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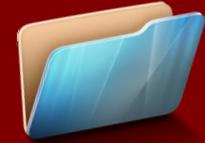


Integrated Collection Management System of 4 Social Insurance Contributions in Korea



National Health
Insurance Service

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Dept. of International Relations & Cooperation



4 Major Social Insurance Contributions

1 History & Background

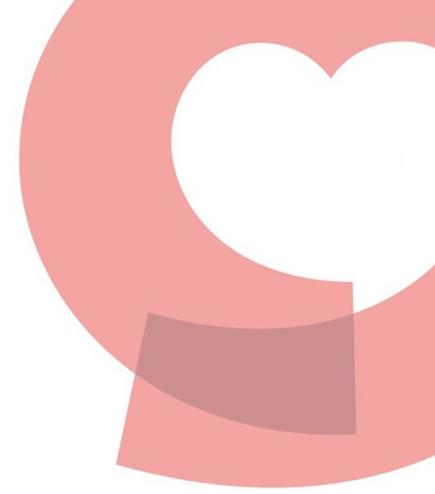
2 Contribution Collection Process

3 Achievements

4 Challenges & Solutions

SIHN





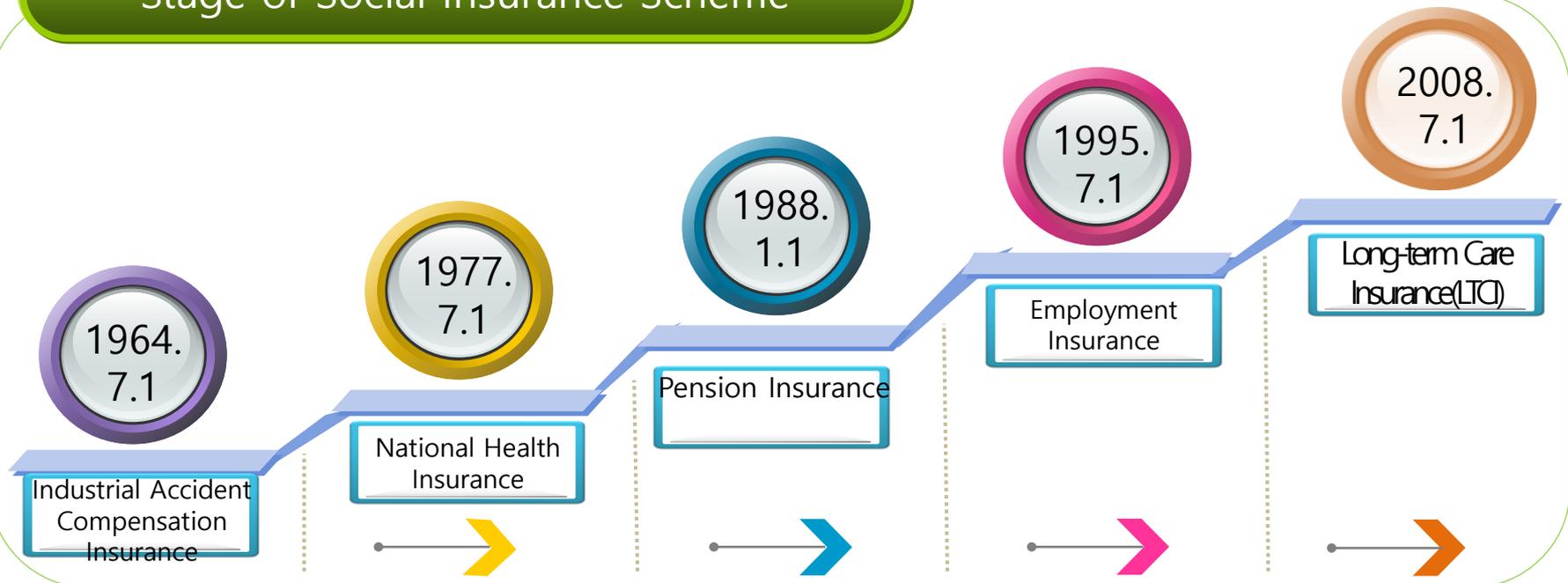
History & Background

National Health Insurance Service

I. History & Background

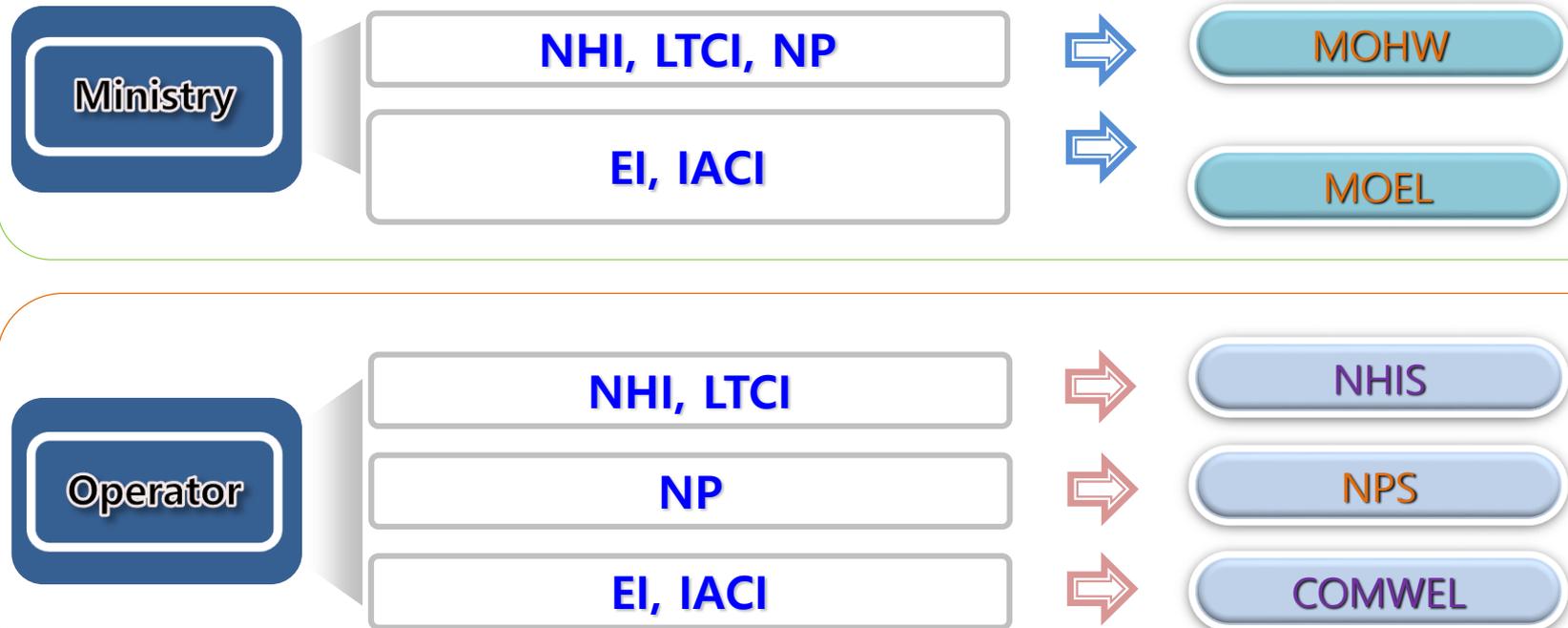
□ Social Insurance System in Korea had **no integral concept at first** ;
but **individually introduced by economic • social needs on that period** ;
and 4 social insurances were **managed separate by each ministry**.

