

# Integration of Social Insurance Information Systems in Korea

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# TOPICS

- 4 Major Social Insurance Programs
- Integrated Approach for Social Insurance Systems in Korea
- Discussions

# 4 Major Social Insurance Programs

OLD AGE, DISABILITY,  
DEATH, ETC.  
PI



DISEASES & INJURIES  
HI



4 Major  
SIS's

4INSURANCE

WORK-RELATED  
ACCIDENTS  
WCI



UNEMPLOYMENT  
EI



## 4 Major Social Insurance Programs

Item	Workers' Compensation Insurance	Health Insurance	National Pension	Employment Insurance
enforcement	1964	1977	1988	1995
Insurance type	Workers' compensation	Medical security	Income security	Employment security
Payment conditions	In kind + cash benefits	cash benefits uniform	cash benefits income-based	cash benefits income-based
responsibility for premium management	Ministry of Employ and Labor + KCOMWEL	Ministry of Health and Welfare + NHIC	Ministry of Health and Welfare + NPS	Ministry of Employ and Labor + KCOMWEL
Premium billing basis	Billed for workplace	workplace or household	workplace or individual	Billed for workplace

NPS: National Pension System

NHIC: National Health Insurance Corporation

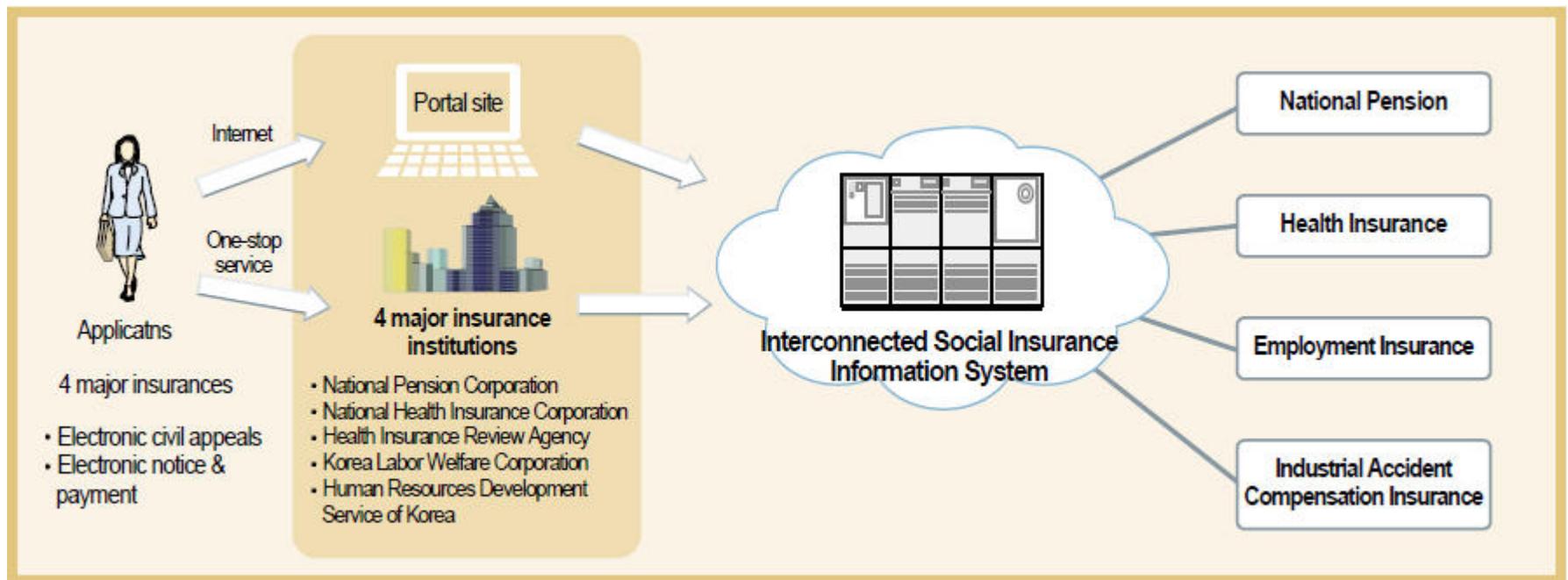
KCOMWEL (Korea Workers' Compensation and Welfare Service

