

Research Title A Study for the Re-establishment of Sustainable Care Policy

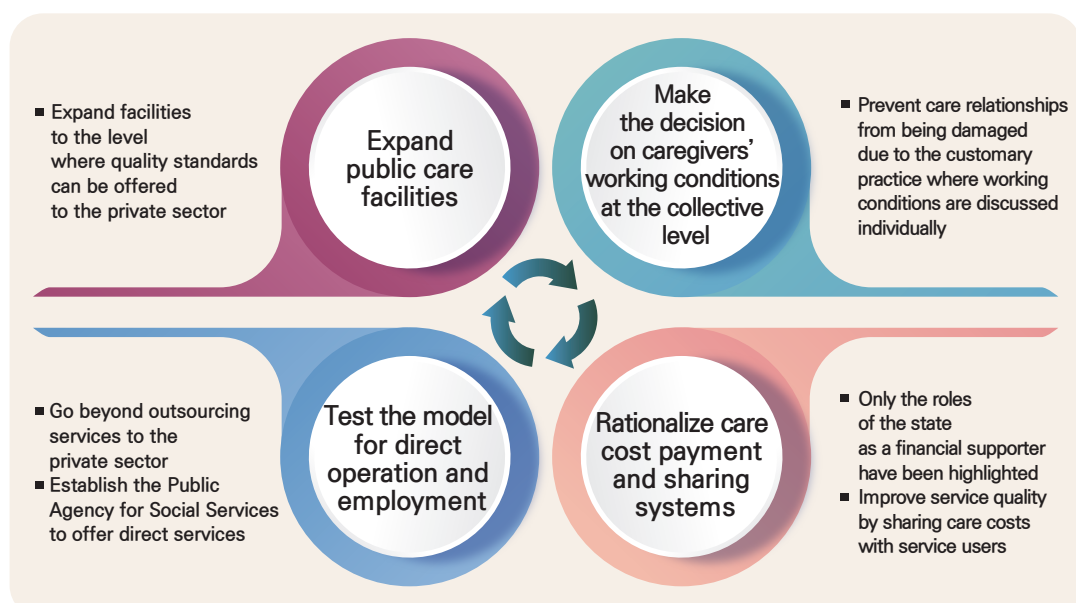
Research Manager Eun-Ji Kim, Research Fellow (Tel: 02-3156-7104/email: kimeunji@kwidimail.re.kr)

# Improving the Publicness of Care: Shifting from the Model based on the Self-Employment to the Model based on Semi- Public Official

## Abstract

- This paper is designed to analyze child and elderly care by conceptualizing and dividing the publicness of care into two pillars. One is the role of the state as an entity in charge of service delivery, support, and control. The other is the realization of social integration and equality in the context of system use.
- The analysis results show that the roles of the state as a service provider are very limited. In particular, its roles are limited in terms of directly offering services, with its support for and control of the private sector being considered as insufficient. In the context of equality that is the main value of publicness, segmentation by class is witnessed in child and elderly care. In other words, offering universal rights based on formal equality paradoxically leads to segmented and unequal care services.
- Against this backdrop, this study proposes that the role of the state should change from a financial supporter to an active service provider, introducing the model based on semi-public official that goes beyond the existing model based on the self-employed in the area of care.

## A Study for the Re-establishment of Sustainable Care Policy



## 1. Issues

- ④ The focus of policies should shift from expanding the quantity of care services to improving the quality thereof in order to ensure the sustainability of care policies. The publicness in service quality should also be secured. This paper analyzes the publicness of care by conceptualizing and dividing it into two pillars. One is the role of the state as an entity in charge of service delivery, support, and control. The other is the realization of social integration and equality in the context of system use. More specifically, in connection with service providers, this study focuses on the diversity of national and public facilities in terms of child care while analyzing the role of the state not only as a service provider but also as a service supporter and controller in the context of elderly care. In relation to the value of publicness, this paper analyzes gaps among classes in the use of child care services while looking into determinants of the use of long-term care services.

<Table 1> The publicness of care services: framework and content

Concept	Content	Analysis
Public service provider (formal aspect)	Roles of the state (the public sector) - Service provider - Supporter and controller	Provider: Identify differences in terms of service providers and support and control systems
Value and goals of publicness (practical aspect)	Realize social integration and equality in system use	User: Analyze differences in service use by class and family

## 2. Analysis of the publicness of child and elderly care

- ④ **Redefine the publicness of care in expanding national and public child care infrastructure**
- ▶ This paper analyzes data from the ‘2015 National Survey on Child Care – Day Care Centers’ conducted by the Ministry of Health and Welfare (Mi-hwa Lee et al., 2016) in order to identify the diversity of national and public day care centers affected by outsourcers and the resulting changes in the quality of jobs for care workers. Moreover, Korea is compared with other OECD members in the context of the share of national and public day care centers.
  - ▶ The analysis results show that national and public day care centers are superior to home and private day care centers in terms of the level of wage, working hours, and friendliness regardless of whether they are directly operated by public or national agencies or if their operation is outsourced. Parents have preferred national and public day care centers and are not significantly sensitive to differences among such day care centers. However, national and public day care centers are highly evaluated in terms of the pay step and career of child care teachers, the quality of jobs, and friendliness. As a result, as the percentage of national and public day care centers rises in the future, a fall in quality attributed to the characteristics of outsourcers is likely to continuously emerge as a key issue (Song-yi Kim and Han-na Kim, 2017). Therefore, rather than expanding nationally and publicly commissioned day care centers, the government needs to seek ways to increase the number of day care centers directly operated by national or public agencies or of those very similar thereto.