Stage of Social Insurance Scheme



I. History & Background

Organizational Management



I. History & Background

In the stage of social insurances introduction, there were :

- 1) no association among social insurance regulations but introduced individually by need
- 2) no consideration on the correlation among different systems
- 3) Different imposition standard & payment methods without rational reasons

Throughout the awareness of these problems, discussions on social insurance integration were started by academic, assembly, and government (1995~2003)

→ NHIS has been responsible for the integrated contribution collection management of four major social insurances since 2011

Discussion Stage

1995~2003



Preparation Stage

2005~2008

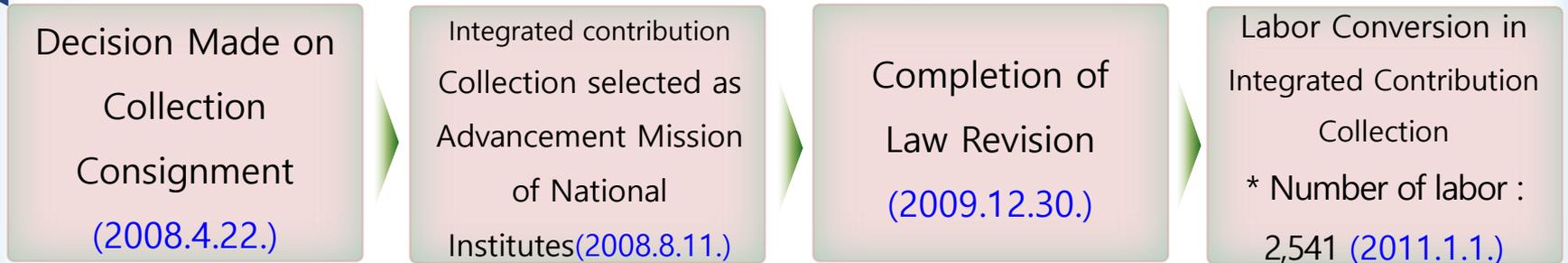


Introduction Stage

2009~2011

I. History & Background

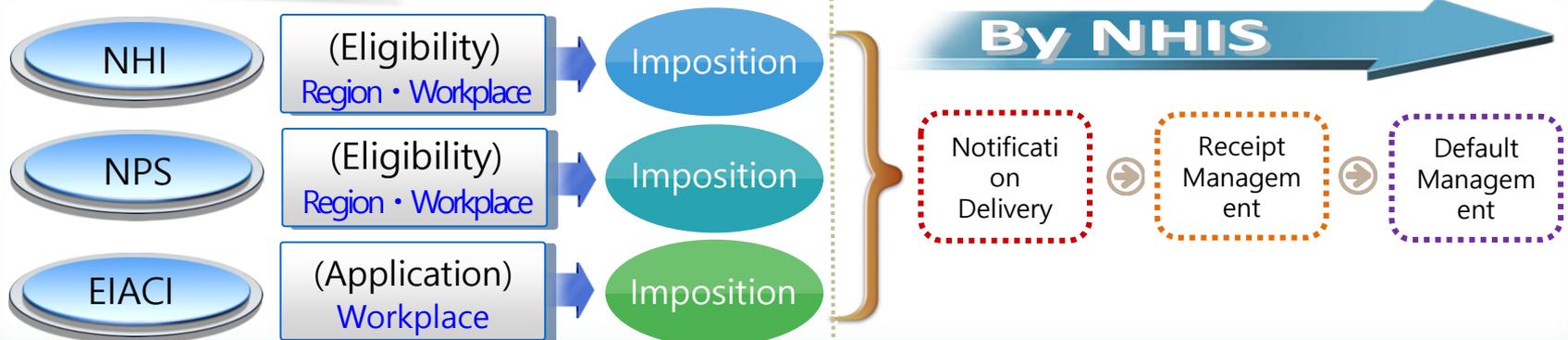
Introduction Stage of Integrated Collection

