

## **South Korea Health Care System**

The most noticeable change in the Korean health-care system was the establishment of the NHI system. It was implemented in stages over 12 years, and each stage was achieved with little political, economic, or social resistance. The expansion of health insurance coverage toward the whole population was a popular issue and received a strong political support from voters.

NHI is the central organizing mechanism of the Korean health-care system, through which resources flow among the government, consumers, corporations, and service providers, under a relatively weak governance structure. In most situations, patients are given a choice of hospitals and clinics. To establish patient referral channels, regulations were introduced in 1989 to partially restrict the choice of providers available through the NHI. Nevertheless, the regulations were not enforced by the hospitals because they feared the loss of revenues, and most patients do not abide by these rules.

Providers are paid by fee-for-service (FFS) for services covered by the insurance. These fees are paid in part by the National Health Insurance Corporation (NHIC), and the rest by patients' out-of-pocket (OOP) payments. NHI, in turn, is financed by premium contributions paid by consumers and employers, along with government subsidy. The government raises this subsidy through tax revenues.