# Public Policy Making Process of introducing Long Term Care Insurance in South Korea: Generation of Alternatives and Innovation

**Health Insurance Policy Research Institute**
**NATIONAL HEALTH INSURANCE SERVICE**

Presenter: HEE SEUNG LEE

Contents

# I. Background

Rapid aging of population and increase in the number of older persons requiring long-term care (LTC)

Changes in family culture of caring older persons

Financial instability of National Health Insurance due to sharp increase in healthcare expenses for older persons

Need to establish an efficient service delivery system

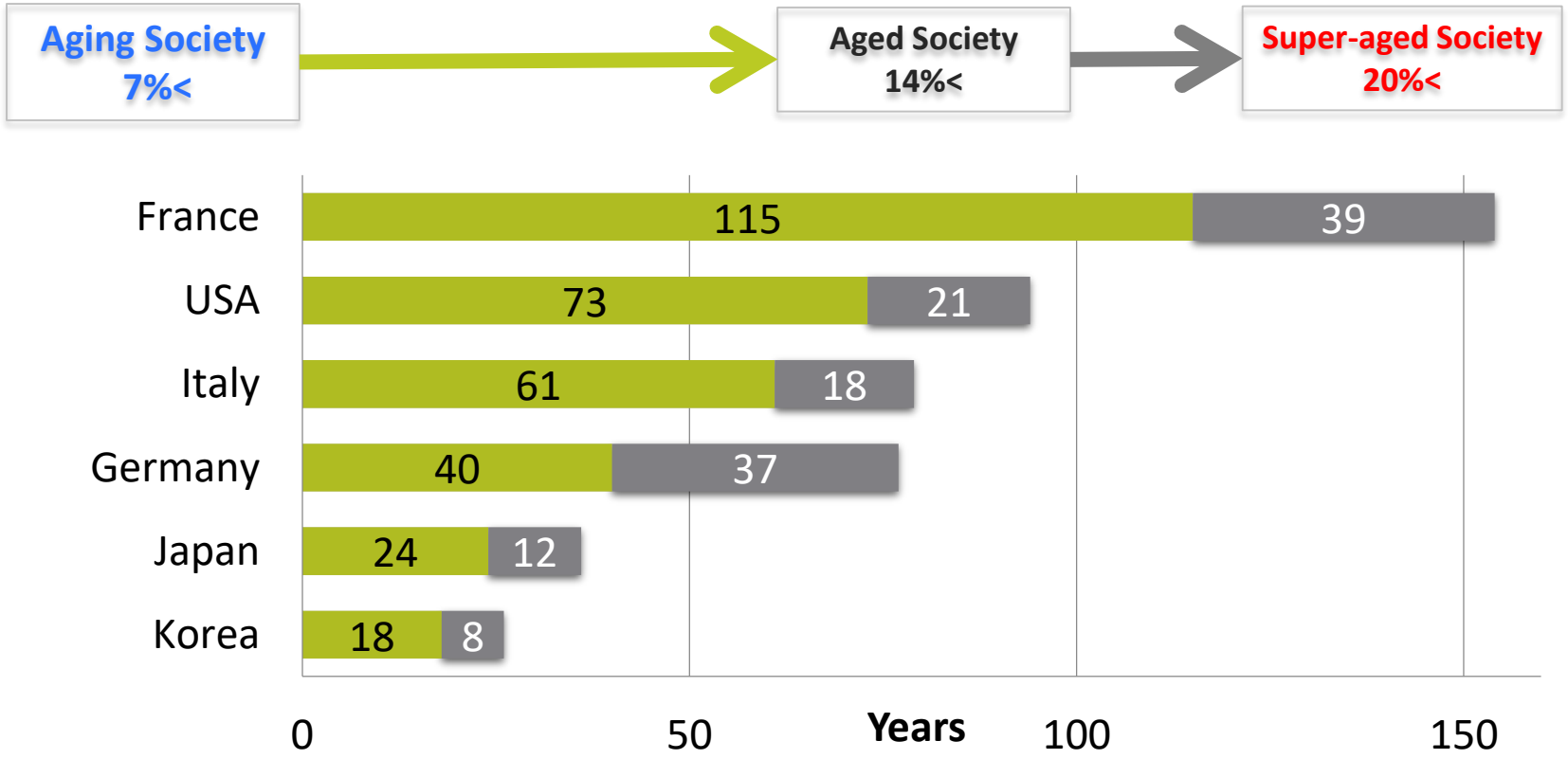
# I. Background: Rapid aging of population

- **Percentage of population aged 65 & over**

  Aging Society: 7.2% ('00) → Aged Society: 14.3% ('18) → **Super-aged Society 20.8% (Estimate for '26)**

- **Old people with long-term care need**: 12.1 - 14.8% of total old people

*Measurement: Year to reach 14% and 20% of the elderly population (<65)



# I. Background: Changes in family culture of caring older persons

- **Smaller family size (nuclear families)**
  One-person households(>65) account for 51.2% ('04).

- **Changed family culture**
  Older persons in on-person household feel lower necessity to live with family members

- **Women's increased labor force participation** : 49.8% ('04)

- **Increased financial burden of families supporting old people**
  Appx. $1,000~2,000/month ('04)
  → Needs to be resolved through social solidarity

- **Promoting social/economic participation of informal carers including women**

- **Increasing jobs in social service**
  Personal care workers, nurses, etc.
  40,000 ('08)→670,000 ('18)

- **Reducing family burden (Co-payment)**
  appx. $1,000~2,000/month →
  appx. $500~600/month

# I. Background: Increased health care expenditure and need for efficient service delivery

## Financial instability of National Health Insurance (NHI) due to sharp increase in the healthcare expenses for older persons

- Appx. $6 Billion (24.4% of total medical exp., '05)
  → Approx. $ 27 Billion (39.9% of total medical exp, '17)
- Medical expenses for seniors:
  At least 2-3 times those for non-seniors

### Need for efficient LTC service delivery system

- A separate welfare/healthcare system is unable to respond to the complex needs of older persons for public health, healthcare, long-term care and welfare.
- LTC infrastructure(facilities/workforce) needs to be established in a systematic way.