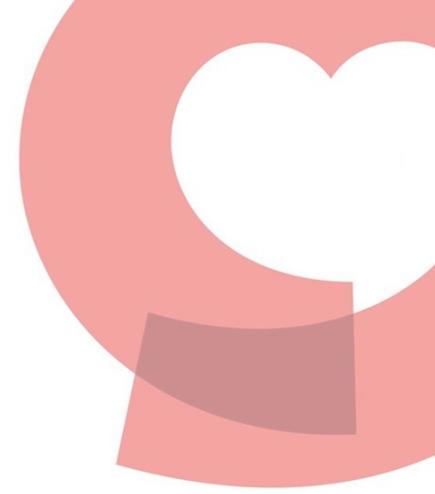


※ (Acts in association) National Health Insurance Act, National Pension Act, Employment Insurance Act, Industrial Accident Compensation Act, Wage Claim Guarantee Act

Collection Work Process

(Independent) ← → (Integrated Contribution Collection Work Process)





Contribution Collection Process

National Health Insurance Service

III. Contribution Collection Process

Integrated Contribution Collection by Type of Management

Billing Management

- Management that delivers regular or reminder billing, which contains type of insurance, amount to be paid, payment location, and payment due, to payer (region-based or employment-based)



Receipt Management

- Management that receives billed contributions via financial institutes and transfer the payment to NHIS and other 3 social insurance contribution account



Default Management

- Management that collects payment default with various methods such as seizure, disposal, or information disclosure

III. Contribution Collection Process

Contribution Collection Procedure I

1

Notification

- Procedures to notify insurance contribution type, amount to be paid, payment due and payment location

Combined
Enclosure

Send bills for different insurances in one envelope if conditions met
※ '16.July, avg. 117 million cases/month ... 81.8% of all notification

Add-up
Billing

Total amount of all insurance printed in one paper bill if workplace apply
※ '11. 48,000 workplaces (5.0%) → '16.July, 308,000 workplaces (26.5%) ... 260,000 ↑

Electronic

Notification through E-mail or Mobile phone instead of via Standard OCR ※ '11. ... 173 cases(4.2%) → '16.July, 1,439 workplaces(26.0%) ... 1,266 ↑

III. Contribution Collection Process

Contribution Collection Procedure II

2

Payment Receipt

- Pay the notified health insurance contribution by cash or credit card at collection counters of NHIS branches or with Standard OCR or Electronic transfer via deputed financial institutes

OCR
Paper

Pay with Standard OCR notice to collection agencies → Receipt information is digitally transferred via KFTC and the payment is proceeded

Collect
ion
Count
ers

Pay at contribution collection counters of NHIS branches

Electro
nic
Transf
er

Withdrawal on the 10th (regular billing) or the 25th (re-billing) of every month from designated savings account or credit card of person liable for payment

Virtual
Accou
nt

Send payment via virtual account using internet/mobile banking or financial institute(e.g. bank)

Electro
nic
Payme
nt

Pay at collection counters at financial institute(e.g. bank), CD/ATM, Internet banking, Mobile banking, Internet GIRO, etc.

III. Contribution Collection Process

Contribution Collection Procedure II

2

Non-Notice Payment

Persons liable for payment check and pay the amount at collection counters at bank or CD/ATM, without paper notice

Mobile Payment

Pay via electronic transfer with smartphone banking applications

Convenient Store Payment

Pay at convenient stores by cash or debit card via OCR notice with 2D Barcode on

Percentage of Payment Methods ('16.July, %)

Division	Total	Standard OCR	Collection Counter	Automatic Transfer	Virtual Account	Electronic Payment	Card
Percentage	100	23.8	0.1	51.0	14.2	9.4	1.5

Transfer • Adjustment

Make an division the transferred contribution payment into type of social insurances

Overpayment • Erroneous Payment Refund

Inform the payers who made overpayment or erroneous payment of refund, and return the difference

III. Contribution Collection Process

Contribution Collection Procedure III

3

Payment Default

- As a preceding process of disposition on default, this is an act to claim insurance contributions with a goal to give the benefit of time to payers once again without commencing disposition on default immediately when the payers have not paid insurance contributions before the payment due

Payment Demand Notice

A notice to demand voluntary payment by payer in order to improve the effectiveness of voluntary collection, and collection effect approval

Payment Urging Notice

A notice to proceed flexible collection management by payment default types ... Concentrated payment demand, etc.

