

A Qualitative Exploratory Study on the Effects of Marketization of the Long-term Care Service for the Elderly in Korea

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Background: the Korean LTCI

- The rapid increase of older people in the population: 7.2%(2000) —> 14.3% (2018)
- The weakening caring role of family: the weakening influence of Confucianism and Korea's traditional culture of filial piety, the growth of women's participation in the labour market
- Insufficient number of LTC service providers and the low coverage of the services
(ex) 1% of older people in the early 2000s

Comparative characteristics of LTClS for Korea and Japan

(Source: Adapted from NHIC 2008b; Campbell et al, 2010; Ikegami, 2007)

	KOREA	JAPAN
introduction	-July 2008	-April 2000
Financing	<ul style="list-style-type: none"> -Contributions of LTCl: compulsory for all adults registered under the NHIC -Central and local taxes -Service users' co-payments: 15% (domiciliary services) or 20% (institutional) of the their costs 	<ul style="list-style-type: none"> - Contributions of LTCl: 1/3 contribution revenue from those aged 65+, 2/3 from those 40-64 - Central and local taxes - Service users' co-payments: 10% of the their costs
Insurer and its roles	- National health insurance corporation (central and local branches) : setting and levying contributions, managing finances, assessing and issuing grades, overseeing services	-Municipalities (cities, towns, and villages) : setting contributions, managing finances, and overseeing the provision of services
Regional differences	-No difference in contribution of LTCl and benefit levels	<ul style="list-style-type: none"> -Those aged 65+ : contributions linked to local spending level -Those aged 40-64: contributions pooled nationally and redistributed to municipalities
Population coverage	<ul style="list-style-type: none"> -Unconditional for those aged 65+ -Conditional for adults aged under 65 with age-related diseases (the disabled excluded) 	<ul style="list-style-type: none"> -Unconditional for those aged 65+ -Limited to those adults aged 40-64 with age-related diseases
Eligibility	-Eligible LTCl benefits: grades 1 , 2, or 3	-Eligible benefits: grades 1,2,3,4, or 5

Market-friendly and Deregulatory policies to expand the LTC infrastructure

- Very rapid development of service providers and care workforce was serious concern for the Korean government
- Government strongly promoted **private sector** participation in the expansion of the LTC infrastructure
- 1. Opened all the LTC markets to **'for-profit' forces**
- 2. **Legal requirements** for establishing service-providing organizations and training organizations **were relaxed**
- 3. Market mechanisms, and **competition** among service providers in particular, were emphasized
- —> The rapid increase of LTC infrastructure

Literature Review

- **Reliance on private market**

(Randall & Williams, 2006; Culyer et al., 1990...)

Pros: Government inherently inefficient,
Competition: responsive to user needs,
cost efficient, and incentives to innovate

Cons: Inability of market to achieve key social goal such as universal access to care,
Competition for profits: increased system costs and undercut access to and the quality of care

The Study

* **Aim**

: To understand the impact of the marketisation of LTC services in the Korean LTCI

(home visiting service-domiciliary service)

* **Research Questions**

- How have provider managers experienced the marketisation of long-term care services for the elderly?
- How have provider managers experienced the competition between service providers?

Methodology

- Semi structured In-depth Qualitative Research
- 18 home-visiting provider managers
(organisational matters: finding cases, assessment, making contracts, supervising...)
- Locality: one city in Kyonggi province
- Interview consent form and recoding
- Data analysis:
Atlas-Ti Software, Thematic analysis(Flick, 2006)

Findings: Main Themes

- Severe Competition to Find and to Increase the Number of Service Cases
- Prevalence of unprincipled behavior and unlawful activities
- (Degradation in the Quality of Care Services)

1. Severe Competition to Find and to Increase the Number of Service Cases

- Monopolistic position in the LTC market (Subsidies, Little SP)
 - Stable situations changed significantly
- : receive payment based entirely on the number of cases that they are in charge of and the service time spent

- Positive aspect: SP actively engaged in “recruiting drives” by visiting elderly welfare centers or hospitals, providing free meals, and otherwise helping single or poor elderly

“At the two elderly welfare centers, I provide free meals for the elderly... The elderly like the free meals very much... We persuade the elderly there to use our services...” (P19).

- Caseloads have continuously decreased and that SP have considerable financial difficulties in running their organizations

“It was easy to increase cases at the beginning... At that time, the competition between service providers was low because the number of service providers was small ... But our number of cases has not increased, because many care workers are trying to find service cases for their own organizations... Every elderly client counts at the moment” (P5).

- Some SP Considered to close down their organizations or sell them to larger organizations, with their value largely determined by the number of case
- “Service providers who have less than 30 cases experience a number of serious difficulties. Some of them gave up altogether and closed their organizations. Many service providers regret starting their companies in the first place” (P10).

of unprincipled behavior and unlawful

- Unprincipled behavior and unlawful activities by (1) service providers, (2) care workers and (3) service users or their caregivers have frequently occurred in the field

1) illegal or unethical behavior by SP

- to increase their caseloads or to appropriate other SP' cases
- exempting service users of the copayment fee (15% of total home care costs), providing gifts such as cakes, rice, and air conditioners to prospective clients, and giving allowances to the elderly

- “So as not to have even one case appropriated from us, service providers have to shower the elderly clients with gifts... We must fight by fair means or foul... But really we’re harming ourselves...” (P7).

2) Unprincipled behavior by care workers

- Care workers being used as a means of increasing the number of service cases
:when introduces or secures a new elderly client for the SP, the SP may give money as a reward
- Surprisingly, care workers involved in introducing their elderly clients to other service providers that offer more money as a reward. Furthermore, some care workers openly demand and negotiate fees for providing new cases to service providers

“Care workers ask me how much money I am able to give to them as a reward for bringing new clients. If I can’t meet their expectations, they move to other providers. There are many cases like this” (P5).

3) Unprincipled behavior by service users or their family caregivers

- frequently ask for exemption of their copayment fee (15% of total home care costs), suddenly discontinue the use of services and to move to other service providers, frequently ask for care workers to be changed, and are often disrespectful to care workers

- “A family member of a potential client called me and asked me only whether I would be demanding the 15 % copayment fee... Service users may suddenly call our office, tell us that they no longer require our services, and then simply call other service providers, make a contract, and use their services instead. It’s really difficult” (P1).

Discussion & Conclusion

- The findings appears to indicate that the Korean LTC market is **in serious disorder**. All three stakeholders appear to employ unlawful activities and unprincipled behaviors **in order to maximize their individual interests**.
- In particular, many of the interviewees their serious concern that elderly clients have come to be regarded as merely **a means of making money** for service providers rather than people in need of professional care and who should be treated with compassion.

- Nevertheless, SP also noted that it is virtually impossible for service providers to survive in the LTC market without committing unlawful activities since there are too many competing service providers using such tactics to generate and bolster their profits.

- Limitation: Undoubtedly small-scale research
- Policymakers should be aware that over-dependence on market forces and an absence of a proper supervisory system could give rise to excessive competition among service providers and cause a number of serious problems in the LTC market
- In particular, the government should be actively involved in controlling the LTC market and establishing and administering adequate regulation and inspection systems