**Efficient healthcare and long-term care service delivery system**

Acute care in hospital → Long term care in LTC hospital → Long term care in nursing homes → **Home care**

# I. Expected effect : The impact of introduction of LTCI on social service market

## LTC provision

- Realizing potential demand: Service beneficiaries expanded
- From public goverment-supported providers to competitive multiple LTC providers

## LTC procurement

- The way of funding the operating cost of LTC providers changed

## Access to LTC

- Universal accessibility to long-term care service secured
- Those in need of LTC service empowered and the choice of LTCusers expanded

# II. Policy making process: Overview

## Agenda setting (Oct.1999-Feb.2003)

Ministry's internal deliberation

- Establishment of a planning group proposed

**Introduction of long term care insurance for older persons proposed in the President's speech marking the Independence Day in August 2001**

## Policy Formulation (Mar.2003-Feb.2005)

**Mar.'03 – Feb. '04**
**'Planning Group for Public Care System for Older Persons' established (25 members incl. outside members, Welfare Ministry)**
- Overall principles and strategies proposed, specific tasks reviewed later
- Social insurance + taxes, phased introduction (4 stages)

**Mar. '04 – Feb. '05**
**'Implementation Committee for Public Care System for Older persons' established (Welfare Ministry)**
- Visited Germany/Japan for research
- Public opinion polls (Nov-Dec. '04)
- Phased enforcement, financing, pilot program proposed
  (Plan A) After implementing it thru health insurance ('07), convert it to an independent system ('10)
  (Plan B) Launch it as an independent system ('07)
- Final report submitted

## Policy Adoption (Mar.2005-Mar.2007)

**May '05: Basic draft on the public care system for older persons confirmed thru gov't and ruling party discussions (Social insurance-type, enforcement from Jul.'08)**

Jun.'05 – Aug.'06: Opinion polls conducted 4 times

**Jul.'05 – Mar.'06: 1st pilot program conducted (6 cities/counties)**

Sep.'05: Legislative public hearings (Health and Welfare Ministry)

**Feb.-Oct.'06: Bills submitted to National Assembly (7 bills)**

**Apr.'06-Apr.'07: 2nd pilot program conducted (8 cities/counties)**

Nov.-Dec.'06: Public hearings (by Nat'l Assembly)

## Policy implementation (Apr.200-Jun.2008)

**'07.4: Long-term Care Insurance Act promulgated**
**May '07-Jun.'08: 3rd pilot program conducted (13 cities/counties)**

**Sep.-Oct.'07: Enforcement Decree and regulations promulgated**
**Dec.'07: Long-term Care Committee held, contribution rates, care fees, etc. deliberated/determined**

**Feb.'08: Mayors/governors designated as approvals of trainings for personal care workers**
**Mar.'08: Management system established incl. computer system, work force recruitment**
**Apr.'08: Application for need assessment, indication of grade begun**
**Jun.'08: Training of long-term care workforce begun**

**Jul.'08: Long-term Care Insurance Act implemented (Provision of long-term care benefits, collection of contributions)**

# II. Features of policy making process of LTCI

**Rather than a government action to response to the demand from civil society**

- **Government-initiated** formation of policy agenda and enforcement
- **Government's 'policy needs'** to respond to the rapid population aging

Policy environment around launching LTCI

- **Political background** that all of the ruling/opposition parties and President wished to gain the **political support from the senior citizens**
  → Adopted as an election agenda of presidential campaign platform
- Overall policy direction toward **universal welfare system for older persons**, securing social service jobs preparing for upcoming "aging society"
  (**One of President Rho's important policies after 1997 financial crises**)

Publicize the adoption of new system as an official policy agenda to people,

**Trying to engage experts, civil groups and interested groups in policy making process**

- Public hearings, panel discussions, opinion polls, government-led task force, etc.

# III. Major Issues & Decisions (1): Operation of the System

| | V (Plan A) Establish a long-term care insurance independently from health insurance | (Plan B) Use existing health insurance, implement it in phased manner |
|---|---|---|
| **Pros** | Operation of long-term care benefits independently from health insurance fund<br>**Making most of the features of long-term care ins. system** | Establishment of a new system leading to reduce people's concerns (contribution burden, etc.).<br>Easy connection of health insurance and long-term care benefits |
| **Cons** | Financial burden from imposition of new insurance contributions<br>Obscurity in benefits areas between healthcare and long-term care can cause expenses transfer between two insurances. | Priority in relation to expansion of health insurance benefits,<br>complexity due to differences in targets, service procedures, etc. between two insurances |
| **Countries** | Austria, Australia, **Germany, Netherlands**, Israel, **Japan**, France, Ireland, New Zealand | UK (Partially (social services, etc.) separated), Sweden, Canada |

# III. Major Issues & Decisions (2) Financing System

**Draft Plans** **(Plan A) Social insurance**

**(Plan B) Tax**

**(Plan C) Start with tax system, then convert to social insurance**

| V | (Plan A) Social Insurance type | (Plan B) Tax type |
|---|---|---|
| **Revenue** | Insurance contributions | National tax, local tax |
| **Country** | **Germany, Japan (+tax), Korea (+tax), Netherlands**, France, USA (Medicare), Luxemburg | Denmark, Finland, Italy, New Zealand, Sweden, UK, Australia, Canada, USA (Medicaid), Norway, Austria |
| **Pros** | • Easier financing than tax type<br>• Easier connection between contributions & benefits<br>• Easier enforcement due to similarity to health insurance | • Higher efficiency in the use of public financial resources when selecting care beneficiaries by considering both physical need and private financial status of beneficiaries<br>• Universal application (no issues like exclusion of contribution delinquents from benefits), no delinquencies and failure in collection |

# III. Major Issues & Decisions (2) Financing System

**Draft Plans**

**(Plan A) Social insurance**

**(Plan B) Tax**

**(Plan C) Start with tax system, then convert to social insurance**

| V | (Plan A) Social Insurance | (Plan B) Tax |
|---|---|---|
| **Cons** | • Possibility of larger expenses of care service compared that of tax type<br>• Criticism on new insurance burden | • Difficulty in expanding benefits due to priority in financial aspect<br>• Possible tax resistance<br>• Excessive budget likely to be spent for establishing public facilities if the private sector does not participate<br>• Expenditure shift issue between health insurance and tax-financed long-term care systems |

# III. Major Issues & Decisions (3) Managing Entity

**Draft Plans**

**(Plan A) National Health Insurance Service (NHIS)**

**(Plan B) Local governments (Cities/counties)**

**(Plan C) Shared governance: Local governments + NHIS**

| | (Plan A) National Health Insurance Service | (Plan 2) Local Government (Cities/counties) |
|---|---|---|
| **Pros** | ▪ **Higher operational efficiency** thru using the health insurance system –Leading to higher efficiency in the management of eligibilities, contributions, benefits, etc. and higher convenience for the general public thru connection with health insurance service<br>▪ **Easy connection between the healthcare benefits and long-term care benefit**s, which allows an integrated service system for healthcare and nursing | ▪ Easy connection with the existing welfare service for residents<br>▪ Easiness in using diverse local resources for local governments<br>▪ Higher accessibility by local residents<br>▪ Possible financial support from local governments |

