

# Paying Direct Care Workers is a Huge Financial Burden for the Older Population in South Korea

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## Abstract

The government of the Republic of Korea (hereafter, Korea) introduced the National Health Insurance Service (NHIS) system in 2008. Due to the rapidly increasing number of individuals aged 65 years and over, the system requires reform to ensure its financial sustainability and reduce the financial burden on individuals. Thus, this study conducted an in-depth investigation of the financial burden on older individuals in Korea under the current NHIS system. The aims of this study were to present an overview of long-term services and support in Korea and to report on the challenges for older Koreans in receiving informal care. Based on the results, four suggestions were proposed to provide affordable long-term services and support: establish an integrated care and medical needs assessment system, introduce a comprehensive nursing service system, expand home and community-based care services (HCBS), and implement national-level long-term care workforce development and management.

**Keywords:** Aging, long-term services and supports, National Health Insurance Service (NHIS), home and community-based care services (HCBS), and direct care workers (DCWs)

## Introduction

In the Republic of Korea (hereafter, Korea), the proportion of older populations is increasing rapidly because of rapid economic growth, improved living standards, and advances in disease prevention and medical technology. The older population is expected to increase annually, reaching 17.5% of the total population aged 65 years and over (hereafter, 65+) in 2022 and 40% in 2050 (1). Thus, Korea will become a super-aged society with an Aging Index (the ratio of individuals aged 65+ to 100 individuals aged 14 years and under) of 152 in 2022, 456.2 in 2050, and 620 in 2070 (1). The average life expectancy and healthy life expectancy in 2020 were 83.5 and 73.1 years, respectively (2). The average life expectancy minus the healthy life expectancy is approximately 10 years of living in an unhealthy state or requiring help from others (2).

The Ministry of Health and Welfare in Korea (hereafter, MOHW) has implemented various welfare schemes, but the number of individuals aged 65+ requiring care and support is increasing

rapidly (3). The MOHW operates three main welfare schemes for older individuals to help them fulfill their medical and non-medical needs due to geriatric diseases (e.g., dementia, cerebrovascular disease, Parkinson disease) or disabilities that prevent them from caring for themselves (3-5). 1) Personalized care service: this service provides personalized welfare, such as safety, life education, service linkage, domestic support, and activity support for older individuals and individuals living alone who have difficulty with activities of daily living. 2) Long-term care insurance system: this social insurance system provides long-term care benefits, such as support for physical activity and household activities, to individuals aged 65+ or under 65 years with chronic diseases. 3) Comprehensive nursing service system: in this system, hospitals provide professional services, including registered nurses and 24-hour daycare for individuals without the presence of caregivers.

Until today, in Korea, family was the primary source of caregiving for older adults, accounting for 90% of all caregivers. However,

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**Received:** 26.04.2024 **Accepted:** 28.06.2024 **Publication Date:** 30.12.2024

**Cite this article as:** Kwon JH, Kwon K. Paying Direct Care Workers is a huge financial burden for the older population in South Korea.

Eur J Geriatr Gerontol. 2024;6(3):222-225



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owing to rapid changes in social environments (e.g., nuclear families; advances in women's social status; declining filial piety; increasing individualism), the difficulty of being a family caregiver is increasing (6). Moreover, the increase in geriatric chronic diseases, such as dementia, which affects more than 10% of older individuals, has led to a surge in demand for care (7). However, the decline in the number of children and changing values regarding supporting old parents has led to reliance on formal caregivers [e.g., direct care workers (DCWs)] to replace family caregivers.

DCWs are directly employed by clients (older individuals or their caregivers) to provide personal care (e.g., bathing, grooming, dressing), medication management, meal preparation, housekeeping, transportation, and companionship) (8-10). The MOHW pays DCWs USD 2,153 per month, spending approximately USD 6 billion per year, or approximately USD 8.5 billion per year, if the loss cost of DCWs is included. However, the actual pay for DCWs in the field is approximately USD 85-115 per day, including food provision, which requires approximately USD 2,885 per month (11,12). In 2023, the pay range for DCWs in the U.S. was USD 104-120 per day (13). The pay for DCWs in Korea is approximately equivalent to that in the United States. Because entry-level public officials in Korea earn approximately USD 2,000 per month, the cost of a DCW is unaffordable for many potential clients. Recently, the pay of DCWs has increased to USD 3,000 per month. Notably, an increasing number of family members are quitting their jobs or shortening their working hours because of caregiver responsibilities. Currently, the main sources of DCWs in Korea are nursing service agencies and employment agencies, and the supply is unstable, which contributes to the increasing caregiving costs (14). There is no well-controlled care education or management of DCWs by the MOHW. This large gap between actual caregiving costs and care seekers' willingness to pay leads to increased financial burden on family members.

