more serious ageing population in the near future, South Korea will be the best model for Thailand and other countries to understand the population ageing issues and learn from its experiences in order to prepare affordable supports and positive strategies to meet the high demands of caregiving.

1.8. Definitions

The definitions given below will clarify the terms that have been followed throughout this research.

Long term care Insurance (LTCI) refers to a variety of services which meet both the medical and non-medical needs of people with a chronic illness or disability, who cannot care for themselves for long periods of time of at least 6 months due to old age or geriatric disease. It supports in their physical activities or housework (NHIS, 2014b).

Home-based care and community-based care refers to a variety of services that are provided to people, who mainly reside in their own home, with functional restrictions. It also includes the use of institutions on a temporary basis to support continued living at home as in the case of community care, day care centers and respite care. Home care also includes specially designed, assisted or adapted living arrangements for persons who require help on a regular basis while guaranteeing a high degree of autonomy and self-control (OECD/European Commission, 2013).

Institutional care refers to nursing and residential care facilities, excludes special geriatric hospitals which provide residential care combined with either nursing, supervision or other types of personal care as required by the residents. Additionally, not only providing support for physical activities, but also providing education and

training for maintaining and improving physical and mental function (OECD/European Commission, 2013).

CHAPTER II

REVIEW OF RELATED LITERATURE AND STUDIES

This chapter will present a literature review for this study. A number of previous studies will be explored in several issues to consider the future trend of elderly care in South Korea in the context of ageing society. It will include the following:

- A Historical of Welfare Policies for the Elderly
- The Necessity of Formal Long-term Care in South Korea
- Related Research on Institutionalization in Elderly
- Summary of Literature Review and Conceptual Framework

2.1. A Historical of Welfare Policies for the Elderly

The social programs for elderly persons in South Korea can be traced back to the Japanese colonial period as stated by Choi (2002). Before the 1970s, the Korean policies for elderly persons were associated with poverty. In 1944, even though the social policy was not a major priority in this colonial period, a public assistance system was established by the Korean Relief Order under the instructions of the Japanese government. It only focused on helping poor elderly.

The policies for the aged were merely expanded in the 1950s. Even during the 1960s and 1970s, social and welfare services were still unheeded by the Korean government because the government was focused on economic development and

poverty eradication. As a result, only a little social protection for the workforce was offered under Park Chung-hee's government (Hong, Kim, Lee, & Ha, 2013). The Government Employees Pension (GEP) and the Military Servicemen's Pension (MSP) were first introduced in 1960 and 1963, respectively, which was almost 16 years after liberation. Thereafter, in 1875 the Private School Teachers Pension (PSTP) was established. However, since these three pensions are occupation-specific pensions, a great proportion of the population was still not covered and could not benefit from these social security programs.

It was not until the beginning of the 1980s during Chun Doo-hwan's government that the Elderly Welfare Law was firstly enacted as a consequence of the rapidly increasing aged population. Moreover, due to the issues associated with old age becoming a serious social problem in Korean society, the National Pension Scheme was instituted in 1988, followed by the introduction of the Elderly Job Bank and the Elderly Workshop, which support the social participation of elderly persons by providing employment counseling and sourcing employment for the aged. Throughout the past few decades, the Korean social policies were based on economic growth then distribution ideology in which highlights on the role of family in providing a social safety net, especially for elderly and can be categorized as a residual model of social welfare (Choi, S.-J., 2002).

However, after the Asian financial crisis in the late 1990s, Kim Dae-jung and Roh Moo-hyun governments attempted to reform the social security system and widely expanded the social programs, including the National Basic Livelihood Security System (NBLSS), the Elder-Respect Pension (ERP), the Basic Old-Age Pension (BOAP) and a new significant social insurance that was introduced and implemented in 2008, the Long-term Care Insurance (LTCI).

The National Basic Livelihood Security System (NBLSS) aims to guarantee a minimum standard of living, not only for elderly but for all Korean citizens who fall under the poverty line and do not receive any support from other persons; while, the Elder-Respect Pension (ERP) is a program to support poor elderly who are not covered by any other public pension. A further program is the Basic Old Age Pension (BOAP), non-contributory, which was enacted in 2007 (Yun, 2016). It provides monthly cash benefits, to elderly who are living on limited income and assets, amounting to 84,000 Korean Won (KRW) for single households and 134,000 KRW for couples. All these kinds of policy are funded by central and local government with the intention to help poor people only by providing cash assistance.

Recently, social policy for the elderly is receiving more attention from governments, the reason being that the policy is used as a political tool by the politicians to gain power, for example the Elderly Long-term Care Insurance (LTCI) emerged as a presidential electoral promise of the Roh Moo-hyun administration in

2002,and Park Geun-hye who promised in her 2012 election campaign to increase the Basic Old-Age Pension benefits (Yun, 2016).

For the health security system, the Medical Insurance Act was legislated in 1963. At this time the issue relating to elderly was not only poverty, but also included other issues such as economics and health care problems. As a result, the medical insurance programs were created. The first medical insurance program for the general public was set in 1977, followed by the launching of the medical insurance program for government employees, private school teachers and the poor in 1979, including the Medical Aid Program to provide assistance to low-income families. South Korea has widely expanded health insurance and achieved universal health insurance coverage in 1989. Almost 11 years later in 2000, all health insurance programs were integrated into a single insurer, in order to improve the administrative effectiveness and to achieve equity in healthcare. The single insurer was named as the National Health Insurance Service (NHIS). Under the new insurer, the Long-term Care Insurance program (LTCI) was introduced in South Korea in July 2008.

There have been many attempts to create programs to support the elderly during the past decades. Nonetheless, a large number of Korean elderly could not benefit from those programs. For example, many Korean people could not benefit or received less than the full rate from the National Pension as the National Pension was established relatively late and it requires 10 or 20 years of contribution (Choi, S.-J.,

1992). In 2015, only 32.1 percent of elderly benefited from the National Pension and the pension benefits were only 23.5 percent of the Korean average wage (OECD, 2016).

Although government had tried to compensate the inequity by launching other programs, the problem still continues to persist. For example, the National Basic Livelihood Security System (NBLSS) was instituted to guarantee a minimum living standard for Korean persons, but a lot of poor elderly are not eligible because they have the possibility of receiving assistance and support from their families. The Basic Old-Age Pension (BOAP) was restructured as the Basic Pension Scheme in July 2014. Payment was doubled to 200,000 KRW and covered approximately 70 percent of the Korean elderly; however, its low level of benefit may be still be insufficient to cover the minimum cost of living for the elderly (OECD, 2016).

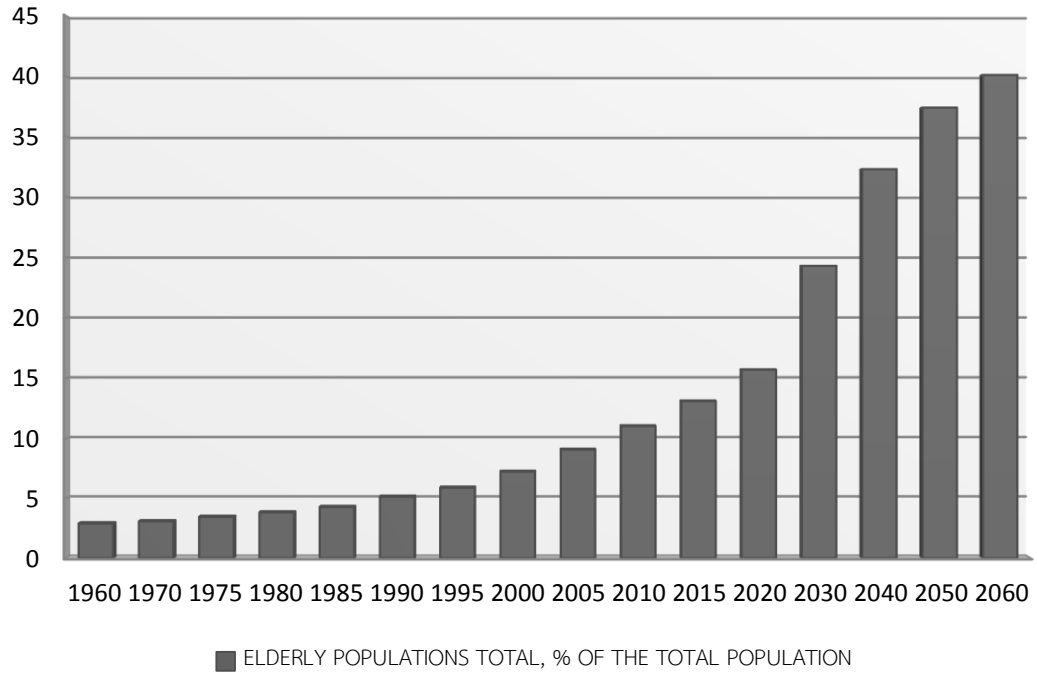
2.2. The Necessity of Formal Long-term Care in South Korea

Although internationally Confucianism tends to be under-valued because of modernization and industrialization, it is still strong in many Asian countries, including South Korea. The governments have realized this strength and have tried to promote the growth-first policy. With its ideology, the role of the family is essential in providing a social safety net for the elderly. However, there are crucial challenges influencing the need for formal long-term care for the Korean elderly, especially the changes of contextual factors.

2.2.1. Demographic Trends

South Korea has been confronted with an increasing aged population caused primarily by a long-term decline in fertility and mortality reinforced by the increase in life expectancy. The Korean population structure has been rapidly changing over the last few decades. The proportion of Korean elderly increased from only 2.9 percent in 1960 to 13.1 percent in 2015 and is estimated to rise to 40.1 percent by 2060 as shown in Figure 1.

Figure 1 Actual and estimated elderly populations, % of the total population, 1960 – 2060



Source: (Korean Statistical Information Service, 2015c; OECD, 2015a)

According to the ageing society classified by the United Nations[1], South Korea became an ageing society in 2000 with 7.2 percent of elderly population and it is projected to shift from an ageing society to an aged society and super-aged society within only 18 and 8 years, respectively. With this speed, South Korea will become the fastest ageing society in the world (Florence, 2009; Kim I., 2013). As in Table 2 depicts the speed of ageing transition of Korean ageing society when compare to other developed countries such as France, Germany, the United States, Italy and Japan.

Table 2 International comparisons of the years taken to move into the aged and super-aged society

Country	Year			Speed (Years)	
	Ageing	Aged	Super-Aged	Ageing to Aged	Aged to Super-Aged
France	1864	1979	2018	115	39
Italy	1927	1988	2006	61	18
Germany	1932	1972	2009	40	37
U.S.A	1942	2015	2036	73	21
Japan	1970	1994	2006	24	12
Korea	2000	2018	2026	18	8

Source: Korean National statistical Office **Adapted from** (Florence, 2009)

[1] The United Nations (as cited in Hieda, 2012) defines ageing society as a society with an elderly population of 7-14%, Aged society with an elderly population of 14-21% and super-aged society as a society with an elderly population of 21% and more.

Furthermore, the increasing proportion of eldest old will be more rapid in South Korea. In 2000, there were 459,815 eldest old persons; however, this is estimated to increase to 7,547,889 persons by 2060 and women will constitute a majority of the eldest old population in South Korea, as women tend to live longer than men. In 2015, the life expectancy for men was at 78 years, while it was 85 years for women (Statistics Korea, 2015).

Table 3 Estimated Number of the Eldest Old Population in South Korea, 2011–2060

Year	The Estimated Number of the Eldest Old Population		
	Total (Person)[a]	Male[b]	Female[c]
2011	1,040,736	29.85	70.15
2020	1,903,919	32.73	67.27
2030	2,785,673	35.77	64.23
2040	4,815,049	39.38	60.62
2050	6,893,653	40.45	59.55
2060	7,547,889	41.23	58.77

Note: a. Estimated Number of the Eldest Old Population, Total, (person), b. and c. Eldest Old Population, % of Male/Female in Total Eldest Old Population

Source: (Korean Statistical Information Service, 2015c)

2.2.2. Health Status of Older Korean

Alongside the growth of eldest old population, elderly health has become a new concern. Korean people live longer than in the past but most of them tend to live with poor health in later life, owing to the fact that ageing is accompanied by biological changes that increase the risk of chronic illness and disability. Many of chronic diseases such as hypertension, arthritis, diabetes, osteoporosis, stroke, as well as mental impairs –Dementia– require long-term care. Chung (1999) stated that in Korean elderly about 86.7 percent have at least one chronic disease. For instance arthritis, lame back or high blood pressure. Additionally, about 31.9 percent of Korean elderly have difficulties with at least one of the items in Activities of Daily Living (ADL)[2] and 43.4 percent have at least one difficulty in Instrumental Activities of Daily Living (IADL)[3]. Chung's study also pointed out that only a small proportion of woman elderly do not have a chronic disease (Chung, 1999).

Moreover, the statistics from the Korean Statistical Information Service (2008) show that 25.4 percent of the elderly had at least one chronic disease and 55.9 percent had been diagnosed with two or more chronic conditions in 2008. While a study by

---

[2] Activities of Daily Living (ADLs) are personal functional activities required for continued well-being, which are essential for health and safety. Activities include tasks such as bathing, personal hygiene, cognition, behavior, dressing and grooming, eating, elimination (Toileting including bowel and bladder), mobility and transfers.

