A Study on Collaboration Strategies of Public and Private Health Insurance in the Korean Health Care System

The growth in medical costs has been one of the long-standing debates on the Korean health care system. Many studies on the subject, however, have not critically reviewed or interpreted such rapidly increasing medical costs in the perspective of the public and private health insurance in Korea.

Medical costs are strongly affected by the evolution of health care providers and health plan market structures and changes in underlying costs. In this study, we address regulations on public and private health insurance with some empirical studies on medical costs, synthesize various findings, and suggest implications for the future of health care costs, as well as for the present policies.

Initially, we consider some studies dealing with regulations and policies that built up the health care market. The related empirical studies are analyzed, considering policy environment with theoretical implications.

Today Korean policymakers think that health care providers and related insurance market structures would lead to a large-scale cost-shifting from regulated health service to unregulated. The "balloon effect" caused by health care providers would make private health insurance experience high loss ratios, covering unregulated health service. Obviously, it needs to be managed by private health insurance, which has not yet taken part in the reimbursement system. In addition, it is required that when reviewing policies on health care costs, the policymakers discern differences between regulations on health care services.