### Current Issues

The most notable limitation regarding the pay for DCWs in Korea is that the National Health Insurance Service (NHIS) system does not recognize these costs as medical expenses, directly leading to poor quality care services and financial burden on care recipients. The cost of DCW accounts for a high proportion of total caregiving costs. The most obvious way to reduce client paid DCWs will be for all caregiving services to be institutionalized in the NHIS, allowing all citizens to receive benefits. However, the cost might be higher than the current NHIS budget allows, indicating the need for additional funding (15,16).

Moreover, hospitals cannot train, supervise, or manage DCWs because DCWs are not hospital employees. DCWs are managed by the nursing service agency that referred them to the hospitals. Therefore, the DCW work manual is unclear.

For example, the tasks of DCWs range from performing basic care services to providing nursing tasks, such as suctioning, administering oxygen, and changing urine lines. Furthermore, DCWs are susceptible to physical and/or psychological injuries and even sexual harassment because DCWs are unprotected by hospital supervisors (17).

Although caregiving costs are not covered by the NHIS, most caregiving costs are paid for DCWs. Korea has many family caregivers because many individuals cannot afford to pay for DCWs, and the demand for high-quality care services is higher than the supply. Various side effects of family caregiving are emerging in Korea (18). For example, younger family caregivers sacrifice education and employment to care for their old parents. Old parents also provide care for children with disabilities. These family caregivers become fatigued and stressed so that they can no longer provide care, resulting in social tragedies such as "caregiver murder", where a caregiver kills the individual they care for and/or commits suicide. The unaffordability of DCWs can also lead to clients becoming "medical poor". The Seoul Times (July-August 2018) surveyed 325 family caregivers in Korea about the difficulties of caregiving (19). The respondents reported mental and physical limitations (60.2%), increased financial difficulties (50.6%), anxiety about the future (45.8%), and thoughts of killing or dying with the patient (5.4% very often and 23.8% often). Moreover, negative thoughts intensified when the duration of caregiving was more than 7 years and the average caregiving time exceeded 8 hours per day.

Thus, resolving the problem of unaffordable pay for DCWs is an urgent task. In the following section, four solutions are suggested.

### Suggestions

#### Establish An Integrated Care and Medical Needs Assessment System (Provisional Designation)

Nursing homes are social care where older individuals receive care in the facilities and may be eligible for pay for DCWs from care. In this situation, the NHIS covers the pay for DCWs if the Long-term care insurance system determines that the client is eligible. Nursing hospitals are open to any individual who wants to be admitted, staffed by physicians and nurses, and intended for therapeutic purposes. Notably, the NHIS does not cover nursing hospital fees (20). Thus, a suggestion to solve the problem of unaffordable pay for DCWs is to re-establish the functions of nursing homes and nursing hospitals. To achieve this objective, the pseudonym "integrated care and medical adjudication system" was created to garner public confidence. Based on a comprehensive assessment of medical needs, care needs, and living conditions, older individuals with high medical needs would be placed in nursing hospitals, older individuals with high care needs would be placed in nursing homes, and older

individuals with low medical needs and low care needs would be placed in the personalized care service for the older adults. This change would reduce confusion regarding the services provided by nursing homes and nursing hospitals. In addition, the savings that NHIS would gain from relocating older individuals could be used to pay for DCWs (in the context of nursing homes, nursing hospitals, and personalized care services for older individuals). As previously mentioned, reducing clients' cost of DCWs would result in many benefits. Notably, for the integrated care and medical needs assessment system to operate smoothly, the complex issues between nursing homes and nursing hospitals, such as deflection to nursing hospitals, maintaining the quality of care, training and management of care personnel, and the institutionalization of DCWs (e.g., their scope of task), should be carefully approached to create a reasonable complementary system that does not compromise the quality of care at nursing homes or nursing hospitals.