[3] Instrumental Activities of Daily Living (IADLs) or self-management includes tasks such as housekeeping, laundry, meal preparation, medication management, shopping, and transportation.

Rhee & Yoo (2013) has posited similar information that most of Korean elderly have chronic diseases (88.5 percent) and women tend to have chronic diseases more than men. The prevalence rate in women is 97.7 percent, whereas for men it is 81.8 percent. In addition, along physically impaired, the proportion of Korean mentally impaired elderly is apparently increasing recently, especially with dementia as 8.2 percent of Korean elderly suffered from dementia in 2000 and it is expected to increase rapidly in the future.

2.2.3. Socio-Economic Factors

Furthermore, the primary reason to support the role of family caregiving in South Korea is that Korean families live in multi-generational households, consisting of more than two generations living together (Choi, S.-J., 1992); however, the socio-economic has been changing lately and has had a great effect on the need for formal care in South Korea. For example, the multi-generational Korean family gradually changed to a nuclear family because the young workforces have migrated to urban areas, also Korean women tend to delay motherhood and have fewer children than the past (Choi, S.-J., 1992; Florence, 2009)

According to the Korean Statistical Information Service (2015b), it is evident that Korean people have postponed their marriage and childbearing in recent decades. The average age at first marriage of Korean people has been rising in both men and women, with men getting married at the mean age of 32.57 years and women at 29.96 years in

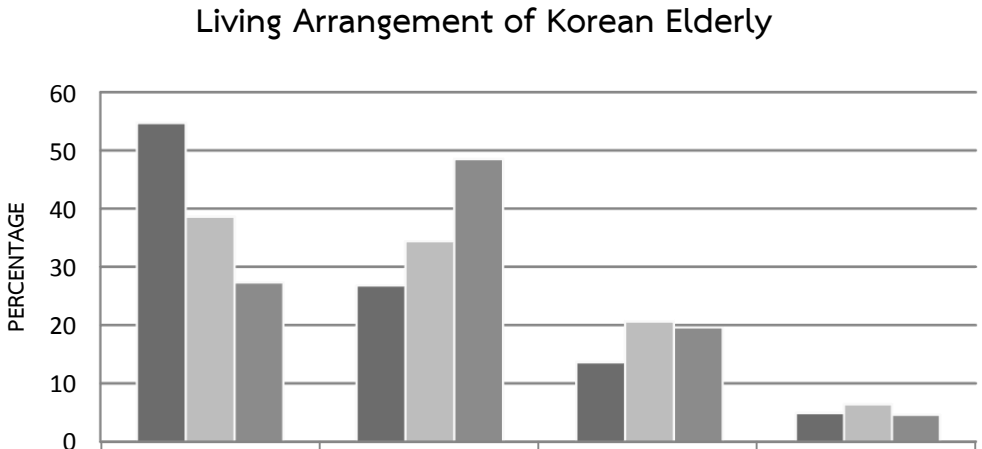
2015. It has increased by approximately 5 years in both men and women, as in 1990 the mean ages at first marriage were at 27.79 for men and 24.78 years for women. Additionally, the rates of Korean people who perceived marriage as an essential and a preferred event were 20.3 and 42.4 percent in 2012, respectively; however, the rates have decreased to 14.9 and 41.9 percent in 2014 (Korean Statistical Information Service, 2014). Also, divorce has become more common in recent years. Even though the number of divorces has fluctuated slightly according to Korean Statistical Information Service (2016), there was more than 100,000 divorces per year in Korean society since 1998.

A continued postponement of marriage age has been an important factor in delayed parenthood. The changes in marriage patterns have gone along with changes in childbearing. The average age at which Korean women gave birth to the first child was 30.97 years old in 2014, compared to an average age of first childbearing in 1993 of 26.63 years old. Moreover, Korean people tend to have fewer children than in the past, as the statistics show that the number of live births in 2014 was merely half of the number of children in 1981. In 1981, approximately 867,000 children were born in South Korea, of which 41 percent were the first child and 33 percent and 16.42 percent were second and third child, respectively. While, there were 435,435 children were born in 2014,more than half were first child, 37 percent were second child and merely 8 percent were third child (Korean Statistical Information Service, 2015a)

More importantly, besides the changes in Korean perceptions toward marriage, divorce and childbearing that cause the decline in average family size, the migration of young Korean people to urban areas is also a significant reason of a decrease in multigenerational households. The statistics from Korean Statistical Information Service (2014) revealed that in 2014, the two most significant reasons for spouses and unmarried children living apart from families are employment status and study, 62.3 percent and 29.2 percent, respectively. These factors cause a need for formal care in the elderly, as the elderly will have less or no family to provide care and support for them.

These are the important reasons for shifts in family living arrangements toward a nuclear family. Figure 2 shows the different proportion of living arrangement of Korean elderly, 54.7 percent lived with children and only 13.6 percent lived alone in 1994; however, it is notable that the proportion of elderly living with their children has steadily declined, whereas the number of elderly who live alone or live with only their spouse have increased.

Figure 2 Proportions of Living Arrangement of Korean Elderly (Aged 65 and Over), 1994, 2004 and 2011



	Living with Children	Living with Spouse only	Living Alone	Other Arrangements
1994	54.7	26.8	13.6	4.9
2004	38.6	34.4	20.6	6.4
2011	27.3	48.5	19.6	4.6

Source: Adapted from (Chung, 2013)

Moreover, several of the previous studies noted that most Korean elderly primarily receive economic support from their family (Ahn & Chung, 2008; Choi, S.-J., 1992; Chung, 2013). For instance, according to KIHASA Survey in 1998, which is presented in Ahn and Chung's study (2008), revealed that 90.8 percent of elderly person received financial support from children and relatives. Only 2.8 and 8.5 percent of elderly mentioned social pension and public assistance as sources of income, respectively.

However, a large numbers of them still suffer from financial difficulties, despite receiving financial support from their family. As Choi (1992) has revealed Korean elderly confront economic insecure from the decline of family financial support and insufficient social pension and public assistance. In 2010, the poverty rate of Korean elderly was the highest among the OECD countries, with 47.2 percent (OECD, 2013b). Moreover, according to Statistics Korea (2015), Korean elderly also face the difficulty of being unemployed in retirement as 68.7 percent of them were without a job.

Furthermore, a number of family caregivers have been stretched to their limits, as a result of them experiencing the high burden of caring for elderly. The statistics also revealed that Korean elderly are more likely to suffer abuse or neglect by family caregivers, especially from sons and daughters-in-law. For instance, a cross-sectional study by Choi-Kwon, et al. (2005) has shown that the main factors related to caregiver burden were caregiver anxiety and elderly poor health. While, Kim and Lee (2003) conducted a study examining the level of depression and physical health of 120 Korean daughter and daughter-in-law caregivers who cared for cognitively or functionally impaired elderly. Findings from this study indicated that, the caregivers have higher rates of depression and regarded themselves as being in poor health.

While, a study of elderly abuse in South Korea by Oh, et al. (2006), has drawn attention to the fact that 6.3 percent of Korean elderly experienced at least one category of abuses. Emotional abuse happened more frequently, followed by

economic abuse and verbal abuse. Additionally, this study revealed that personal characteristics such as age, gender, educational level, and economic dependency, health status and family characteristics tend to be associated with elder abuse in South Korea. Moreover, in 2011, there were 3,441 elderly reported to have experienced abuse. The number of elderly who reported experiences of abuse has increasing 40 percent each year (Kim, M.-H., 2013).

As a result, the elderly long-term care has been developed in South Korea in recent decades and become an important part of elderly care in South Korea, especially for the frail and disabled elderly. However, with these crucial challenges, the need for formal long-term care will increase more rapidly in the future.

2.3. Related Research on Institutionalization in Elderly

Recently, a number of studies have paid much attention to the factors influencing the institutionalization in elderly. There are many different factors that can influence residential care placement. Several studies claimed that demographic characteristics and health of elderly are associated with long-term care use and nursing home placement (Black, Rabins, & German, 1999; Gupta, 2002; Liu & Tinker, 2001; Miller & Weissert, 2000; Ryan & Scullion, 2000), self-perceived health (Jang, Kim, Chiriboga, & Cho, 2008) and awareness of in institutional care services(Choi, Y.-e., Ziebarth, Hwang, & Koh, 2012).

For instance, Liu & Tinker' study (2001), examined the influential factors of nursing home entry by using data based on a survey of 378 elderly people who were registered in nursing homes and a sample of 19,638 families in Taiwan. The findings show that nursing home placement was associated with advanced age, gender and dependency levels of the elderly people, as 76 percent of elderly people in nursing homes were reported to rely on financial support from family and most of them have difficulty in Activities of Daily Living (ADL). Eighty percent of elderly who live in nursing homes revealed that families had arranged the nursing home placement due to their poor health.

Black, et al. (1999) used Andersen's behavioral model to predict nursing home placement among elderly public housing residents, it shows that the risk of nursing home entry is linked to functional status and mental status. Whilst Gupta (2002) demonstrated that the primary reason to arrange nursing home placement in South Asian families are the role conflicts that the caregiver experienced due to the elderly's mental health status and also elderly who were lacking social support such as unmarried and living alone.

Moreover, caregiver burden is proved to be associated with nursing home placement in few studies (Gold, Reis, Markiewicz, & Andres, 1995; Ryan & Scullion, 2000). For instance, Gold, et al. (1995), has studied caregivers' decisions to end home

care for relatives with dementia. The finding shows that caregiver exhaustion is linked to end of home care due to deteriorating elderly's condition.

2.4. Summary of Literature Review and Conceptual Framework

2.4.1. Summary of Literature Review

This review of literature provides the context for considering the seriousness of the current ageing population situation in South Korea. As the proportion of Korean elderly is rapidly increasing and will continue to grow throughout the predictable future. Many studies clearly demonstrated that Korean elderly are more likely to face with difficulties and obstacles in their later life. It has become an inevitable responsibility of Korean government to take immediate response to these issues. Consequently, a long-term care system has been developed and promoted in South Korea as an alternative source of care for elderly during the last few years. With socio-demographic changes, poverty, poor health status, including the lack of adequate support from government to maintain families to care for and protect their own elderly family members, these factors are more likely to be involved in the need of formal care for elderly, especially institutional care services.

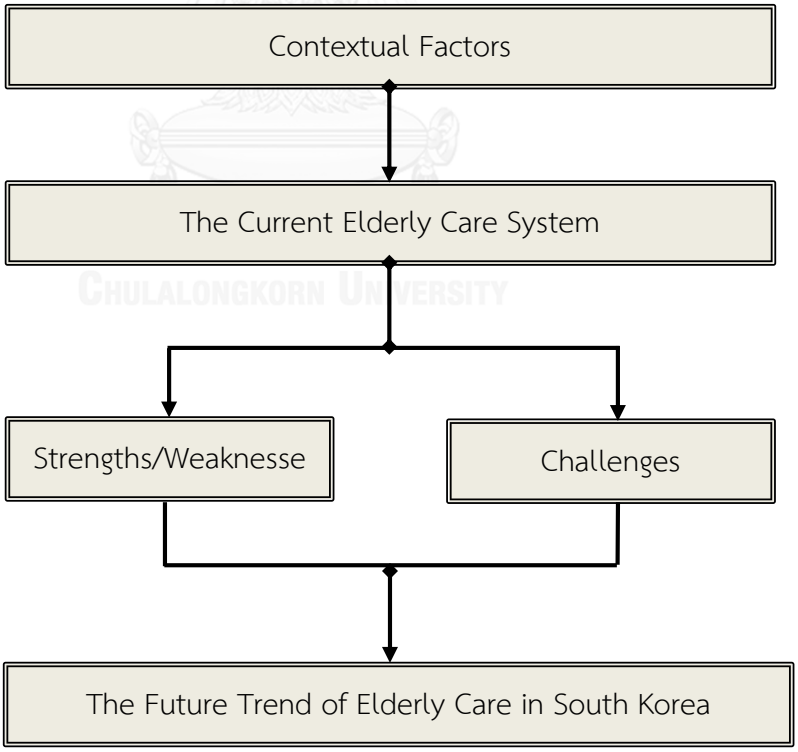
This review of literature raised up two related questions. First, what is the predictable future trend of elderly care services in South Korea? Second, in order to

cope with an expanding ageing population and a weakening of family-based care, how does the Korean government develop its elderly care?

2.4.2. Conceptual Framework

The currents long-term care system will be explored in more detail in ensuing sections. The strengths and weaknesses of the current Korean long-term care system as well as its challenges will be examined within which to consider the future trend of elderly care in South Korea.