*** Opinions of the nation's mayors/county heads sent to National Assembly('06.10):**
**'NHIS manage the system'**

# III. Major Issues & Decisions (3) Managing Entity (con't)

**Draft Plans**

**(Plan A) National Health Insurance Service (NHIS)**

**(Plan B) Local governments (Cities/counties)**

**(Plan C) Shared governance: Local governments + NHIS**

V

| | (Plan A) National Health Insurance Service | (Plan 2) Local Government (Cities/counties) |
|---|---|---|
| Cons | ▪ Poor connection between local governments' welfare services and long-term care service<br>▪ No mechanism for providing financial support for local governments' long-term care service<br>▪ Limits in the use of diverse resources of the local governments | ▪ **(Scenario 1) A self-supporting accounting system by different gov't**<br>– Difficulty in setting a reasonable financial resource allocation rule, which can be agreed despite fiscal regional disparity<br>– Possibility of fiscal pressure in rural areas where many seniors reside<br>– Difficulty in developing a uniform contribution collection system based on the health insurance system because of setting local-specific eligibility standards by local government<br>▪ **(Scenario 2) A single accounting system shared by different gov't**<br>– Loss of financial resources may occur due to low sense of financial responsibility<br>▪ Increased operating expenses due to establishment of a new social insurance operation system<br>▪ Possible civil complaints due to procedural complexity |

# III. Major Issues & Decisions (4) Coverage of the insured and beneficiaries

## Review Topics

**(1) Covering the disabled** as care beneficiaries under the new system?

**(2) Matching of coverage of the insured with care beneficiaries**

## Review Points

- Promoting of the young generation's **policy acceptance**
- **Minimizing of resistance** to payment of contributions
- Considering **fiscal capacity of the state** and **financial capability of insurance contribution payers**
- Recognizing the distinctiveness of care service for older persons and that for the disabled
- Integration issue with the pre-existed welfare programs for the disabled

## Review Results

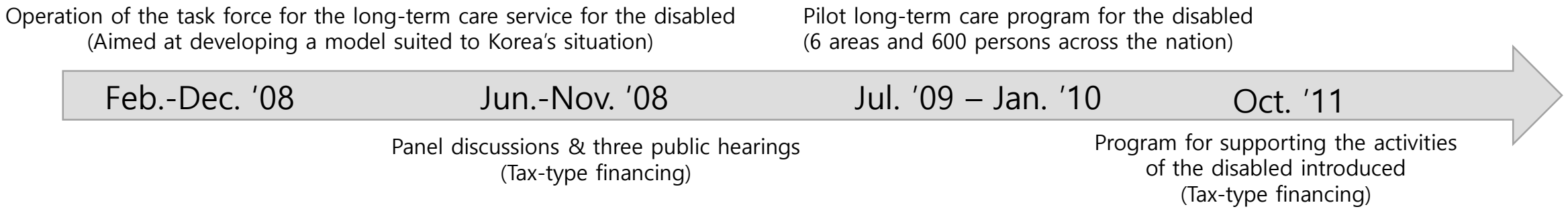
**(1) Excluding the disabled under age 65 with non-geriatric diseases from long-term care benefits and cover them separately with another system**

- Advocacy groups related to disability policy: no agreed opinion, controversial
- National Assembly man's proposition: 'Most disable persons should be included'.

→ Having **different goals and directions**, long term care service for old people and disability service should be **separately managed**.

・**Disability service** focus on promoting **self-reliance** thru **social integration (participation) and rehabilitative treatment**,
・while the long-term care service for old people focus on supporting the old people with **activities of daily living** (physical activities or homemaking activities).

→ Supplementary resolutions adopted during legislation process to take measures for the disabled
(Government … is obliged to report the welfare measures tailored for the disabled to the National Assembly in two years)



## Review Results

### (2) Matching the coverage of the insured and the long-term care beneficiaries

In the case of those aged under 65, the coverage shall be limited to those with geriatric diseases.

During the stage of formulating policy alternatives (Task Force and Enforcement Committee), the eligible persons were those aged 45 and over. However, th**e final resolution** made during the policy adoption stage (the stage of governmental resolution) was that the insured and the beneficiaries should be matched.

- **Pay-as-you-go principle**: The system needs to be operated in accordance with the **principles of social insurance (Universalism)** by matching the contribution-payers and the beneficiaries.
- Estimation of the old persons requiring care services

  Of the persons aged 65 and over, 14.8% (Enforcement Committee, ‘04),

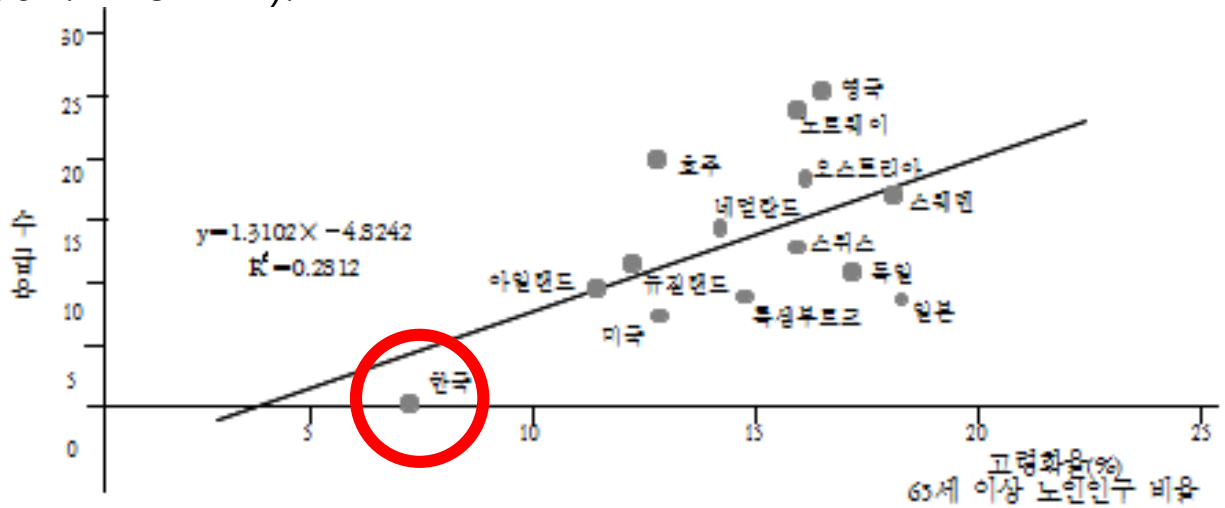
  12.1% (Korea Institute for Health and Social Affairs/Ministry of Health and Welfare, ’05)