Collection Effect Approval

A precondition to collect payment default and proceed seizure
※ Request monthly(15th) ... (Approver) Minister of MOHW • MOEL, Governor of Jeju Island

Call Notice for Payment

A notice to urge payment on collection effect approvals
(Method) Business trip, Phone call, Call notice delivery, etc.

Call notice for Seizure

Send a call notice for seizure if collection payment is not made after call notice for payment

III. Contribution Collection Process

Contribution Collection Procedure III

3

Seizure

A process to prohibit statutory or substantial disposition of defaulter's specific properties for coercive collection of insurance contribution and to secure defaulter's properties and make them in a state for realization
※ (Properties subject to seizure) Automobile, Real Estate, Bond, etc.

Disposal
(Auction)

Administrative disposition in order to realize seized properties into money
※ Consigned Disposal is available via Korea Asset Management Corporation(KAMCO)

Personal
Information
Disclosure

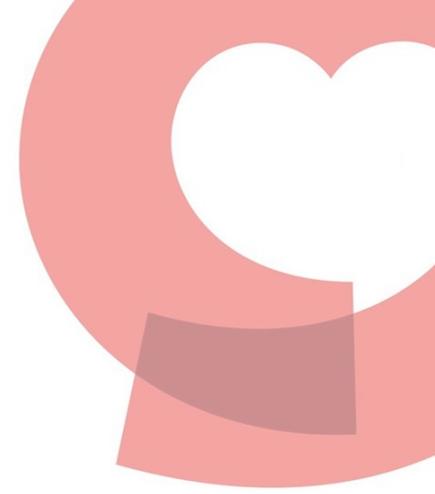
A process to prevent Moral hazard of delinquents who have ability to pay contributions and to improve Social equity

Default
Information
Disclosure

A measure to send information about personal • default on Employment • Industrial Accident Compensation Insurance to Korea Credit Information Services

Deficit
Disposition

Dispose the long-term default that is considered impossible to collect ※ (Subject) Death, Missing, Low-income bracket, Bankrupted workplace, etc.