Figure 3 Conceptual Framework of Study



CHAPTER III

THE FORMAL LONG-TERM CARE SYSTEM IN SOUTH KOREA

It is a fact of life that the risk of chronic disease and disability increases with age. For that reason, when the proportion of elderly is increasing in the society, the demand for elderly care will correspondingly grow. In the case of South Korea, the needs for elderly long-term care are increasing as the number of older Korean is rapidly growing. In addition, traditional family-based care is gradually shrinking as it is challenged by several factors, such as the rapid ageing, the trend toward nuclear families as well as an increase number of women in the workforce. The Korean government has therefore begun addressing the issue of population ageing and has broadly expanded support for elderly persons over the past few decades, especially the Long-term Care Insurance (LTCI), which becomes an important part of elderly care in South Korea.

Therefore, to examine the future trend of elderly care and its development, it is necessary to comprehensively understand the current elderly care system. Therefore, the development of elderly care as well as the current situation, including the strengths and weaknesses of the Korean long-term care system along with its challenges will be studied in this chapter.

3.1. Korean Elderly Care Services and Its Development

3.1.1. Long-term Care Services

Owing to the fact that Korean people have lived under the influences of Confucianism throughout its long history. The Confucian beliefs have deeply shaped Korean society and Korean people's way of thinking and behavior, especially the concept of filial piety. It has the greatest influence on Korean society. This ideology has not only been the guiding principle behind Korean's perception and treatment of elderly, but also guiding the Korean welfare policy. Consequently, care for elderly in South Korea has traditionally been regarded as a responsibility of the family with little assistance from the government over the past several decades. However, the situations surrounding families have been changing recently. The abilities of family care were diminished by the demographic and societal changes. As a consequence, the Korean government has begun to pay more attention to the development of care services for elderly.

According to Foundation of Thai Gerontology Research and Development institute (TGRI, 2012, p. 74), when considering the development of an elderly long-term care system in most developed countries, the majority of them have begun to develop the long-term care system by providing institutional care services, for the reason that not only governments can easily organized and managed the system, but also the care services could directly meet the needs of the elderly.

Similar to those developed countries, the Korean government has focused on expanding the institutional care services rather than home-based or community-based care at the earliest stage of the development. At first, all services, the institutional care services, home-based and community-based care, were generally introduced with the intention to help only the poor elderly. As it can be seen through the history of social policy development that the institutional care services, in the form of public assistance have been introduced since the 1950s, with the aim of providing social assistance to the poor elderly. However, there was no special service for dependent elderly at that time.

It was not until 1961, with the enactment of the Livelihood Protection Law, the institutional care for elderly who has limitations in perform daily activities was introduced in South Korea, in the form of home for the aged. The free homes for the aged were the only type of public institutions for the elderly during this period. Almost 20 years later, the Elderly Welfare Law was enacted in 1981. The free nursing homes began to provide nursing care and social care services for both poor and functionally dependent elderly. This type of institutional care was maintained until 1989, the first amendment of the Elderly Welfare Law, low-fee charging nursing homes and low-fee charging home for the aged to cover the lower and middle classes who can afford to pay the cost of services.

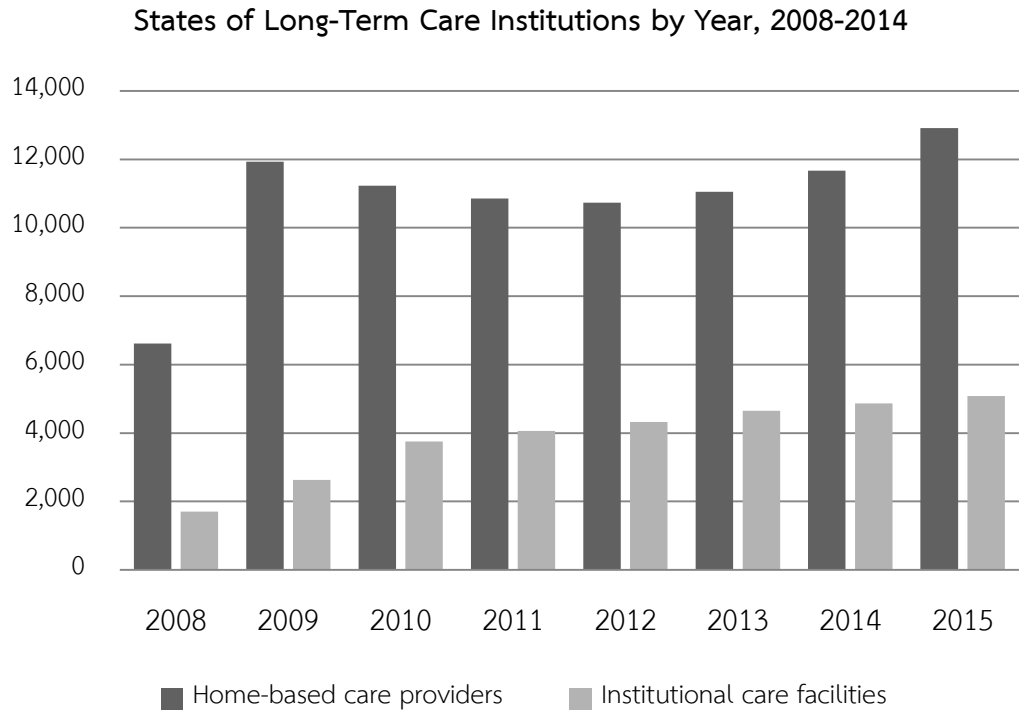
The elderly care services were expanded under other amendment of the Elderly Welfare Law in 1997. Long-term care hospitals were introduced to be the alternative sources of institutional care for the elderly. Additionally, nursing homes were newly classified into five categories, which comprise of free nursing home, low-fee charging nursing, full-fee charging nursing home, free skilled nursing homes and full-free charging skilled nursing home. In December 2002, there were 120 nursing homes and 51 specialized nursing homes providing care for 10,961 elderly persons (Duk, 2004).

In the case of home-based care, it was not until the 1980s that the government began to promote and support home-based care and community-based care services. In 1987, home-help service was informally introduced in South Korea by the Korea Welfare Association for Senior Citizens and it was later set as a type of homecare service in 1989 (Choi, S.-J., 2002). After the amendments of the Elderly Welfare Law in 1991, adult day care services and short-stay services were instituted and widely expanded within Korean society. At the end of 2002, elderly 18,432 persons received care from 368 homecare facilities (Duk, 2004).

While, institutional and home-based care were widely expanded, the other source of elderly care service, cash benefits, was not widespread in South Korea. It was provided only in exceptional cases, for example it was given to elderly persons who could not receive in-kind services due to lack of service providers in their areas.

After the Long-term Care Insurance (LTCI),), a social insurance policy that provides help and support to Korean elderly who cannot hold a regular living due to old age or geriatric diseases, was officially implemented in July 2008, the number of service providers of both institutional and home-based care has been growing dramatically. The home-based care service providers have increased from 6,618 in 2008 to 11,672 in 2014[4], as well as the 1,700 institutional facilities in 2008 correspondingly increased to 4,871 institutional facilities in 2014 (NHIS, 2015a).

Figure 4 States of Long-Term Care Institutions by Year, 2008-2014



Source: (Choi, Y.-J., 2015; NHIS, 2013a, 2015a)

[4] In the case of home-based care, as one organization can provide more than one service, the number of providers excludes duplications in type of benefits.

It can be seen in Figure 4, the total number of facility providing care for elderly has been progressively increasing every year. However, when considered by types of long-term care service, some services deemed to receive less attention than other forms of elder care service, which can be clearly seen in home-based care case.

In the case of home-based care, the capacity of service provider has substantially expanded compared to institutional care facility, but some types of care services have decreased gradually. For instance, the number of home visit nursing provider is steadily falling each year. In 2009, there were 787 providers but it fell to 574 service providers in 2015. It can be regarded as the least utilized service among home-based care services. The primary reasons are the lack of a systematic assessment of the need for nursing care services of the beneficiary and cooperation between provider and physician (Kang, Park, & Lee, 2012).

While, the institutional care service providers have increased slowly but steadily compared to home-based care. However, the types of care were changed in February, 2013 as the aged care facility was converted from short-term respite care only to integrate aged care facilities. Soon afterwards, the geriatric care facilities were also changed to aged care facilities as the grace period ended in April, 2013. Therefore, there are two type of institutional care providers in South Korea, which are aged care facility and senior congregate housing (NHIS, 2015a).

Most of services in South Korea are provided through for-profit service providers. According to Lee, in 2011, the proportions of for-profit providers in home-visit care and home-visit nursing are 81.2 percent and 76.8 percent respectively, while in the case of institutional care, the percentage of for-profit institutional care providers is 61.3 percent (as cited in Choi, Y.-J., 2015, p. 17)

When considering the costs of institutional care services, there is not much difference in service fees among the institutions, as the service costs are covered by the Long-term Care Insurance (LTCI). The elderly will pay only 20 percent of the expenses for general beneficiaries and 10 percent for low-income beneficiaries. The total facilities care services costs that will be charged for elderly are approximately 400,000 to 600,000 KRW per month. This can be separated into two main costs. First, the average service fees are roughly 250,000 to 350,000 KRW per month. Second, the special room and board costs, which may vary in each institution, are around 150,000 to 300,000 KRW per month as shown in the table below.

Table 4 Institutional Care Service Expenses, 10 Facilities from 8 Areas

Institution		Grade	Service Fees	Meal Costs	Total
City	Name of Institutions				
Seoul	메디치피아[5] (private institution)	Grade 1	336,480	300,000	636,480
		Grade 2	312,240		612,240
		Grade 3	287,940		587,940
	국민건강보험공단□ 서울요양원[6] (National Health Insurance Corporation)	Grade 1	342,240	255,000	597,240
		Grade 2	317,580		572,580
		Grade 3	292,860		547,860
Gyeonggi -do	영통종합요양센터[7] (private institution)	Grade 1	342,240	270,000	612,240
		Grade 2	317,580		587,580
		Grade 3	292,860		562,860
	참실버케어센터[8] (private institution)	Grade 1	336,480	247,500	583,980
		Grade 2	312,240		559,740
		Grade 3	287,940		535,440
Busan	환희노인요양원[9] (사회복지법인늘기쁜 마을)	Grade 1	336,480	156,000	492,480
		Grade 2	312,240		468,240
		Grade 3	287,940		443,940
Jeju	제주원광요양원[10]	Grade 1	336,480	198,000	534,480

[5] See http://medicipia.co.kr/, admission guidance (accessed on 10 July, 2016).

[6] See http://nhis-sgcf.or.kr/bbs/board.php?bo_table=0301, admission Information (accessed on 10 July, 2016).

[7] See http://www.hanulcare.com/, moving in guide (accessed on 10 July, 2016).

[8] See http://www.cskc.co.kr/sub2_04.html, admission Information (accessed on 10 July, 2016).

[9] See http://www. 환희노인요양원.kr/enter_2.html, admission Infortmation (accessed on 10 July, 2016).

[10] See http://www.jjwonkwang.or.kr/2010/service/01.html, admission Information (accessed on 9 July, 2016).

	(섬나기)	Grade 2	312,240		510,240
		Grade 3	287,940		485,940
Chung Cheong nam-do	실버프리 송악[11] (private institution)	Grade 1	342,240	225,000	567,240
		Grade 2	317,580		542,580
		Grade 3	292,860		517,860
Gyeong sangbuk-do	샛별노인복지센터[12] (쉼과평화의집)	Grade 1	342,240	135,000	477,240
		Grade 2	317,580		452,580
		Grade 3	292,860		427,860
Incheon	수 요양원[13] (private institution)	Grade 1	342,240	255,000	597,240
		Grade 2	317,580		572,580
		Grade 3	292,860		547,860
Daegu	소망요양원[14] (사회복지법인 신일복지재단)	Grade 1	342,240	198,000	540,240
		Grade 2	317,580		515,580
		Grade 3	292,860		490,860

Note: a. the cost being calculated from a co-payment of general LTCI beneficiaries (20%), b. Calculations are based on a 30-day month and exclude special room costs**,** c. Costs information are from each nursing home official website accessed on 10 July, 2016.

[11] See http://www.silverfree.org/, admission Information (accessed on 9 July, 2016).

[12] See http://www.saetbyul.co.kr/?c=3/15, Admission Information (accessed on 9 July, 2016).

[13] See http://www.soosilver.co.kr/infor/infor02.html, Admission Information (accessed on 9 July, 2016).

[14] See http://www.shinilwon.co.kr/asapro/board/sub03_01.htm, admission guidance (accessed on 9 July, 2016).

Table 5 Average Monthly Expenses of Home-based Care Services

Home-based Care Services		Average Cost of Home Care
Type	**Grade**	
Home-based Care	Grade 1	180,000
	Grade 2	160,000
	Grade 3	150,000
	Grade 4	140,000
	Grade 5	120,000

Note: a. the cost being calculated from a co-payment of general LTCI beneficiaries (15%), b. Calculations are based on the monthly limits of home-based care and exclude additional charges e.g. Night (20%), Late-night, & Holiday (30%) c. Costs information are from Long-term Care Insurance official website accessed on 10 July, 2016[15].