## Comparison of the Activities Assistance for the Disabled and the Long-term Care Insurance for older persons

| Description | Activities Assistance for the Disabled | Long-term Care Insurance for older persons |
|---|---|---|
| **Financing** | Tax | Social insurance |
| **Beneficiaries** | Selected from among the severely disabled persons who are incapable of taking care of themselves thru verification check | Selected from among those aged 65 and over through verification check<br>※Including those aged under 65 having specific geriatric disease |
| **Benefits** | ◦ Homecare benefits<br>- Activities assistance<br>(Physical activities, homemaking, moving assistance, etc.)<br>- Home-visit nursing<br>- Home-visit bathing<br>- Day care, etc. | ◦ Homecare benefits<br>- Home-visit care (Physical activities, homemaking, etc.)<br>- Home-visit nursing<br>- Home-visit bathing<br>- Day care<br>- Assistive devices, etc.<br>◦ Institutional benefits<br>◦ Cash benefits (exceptional case) |
| **Service personnel** | ◦ Activities assistant (trained personnel)<br>* Joint use of care workers , visiting nurses, etc. | ◦ Personal Care Workers (national certificate), visiting nurses |
| **Co-payment** | ◦ Basic (the poorest): free<br>◦ Next high – fixed amount of fees<br>◦ Above the next high - Differential rates based on income within 15% | ◦ Basics (the poorest): free<br>◦ Next high – 6% or 9%(homecare), 8% or 12% (institutional)<br>◦ Above the next high - 15%(homecare), 20%(institutional) |
| **Operating entity** | ◦ Ministry of Health and Welfare, local governments<br>* Specialized organization to participate to serve as the management & operating entity | ◦ NHIS |

***< Reference >***

- Most of the OECD countries do not limit the beneficiaries of long-term care service to older persons. Around 7-25% of older persons receive the service (OECD, 2005)
- The share of older persons aged over 65 reached 9.1% in 2005, and the share for the long-term care beneficiaries are estimated to be about 7% of older population. The share of Korean old people requiring the long-term care service is projected to be about 8-9% out of old population (Ministry of Health and Welfare, Korean Institute for Health and Social Affairs, 2007: 118-124).




Source : 1. OCED(2005). "Long-term care for older people".
2. Health & Welfare Ministry, Korea Institute for Health & Social Affairs (2007). 'An Evaluation Study (2nd) on the Pilot Long-Term Care Insurance for Older Persons' p. 119.

## Review Topics

- Care planning based on need assessments
  Introduction of the functions that coordinate the quantity of LTC services

  → Serving as the medium that connects the indication of long-term care grades with the use of care services

- Institutionalization of the eligibilities of the Care Manager

## Review Points

- Whether to let the service providers control the quantity of services provided at their discretion as before, or introduce a new management and operating entity that controls financial matters.
- Accessibility by older persons to care services
- Easiness in the management of the quality of care services
- Personnel required for care management and the required budgets (cost-effectiveness)
- Impact of the creation of a new occupational category (Care Manager) on the related areas, etc.

## Review Results

Introduce a **Korean-style care management system**, but without the care manager qualifications system.

- NHIS prepares/provides an advisory 'Standard Long-Term Care Use Plan' → Beneficiary chooses the benefit type and number of times → Voluntary agreement with the service provider → Service provider prepares Care Plan and provides services.
- **Do not introduce any specific care management qualifications** system, and the NHIS staff (nurse, social service worker, etc.) prepares the Standard Long-Term Care Use Plan and provides consultation on the use of service.

Strengthen the **NHIS's role as the Care Coordinator** through the enforcement of a program aimed at strengthening the use of services (Mar. '19).

- Convert the system to one in which the NHIS and the service providers cooperate to jointly manage the utilization by the beneficiaries of the care services.
- Based on the NHIS-prepared Standard Long-Term Care Use Plan, have the Benefits Provision Plan prepared and mandatorily reported to the NHIS (Jun. '19).

< Note >

- Bills presented by the Government and National Assembly members: proposed the care service provider or the city/county be granted the right to prepare the Care Plan.

## Review Points

**(Plan A) Phased enforcement (2007) beginning with older people having severe level of care need through the health insurance system before converting to an independent long-term care insurance system (2010-).**

- During the infrastructure establishment period, the insured of the health insurance will receive benefits from the health insurance, while the recipients of public aid will receive care services from the government subsidies.
- Upon establishment of the infrastructure, convert to an independent care insurance system for older persons that also covers the recipients of public aid.

**(Plan B) Independent system, full enforcement from Jul. 2007 (Phased Enforcement)**

- Implement an independent long-term care insurance system that covers both the insured of the national health insurance and the recipients of public aid.
- Expand the system in phases based on the level of expansion of the infrastructure; people with the most severe > severe > mild dependency
- Beginning with the entire elderly people in 2011, expand to the people aged 45 and over in 2013.

# III. Major Issues & Decisions (6)
## Introduction/Enforcement Phases of the System

| | Plan A (Start within health ins.) | Plan B (Start independently) |
|---|---|---|
| **Pros** | ▪ **Early, stable settlement of the system** due to sufficient time for securing infrastructure and **phased expansion of care benefits**<br>▪ **Prior-resolution of potential problems related to no implementation of pilot program and sudden system-wise changes**<br>▪ **Higher acceptance by people toward burden of contributions** as care services are provided in form of health insurance benefits | ▪ Distinct need and rationale for introducing universal care insurance system<br>▪ **Expansion of coverage of beneficiaries and benefit of care services is possible irrespective of fiscal state of health insurance and priority within health insurance's benefit**<br>▪ **Early reduction of financial burden of middle-class citizens requiring high level of care services** |
| **Cons** | ▪ **Issues in setting priorities within NHI benefit** in the process of expanding benefits and strengthening of coverage<br>▪ **Possible requests for care benefits by the insured aged under 46 with severe dependency in addition to seniors** due to implementation within health insurance system<br>▪ **Impact upon the coverage of benefit and beneficiaries** due to financial situation of health insurance | ▪ **Potential problem in providing appropriate care services to beneficiaries** due to insufficient infrastructure<br>→ Possible criticism against establishment of a new social insurance system<br>▪ **Obscurity in benefits areas between two insurance systems** can cause expenses transfer between two insurances<br>▪ **No implementation of any pilot program and sudden system-wise changes may result in failure to resolve potential problems related to full-scale implementation of the system.** |

## Review Points

- Consider the establishment of infrastructure and **acceptance by the people** toward the system, and **minimize the confusion** over the system.
- **Personnel, infrastructure and the time for preparations are significantly insufficient,** consider the point that enforcement of the system in 2007 may be difficult.

The criticism that '**There are contributions to pay and the system, but no services to receive**' may occur.
→ Heightened discontent by the people can damage the people's acceptance of the system.

## Review Results

- **Enforcement from Jul. 2008 (for those having severe dependency of at least Grade 1–3), Gradually expand the coverage of beneficiaries**

It was judged that, if the government actively tries to expand infrastructure, the facilities and personnel infrastructure may be successfully secured.