Achievements

National Health Insurance Service

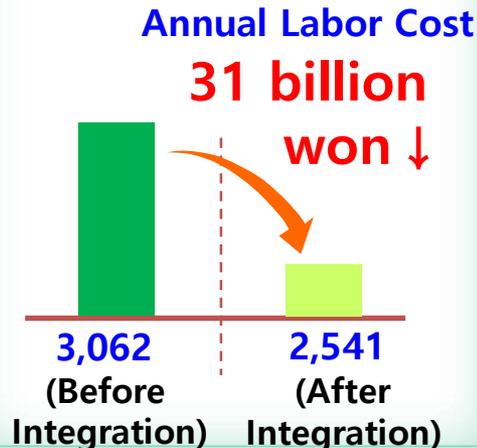
IV. Achievements

Quantitative Achievements

1 Maximization of Cost-Reduction

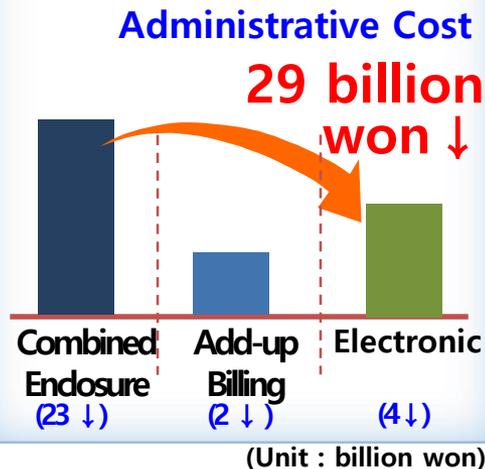
Efficiency of Labor Force

- Number of Contribution Collection Labor Force
- 3,062 → 2,541 ... 521 ↓



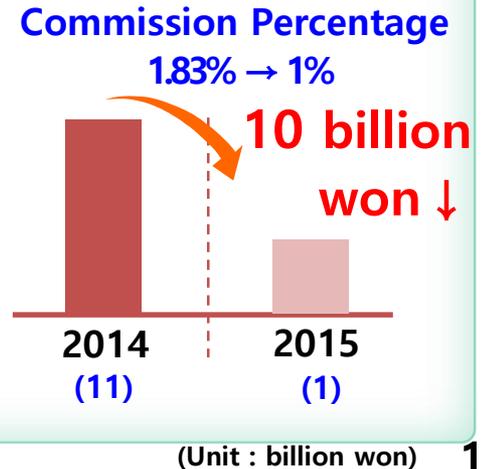
Efficiency of Delivery

- Efficiency in delivery method of integrated notification



Commission Reduction

- Change in Main Agent of Credit Card Payment Commission (NHIS → Payer)
... Total Annual Cost Reduction : 14 billion won



IV. Achievements

2 Accomplishment of Contribution Collection Performance

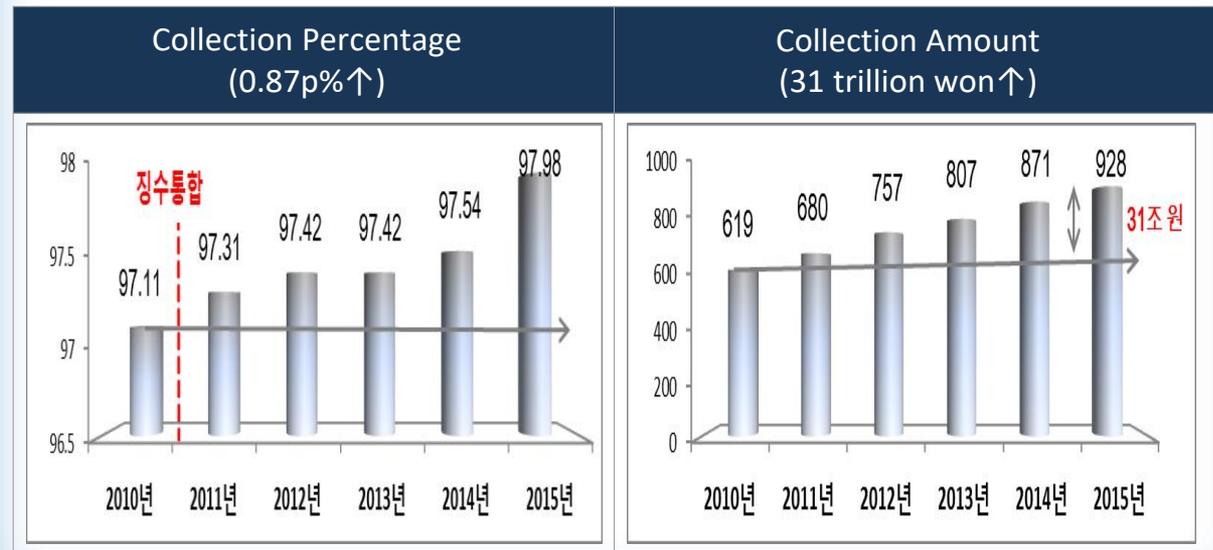
Current Status of Integrated Contribution Collection

(Unit : %, %p, billion won)

Year	Collection Percentage	Collection Amount
2010	97.11	61,931
2011	97.31	68,080
2012	97.42	75,708
2013	97.42	80,769
2014	97.54	87,183
2015	97.98	92,869
Increase	0.87 ↑	30,938 ↑

Efficient Contribution Collection Performance

- Integrated contribution management on collection, notification, billing, payment → Improvement of contribution collection amount and percentage (in comparison with before-integration)