In the aspect of the satisfaction rate of care service, it was reported that 74.9, 86.9 and 89.1 percent of Korean elderly and their caregivers satisfied with the long-term care services in 2009, 2011 and 2014, respectively (Choi, Y.-J., 2015; Rhee, J.-c.,

[15] See http://www.longtermcare.or.kr/npbs/e/e/100/htmlView?pgmId=npee401m03s&desc=In-HomeServiceBenefit%20Expense, In-Home Service Benefit Expense (Accessed on 10 June, 2016)

Done, & Anderson, 2015). Moreover, caregivers have a high satisfaction as more than 90 percent of caregivers stated that long-term care services have increased time for social activities and decreased the care giving burden (NHIS, 2013b).

On the other hand, the evaluations by the Ministry of Health and Social Welfare (MOHW) showed that the satisfaction of elderly in home-based care services has decreased from 81.2 percent in 2010 to 73.8 percent in 2012. Meanwhile, the satisfaction of institutional care depends on size and ownership. Sunwoo (as cited in Choi, Y.-J., 2015) revealed that 84.7 percent of elderly satisfied the care service in the large-sized institutions with a capacity of 30 persons and more in 2011, then decreased to 80.4 percent in 2013. Additionally, elderly persons' facility satisfaction were higher in public organizations with 89.1 and 84.9 percent in 2011 and 2013, respectively (as cited in Choi, Y.-J., 2015, p. 17).

3.1.2. The Supplementary Services for Elderly

In addition to the Korean Long-term Care Insurance (LTCI), the central government and local government have arranged several supplementary programs for Korean elderly who need care or support in daily life activities but were disqualified by the national long-term care insurance. The central government has established the Elderly Care Package Services (ECPS), the Elderly Care Basic Services (ECBS) and the Emergency Care Program to provide further help and support.

The Elderly Care Package Services (ECPS) is a program operating through local government, which provides home-based care services for elderly persons who live with a mild disability. However, the Elderly Care Package Services aims to help poor elderly who are vulnerable. Therefore, not all elderly could benefit from this program. Only some of them who pass a mean test can access to the services. The target of this program is poor elders whose eligibility is determined by means testing. However, the beneficiaries still need to pay out-of-pocket fees at the standard rate, which is fixed by the central government at 9,200 KRW per hour. The program does not provide cash benefits in any case but only provides benefit to older Koreans through a voucher system.

While, the Elderly Care Basic Services (ECBS) and the Emergency Care program are free programs, that provide check-up service for older Korean who lives alone by visiting elderly at least once a week or calling two or three times a week to check safety and support emotional needs. Additionally, both central government and local government also set up a financial subsidy to cover low-income elderly persons. Besides individual support, the governments also provide various subsidies to local welfare centers for elder persons (Choi, Y.-J., 2015).

3.2. The Historical of Korean Long-term Care Insurance

South Korea has broadly expanded the health insurance system and achieved universal health insurance coverage in 1989. The whole population was covered by

this insurance, including elderly persons. The National Health Insurance (NHI) did provide long-term care services before 2008; however, the services were insufficient and were more focused on acute care rather than chronic illness care. As a consequence, many people who suffer from chronic diseases are being left behind, especially elderly who are at higher risk of several chronic conditions (Hwang, 2009). This implies that South Korea needed a better long-term care system to deal with this problem.

As a result, the Korean government has decided to find a new system to deal with the problem. Another significant reason to introduce the long-term care insurance plan was that the National Health Insurance (NHI) had faced a substantial financial deficit at that time. Due to the fact that the number of older Korean has been increasing rapidly combined with the absence of a long-term care system, most of elderly persons who need social care also utilized hospitals. Therefore, the health care expenses for elderly have been correspondingly increasing. For these reasons, the government decided to separate the new long-term care system from the National Health Insurance (NHI) (Chon, Yongho, 2012), but on the other hand, it was not only socio-economic changes, but also because of a changing in foundational philosophy of the new governments. The Kim Dae-jung and Roh Moo-hyun administrations have adopted a new pro-welfare approach. Therefore, with the productive welfare model,

the social welfare has been greatly improved in South Korea (Jung, Youngtae & Shin, 2002).

The Long-term Care Insurance (LTCI) was initially discussed and the possibilities of the plan began to be examined during the Kim Dae-jung government. In 2000, a national survey about the need for public long-term care was carried out by a task force, which was formed under the Ministry of Health and Welfare (Rhee, J.-c. et al., 2015). The plan was discussed several years, especially after the 16th presidential election in 2002 as the Roh Moo-hyun administration had promised to establish the long-term care system for elderly.

The public long-term care security planning and promotion team and the public long-term care security executive committee were established and began to operate in 2003 and 2004, respectively. However, a shortage of infrastructure was one of the problems at that time. Therefore, in order to prepare for the implementation of a new system, the government began to expand the long-term care services by building a new home-based care service and institutional facilities, including the renovation existing facilities since 2005. Moreover, the government strongly encouraged the participation of the private sector into the elder care system by carrying out its marketization strategy with the intention of cost-reduction in the expansion of the new system. The policies were deregulated with its aim to draw attention to the private sector, as the government has permitted for-profit to enter

the long-term care system for the first time and facilitated the minimum requirements of establishing and operating elder care facilities (Chon, Y. , 2013; Rhee, J.-c. et al., 2015). Consequently, the numbers of providers and personal care workers are rapidly increasing.

As a final point, the plan was submitted to the National Assembly in 2006, after the pilot test in several areas, and it was ratified as the Elderly Long-term Care Insurance Law in April 2007 (Won, 2013). After a long discussion driven by increasing social assistance needs, a new compulsory social Long-term Care Insurance (LTCI) was eventually implemented in South Korea in July 2008.

3.3. The Current Long-term Care System in South Korea

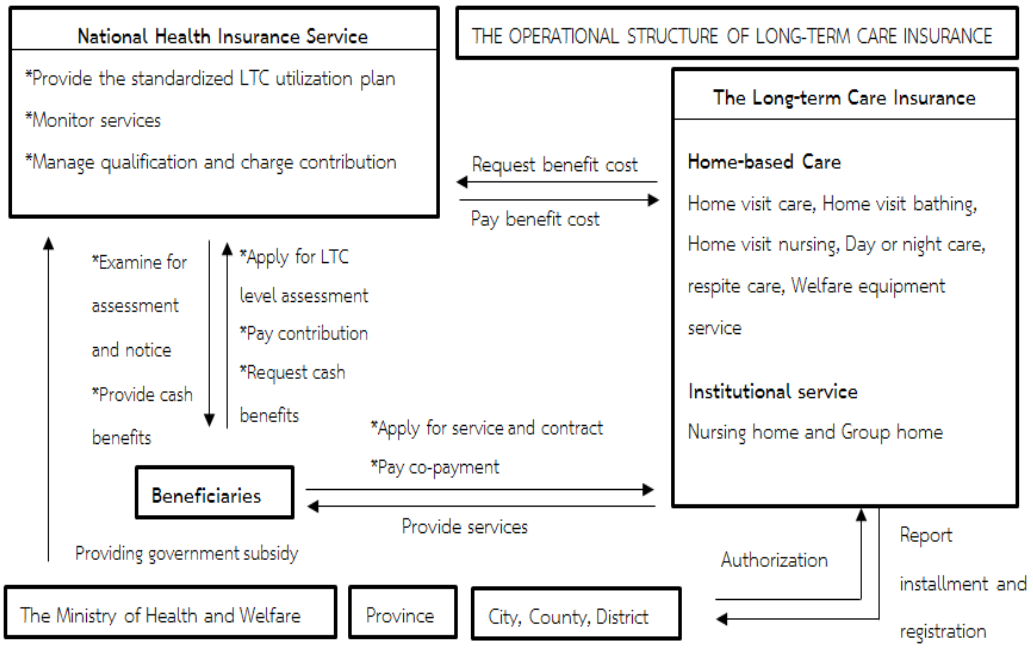
The Long-term Care Insurance (LTCI) was established with the aims of helping elderly persons, who have difficulty in their daily life due to old age or age related diseases, to maintain the best possible quality of life as well as relieving the burden of family care by providing physical and social assistants to the elderly based on the principle of social solidarity.

This program is based on the social insurance model. It is mainly funded through the contributions paid by the insured by the National Health Insurance system (60-65%), which is determined by a means-test of wealth or income of each person. Another source is from central and local government subsidies. It is 20 percent of total expenses. The last source is a co-payment of beneficiaries. The rates depend on the

type of service used as it will charge 15 percent for home-based care and 20 percent for institutional care. However, there is a cost-exempted for the poorest class and 50 percent discounted for the low income beneficiaries (NHIS, 2014b).

The Long-term Care Insurance program is organized and planned by the Ministry of Health and Welfare (MOHW). The National Health Insurance Service (NHIS) is in charge of operating the program, monitoring the services, manage qualification and charge contribution. Due to the fact that the government intended to reduce the administrative costs, the National Health Insurance Service (NHIS), which has experience in insurance operation, therefore plays a significant role in operating this program. While, the local governments only take responsibility for authorizing service providers, based on the guideline from the central government.

Figure 5 Operational Structure of the Long-term Care Insurance in South Korea



Source: (Adapted from NHIS, 2015b)

As aforementioned, the current long-term care services in South Korea were provided through three broadly defined settings; home-based care, institutional care services and cash benefits to the approved elderly. The home-based care consists of home visit care, home visit bathing, home visit nursing, day and night care, short term respite care and welfare equipment service, whereas the institutional care comprises the aged care facilities and senior congregate housing. These two in-kind services are normally provided, but the other type, cash benefits, is rarely offered due to a possibility of elder abuse and the potential for the misuse of the money provided by informal caregivers. For instance, it will be provided to elderly who are living in remote areas where in-kind services are not accessible (Kim, H., 2015).

The long-term care insurance provides coverage for elderly aged 65 and above or less than 65 but suffered from geriatric diseases such as Alzheimer's disease or stroke. In order to benefit from this program, the claimant needs to submit the application form along with a doctor's medical report to the LTCI operation center of NHIS. Afterwards, a professional team with backgrounds in social work and nursing, from the National Health Insurance Service (NHIS) will visit and evaluates the need of care by using a 52-item assessment, which covers physical functions, cognition functions, behavioral problems, demand for nursing and demand for rehabilitation (Park, 2015).

The results of the evaluation are analyzed by computer to estimate the level of care need. Subsequently, the Long-term Care Grading Committee will permit long-term care benefits to the beneficiaries by issue the certificate and the standardized long-term care utilization plan. After the approval, the beneficiaries have to make contract with the service provider individually and receive the long-term care services in accordance with the classified level of care needs. The elderly who are classified in grade 1 and grade 2 can utilize in both types of service either home-based care or institutional care service. However, the other grades can only access the home-based care services, unless the beneficiaries themselves request to the committee to change the grade or they have encountered major difficulties in daily life, such as living in very

poor conditions. This eligibility for long-term care insurance can be valid from approximately 1 year to 3.5 years (NHIS, 2015b).

Table 6 Classification of Long-term Care Insurance Beneficiary in South Korea

Grade	Condition	Possible Service
Grade 1 : Requires full assistance in daily activities (a score of 95-100)	Bedridden : A serious behavioral problems due to severe cognitive impairment	Institutional care or Home care
Grade 2 : Requires substantial assistance in daily activities (a score of 75-95)	Nearly bedridden : * Incapable of eating, dressing, chewing without assistance * Suffering from dementia and needs long-term care	Institutional care or Home care
Grade 3 : Requires partial assistance in daily activities (a score of 60-75)	* Physically weak elderly requiring assistance to leave home *Needs assistance for household activities or activities outside of home	Home care * Special indications: Institutional care [a]
Grade 4 : Requires some help in daily activities due to functional	*Mental and physical disabilities in partial need	Home care

disability (a score of 51-60)	of the help of another person for daily living	* Special indications: Institutional care [a]
Grade 5 : (Special Grade for Alzheimer's Disease a score of 45-51)	*Alzheimer's disease and physical disabilities in partial need of the help of another person for daily living	Home care * Special indications: Institutional care [a]
Non-Grade A, B and C (a score less than 51 without Alzheimer's Disease)	Moderate to substantial care needs of care.	The Elderly Care Package Services (ECPS)[b]

Note: a. Special indications are 1. Care from family is impossible 2. Living conditions are very poor 3. Elderly suffer from behavioral problems such as wandering, violence or severe dementia, b. The supplementary services for poor elderly

Source: (Choi, Y.-J., 2015; NHIS, 2016; Won, 2013)

In addition, the long-term care benefits are available within a maximum amount of benefit. The levels of benefit are different according to long-term care classification as shows in Table 5. The maximum amounts of institutional care per months are 1,768,240 KRW for grade 1, 1,640,830 KRW for grade 2 and 1,513,110 KRW for grade 3 to grade 5. The ceilings for senior congregate housing are 1,589,990 KRW for grade 1, 1,475,290 KRW for grade 2 and 1,359,970 KRW for grade 3 to grade 5. While

the full amounts of home-based care are 1,196,900 KRW, 1,054,300 KRW, 981,100 KRW, 921,700 KRW, and 784,100 KRW per month for grade1 to grade 5, respectively. Additionally, it was mentioned earlier that the medial material benefit is included in the long-term care services. The limit of this type of service is 1,600,000 KRW a year. (NHIS, n.d). It is applied to every type of long-term care services that if exceeding the costs limit, it will be charged directly on beneficiaries. (Seok, 2010).

