



The Story of Korean Health Insurance System

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Many countries have worked to make their health care systems more sustainable facing the problem of drastically rising health care expenditures. European countries have attempted to minimize public expenditures and to introduce privatization based on the principles of neoliberalism. These countries have reformed, or are attempting to reform, their health care systems in order to minimize the financial burden on the public, while promoting market competition. In general, changes in health care systems have converged on neoliberalism.

Notably, the Korean experience has gone against this global trend. Korea integrated all health insurance societies into a single insurer system and has continued to increase public health care expenditure and benefit coverage in a manner counter to neo-liberalism, which demands a curtailment of public expenditure and strengthening of competition [1]. However, the share of public beds in 2007 is about 9.5% of the total number of beds in Korea, which means the extremely weak public health care provision system in comparison with other nations. Those are main characteristics of the current Korean health care system arising from historical development processes [2].

Two major institutional changes took place in Korean health care system. The one was the introduction of compulsory health insurance in 1977, and the other was its transition to universal national health insurance in 2000. Those major reforms make Korea a good case study of health policy change, given generalized claims about path dependence within health sector.

It is important to examine in detail why and how Korea chose to develop its own health care system in this way. However, only a few studies have attempted to explain the development process of the Korean health care system from social and political perspectives. For this reason, it is necessary to analyze historical development processes and changes in the Korean health care system.

Many developing countries in Asia are either considering, or have recently implemented, public health insurance schemes and want to learn more about Korea's successful experience. The institutional development process of the Korean health care system would provide a good example for these developing countries.

Many specialists in welfare politics have tended to explain the formation and development of health care systems from macroscopic standpoints, such as the dynamics of political and social forces or changes in the political structure [3–9].

In this perspective, researchers have explained more clearly transitions in health care systems. Wong [8] suggested that the transition from Social Health Insurance (SHI) to National Health Service (NHS) and the universalization of health care in Korea and Taiwan resulted from democratic reforms.

However, from Wong's suggestion regarding the cause of the transition, it is difficult to explain why the two countries' systems transformed into the new type of National Health Insurance.

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ance (NHI), rather than from corporatist SHI into NHS.

Meanwhile, researchers of health care policy have tended to view health care systems as independent and have focused on internal mechanisms. After England and Sweden established NHS systems, those systems lasted for 40 to 50 years without major change. This suggests that health care systems undergo little change unless a major event, such as a revolution, occurs. This is because of path-dependent characteristics, focusing on the durability and stability of the existing system [10]. The conception of path dependence, in which preceding steps in a particular direction induce further movement in the same direction, is well captured by the idea of increasing returns [11]. By using the concept of an increasing return process in path dependence theory, we can explain many of historical development of each country's national health care system.

Rico and Costa-Font [12] strongly argue that path dependence is not the automatic effect of impersonal institutional inertia but the result of an active, successful struggle by stakeholders to maintain their rights in the face of mounting pressures by stake challengers for changes of institution and policies. Therefore, it is necessary to consider the concepts of power and politics as causes of path dependence in the institutional development [12,13].

In the current issue of *Osong Public Health and Research Perspectives*, a study aims to examine why and how the Korean health care system was formed, developed and transformed into the integrated single insurer NHI system [14].

The authors describe the transition in the Korean health care system, using an analytical framework that incorporates such critical variables as the government's economic development strategies and the relationships among social forces, state autonomy and state power. This study focuses mainly on how the relationships among social forces can change, as the economic development strategy or the governing strategy of a nation changes, in response to changes in international circumstances such as globalization. Authors found that the corporatist SHI system (multiple insurers) introduced in 1977 was transformed into single insurer NHI in July 2000. These changes influenced externally by globalization and internally by political democratization, keeping private dominant health care provision system unchanged during several decades.

The authors conclude that major changes such as the integration reform occurred when high levels of state autonomy were ensured. The state power (state's policy capability), which is based on the health care infrastructures, acts to limit the direction of any change in the health care system because it is very difficult to build the infrastructures of a health care system in a short time.

CONFLICTS OF INTEREST

No potential conflict of interest relevant to this article was reported.

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