# 1<sup>st</sup> Step Integration of Information Systems (2002)

Customer services by respective institutions - offline



One stop service (claims, certificates, grievances, notices) through integrated web portal - online



## 1<sup>st</sup> Step Integration for Information Systems (2002)

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1989	National Pension IS developed
1999	Employment Insurance IS and Industrial Accidents Compensation Insurance IS developed
1999~	National Health Insurance Corporation and National Insurance Review Agency started to develop an Integrated IS for national health insurance
2001~ 2002	Interconnected Social Insurance IS as part of national e-government programs (located at NPS)

# 1<sup>st</sup> Step Integration for Information Systems (2002)

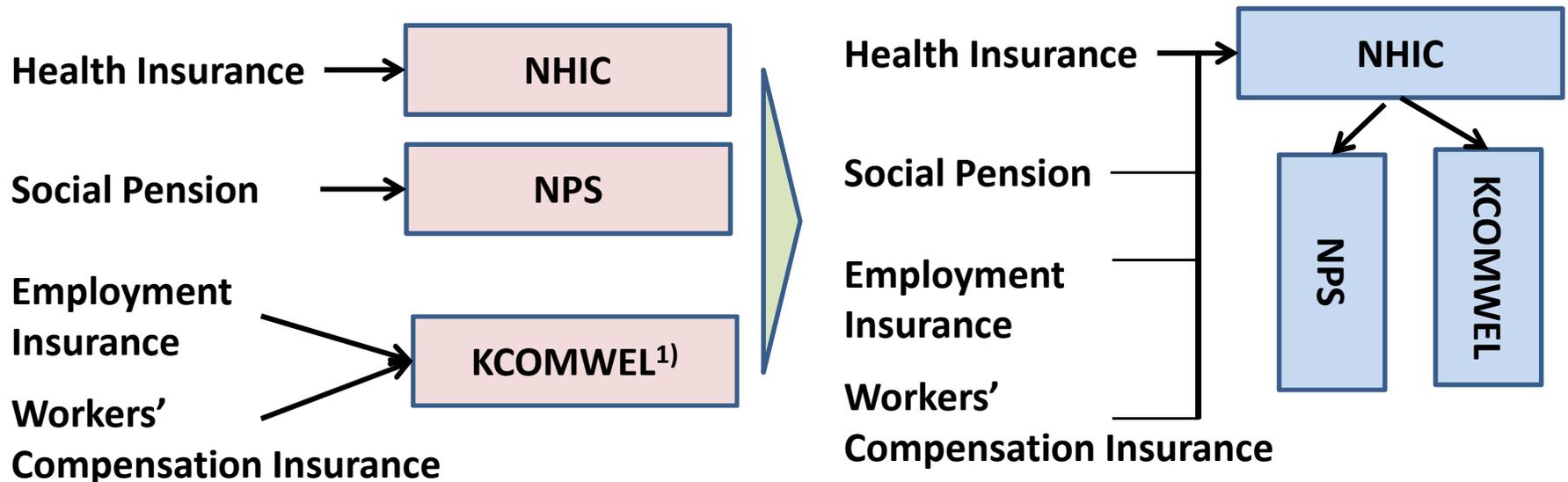
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## Major Effects

- Online and offline customer services
- Available of offline customer services at any offices of 4 major social insurance programs
- Reduction of the number of required documents and processing time (about \$48 million saving annually)
- Easily identify the citizens who are entitled but not covered by the 4 major social insurance programs