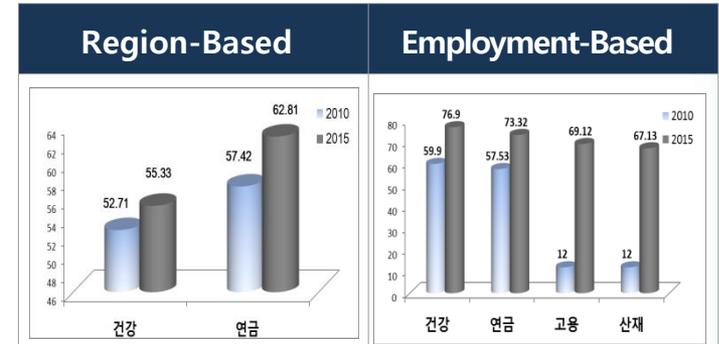
IV. Achievements

3 Improvement in Participation Rate of Electronic Transfer • Electronic Notice

Electronic Transfer Rate

- Commission Reduction : Yearly ₩15 billion (OCR ₩200 / Electronic Transfer ₩40) ... In comparison with before-integration : 24.6%p ↑

Year (%)	NHI		NP		EI	IACI
	Region	Employment	Region	Employment		
2010	52.71	59.90	57.42	57.53	12.00	12.00
2015	55.33	76.90	62.81	73.32	69.12	67.13
Increase	2.62 ↑	17.0 ↑	5.39 ↑	15.79 ↑	57.12 ↑	55.13 ↑



Electronic Notice Rate

- Rate Improvement ... Email, Mobile, EDI, NHIS Collection Portal Site (4 channels)

(Unit : 10,000 units, %)

Year	Unit	Electronic Notice	
		Case	Rate
2010	18,586	596	3.2
2015	20,059	2,686	13.4



IV. Achievements

● Qualitative Achievements

1 Synergy Creation by Work Improvement

Synergy in Contribution Collection Procedure

● 「Workplace in Default • Insurance Eligibility Information Exchange System」

- Interactively share information about workplace in default and insurance eligibility with other public institutions in real time

- 「Evaluation on Cooperative Mission of Public Institutions」 1st Place ('15.3.)

※ Administrative Cost Reduction (e.g. Reminder Billing, Seizure Notification)

→ 0.6 billion won (annually)

● 「Integrated Management System of Returned Notice Receipt」

- Interactively share information about workplaces with returned notice receipt in real time → Accomplishment of on-time • accurate notice

※ Return rate reduction of 4 Insurance Contribution notice receipt ...

0.08%p ↓ (Appr. 616,000 reduction)

IV. Achievements

2 Work Efficiency Maximization by Improvement of System

Work Efficiency Improvement

- **Stable Collection Base by Data Exchange with External Institutions**
 - ('13) 6 institutions 6 types → ('15) 9 institutions 14 types
- **Personal Information Disclosure on Large Amount • Habitual Delinquent(2013)**
 - Following Employment • Industrial Accident Compensation Insurance act, delinquents of National Health Insurance and National Pension is subject to be disclosed information
- **Submission Obligation Enactment on Verification of Payment**
 - In case of providing down payment, Verification of Payment is obligated to submit
- **Secondary Payment Obligation Enactment on Corporate**
 - Secondary payer(e.g. Oligopolistic Shareholders) is subject to pay for corporate's defaults → Prevention of deliberate avoid → Collection rate improvement

IV. Achievements

3 Burden Easement from Arrear System Change

Relief of Payment Burden for the Nation

- **Apply Same Arrear Rate to all Social Insurances ('14.9.25)**
 - Employment • Industrial Accident Compensation Insurance) : 1.2% ~ 43.2% → 3% ~ 9%
- **Enact 「Arrear on Daily Basis」 on Social Insurances**
 - (Background) Reflect social wants and relieve financial burden for delinquencies
 - Enactment for system improvement ... Only two insurances(NHI, NP) applied
 - Establish calculation system arrear daily basis ... Arrear reflected by type of management (Notification, Payment, Default Management)