Moreover, within the monthly limits, the payment also varies depend on beneficiaries' classification and type of service used. For instance, institutional care as well as day and night care will be calculated by the costs per day, while the other types of care will calculated by units of use. The comparison of type of long-term care services and its expenses are depicted in the tables below.

Table 7 Long-term Care Services and Their Expenses (Payment According to Grades)

Type of Benefits	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5
Aged Care Facility (KRW/Day)	57,040	52,930	48,810	48,810	48,810
Senior Congregate Housing (KRW/Day)	51,290	47,590	43,870	43,870	43,870
Short-term Respite Care (KRW/Day)	44,900	41,590	38,410	37,390	36,380
Day and Night Care (KRW/Hour)					
■ Less than 3 hours	21,360	19,770	18,250	17,420	16,590
■ From 3 to 6 hours	26,700	24,720	22,820	21,780	20,740
■ From 6 to 8 hours	35,790	33,160	30,610	29,570	28,520
■ From 8 to 10 hours	44,530	41,250	38,080	37,040	35,990
■ From10to 12 hours	49,050	45,440	41,980	40,930	39,880
■ 12 hours or more	52,600	48,730	45,020	43,980	42,930

Source: National Health Insurance Service[16]

[16] See http://www.longtermcare.or.kr/npbs/e/e/100/htmlView?pgmId=npee401m01s&desc=FacilityBenefit, Insurance Benefit Information (Accessed on 10 June, 2016)

Table 8 Long-term Care Services and Their Expenses (Payment According to Unit of Use)

Type of Benefits	30 min.	60 min.	90 min.	120 min.	150 min.	180 min.
Home visit Care (KRW/Visit)[a]	11,390	17,470	23,450	29,610	33,650	37,200
Type of Benefits	Less than 30 min.		Less than 1 hour		1 hour or more	
Home-Visit Nursing (KRW/Visit)[a]	31,760		39,850		47,940	
Type of Benefits	Using a bathing vehicle (In-vehicle)		Using a vehicle (In-home)		Not using a vehicle	
Home-Visit Bathing (KRW/Visit)	72,540		65,410		40,840	

Note: a. additional charge rate will be charge in case: night (20%), late-night, & holiday (30%) and remote region visit fee will be calculated based on the distance between visit care institute and the policyholder's actual residence.

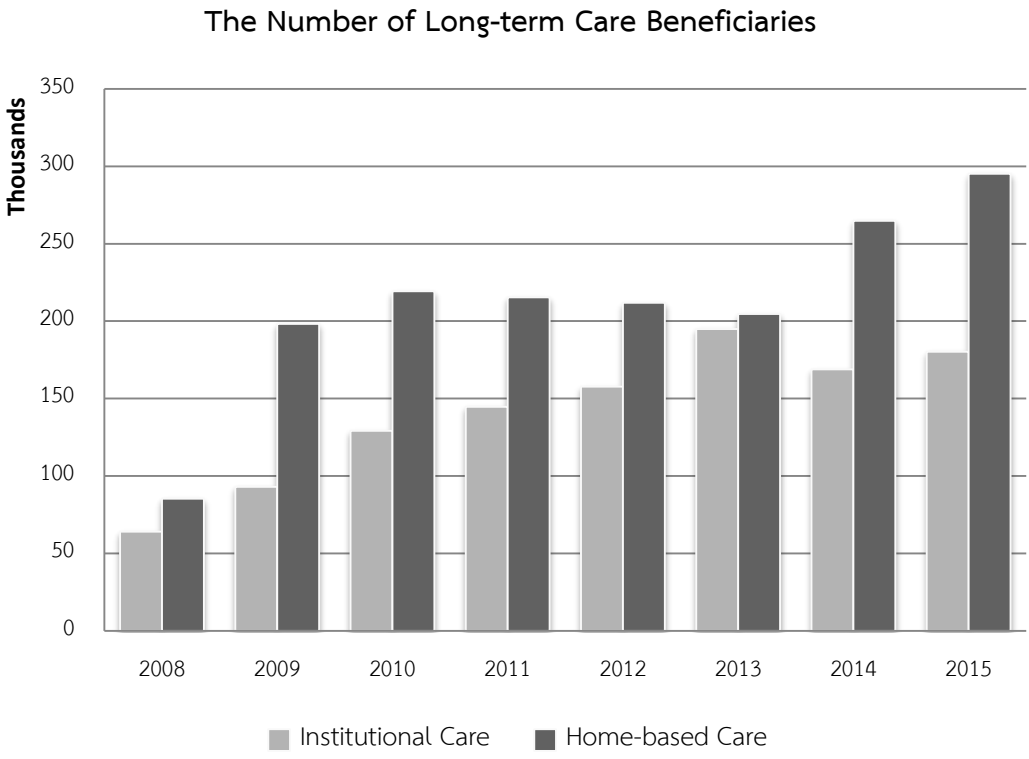
Source: National Health Insurance Service[17]

In case of the expenditure of long-term care services, the ratio of expenditure has changed in these recent years. Home-based care services used approximately 48.2

[17] See http://www.longtermcare.or.kr/npbs/e/e/100/htmlView?pgmId=npee401m03s&desc=In-HomeServiceBenefit%20Expense, Insurance Benefit Information (Accessed on 10 June, 2016)

percent of total long-term care insurance expense in 2013. This was lower than previous years as in 2009, 56.7 percent of total long-term care insurance expense was used for home-based care services, whereas, the institutional care expenditure increased from 43.3 percent in 2009 to 51.8 percent in 2013. According to Choi (2015), the statistics point out that the costs of institutional care increased because elderly persons latterly are progressively using institutional care.

Figure 6 Numbers of Home-based Care and Institutional Care Beneficiaries, 2008-2015



Source: (NHIS, 2009, 2010, 2011, 2012, 2013a, 2014a, 2015a, 2016)

As said before, the number of Korean elderly has been increasing rapidly in the past few decades, which effected to the need of long-term care services. It appears from Figure 6 that the shares of beneficiaries of the two forms of long-term care services are rising every year since the implementation of long-term care insurance. When compared the proportion of service utilization, the institutional care beneficiaries had been increasing steadily until the end of 2013, after that, the home-based care beneficiaries are growing more steeply.

Since the 2014, there has been substantial growth in the number of home-based care providers and the number of their beneficiaries. These could be explained by the fact that the National Health Insurance Service (NHIS) has mitigated the lowest score of third grades from 55 to 53 and 53 to 51 scores in July, 2012 and July 2013, respectively. Moreover, the existing grading system was reorganized by adding two more grades for elderly who live with mental and physical disabilities that affected their abilities in July 2014. The elderly who suffer from dementia were eventually included in accessing long-term care services. Owing to the fact that the elderly classified in grade 3, 4, and 5 can only utilized home-based care services; therefore, the share of beneficiaries in this type of care service have increased rapidly recently.

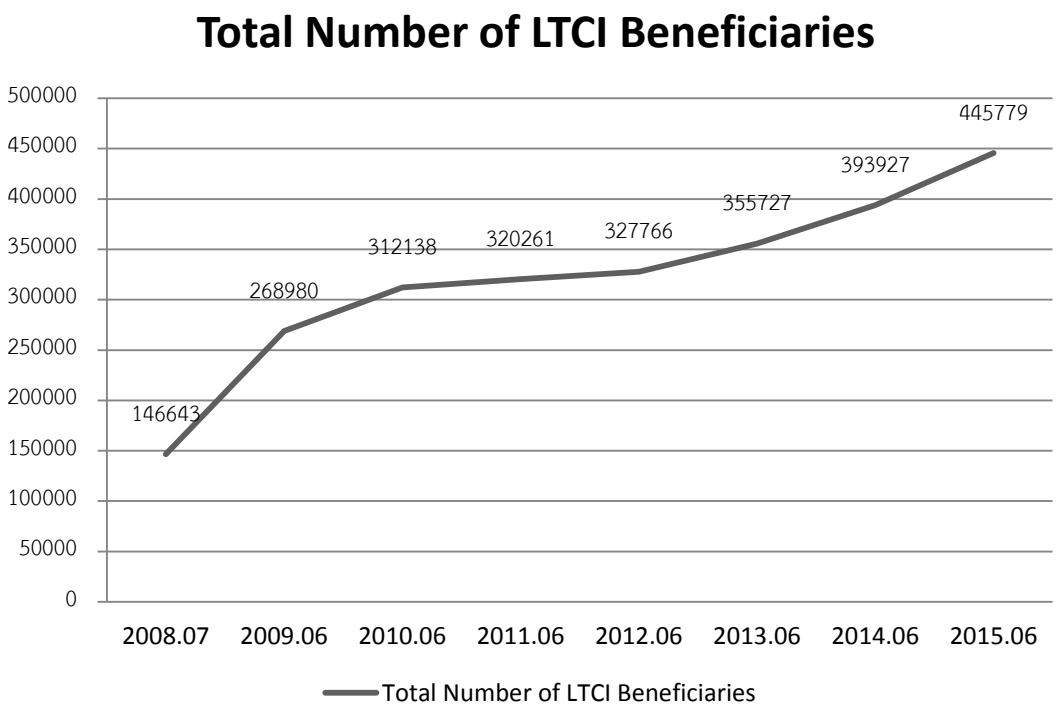
3.4. The Strengths and Weaknesses of Korean Long-term Care and Its Challenges

After examining the current elderly care system, in particular the Long-term Care Insurance (LTCI) and its development, some of the strengths and weaknesses of the system as well as the challenges it has found. All of those issues will be the significant part of this study to predict the possibility of the future trend of elderly care and the development in the context of Korean ageing society.

3.4.1. Strengths

The Korean long-term care insurance services have moved from the selective and residual to universal care services (Choi, Y.-J., 2015). The number of beneficiaries has gradually increased since the new system was established. According to Duk (2004), an estimated 0.8 percent of total Korean elderly benefited from long-term care services both home-based care and institutional care in 2002. This new system was first set to cover only 3.1 percent of the elderly population. However, as of the first half of 2015, elderly who received long-term care have increased to 6.7 percent of total Korean elderly (NHIS, 2015b).

Figure 7 Total Number of Long-term Care Insurance Beneficiaries, 2008-2015



Source: (NHIS, 2015b)

The National Health Insurance Service (NHIS) has not only been expanding the coverage by mitigating and reorganizing the grading system, but also adding non-grades –A, B and C. Even though these non-grade elderly cannot use the Long-term Care Insurance services, they can receive other supplementary programs are provided through central and local government, such as the Elderly Care Package Services (ECPS), the Elderly Care Basic Services (ECBS). As a result, more Korean elderly can benefit from a variety of services.

Secondly, as of 2005 that the Korean government began to increase the elderly care service providers. Owing to the fact that the governments allowed for-profit

organization from the private sector to enter the elderly care system, the number of providers and workers has been steeply growing in both institutional and home-based care. As a result, the costs of service delivery are lower than before, which means that the services have become more accessible for Korean elderly, not only for poor elderly but also for wealthier elderly (Chon, Y. , 2013). Moreover, because of this strategy, the government seems to have more ability to control the budget more effectively, especially when compare to Germany and Japan where the long-term care system faced a substantial deficit in the early years of its implementation (Chon, Y. , 2014). As in 2013, the expenditure of long-term care in South Korea was only 0.7 percent of gross domestic product (GDP), whereas an average across OECD countries it was 1.7 percent (OECD, 2015b).

3.4.2. Weaknesses

Besides the strengths, the Korean long-term care system has several weaknesses and limitations. Firstly, there was a lack of efficiency and effectiveness in the delivery of institutional facilities and home-based long-term care services. When comparing the costs of elderly care services in institutional care and home-based care according to table 4 and 5, it was found that the costs of home-based care services are much cheaper than the facility services as facility care can cost elderly approximately 500,000 to 600,000 KRW per month. While, home-based services will cost less than 200,000 KRW per month. Nevertheless, it was criticized that the service

hours are not sufficient. As stated by Choi (2015), the service was limited to approximately 72 hours per month or 2 to 3 hours per day, when considering over monthly limits. This arrangement does not seem to be enough to create an adequate level of care service for the elderly or even relieve the burden of family care, especially for elderly persons with multiple health problems and significant functional limitations. Therefore, elderly persons requiring assistance with everyday life tended to gradually use institutional care as a preferred alternative to home-based care services. However, it will costs more on a public budgets, even though providing care in institutions can be more efficient for elderly with intensive needs in terms of economies of scale (OECD, 2015b).

Moreover, as mentioned before that the governments had to speedily expand the service providers in order to be prepared for the implementation of the compulsory long-term care insurance system in 2005. They adopted a market-friendly approach and urged the private sectors to build and train care workers themselves. As a result, the quality of care providers and their care workers is relatively low. It can be seen from the statistics in 2010 that there were 3,414 teenagers, eldest elderly or uneducated care workers in 2010. However, the low-quality of care is not only a problem of training system, but also the situation surrounding care workers such as low salaries, poor welfare benefits and difficult working conditions (Chon, Y. , 2013).