## Comparison by country at time of enforcement of long-term care insurance system

| | | Germany | Japan | Korea |
|---|---|---|---|---|
| Total Population | | 82,532,000('05) | 127,730,000('06) | 48,297,000('06) |
| Population of Seniors (%) | | 14,860,000(18.0%) | 25,780,000(20.2%) | 4,586,000(9.5%) |
| **Year of Enforcement** | | **Apr.1995(Homecare)<br>Jul.1996(Institutional)** | **2000.4.** | **2008.7.** |
| At Time of Enforcement | Total Population | 81,895,000('96) | 126,926,000 | 48,877,000 |
| | **Population of Seniors (%)** | 12,637,000<br>**('95, 15.5%)**<br>12,795,000<br>**('96, 15.6%)** | 22,043,000<br>**(17.4%)** | 5,016,000<br>**(10.3%)** |
| Number of Beneficiaries | Total | 2,129,000 ('05) | 3,420,000('06.4) | 158,000('08) |
| | Institutional care | 677,000 | 790,000 | 59,000 |
| | Home care | 1,452,000 | 2,630,000 | 99,000 |
| **Per Capita GDP (Current prices & PPPs)** | | **$21,920('95)<br>$22,590('96)** | **$26,354('00)** | **$18,374('06)** |

# III. Major Issues & Decisions (7) Infrastructure Expansion

## Review Topics

- **Timely supply?**

  Increased concerns and interest by the people due to provision of a relative short period of time of about one year three months between the enactment of the law (Apr. '07) and the time of enforcement (Jul. '08)

- **Approval criteria for long term care providers**
- **Ownership : Public vs. Private**
- **Create new occupation:** Introducing nation certification system for the new occupation(Personal Care Worker)

## Review Points

- Possibility of establishing a system that allows timely enforcement of the system in a short period of time
- Need to introduce the service personnel training system
- Rational for the establishment of new national certification system for personal care workers
- Consistency with the existing welfare service system for older persons
- Possibility of conflicts with the interested groups and methods of resolving them
- Benchmarking of the advanced welfare states' policy directions … Japan, Germany, etc.

# III. Major Issues & Decisions (7) Infrastructure Expansion

## Review Results

- The government judged **the need for infrastructure could be timely satisfied thru active measures**.

  The government clearly declared that the system would be enforced from July 2008 as expected, and encouraged the local governments by providing the entire administrative and financial support of the central government.

  ・Implementation of the 10-Year Plan for Expanding the Long Term Care Infrastructure for Older Persons (’02-’11) and the Comprehensive Investment Plan (’06 ~ ’10)

  ・Holding of business briefing to induce private investment to build LTC infrastructure (Mar. ‘08)

  → Presentations by private start-up consultants on profit structure, strategy, etc. of long-term care business
  → Presentations for advocacy groups (Nurses Association, etc.)
  : Encourage active participation by unemployed nurses in home-visit nursing industry

- **Service providing entity**: In the case residential care facilities, it was targeted to secure 60-70% of the facilities required as the public infrastructure.

  Local govs’ indifference to establishing public infrastructure: due to lack of understanding, financial burden, etc.

  → Promote a competitive situation among providers → Higher quality of care services

- **Approval of LTC provider**: Registered and approved by local governments

- **Service Personnel**: Use the existing personnel to secure service quality and cost-effectiveness

# Reference

LEE, Kwang-Jae (2010) Comprehension on policy process of Long-Term Care Insurance for the Elderly in Korea (in Korean, "노인장기요양보험제도 정책과정의 이해"),
ISBN: 978-89-6352-206-67

LEE, Kwang-Jae (2012) General Introduction of Long-Term Care Insurance Act for the Elderly in Korea (in Korean, "노인장기요양보험법 총론")
ISBN: 978-89-6352-345-3

# Thank you
# Q & A

For further information, please contact
rlaaltnr@nhis.or.kr

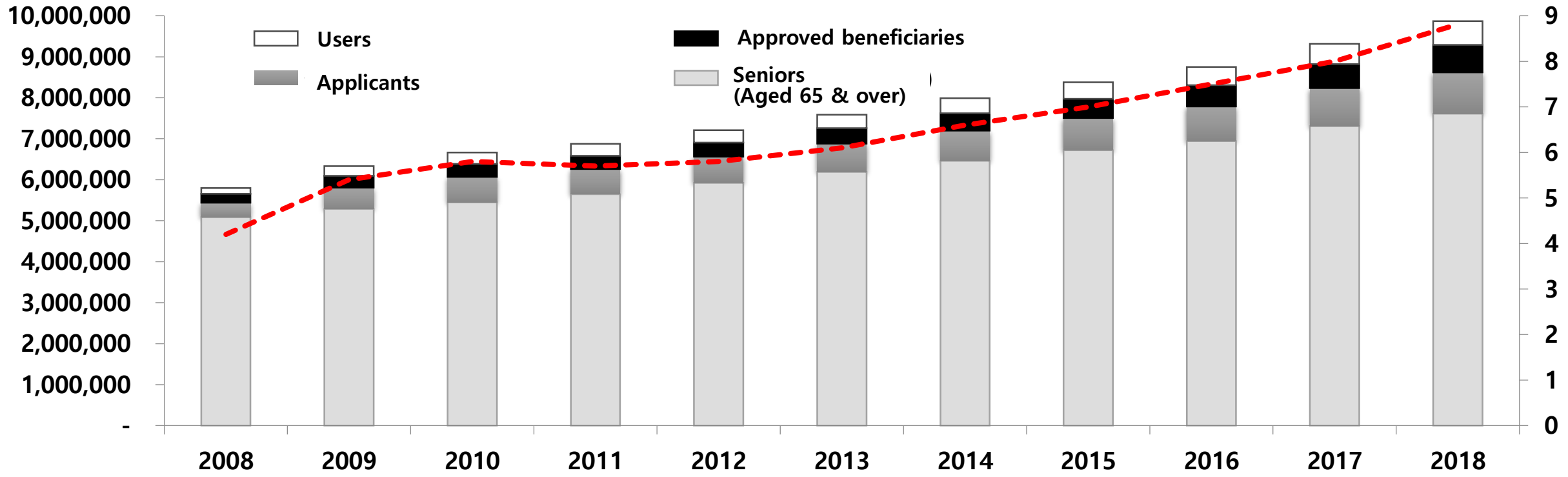
# Appendix

# Examination of the Enforcement Model Thru Pilot Program

## Prepare detailed action plan for pilot program based on Enforcement Committee's basic framework

| | 1st Pilot Program | 2nd Pilot Program | 3rd Pilot Program |
|---|---|---|---|
| Target Areas | 6 areas<br>(Gwangju Nam-gu, Gangneung, Suwon, Buyeo, Andong, Buk-jeju) | 8 areas<br>(Busan Buk-gu and Wando (South Jeolla) added) | 13 areas<br>(Incheon Bupyeong-gu, Daegu Nam-gu, Cheongju, Iksan, Hadong, added) |
| Subjects | Recipients of public aid aged 65 & over (About 12,000 persons) | Recipients of public aid aged 65 & over + seniors<br>(About 210,000 persons) | Recipients of public aids aged 65 & over + seniors<br>(About 370,000 persons) |
| Program Period | Jul. 2005 – Mar. 2006 | Apr. 2006 – Apr. 2007 | Mary 2007 - Jun. 2008 |
| Certified Grades | Long-term Care Grades 1-3 | Long-term Care Grades 1-3 | Long-term Care Grades 1-3<br>(In case of institution, Grades 1-2) |
| Co-payment | 20% of cost of benefits | 20% of cost of benefits | Institutional 20%, homecare 15% |
| Focus | Technical sides incl. development of need assessment tools, adequacy of the level of copayment | Implement in a way similar to the main program, monitoring the procedure of use, benefits satisfaction levels, service delivery system, etc. | Final check before enforcement of the main program, minimization of inconvenience in using the services |