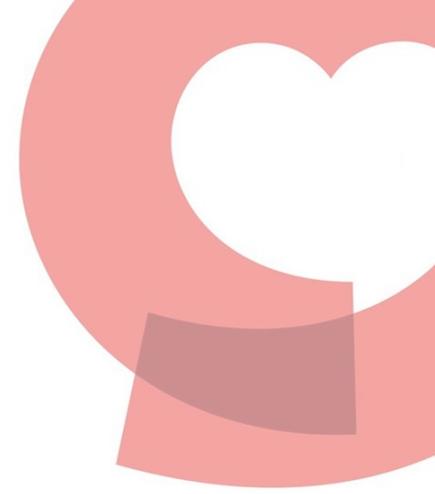
Type		Current (Monthly Basis)	Amendment (Daily Basis)
After Due	~30 days	Add 3% of arrearage <i>as due passes</i>	Add 1/1000 of arrearage <i>as one day passes</i>
	30 days~	Add 1% of arrearage <i>as next due passes</i>	Add 1/3000 of arrearage <i>as one day passes</i>
	Max	~ 9%	~ 9%

IV. Achievements

4 Enhancement of Nation Convenience

Improvement in Public Convenience

- **Diversification in Notification and Payment of Social Insurance**
 - Expansion of Electronic Notification → Convenience improvement & Cost reduction
 - Payment methods(6 → 10), intermediate agency for virtual account (4 → 13)
 - Protect vulnerable group by adding QR code voice introduction on braille notice receipt for the blinds
- **Expansion on Contribution Payment Verification Services**
 - Preliminary and on-line issue of the year-end tax adjustment • Income tax form ...
Reduction of visiting customers
 - Interactive service with Home-Tax by National Tax Services
- **Introduction of Credit Card Payment for Social Insurance Contributions**
 - Temporary relief of financial difficulties caused by cash-flow problems



Challenges & Solutions

National Health Insurance Service

V. Challenges & Solutions

Challenges

1 Inefficiency from Separation between Eligibility • Collection System

- **Eligibility • Imposition(Independent) / Collection(Integrated → NHIS)**
 - These three works are highly associated ; but the principal has been separated

2 Difficulties in Securing Budget for Integrated Collection

- **Negative viewpoint in budget increase due to appropriateness of budget cut**
 - Budget for integrated collection associated with various ministries → approval process needs more time

3 Customer Inconvenience from Different Collection Regulations

- **Confusion in different collection policies**
 - Creating inefficiency in collection management

V. Challenges & Solutions

Solutions

1 Operation of Consultative Body for Improving Management(Quarterly)

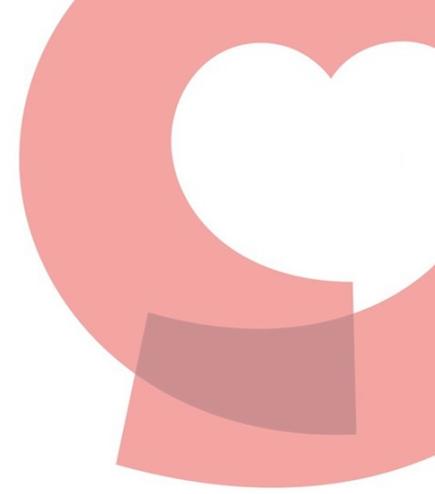
- **Voluntary improvement in integration problems ... NHIS & NPS & KOMWEL**
 - Eligibility • Imposition → Submit to Consultative body after prior consultation among three institutes

2 Legislation of Contribution Ratio → Bill Proposal in Process

- **Computing contribution ratio via analysis on workload and difficulty**

3 Unification of Different Regulations (Year 2014~2021)

- **Benchmarking advantages of each insurance regulation and applying to integration ... New Vision & Mission**



Thank you

NHIS