Another significant issue that has been criticized is that there is a lack of integration of services across the long-term care system and health care system, which could affect the health of elderly who need both medical and social care services. A continuum of medical care services is needed in the long-term care system. In home-based care case, some providers and physicians do not have an agreement or a contract with each other, thus it is difficult for both nurses and elderly to obtain the physician's instructions. On the other hand, despite having contracted physicians in institutional care facilities, the physicians will visit the facility twice a month for only a general check-ups (Kim, H., Jung, & Kwon, 2015). Moreover, the physicians cannot properly provide medical services to elderly as they are only allowed to provide prescribing medicine in long-term care facilities (Won, 2013).

Additionally, some facilities have the same role in providing care services for elderly, especially the facilities from the different insurance systems as the long-term care facilities and long-term care hospital. These two sorts of care service are found to be in direct competition with each other due to the fact that they play an important role in providing care to elderly who suffer from chronic illness (World Bank, 2016b). According to Kang et al. (2012), some of elderly who resided in long-term care hospitals (LTCH) would be better served in long-term care facilities, and vice versa.

For further information according to Choi (as cited in Choi, Y.-J., 2015), when elderly person in the institutional care facility has moved to a long-term care hospital

(LTCH) or the geriatric hospitals due to deterioration of the elderly health. If the elderly stays at hospitals for receiving treatment less than 10 days, 50 percent of the payment is paid to the facility. However, if the elderly needs to stay in the hospital more than 10 days, the elderly is automatically discharged from the institutional care facility. Whereas, a long-term care hospital (LTCH) tend to keep elderly with little medical treatment needs as the hospital could receive the reimbursement from both the Long-term Care Insurance (LTCI) and the National Health Insurance (NHI). The overlapped role of these two facilities could have cause the financial sector of both insurance systems in the future.

Moreover, Korean long-term care is mainly operated by the National Health Insurance Service (NHI) under the control of Ministry of Health and Welfare (MOHW); therefore, the roles of the local governments have been marginalized. The local authorities only play a part in regulating the entry of care providers and managing the care workforces in long-term care service provision and some part of financing for long-term care through public assistance programs such as the Elderly Care Package Services (ECPS), the Elderly Care Basic Services (ECBS) and the Emergency Care program (Chon, Y. , 2014; Kwon, 2009).

3.4.3. Challenges

As previously said, the grading system of Korean Long-term Care Insurance system's coverage and capacity was mitigated and reorganized several times. In 2012,

the standard score for 3rd grade was mitigated from 55 to 53 and from 53 to 51in 2013. Moreover, 4th and 5th grade were added into the system in 2014. Therefore, the proportion of older Korean who received long-term care service has been increasing rapidly. Beneficiaries have risen from 146,643 persons in July 2008 to 445,779 persons in June 2015 (NHIS, 2015b). It seems that South Korea has succeeded in expanding it coverage. Yet, some challenges still persist, especially equity and financial sustainability. These two of the biggest unsolved issues still and continue to be of crucial concern in this current Long-term Care system.

Despite the fact that the number of beneficiaries has increased, there are many older persons who cannot access the long-term care services due to several reasons, for instance a high co-payment and a shortage of service providers in some areas. First, the rates of Korean long-term care co-payment are relatively high when compared with other countries such as Japan. Korean elderly are required to make co-payments for their service either 15 percent for home-based care or 20 percent for institutional care, whereas the Japanese co-payment rate is only 10 percent for both institutional and home-based care services.

The other challenge is a shortage of service providers in some areas, there is a gap between the care services available and the number of elderly living in the rural and urban areas (Choi, Y.-J., 2015). The elderly care service providers are more likely to have a preference for some areas, such as home-based care tend to prefer urban

areas due to reason related to labor force. Meanwhile, institutional care facilities tend to be located in areas where the price of the asset is lower (Choi, Y.-J., 2015, p. 24). These can become a barrier to long-term care utilization and inevitably lead to inequity in elderly care situations in South Korea.

Moreover, the growth of long-term care beneficiaries is accompanied with an increase of public expenditure. The rapidly increasing beneficiaries will unavoidably affect to financial sustainability of the system. Even though the total expense of long-term care was only 0.07 percent of gross domestic product (GDP) in 2008; however, it has rapidly increased to 0.7 percent in 2013 and is estimated to constantly increase in the future (OECD, 2015b).

3.5. Analysis of the Long-term Care insurance (LTCI)

One of the Long-term Care Insurance's strength is that it has moved from the selective and residual to universal care services. The Long-term Care Insurance (LTCI) has greatly expanded its capabilities throughout the past several years; however, a quality development and a sustainable development in the Korean elderly care service industry are two strategies that Korean governments should implement. A standardized policy that focuses on the quality of care service is needed in order to ensure the quality of service providers as well as service skills of care workers.

Additionally, the governments will undoubtedly need to focus on a care service efficiency and sustainable development of its system. The governments should

not only providing better care but also need to emphasis on the prevention and health promotion strategy to improve elderly life such as promote health and active ageing, provide and information about saving and investment. Moreover, it's a well-known fact that South Korea was ranked first for R&D intensity and the fourth for high-tech density in 2015 (Coy, 2015). These factors will create opportunities for South Korea to develop care service and distribute health education across elderly care system.

CHAPTER IV

FUTURE OF ELDERLY CARE IN SOUTH KOREA

According to the conceptual framework of this study, the trends of elderly care service will be predicted through two main factors: first, the strengths and weaknesses of the current elderly care, of which this study has focused on the Long-term Care Insurance system (LTCI) as well as the challenges of elderly care, supported by contextual factors. These factors were used with the aim of examining the likelihood of the trend of elderly care in South Korea.

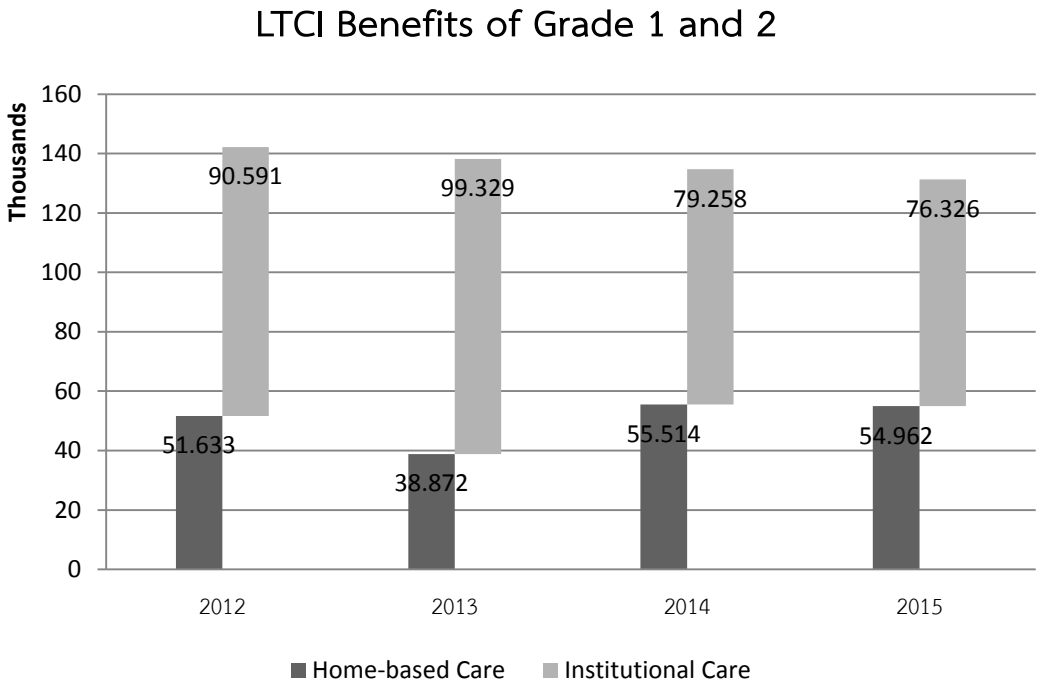
4.1. The Institutional Care Remain the Predominant form of Care for Elderly

In most developed countries, the institutional care is one of the key components of the continuum of long-term care service, due to the fact that the institutional care system can easily be organized and can directly meet the needs of the elderly. On the other hand, institutional care services are seen as the most expensive form of long-term care services. Therefore, home-based care and community-based care have been widely promoted as an alternative to institutionalization of the elderly in many countries in order to reduce the cost of elderly care. Although some studies have claimed that home-based care and community-based care are more cost–effective than institutional care (WHO/Europe, 2012; World Bank, 2016b), the other studies revealed the opposite findings. Contrary

to WHO and World Bank findings, Naomi et al. (2012), OECD (2013a) and Gori et al. (2016) have demonstrated that the level of care needs have an effect to the cost-effectiveness of long-term care services and showed that the cost would be cheaper if the elderly who have major health issues reside in institutions. It cannot be denied that institutional care is still an essential service for the elderly, especially elderly persons with multiple health problems and significant functional limitations (Won, 2013).

In South Korea, according to statistics provided by the National Health Insurance Service (2015a), a greater share of elderly received care in institutional care facilities, as 38.94 percent of the total beneficiaries lived in long-term care facilities in 2014. Furthermore, the statistics also pointed out that Korean elderly who were classified in grade 1 and 2 resided in the aged care facilities more than other types of long-term care services. There were 48.67 percent, 50 percent and 50.03 of the total beneficiaries in grade 1 and 2 in the aged care facilities in 2013, 2014 and 2015, respectively.

Figure 8 Number of Long-term Care Beneficiaries in Grade 1 and 2, by Type of Benefits



Source: (NHIS, 2013a, 2014a, 2015a, 2016)

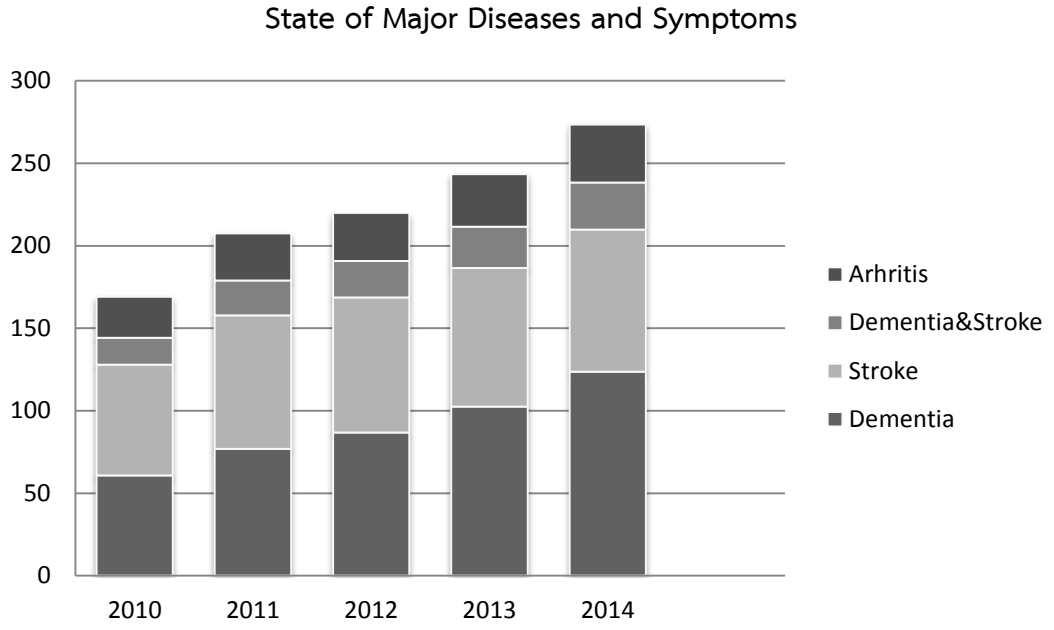
According to the grading system of Korean Long-term Care Insurance, grade 1 and grade 2 will be given to elderly who suffer with severe health problems and require full or substantial assistance in daily tasks. As can be seen in the figure above, a great proportion of Korean elderly, who were classified in grade 1 and 2 still rely on some kind of institutional care service. In 2014 and 2015, half of the total elderly in grade 1 and 2 resided in any type of institutional care service, either in the aged care facility or senior congregate housing (NHIS, 2016).

Furthermore, as several studies demonstrated that there are many factors influence the use of institutional care, especially a rapid increase in proportion of elderly who suffer from physical and mental illness as well as elderly living alone and experiencing financial difficulty. All of these factors have occurred in Korean society and are claimed to be more complex and serious by many scholars. Thus, it is predictable that institutional care will remain one of the important forms of care for the Korean elderly for the foreseeable future.