## 2<sup>nd</sup> Step Integration for Information Systems (2011)

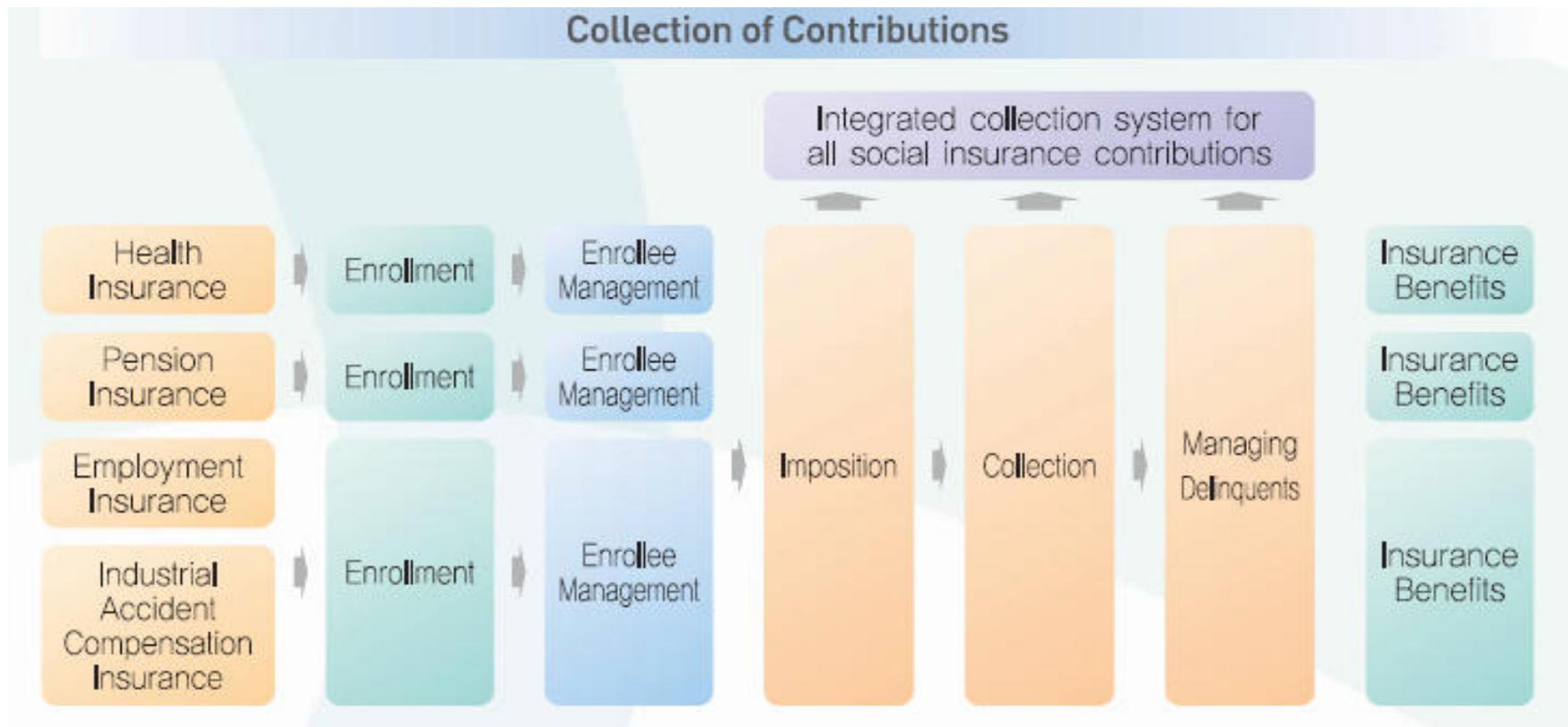
Since 2011, the collection of insurance contributions of four major insurance programs has been streamlined through one channel by NHIC



1) KCOMWEL (Korea Workers' Compensation and Welfare Service)

