

Achieving UC: Korean Experience and Lessons

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Achieving UC

- Need politics-oriented strategies
- On top of enabling conditions such as growing economy, political feasibility and public awareness/support

US Man Stages \$1 Bank Robbery



Photo from *the Guardian*, June 21, 2011

- To get state healthcare in jail
- Because only asked for \$1, Mr. Verone was charged with larceny, not bank robbery
- But he said that if his punishment isn't severe enough to be in prison, he plans to tell the judge that he'll do it again
- His \$100,000 bond has been reduced to \$2,000, but he says he doesn't plan to pay it
- Mr. Verone said he thinks he chose the best of a bunch of bad options. "I picked jail"
- He got jailed
- And finally,

Money matters?

- Yes!
- But that is not all
- US vs. Thailand vs. China vs. Rwanda, Indonesia
- What has been the key driver in most of the successful cases?
- Political will
 - Prime Minister Thaksin of Thailand (100% coverage),
 - President Mr. Kagame of Rwanda (coverage of 44% in 2006 expanded to 92% in 2010),
 - President Hu of China (96% in 2011),
 - President Park JH of Korea, President Lee DH of Taiwan

Political Will by political leaders, is it coming suddenly, automatic, self-generated, or what?

- What are behind the PW?
- Can we find something from the Korean case?

Initiation of SHI Program*: Phase I

- President Park JH initiated the first social insurance (SHI) program in 1977. Why did he do it?
- Employee Scheme, for firms with 500 or more employees was the first program, with 8.6% of population covered
- Civil Servants/School Employee Scheme started in 1981, along with firms with 300 or more employees. Population covered increased to 24.2%

Note: SHI refers to public health insurance plan being operated under the solidarity principle. NHI refers to SHI with national coverage

Expansion to NHI Korea: Phase II

Broadening Stage

- Having seen the substantial financial protection benefits by Employer Scheme and Civil Servant Scheme, the rest of population (unemployed, self-employed, and small firm employees) voiced strongly for expansion of coverage to the whole population
 - Example of price discrimination: A service costs the uninsured \$100. Exactly same service costs \$15 for the insured ($\$15 = \$50 \text{ controlled fee} * 30\% \text{ coinsurance rate}$). For the same service, the uninsured pay 7 times as much as the insured pay

Phase II Broadening Stage

- The uninsured, mostly disadvantaged, got upset about the financial discrimination against them
- Civic groups, as representative of uninsured, demanded expansion of insurance coverage for the self-employed and unemployed
- Labor unions, who were mostly the insured, joined the movement
- They both launched political pressure through voting rights

How was the PW formed?

- Politicians had to listen to their demands to win the elections
- In a sense, democratization process in the 80s helped realize civic group demands to come true
- In 1988, all presidential election candidates promised and showed strong PW to go for UC sooner
- UC realized in 1989, two years earlier than the original plan of 1991
- Political pressure, consequently, worked as a critical turning point for UC (NHI) in Korea
- No question that continuously growing economy/per capita disposable income during 1970s and 1980s helped

Then came various health care reforms:

Phase III Deepening Stage

- After UC, many equity and efficiency issues surfaced
- To correct these problem, reforms followed
- Consolidation of insurance funds from multiple fund system to a single payer system
- Separation of drug prescriptions from dispensing
- Adoption of economic evaluation for insurance reimbursement decisions (HTA) for new expensive HTs
- Introduction of long-term care health insurance, mainly for caring the elderly in need of help

How about yours?

- Would nice words/advices to political leaders work?
- How about persuasion, wonderful hypothesis, world class expert meetings?
- They would be of help, but certainly not enough
- Political will (self-generated or pressure-based)? Yes!
- Path toward UC will be very rough, particularly in the case of India
- Have to face challenges from various stakeholder, as losers resist and winners silent
- Even Ministries will be different in ideas/opinions
- Who will face the challenges and adjust difference in opinions?

How about yours?

- Need strong PW to do the job
- UC is achievable when PW exist, but highly unlikely in the absence of it
- PW, necessary condition, though not sufficient
- In your local context, how could you make it formed? What would be means for political pressure?
- In Korea, was strong consumer voice for UC
- Yours could be similar or different? Then, what?

Gamsa Ham-nida!!