4.2. The Need of Integrating Health care with Social Care

The current Long-term Care Insurance (LTCI) in South Korea was designed to be separate from the National Health Insurance (NHI). The national health insurance manages to provide treatment, hospitalization and rehabilitation service, while the Long-Term Care Insurance (LTCI) aims to provide service that supports elderly who has difficulty in daily activities. However, the problem is that a large number of Korean elderly who received long-term care services are reported to have multiple chronic diseases and significant functional limitations (Kang et al., 2012; Won, 2013). Therefore, the separate systems can no longer adequately meet the needs and expectations of the increasing numbers of people who are living with chronic and complex health conditions, thus it is almost impossible to separate long-term care from health care completely.

Figure 9 State of Major Disease and Symptoms of LTCI Beneficiaries, 2010-2014



Source: (Korean Statistical Information Service, 2015d)

At present, healthcare has played several roles in the long-term care system. For instance, in the case of home-based care, nurses provide home-visit nursing care services under the direction of the physician but it is difficult because some home-based providers do not have a contract with physicians; while with institutional care, the physicians have a contract with the long-term care facilities but they are allowed to provide only check-up and prescribe medicine to elderly in the facility (Won, 2013). Therefore, as the Korean elderly are more likely to require continuous care due to chronic illness and disability, the integration of elderly care is needed. The integrated

approach to healthcare and social care seems specifically to be developed in South Korea in the near future.

4.3. A Shift from Quantity towards Quality of Care

The long-term care insurance system was implemented in South Korea in order to tackle the population ageing issues that have intensified over the past decades. Since the introduction of the program in 2008, it has appeared that the number of elderly persons who require long-term care services is increasing every year. In the first half of the 2015, approximately 445,779 elderly persons received care in both home-based and institutional care services (NHIS, 2015a).

It was mentioned that the government has adopted a market-friendly as one of the important approaches to preparing the long-term care infrastructure before implementing the program in 2008. The marketization strategy by the Korean governments to surge the number of care providers and workers seems to indirectly affect the quality of long-term care delivery. Since the governments have deregulated some requirements to encourage private sector to participate in expanding the long-term care infrastructure, there are many service providers that provide inadequate care for elderly due to a shortage of skilled care workers and ineffective management.

Currently, the government has established a standardized training program. All care workers must pass a formal examination and acquire 240 hours of training for a grade-one certificate or 120 hours of training for grade-two certificate in order to

provide long-term care service for the elderly. However, the training programs are mainly managed by private sector training organizations without a strict government review. Some provide inadequate training and produce many low-skilled care workers in the long-term care system. As in 2010, there were 3,414 care workers that had mental health problems, were illiterate, a teenager or eldest old (Chon, Y. , 2013).

On the other hand, many studies reported that there is excessive competition among service providers due to the rapidly increase in number of service providers. As a result, negative aspects emerge and become significant issues in South Korea such as the fraudulent and unprincipled behavior issues (Choi, Y.-J., 2015; Chon, Y. , 2014). With these problems in the current system, it will inevitably lead to a shift trend in strategy by taking a quality over quantity approach to the development of the elderly care system in these aspects.

4.4. The Importance of Promoting Healthy and Active Ageing

Over the recent decades, the sustainability of the elderly care system has become a crucial challenge in many countries, including South Korea. The trend of rapid population aging will increase the demand of health and social care, especially for long-term care (LTC) services as health does decline with age, which would create inequity and an unsustainable care system.

A lack of access to care still remains problematic in Korean society. Despite mitigating and reorganizing the grading system to increase beneficiaries, it does not automatically mean that all elderly who required long-term care will be able to access care services. As in the first half of 2015, 11.2 percent of elderly applied for long-term care services; however, merely 6.7 percent were approved to receive long-term care services. Equally, the financial burden is also a crucial issue as the total long-term care expenditure increased to 0.7 percent of gross domestic product (GDP) in 2013 (OECD, 2015b) and it is expected to increase to 4.2 percent prior to 2050 (Kim, N., 2015).

It could be said that elderly health and financial status are the primary reasons of Korean elderly for requiring some form of formal care as well as being barriers to access and use the services. Recently, many countries have paid more attention to prevention strategies to reduce the demand for long-term care services. The growing demand for services and increased expectations of care has become an important issue of all governments and societies because of the limited resources available to pay for them. As a result, new strategies were widely promoted in the twentieth century to deal with this problem.

According to OECD (2011) and WHO/Europe (2012), the development of healthy ageing and active ageing will become a key to reduce cost in long-term care systems as it will help elderly people to remain independent and healthy as long as possible. In South Korea, the active ageing programs were introduced a few decades ago in forms

of elderly employment policies, leisure and education policies and volunteer activity policy. On the other hand, the healthy ageing policies have been promoting in South Korea to improve elderly health and reduce the probability of being disabled, such as the establishment of health centers in many local areas since 1995. However, it seems that some policies are insufficient compared to the increasing elderly population and their demands. Moreover, several do not receive much support from both government and society. For instance, despite promoting elderly employment policies, 68.7 percent of older Korean persons were unemployed in 2014 (Statistics Korea, 2015).

As the prevention strategy efforts to increase income and improve elderly health, which will indirectly decrease the long-term care needs, the inequity of care and unsustainability in care system could be diminished. Therefore, a strategy and action plan for healthy ageing and active ageing are certainly becoming a more important key element to deal with ageing issues in the forthcoming years.

.

CHAPTER V

DISCUSSION AND CONCLUSION

5.1. Discussion

With the process of modernization and industrialization that has taken place in South Korea since the 1960s, it has brought about various changes to Korea society not only the improvement in its economy, technology and quality of life of people in the society, a change in the population structure towards an ageing society, but also a change of traditional values and practices. These changes inevitably lead South Korea to face a current international issue as how to provide effective care and provisions for the elderly within its society.

The major objective of this study was to examine the trend of elderly care in South Korea. It was predicted through two main factors; first, the strengths and weaknesses of the current elderly care, which this study has focused on the Long-term Care Insurance system (LTCI). Secondly, the challenges of elderly care, supported by contextual factors will be the other aspects that are associated with the future trend. Additionally, the second objective was to study the development of elderly care in South Korea. A content analysis through the selected literature was used as the method of this study.

5.1.1. The Development of Elderly Care

Social policies for the aged in South Korea were developed based on economic growth, then distribution ideology in which family pay a crucial role in providing a social safety net for elderly. However, the demand for long-term care has increased rapidly in recent years as Korean society has changed in its demographic trend towards an ageing society. Many elderly are facing problems with health and financial status as well as many family caregivers are stretched to their limits, which result from them experiencing a high burden of caring for elderly. Additionally, a number of studies found that Korean elderly were more likely to suffer abuse or neglect by family members, especially sons and daughters-in-law. Consequently, universal long-term care has been developed and promoted as the alternative source of care for elderly during the past few years, which provides both home-based care and institutional care services as well as cash benefits.

The elderly long-term care system has provided support and care for a large share of elderly in South Korea, yet it has long been criticized for several reasons, especially in the institution care settings. The three most common concerns are the issues about quality of care, equity and sustainability of the system. Concerning the current situation, in order to tackle those issues, the trends of integration and cooperation of elderly care are needed in the future.

First, as Korean elderly are more likely to require continuous care due to the chronically illness and disability, the integration of health care and social care is necessary. Many elderly with advanced chronic illness are receiving discontinuity of care because of the Korean health and social care services are separated from each other. The separation of two systems could make elderly face a difficult situation to receive an adequate care service. Moreover, the lacks of coordination between the two schemes cause an ineffective and inefficient elderly care system. An unsolved issue is that long-term care hospitals and long-term care facilities have the same role in the caring of chronically ill elderly and tend to be in competition with each other. Thus, cooperation between the two systems will bring about appropriate care for elderly with chronic illness and a cost reduction for both organizations.

Second, the improvement of evaluation and investigation systems is going to be an important part of elderly care in the future. The development of Korean elderly care at the earliest stage was mostly focused on expanding the facilities and workers. As it is noted that the governments deregulated the legal requirements on opening or operating welfare organizations, it has indirectly affected the quality of care. Therefore, the standard for providing elderly care should be improved. In 2012, the government planned to solve problems about low-skilled care workers and a shortage of care workers as well as an imbalance of care providers in some areas such as emphasizing training programs, increasing the minimum wage of care workers from approximately

1,300 USD to 1,570 USD (Chon, Y. , 2014). The NHIS Seoul Long-term care facility was established in November 2014 to review the validity of claims and develop diagnostic criteria for a long-term care facility. However, the quality of care evaluation requires the coordination of the NHIS Seoul geriatric care facility (NHIS, 2015b).

Third, prevention strategy will be one of the most important schemes in the future as it will decrease demand for long-term care services, thus the development of healthy and active ageing policies will become key to reducing cost in elderly care systems. The government should empower and encourage people to plan and prepare themselves before entering old age, such as providing knowledge and programs to support healthy standard of living, promoting saving and investment as well as creating employment opportunities and improving education programs. At this present time, these policies have mainly been promoted through Ministry of Education, Ministry of Labor and Employment and Ministry of Health and Welfare with the cooperation of NGOs and other voluntary organizations.

5.1.2. The Trend of Korean Elderly Care

Due to the fact that illness and disability increase with advancing age, therefore some types of care service will always be necessary for elderly. Even though the Confucian belief, filial piety, is still strong in Korean society, some situations will inevitably lead to the likelihood of elderly persons residing in an institution. In the context of ageing society, the institutional care is going to retain its role as a shelter

for Korean elderly in the foreseeable future for several reasons. For instance, when considering the role of institutional care that fundamentally provides continuous care or round the clock care, whereas the home and community-based care services mostly provide a temporary basis of care. It is certainly that this kind of care is very important and more appropriate for persons with multiple health problems and significant functional limitations who require full assistance and nursing care.

Furthermore, when considering the cost of care, the institutional long term care seems to be overshadowed by new strategies. Many countries have attempted to promote home and community-based care as an alternative to institutional care for the elderly. It is believed that domiciliary care is more cost-effective than in institutions setting. However, some recent studies have revealed different results that the institutional care is more cost-effective for the frail and disabled elderly (Gori et al., 2016; Naomi et al., 2012; OECD, 2013a).

5.2. Conclusion

As noted in the discussion, it cannot be denied that the contextual factors as demographic trend, health and financial status, including social changes will lead to a prominent role of institutional care in South Korea. However, it does not mean that other forms of benefits are less important, but concerning the role of institutional care that provides around the clock service care, it will remain a major form of care for the elderly, especially for elderly who require a significant amount of care. However, the

integrated approach to health care seems particularly important to the development of elderly care services in the future. Moreover, it is not only government, but also other stakeholders will need to help ensuring the development of the process. Public and private sectors as well as individual should take a part in the improvement of elderly care in South Korea.

More importantly, the population ageing trend is becoming a major concern in many countries. With the rapid ageing of population, it is inevitably that population aging will have an impact on healthcare systems, elderly policies and other areas, including economic growth. To ensuring economic growth and a sustainability of healthcare, not only development in the field of elderly care service is required, but also the improvement of research and development (R&D) is necessary in the future as it will be a key determinant of long-run productivity and welfare (Jung, Yongseoung & Lee, 2001).

This study was analyzed through secondary data. There are also several limitations as there could also be unobserved issues associated with the trend and the development of Korean long-term care in this study as a result of the study design and the limitation of the secondary data. Therefore, further comprehensive ongoing observation and surveys will expand and improve the outcomes of this study since these two approaches can be used to gather more information. As the population

ageing trend is becoming a major concern in many countries, thus future research in the areas of elderly care is sorely needed.

REFERENCES

Ahn, K. C., & Chung, K. H. (2008). Ageing and Ageing Policies in the Republic of Korea. In H. G. Lee (Ed.), *Ageing in Southeast and East Asia: Family, Social Protection, Policy Challenges* (pp. 40-65). Singapore: Institute of Southeast Asian Studies.

Black, B. S., Rabins, P. V., & German, P. S. (1999). Predictors of nursing home placement among elderly public housing residents. *Gerontologist*, 559-568.

Choi-Kwon, S., Kim, H.-S., Kwon, S. U., & Kim, J. (2005). Factors affecting the burden on caregivers of stroke survivors in South Korea. *Archives of Physical Medicine and Rehabilitation*, 1043–1048.

Choi, S.-J. (1992). Ageing and Social Welfare in South Korea. In R. P. David (Ed.), *Ageing in East and South-East Asia* (pp. 148-166). London: Edward Arnold.

Choi, S.-J. (2002). National Policies on Ageing in Korea. In R. P. David & C. M. C. Alfred (Eds.), *Ageing and Long-Term Care: National Policies in the Asia-Pacific* (pp. 68-106). Singapore: Institute of Southeast Asian Studies.

Choi, Y.-e., Ziebarth, A., Hwang, E., & Koh, S.-h. (2012). Intentions of Nursing Home Entry Among Elderly Residents in Jeju, Korea,. *Housing and Society*, 29-49.

Choi, Y.-J. (2015). Long-term care for older persons in the Republic of Korea Development, challenges and recommendations. Retrieved from http://www.unescap.org/sites/default/files/Long-term%20care%20for%20older%20persons%20in%20the%20Republic%20of%20Korea.pdf

Chon, Y. (2012). Long-term care reform in Korea: lessons from the introduction of Asia's second long-term care insurance system. *Asia Pacific Journal of Social Work and Development*, 219-227. doi:10.1080/02185385.2012.726422

Chon, Y. (2013). The Development of Korea's New Long-Term Care Service Infrastructure and Its Results: Focusing on the Market-Friendly Policy Used for Expansion of the Numbers of Service Providers and Personal Care Workers.