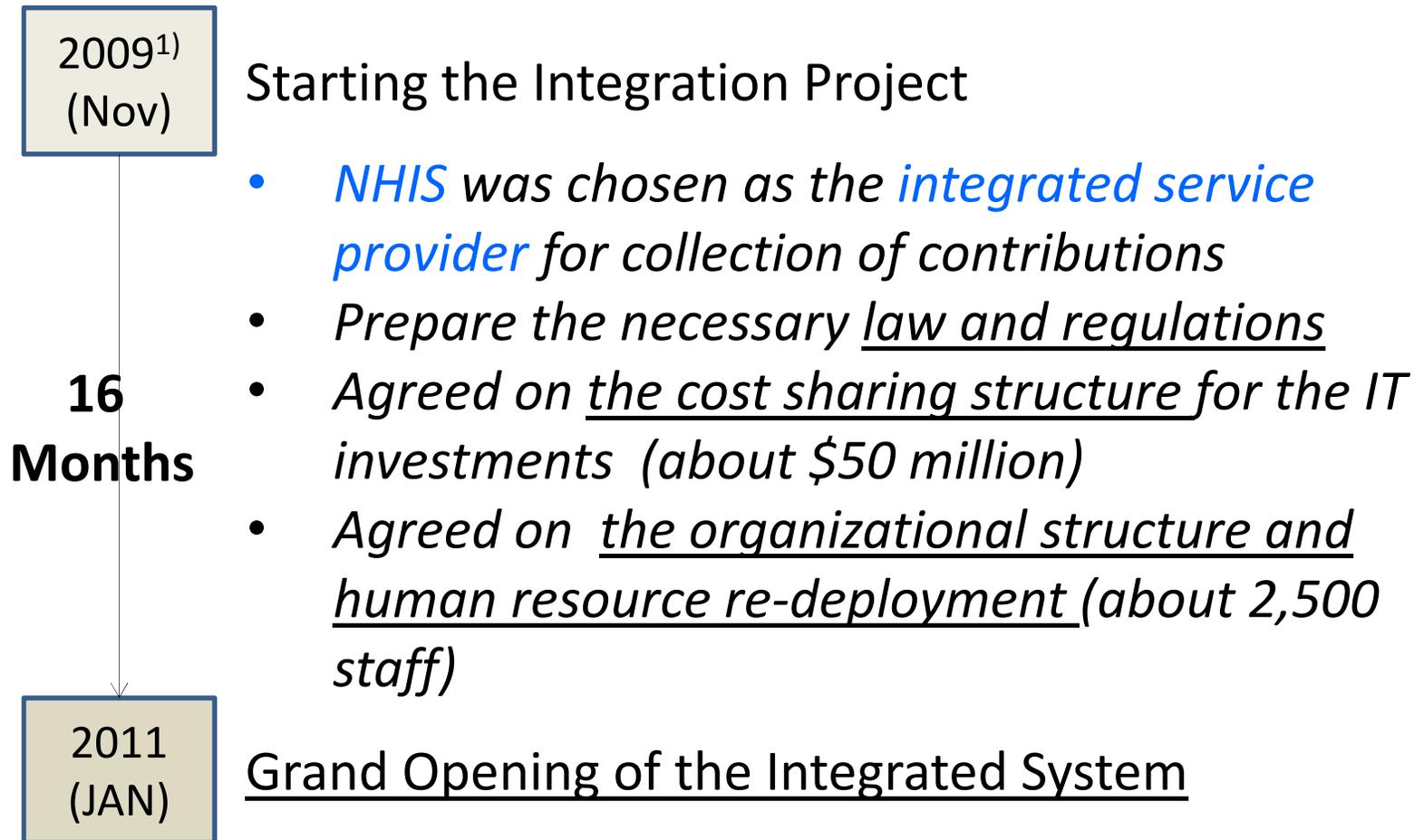
## 2<sup>nd</sup> Step Integration for Information Systems (2011)

The integrated collection system was developed i) to improve administrative efficiency, and ii) to enhance the convenience of the insured.



## 2<sup>nd</sup> Step Integration for Information Systems (2011)

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1) The discussion started in 2006 under Roh administration

## 2<sup>nd</sup> Step Integration for 4 Major SIS's

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### Major Effects

- **Direct Cost Saving:** about **\$36 million** through the improved work efficiency and reduction of duplicated investment on information systems annually
- **Indirect Benefits:** about **\$26 million** of indirect benefits from the enhanced services for insurers annually

## Major Issue

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To establish a separate collection agency **vs.**  
To let one of agencies to collect on behalf

- Initially, decided to establish a separate collection agency under the tax authority<sup>1)</sup>.
- It was expected 8 times higher CAPEX than using an existing social insurance agency for collection and to transfer 6,000 staff to a new agency
- The decision was faced strong oppositions from labor unions
- Government finally decided to let NHIC to collect the contributions from 4 major insurance agencies

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1) The collection business is managed by tax agency in U.S. , U.K. and Sweden.

## Other Issues

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1. What are the main target works for integration?
2. Which agency should lead the coordination?
3. How to prepare the necessary laws, business process re-engineering and the change of the organizational structure
4. How to finance the cost of the integration project?

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1) Accurate estimation of CAPEX and OPEX is required for the IT investment project. \$  
*22 million of annual OM costs is required for the integrated system*



Thank You

Q & A