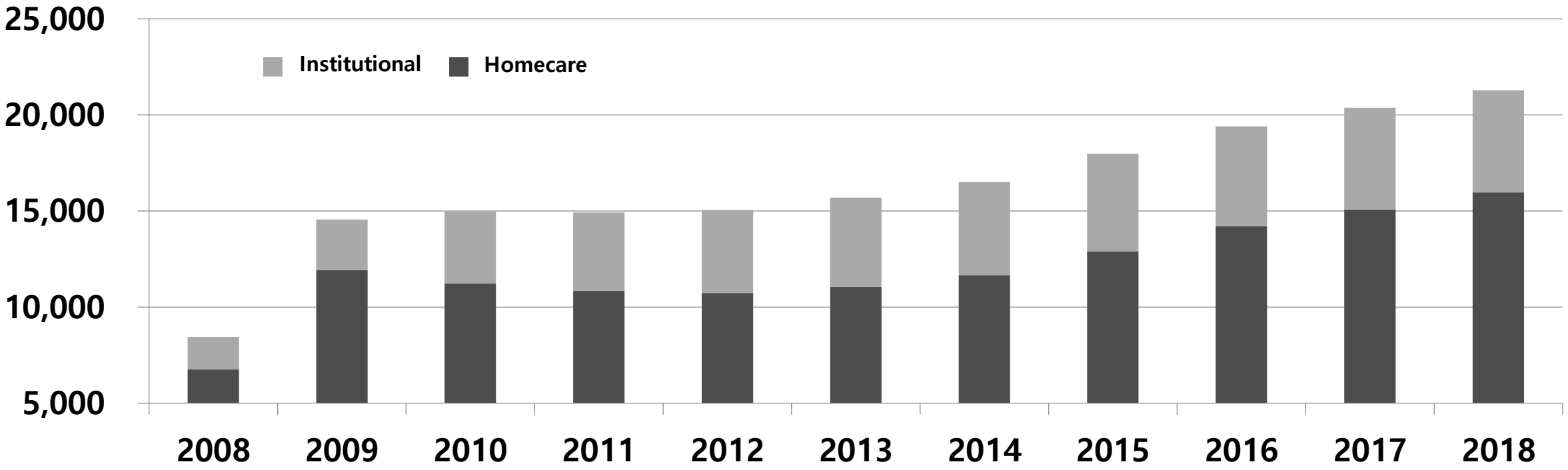
# Number of Applicants & Beneficiaries of Long-Term Care Benefits




(Unit: person, %)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Seniors (Aged 65 & over) | 5,086,195 | 5,286,383 | 5,448,984 | 5,644,758 | 5,921,977 | 6,192,762 | 6,462,740 | 6,719,244 | 6,940,396 | 7,310,835 | 7,611,770 |
| Applicants | 355,526 | 522,293 | 622,346 | 617,081 | 643,409 | 685,852 | 736,879 | 789,024 | 848,829 | 923,543 | 1,009,209 |
| Approved | 214,480 | 286,907 | 315,944 | 324,412 | 341,788 | 378,493 | 424,572 | 467,752 | 519,850 | 585,287 | 670,810 |
| Users | 139,192 | 238,408 | 278,413 | 288,242 | 300,869 | 331,525 | 364,596 | 399,761 | 442,819 | 497,394 | 576,818 |
| **Approval Rate in Relation to Senior Population** | **4.20** | **5.40** | **5.80** | **5.70** | **5.80** | **6.10** | **6.60** | **7.00** | **7.50** | **8.00** | **8.81** |
| **User Rate in Relation to Approvals** | **64.90** | **83.10** | **88.10** | **88.90** | **88.00** | **87.60** | **85.90** | **85.50** | **85.20** | **85.00** | **83.50** |

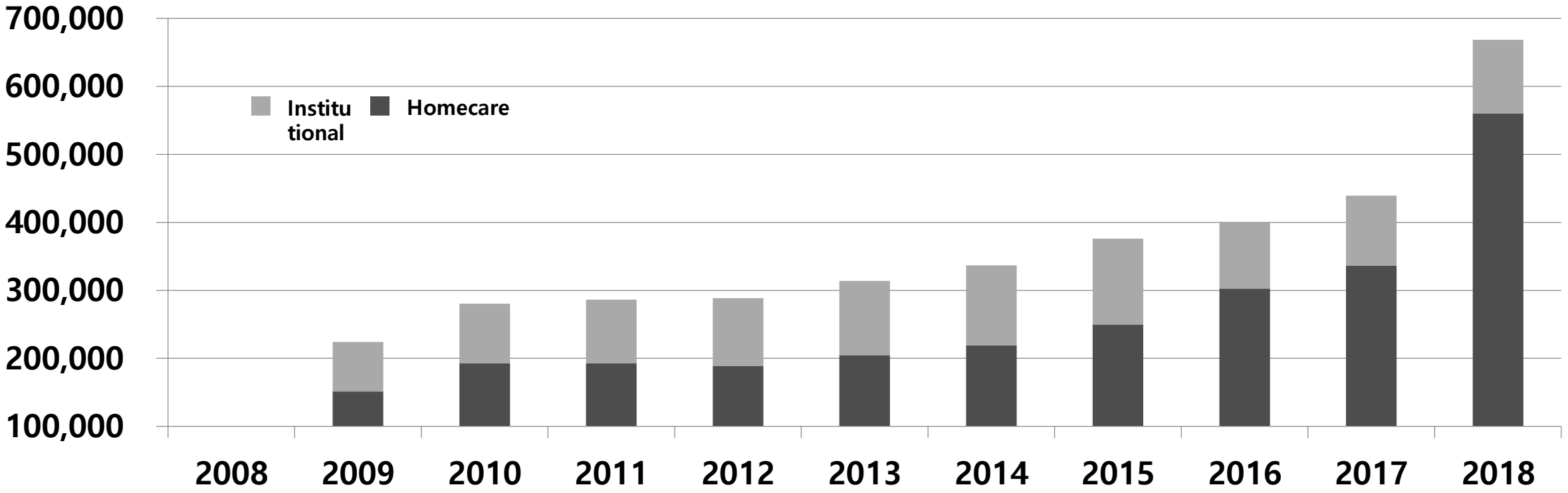
# Long-Term Care Institutions




(Unit: institution)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Homecare** | 6,744 | 11,928 | 11,227 | 10,857 | 10,730 | 11,056 | 11,658 | 12,902 | 14,211 | 15,073 | 15,970 |
| **Institutional Care** | 1,700 | 2,628 | 3,751 | 4,061 | 4,327 | 4,648 | 4,867 | 5,083 | 5,187 | 5,304 | 5,320 |