Journal of Gerontological Social Work, 255-275. doi:10.1080/01634372.2013.763885

Chon, Y. (2014). The Expansion of the Korean Welfare State and Its Results – Focusing on Long-term Care Insurance for the Elderly. *Social Policy & Administration*, 704-720. doi:10.1111/spol.12092

Chung, K. (1999). *Living profiles of older persons and social policies on ageing in Korea*. Seoul: Korea Institute for Health and Social Affairs.

Chung, K. (2013). Economic Life of Older Koreans. In S.-J. Choi, J.-N. Bae, K.-J. Min, Y.-K. Roh, & Y.-H. Won (Eds.), *Ageing in Korea: Today and Tomorrow, Third Edition* (pp. 30-51). Seoul: Federation of Korean Gerontological Societies.

Colombo, F., Llena-Noza, A., J., M., & Tjadens, F. (2011). *Help wanted? Providing and paying for long-term care Paris: OECD Health Policy Studies*. Paris: OECD Publishing.

Coy, P. (2015). Bloomberg's 2015 ranking of the world's 50 most innovative countries. Retrieved from http://www.bloomberg.com/graphics/2015-innovative-countries/

Duk, S. (2004). Long-term care policy for functionally dependent older people in the Republic of Korea. *International Social Security Review*, 47-62.

Florence, L.-L. (2009). Is Korea Ready for the Demographic Revolution? The World's Most Rapidly Aging Society with the Most Rapidly Declining Fertility Rate. *Korea Economic Institute of America*. http://www.keia.org/sites/default/files/publications/04Exchange09.pdf Retrieved from http://www.keia.org/sites/default/files/publications/04Exchange09.pdf

Ghazy, M. (2006). *Population ageing in east and southeast Asia: current situation and emerging challenges*. Bangkok: UNFPA Country Technical Services Team for East and South-East Asia.

Gold, D. P., Reis, M. F., Markiewicz, D., & Andres, D. (1995). When home caregiving ends: a longitudinal study of outcomes for caregivers of relatives with dementia. *Journal of the American Geriatrics Society*, 10-16.

Gori, C., Fernandez, J.-L., & Wittenberg, R. (2016). *Long-Term Care Reforms in OECD Countries*. Bristol: Policy Press

Gupta, R. (2002). Consideration of Nursing Home Care Placement for the Elderly in South Asian Families. *Journal of Immigrant Health,*, 47-56.

Hieda, T. (2012). *Political Institutions and Elderly Care Policy. Comparative Politics of Long-Term Care in Advanced Democracies*. New York: Palgrave Macmillan.

Hong, J.-s., Kim, Y.-s., Lee, N.-y., & Ha, J.-w. (2013). Understanding social welfare in South Korea. In S. B. C. L. Furuto (Ed.), *Social Welfare in East Asia and the Pacific*. New York: Columbia University Press.

Hwang, G.-j. (2009). Old-Age Security in Korea: the strengthened role of the state? In T.-h. H. Fu, Rhidian (Ed.), *Ageing in East Asia: Challenges and Policies for the Twenty-First Century* (pp. 72-88). London: Routledge.

Jang, Y., Kim, G., Chiriboga, D. A., & Cho, S. (2008). Willingness to Use a Nursing Home: A Study of Korean American Elders. *J Appl Gerontol*, 110–117.

Jung, Y., & Lee, Y. (2001). Financial Crisis and Industrial Policy in Korea. In O. Y. Kwon & W. Shepherd (Eds.), *Korea's Economic Prospects: From Financial Crisis to Prosperity* (pp. 135-161). Cheltenham: Edward Elgar Publishing Limited.

Jung, Y., & Shin, D. (2002). Social Protection in South Korea. In A. Erfried, l. v. H. Michae, & J. Marei (Eds.), *Social Protection in Southeast and East Asia* (pp. 269-312). Singapore: Friedrich Ebert Stiftung.

Kang, I.-O., Park, C. Y., & Lee, Y. (2012). Role of Healthcare in Korean Long-Term Care Insurance. *Journal of Korean Medical Science*, 41-46.

Kim, E.-Y., & Kim, C.-y. (2004). Who Wants to Enter a Long-Term Care Facility in a Rapidly AgingNon-Western Society? Attitudes of Older Koreans TowardLong-Term Care Facilities. *Journal of the American Geriatrics Society*, 2114–2119.

Kim, H. (2015). Community-Based Long-Term Care in Korea: Current Status and Future Agenda. Retrieved from http://www.unescap.org/sites/default/files/Session4_Ms.KimHongsoo_RoK.pdf

Kim, H., Jung, Y.-I., & Kwon, S. (2015). Delivery of institutional long-term care under two social insurances: Lessons from the Korean experience. *Health Policy*, 1330–1337. doi:10.1016/j.healthpol.2015.07.009

Kim, J.-S., & Lee, E.-H. (2003). Cultural and Noncultural Predictors of Health Outcomes in Korean Daughter and Daughter-in-Law Caregivers. *Public Health Nursing*, 111–119.

Kim, M.-H. (2013). Ageism and Elder Abuse In Korean Society. In S.-J. Choi, J.-N. Bae, K.-J. Min, Y.-K. Roh, & Y.-H. Won (Eds.), *Ageing in Korea: Today and Tomorrow, Third Edition* (pp. 304-327). Seoul: Federation of Korean Gerontological Societies.

Kim, N. (2015). Long-term care services expenditure projection in South Korea from 2015 to 2050. *The International Journal of Health Planning and Management*, 45–56. doi:10.1002/hpm.2204

Korean Statistical Information Service. (2008). Current Number of Chronic Diseases Diagnosed by A Doctor by General Feature. Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parentId=A#SubCont

Korean Statistical Information Service. (2014). Opinions on Marriage (13 years old and over). Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parentId=101_E#SubCont

Korean Statistical Information Service. (2015a). Live Births by Age Group of Mother, Sex and Birth Order. Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parentId=A#SubCont

Korean Statistical Information Service. (2015b). Mean Age at First Marriage of Bridegroom and Bride for Provinces. Retrieved from http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1B83A05&vw_cd=MT_ETITLE&list_id=&scrId=&seqNo=&language=en&obj_var_id=&itm_id=&conn_path=E3&path=%252Feng%252Fsearch%252Fsearch01_List.jsp

Korean Statistical Information Service (Producer). (2015c). Population Projections for Korea. *Korean Statistical Information Service*. Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parmTabId=M_01_01#SubCont

Korean Statistical Information Service. (2015d). State of Major Illnesses and Symptoms by Province, Grade, Qualification. Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parentId=D#SubCont

Korean Statistical Information Service. (2016). Divorces by Age of Husband and Wife (Divorced). Retrieved from http://kosis.kr/eng/statisticsList/statisticsList_01List.jsp?vwcd=MT_ETITLE&parentId=A#SubCont

Kwon, S. (2009). The Introduction of Long-Term Care Insurance in South Korea. *Eurohealth*, 28-29.

Liu, L.-F., & Tinker, A. (2001). Factors associated with nursing home entry for older people in Taiwan, Republic of China. *Journal of Interprofessional Care*, 245-255.

Miller, E. A., & Weissert, W. G. (2000). Predicting elderly people's risk for nursing home placement, hospitalization, functional impairment, and mortality: a synthesis. *Med Care Res Rev, 57*. doi:10.1177/107755870005700301

Naomi, A., Shiroiwa, T., Fukuda, T., & Murashima, S. (2012). Institutional care versus home care for the elderly in a rural area: cost comparison in rural Japan *Rural and Remote Health*, 1-12.

NHIS. (2009). *2008 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2010). *2009 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2011). *2010 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2012). *2011 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2013a). *2012 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2013b). *National health insurance service annual report 2013*. Retrieved from Seoul:

NHIS. (2014a). *2013 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2014b). *2014 National Health Insurance System of Korea – Universal Health Coverage for the world*. Retrieved from http://www.coopami.org/en/countries/countries/south_korea/social_protection/pdf/social_protection05.pdf

NHIS. (2015a). *2014 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (2015b). *National Health Insurance System of Korea*. Retrieved from Seoul:

NHIS. (2016). *2015 National Health Insurance Statistical Yearbook*. Retrieved from Seoul:

NHIS. (n.d). Insurance Benefit Information. Retrieved from http://www.longtermcare.or.kr/npbs/e/e/100/htmlView?pgmId=npee401m01s&desc=Facility%20Benefit

OECD. (1988). *Ageing Populations: The Social Policy Implications*. Paris: Organization for Economic Co-Operation and Development.

OECD. (2013a). *OECD Economic Surveys: Slovenia 2013*. Paris: OECD publishing.

OECD. (2013b). *Pensions at a Glance 2013: OECD and G20 Indicators*. Paris: OECD Publishing.

OECD. (2015a). Elderly Populations Indicator. Retrieved from https://data.oecd.org/pop/fertility-rates.htm#indicator-chart

OECD. (2015b). *Health at a Glance 2015: OECD Indicators* Paris: OECD Publishing.

OECD. (2016). *OECD Economic Surveys: Korea 2016*. Paris: OECD Publishing.

OECD/European Commission. (2013). A good life in old age? Monitoring and improving quality in long-term care *OECD health policy studies*. Paris: OECD Publishing.

Oh, J., Kim, H. S., Diane, M., & Kim, H. (2006). A Study of Elderly Abuse in Korea. *International Journal of Nursing Studies*, 203-214.

Park, J.-m. (2015). Equity of access under Korean national long-term care insurance: implications for long-term care reform. *International Journal for Equity in Health, 14*(82). doi:10.1186/s12939-015-0210-y

Prachubmoh, V. (2015). A lesson learned from community-based integrated long-term care in Thailand. *Asia Pacific Journal of Social and Development*, 213-224.

Rhee, J.-A., & Yoo, H.-J. (2013). Health Status of Elderly Koreans. In S.-J. Choi, J.-N. Bae, K.-J. Min, Y.-K. Roh, & Y.-H. Won (Eds.), *Ageing in Korea: Today and Tomorrow* (pp. 52-67). Seoul: Federation of Korean Gerontological Societies.

Rhee, J.-c., Done, N., & Anderson, G. F. (2015). Considering long-term care insurance for middle-income countries: comparing South Korea with Japan and Germany. *Health Policy*, 1319–1329. doi:10.1016/j.healthpol.2015.06.001

Ryan, A. A., & Scullion, H. F. (2000). Nursing home placement: an exploration of the experiences of family carers. *Journal of Advanced Nursing*, 1187-1195.

Seok, J.-e. (2010). Public Long-Term Care Insurance for the Elderly in Korea: Design, Characteristics, and Tasks. *Social Work in Public Health, 25*(2), 185-209. doi:10.1080/19371910903547033

Statistics Korea. (2015). 2015 Statistics on the Aged. Retrieved from http://kostat.go.kr/portal/english/news/1/23/2/index.board?bmode=read&bSeq=&aSeq=349205&pageNo=1&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=

TGRI. (2012). *The annual report of the Situation of the Thai Elderly*. Retrieved from Bangkok:

United Nations. (2013). *World population ageing 2013* (ST/ESA/SER.A/348). Retrieved from New York: http://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2013.pdf

WHO (Producer). (2015, 12 27). Definition of an older or elderly person. *World Health Organization*. Retrieved from http://www.who.int/healthinfo/survey/ageingdefnolder/en/

WHO/Europe. (2012). Strategy and action plan for healthy ageing in Europe, 2012–2020. *WORLD HEALTH ORGANIZATION REGIONAL OFFICE FOR EUROPE*. http://www.euro.who.int/__data/assets/pdf_file/0008/175544/RC62wd10Rev1-Eng.pdf Retrieved from http://www.euro.who.int/__data/assets/pdf_file/0008/175544/RC62wd10Rev1-Eng.pdf

Won, C.-W. (2013). Elderly long-term care in Korea. *Journal of Clinical Gerontology and Geriatrics, 4*(1), 4-6. doi:10.1016/j.jcgg.2012.11.001

World Bank. (2016a). Gross domestic product ranking. Retrieved from http://data.worldbank.org/data-catalog/GDP-ranking-table

World Bank. (2016b). *Live Long and Prosper: Aging in East Asia and Pacific*. Washington D.C.: World Bank.

Yun, S. (2016). Income Security for Older Persons in the Republic of Korea. *UNESCAP*. http://www.unescap.org/sites/default/files/Pensions%20ROK.pdf Retrieved from http://www.unescap.org/sites/default/files/Pensions%20ROK.pdf

APPENDIX

VITA

Name: Miss Piyanuch Buatong

Date of Birth: May 18, 1988

Birth Place: Samutprakan, Thailand

Education: 2011 Silpakorn University, Rachamakka Nai Rd., Muang Nakhon Pathom, Nakhonpathom 73000, Thailand

Faculty of Arts (Philosophy major and Economics minor)