Healthcare market overview and insurers's response strategies

The healthcare market is influenced by a number of demographic trends. The Korean Census Bureau predicts that aged population over 65 will account for 14% of total Korean population. In addition, technology is giving rise to new clinical therapies, which in turn are addressing more and more medical ailments and aiding in earlier diagnosis and prevention of diseases. Meanwhile, the Korean government expedite the medical industrialization for the economic growth. Accordingly, health insurers need the response strategies to the changing medical environments. To analyse the changing healthcare market, this study focus on two significant factors of change in health insurance market: medical industrialization and national health insurance policy change.

Medical industrialization is expected to affect the economic incentives of providers in that it provides an opportunity to expand the market of non-coverage part of the national health insurance. This argument is based on the fact that there are little restrictions to pricing for medical treatment in the 'non-coverage' market. However, medical industrialization might help insurers to develope new business markets in that it expand the qualification scope of medical providers.

The policy changes in the national health insurance benefits are expected to affect the coverage of private health insurance directly since private health insurance covers the non-coverage part of the national health insurance. The effect of policy changes to control the
medical cost or the financial deficit of the national health insurance corporation on private health insurances is ambiguous.

It is difficult to conclude the effect of changes in medical environment on the private health insurance market clearly. Accordingly, private health insurers had better correspond each issues respectively with in mind that they need the system for controlling the payment for providers. They also need to call on the government to enter the new market created by healthcare policy changes such as the health improvement program. It will be helpful for insurers to expand their business scope.