Status of Long-Term Care Service and Direction to Enhance the Role of Insurance Companies

The demand for long-term care services is expected to increase rapidly due to aging and longevity. However, the supply of high quality long-term care services is insufficient. The public sector faces financial problems, while the role of private sector is weak. Therefore, this study examined the necessity of the insurance industry’s role in providing high quality long-term care services and financing.

According to the results of this study, first, the need for long-term care service is increasing both in quantity and quality in the process of rapidly aging population; however, the supply of nursing facilities is insufficient. Despite the efforts of the public sector, the cooperation of private sector is inevitable due to the public sector’s financial problems. However, there are various practical constraints on the private sector’s entry into long-term care business.

Second, in the case of Japan and Germany, it is difficult to evaluate their long-term care service uniformly due to the different environments. However, we found the characteristic that they had developed long-term care services through the introduction of market mechanisms and privatization. In particular, Japanese case suggests great implications to Korea, as the linkage between long-term care services and nursing insurance was shown.

Third, it is analyzed that long-term care demand in Korea will be expanded in the future. The cooperation of public and private sector is required to cope with such demand. Above all, it is time to look at how the care industry must respond and preempt the market as the silver industry expands.