### **Introduce A Comprehensive Nursing Service System**

To reduce the burden of paying for DCWs, Korean government introduced the comprehensive nursing service system in 2015 (5). The program provides 24-hour professional caregiving and nursing services through nursing staff in hospitals without family caregivers or DCWs. Older individuals living in nursing homes and general hospitals can receive long-term care benefits from the long-term care insurance system, which includes caregiving costs. Korea has more than 5,800 nursing homes (2021) and more than 6,300 beds in 600 hospitals (2022) (21). With such a good service system, why are many individuals worried about paying for DCWs? The answer is that the comprehensive nursing service system does not apply to nursing hospitals but to general hospitals. However, in most general hospitals, this service is available but is not provided by the hospitals because of low profit. Thus, critically ill patients who require nursing care are not covered. To operate this system rationally and substantially reduce the burden of unaffordable pay for DCWs, a new version of the comprehensive nursing service system should be created for nursing hospitals such that the NHIS pays for DCWs.

### **Expand Home-Community-Based Care Services (HCBS)**

The trend in social care for older individuals is shifting from institutional care where individuals are isolated to the place, they feel most comfortable. Home-community-based care services (HCBS) enables older individuals with care needs to receive the services they need in the community, including in their homes, and maintain their lifestyles. The government provides a comprehensive range of supportive living services to help older individuals live independently, remain healthy, and integrate into the community. For example, nutritional care (e.g., congregate meals and meal delivery), preventive healthcare, and chronic disease self-management are provided. The system aims to ensure that older individuals remain in their communities and

maintain their existing lifestyles with high levels of satisfaction as an alternative to entering nursing facilities. Measures should be implemented to actively support and protect family members, mostly women who are often mothers and wives who play a vital role in providing informal care in Korea. In 2018, South Korea announced "elderly community care" to build a foundation for an integrated care system (housing, health and medical care, nursing and care, and integrated service provision) (22). Thus, efficient management of HCBS will reduce the burden of long care hours and unaffordable pay for DCWs that accompany institutional care.

### **Develop and Manage the Long-Term Care Workforce at the National Level**

Korea is experiencing an imbalance in the supply and demand of DCWs. Currently, DCWs can work as caregivers without a national certificate. A systematic management system for DCWs through national examinations should be established. In other words, it is the responsibility of the national Korean government to train DCWs for nursing homes and hospitals to prepare for the rapid increase in demand for DCWs. A stable supply of DCWs is essential for maintaining affordable pay for DCWs. Many foreigners work as DCWs in Korean nursing homes and hospitals, but no institutional framework, including qualification requirements, has been established (23). To ensure an adequate supply of foreign DCWs, Korea should expand visa issuance and relax qualification standards, including the Korean language proficiency test. In the "mutual caregiver system", one DCW is jointly employed by several care seekers to reduce the cost of paying for DCWs; however, this system does not apply to foreign DCWs. As previously mentioned, many foreign DCWs perform care work; thus, including them in the mutual caregiver system could result in savings in the cost of DCWs. In addition, a new approach to caregiving for older individuals is using well-being support devices based on the internet of things and artificial intelligence technologies (24). Introducing technologies will reduce the demand for DCWs and reduce their number of work hours, thus reducing the overall costs to clients.

### **Conclusion**

Korean society has not been well prepared for the definition, roles, and responsibilities of DCWs and is experiencing the challenges of a super-aged society. This paper suggests that the MOHW should proactively prepare for the super-aged society by establishing and institutionalizing a "DCWs service system" that supports the cost, supply, training, and management of DCWs by defining care tasks, role divisions, and responsibilities. Not comprehensively identifying and resolving the problem of unaffordable pay for DCWs could result in worsening the quality of life of older Koreans.

## Footnotes

### Authorship Contributions

Concept: J.H.K., K.K., Design: J.H.K., K.K., Data Collection or Processing: J.H.K., K.K., Analysis or Interpretation: J.H.K., K.K., Literature Search: J.H.K., K.K., Writing: J.H.K., K.K.

**Conflict of Interest:** No conflict of interest was declared by the authors.

**Financial Disclosure:** The authors declared that this study received no financial support.

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