



Policy context of the poor progress of the pro-poor policy: A case study on the *Medical-Aid* policy during Kim Dae-jung's Government (1998–2002) in the Republic of Korea

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Abstract

Why did not the *Medical-Aid*¹ policy for the poor progress as expected during Kim Dae-jung's government in the Republic of Korea, despite his pro-egalitarian position and his campaign pledge to expand welfare benefits? To answer this question, Korea's history was briefly reviewed and summarized in this paper to describe "a triple burden". The study presents three major characteristics of the policy context that acted as barriers to progress of the *Medical-Aid* policy: the overflowing ideologies against the pro-poor policy, the governance crisis, and the immaturity of the civil society. The paper argues that any discussion about the health policy processes and consequences must stem from a clear understanding of the policy context. The future of pro-poor policies in Korea, such as *Medical-Aid*, will greatly depend on how Korean society overcomes these contextual barriers. The observed characteristics of the context surrounding the *Medical-Aid* policy can also help us understand, in part, the dynamics of other recently introduced health policies in South Korea. Moreover, other countries that share a similar historical background and policy context with South Korea can learn valuable lessons from Korea's experience.

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Keywords: Policy context; Pro-poor policy; *Medical-Aid*; Republic of Korea

In February 1998, the Republic of Korea (hereafter South Korea) changed regimes. Kim Dae-jung, a long-standing pro-democracy activist who had been sentenced to death under previous military governments, was elected president under Korea's strong presidential form of government. Not only did his principles and ideals have a strong influence on the Korean polit-

ical system, but his victory was even more significance to the history of policies in South Korea. First, it was the first-ever power shift from the ruling party to the opposing camp in the nation's political annals. Second, Kim's government was only the second civilian leadership after a 30-year military dictatorship. The first civilian rule had not in truth been a civilian government, but a hybrid regime whose power centered on the previous military dictatorship. Alternatively, Kim's major advocates had not only fought the more than 30 years of military dictatorship, but were relatively more politically progressive than those in the previous regime.

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¹ Medical-Aid is a public medical assistance program for the poor, similar to Medicaid in the United States.

Third, just before Kim became president, an unprecedented economic crisis broke out in Korea in December 1997. It was a time when strong leadership was needed.

Kim's government also had special significance to the nation's welfare and health policies. He had consistently advocated pro-egalitarian politics, and in his presidential election campaign he promised the expansion and reinforcement of the government's welfare program [1]. In addition, he had to employ strategies to activate and reinforce a safety net to turn around the nation's failing economy.

After Kim took office, he named his welfare policy *DJ Welfarism* or *The Productive Welfare*. It was known as "the welfare that contributes to production" or "the welfare that encourages participation in production" [2]. Many wide-ranging debates have cropped up regarding the political characteristics of *The Productive Welfare*, from it being just a neo-liberal form of workfare, to being "the third way", to it wielding increased state intervention linked to neo-liberalism, to it being a conservative welfare policy [3,4]. Amidst all these opinions, Kim's government had a unarguably positive position and attitude towards the expansion of welfare programs, and many people strongly expected a dramatic expansion of such programs during his regime. Among these welfare programs was *Medical-Aid*, a public medical assistance program for the poor in Korea. Unfortunately, Kim Dae-jung's government did not fully realize the long-held dreams of advocates for the poor, such as a significant increase in the program's number of beneficiaries, the expansion of its benefits, the reduction of its co-payments, and the enforcement of measures to prevent discrimination against *Medical-Aid* enrollees.

Why did not the *Medical-Aid* policy progress as expected during Kim Dae-jung's government, despite his pro-egalitarian position and his campaign pledge to expand welfare benefits?

The successful implementation of a policy is determined by certain conditions: clear and consistent objectives, incorporation of and control over causal theory, a structure that promotes the desired performance, implementer's commitment and leadership skills, constituency and political support, and the ongoing priority of policy objectives [5]. Policy is not developed in a vacuum; these conditions grow out of a society's historical background and current political con-

text [6]. This paper hypothesised, therefore, that the lack of progress of the pro-poor policy during Kim Dae-jung's government was closely linked to Korea's historical background and political context. To examine this hypothesis, we reviewed the *Medical-Aid* policies and their consequences during Kim's government (February 1998–January 2003), as well as the historical background and the policy context of their weak progress. Finally, the political implications of this study's results were discussed.

1. The poor progress of the *Medical-Aid* policy under DJ Welfarism

1.1. The *Medical-Aid* program of South Korea

Medical-Aid ("Euryoboho" in Korean) is Korea's public medical assistance program for the poor. It was implemented in 1977, not only as a part of Korea's wider public assistance program, but also as a main component of Korea's health care safety net initiatives and pro-poor health policies. It is financed by the general revenues of the central and local governments. In 2002, *Medical-Aid* had 1,446,925 beneficiaries, who represented 3% of the country's population [7]. To be eligible for *Medical-Aid*, an individual must meet the criteria pertaining to income and property ownership, which the government revises annually. Beneficiaries are classified into two categories according to their ability to work: type 1 and type 2. Type 1 beneficiaries are those incapable of working, i.e., those under 18 or over 65 years of age, or those who are disabled. Type 2 beneficiaries, on the other hand, are those capable of working, i.e., who are between the ages of 18 and 65 years, and are physically able. *Medical-Aid* applies differential co-payments for insured medical services according to beneficiary type. Type 1 beneficiaries do not pay for inpatient and outpatient services. Type 2 beneficiaries, however, have to pay 1500 won (about US\$ 1.5) for every visit, as well as 20% of inpatients costs. Beneficiaries are entitled to health care benefits similar to those provided by the National Health Insurance, without premiums.

Despite the government's confident official announcement regarding the mission of *Medical-Aid*, the program has not adequately acted as a safety net for the poor. The poor and their advocates have contin-

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