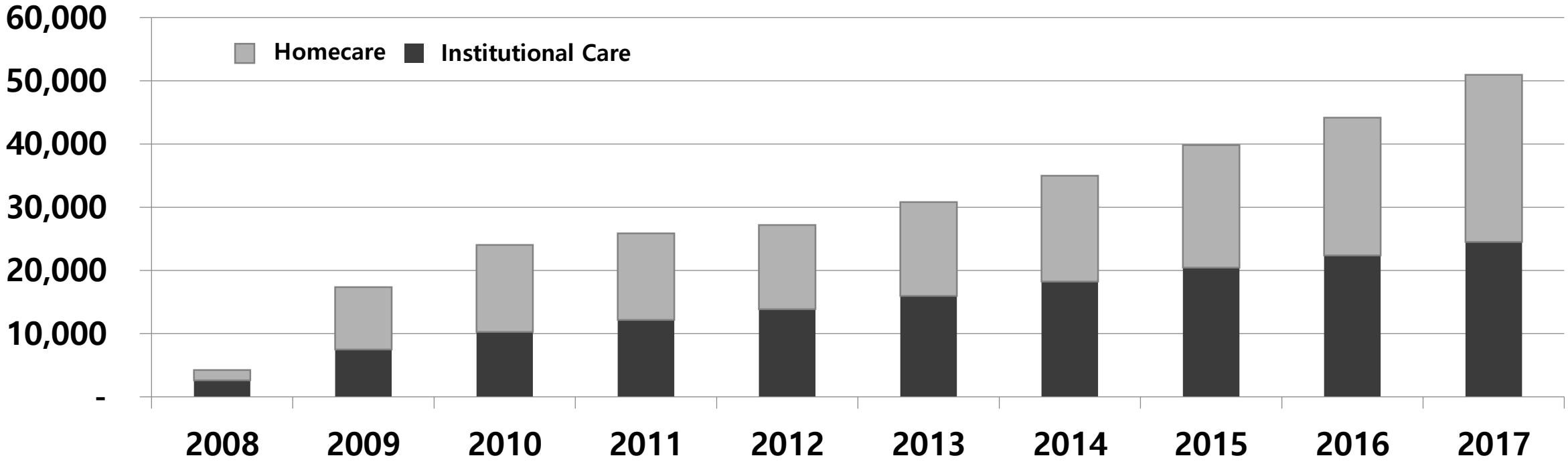
# Long-Term Care Service Personnel




(Unit: person)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Homecare** | | 151,251 | 192,765 | 192,480 | 188,756 | 204,921 | 219,090 | 249,962 | 302,572 | 336,446 | 560,070 |
| **Institutional Care** | | 73,027 | 87,564 | 93,858 | 99,957 | 109,061 | 117,548 | 126,241 | 96,886 | 102,720 | 108,304 |

# Long-Term Care Benefits Provided 1

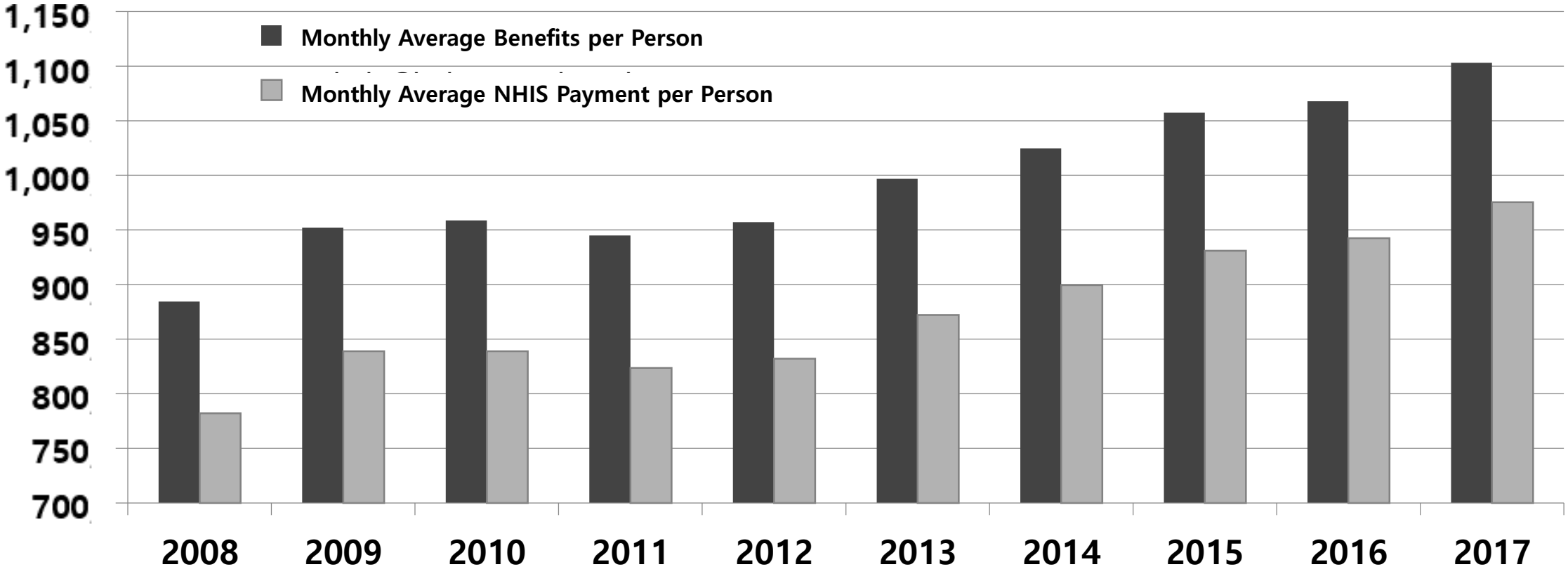



(Unit: $100T)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Institutional Care | 2,628 | 7,513 | 10,283 | 12,178 | 13,874 | 15,966 | 18,233 | 20,440 | 22,382 | 24,520 |
| Home care | 1,640 | 9,856 | 13,740 | 13,704 | 13,303 | 14,864 | 16,748 | 19,376 | 21,795 | 26,417 |
| Monthly Average Benefits per Person | 884,452 | 952,163 | 958,654 | 944,920 | 956,986 | 996,714 | 1,024,520 | 1,057,425 | 1,067,761 | 1,103,129 |
| Monthly Average NHIS Payment per Person | 782,173 | 838,912 | 838,917 | 823,730 | 832,132 | 872,106 | 899,361 | 930,917 | 942,415 | 975,496 |

