The Present Status and Future Direction of Oriental Medical Services in the Automobile Insurance

This study examines current status, problems, and improving plans of oriental medical services in the automobile insurance. The automobile insurance covers oriental medical services, most of which are not covered by National Health Insurance (hereafter, NHI).

The oriental medical expenses in the automobile insurance exceed 463 billion won (28% of total) in 2016, growing at a rate of about 37% per year from 2014 to 2016. We find that the rapid increase in the oriental medical expenses is attributed to the rise in the per capita expenses of the uninsured oriental medical services (growing 8% CAGR) as well as the number of patients who utilized the oriental medical services (24%) during the same period.

The increase in the per capita expenses of the uncovered oriental medical services implies that the rapid increase in the oriental medical expenses could be reflective of the lack of specificity of a fee schedule. Medical services rendered for injuries covered by the automobile insurance are compensated according to a medical fee schedule which is based on the NHI Schedule of Benefits and Fees. Unlike the covered services, fees and service intensity for the uncovered oriental medical services are not set out in the NHI Schedule of Benefits and Fees.

In addition, despite the increase in the number of patients, the oriental medical services show low levels of transparency, keeping patients from making reasonable decisions. In addition to the lack of safety and effectiveness information, oriental medicine is not required to have efficacy, list of ingredients, and a country of origin appear on the container or packaging.

Based on the implications derived from the analysis, the following suggestions
were made to improve transparency and quantitative/qualitative adequacy of oriental medical services. Among others, fees and service intensity of the NHI uncovered oriental medical services must be specified in a medical fee schedule. Second, marking requirements for oriental medicine must be strengthened,