*Total Amount=NHIS Payment + Co-payment

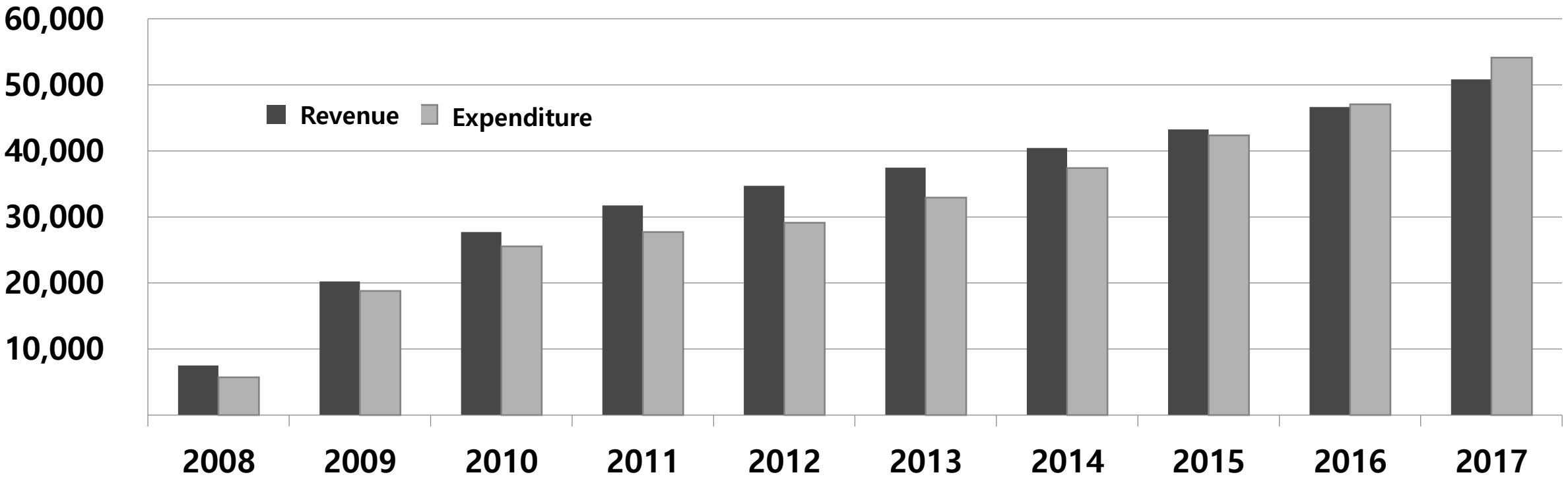
# Long-Term Care Benefits Provided 2




(Unit: $)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Average Benefits per Person | 884.452 | 952.163 | 958.654 | 944.92 | 956.986 | 996.714 | 1,024.52 | 1,057.425 | 1,067.761 | 1,103.129 |
| Monthly Average NHIS Payment per Person | 782.173 | 838.912 | 838.917 | 823.73 | 832.132 | 872.106 | 899.361 | 930.917 | 942.415 | 975.496 |

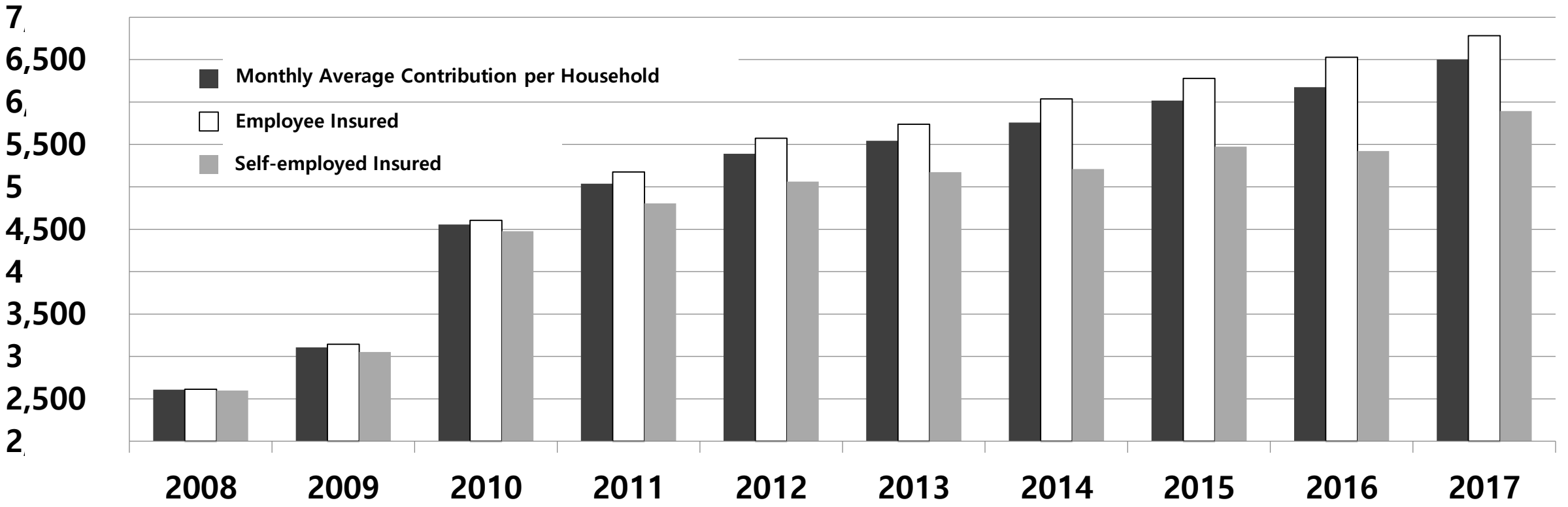
# Financial Status




(Unit: $100T, based on cash flow)

| | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | | 7,518 | 20,238 | 27,720 | 31,732 | 34,706 | 37,472 | 40,439 | 43,253 | 46,635 | 50,846 |
| Expenditure | | 5,731 | 18,791 | 25,547 | 27,714 | 29,113 | 32,915 | 37,399 | 42,344 | 47,067 | 54,139 |
| Balance | Current | 1,787 | 1,447 | 2,173 | 4,018 | 5,593 | 4,557 | 3,040 | 909 | △432 | △3293 |
| | Accumulated | 1,787 | 3,234 | 5,407 | 9,425 | 15,018 | 19,575 | 22,615 | 23,524 | 23,092 | 19,799 |

# Insurance Contributions




(Unit: $, based on close account)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Average Contribution per Household | 2.607 | 3.107 | 4.556 | 5.038 | 5.389 | 5.542 | 5.758 | 6.016 | 6.175 | 6.501 |
| Employee Insured | 2.612 | 3.143 | 4.605 | 5.176 | 5.572 | 5.738 | 6.038 | 6.279 | 6.528 | 6.782 |
| Self-employed Insured | 2.599 | 3.053 | 4.477 | 4.806 | 5.063 | 5.173 | 5.211 | 5.475 | 5.423 | 5.893 |