- ▶ On the other hand, Korea is compared with other nations in the context of the publicness of child care. In this vein, OECD educational statistics and data from Denmark are also compared and analyzed, with the result that Korea and Japan are characterized by child care center service utilization rates as high as those in Northern European nations and very low public child care service utilization rates. Considering that high child care center service utilization rates are translated into high public child care service utilizations rates in many countries, the publicness of child care in Korea and Japan (especially in Korea) is deemed to be very low in terms of service providers.
- ▶ The case of Denmark featuring the highest public child care service utilization rate among OECD nations is examined in a more in-depth way. Both Korea and Denmark are characterized by high child care center service utilization rates. For infants aged 0, the rate for Korea is higher than the figure for Denmark. However, in Denmark, such services are offered by the public sector or local governments while in Korea, those are delivered by the private sector. Such differences are extremely serious for children aged 1 to 2. Generally, nations promoting gender equality are characterized by high child care services for children aged 0 to 2. However, Korea highly relies on the private sector for child care, so that its effects on gender equality is deemed to be limited. On the other hand, the members of the public sector in Denmark, excluding some civil servants, are subject to collective agreements and care workers are members of the industrial union called 'BUPL'. As a result, their wages and working conditions are decided mainly through such agreements.



### **Establish the publicness of the long-term care market**

- ▶ The publicness of the long-term care insurance scheme is measured through ownership, funding, and control, based on Bozeman (1987)'s theory of dimensional publicness, examining how each dimension affects the quality of services.
- ▶ First, publicness in the dimension of ownership is reviewed. More than 80% of organizations in the long-term care market are profit-making business proprietors, showing structural limitations in improving the quality of services through competition among diverse entities in the market. A number of such business proprietors operate small business organizations, with both long-term care and community care facilities being poorly evaluated continuously. On the other hand, public long-term care facilities set up by local governments have been highly evaluated.
- ▶ In the context of publicness in the dimension of funding, the degree of political authority is reviewed in accordance with the type of funding (agency subsidies and personal payment). For the operation of the long-term care insurance scheme, fixed medical fees are paid to institutions. Therefore, it is fundamentally based on public funding but designed to reinforce private characteristics. Under this system, treatments for care workers improve and additional services are demanded and offered by adjusting long-term care fees. In other words, policies in terms of supply can't stay out of the financial framework of 'the refund of service costs.' Differences in funding among individual agencies are determined by the size (the number of users) of long-term care institutions. In a situation where service unit costs are fixed, the size of facilities and the number of users bring about differences in funding in the context of quantity. Long-term care facility evaluation data show that such differences in funding lead to disparities in the quality of services.

- ▶ Publicness in the dimension of control means that the government's assessment, supervision, and regulation affect the operation of organizations. The analysis of the announcements of the long-term care insurance scheme reveals that a significant portion of control has been concentrated on long-term care institutions. The fraudulent claims and illegal operation of the institutions have continued, with the low wages and poor treatments for care workers emerging as a thorny issue. As a result, the government recently forced long-term care institutions to comply with financial accounting rules and to allocate a certain percentage of medical fees to labor costs. Among the three dimensions for strengthening publicness to expand political authority, the government has focused on the area of 'control.'
- ▶ The analysis results show that Korea's long-term care market was launched with a low level of publicness in the three dimensions of ownership, funding, and control but has recently strengthened publicness in the dimension of control. When the endeavors to reinforce publicness in the dimension of control meet with the privateness of profit-making business proprietors occupying a significant portion of the market, they are expected to lead to conflicts of interest, rather than positive responses to such policies. Small profit-making business proprietors may easily rely on saving costs, rather than making investments and bringing about innovation, to increase their income. Moreover, taking into account that labor costs account for the biggest percentage of human services-related expenses, the business proprietors may try to lower wages for care workers and falsely register them in order to save costs.
- ▶ Therefore, publicness in the long-term care market needs to be strengthened by adding a new system to the existing channels in the three dimensions of ownership, funding, and control. Without taking separate measures to change the structure and characteristics of the long-term care market featuring high privateness, 'control' may not be enough to enhance its publicness.



### **Gaps among classes in the use of child care services**

- ▶ When analyzing child care services under the motto of 'free child care' for all social classes, stratification effects have been overlooked. Focusing on such effects, this paper aims to examine the effects in the (compact) combination of costs, the selection of day care centers, and child care. To this end, this study analyzes data from the '2015 National Survey on Child Care - Households' (Eun-seol Kim et al., 2016) conducted by the Ministry of Health and Welfare.
- ▶ The analysis results are as follows: First, looking into relations between costs and income quintiles, the higher the income quintile is, the higher the total child care costs and private education expenses are. In the area of institutional care (public child care costs), destratification effects in bearing costs are witnessed but stratification effects are seen again in the sphere of private child care. On the other hand, mothers' employment fails to show statistically significant differences in terms of expenses. Even in the use of institutions, the variable of mothers' employment does not show statistically significant differences except for child benefits and private kindergartens. Since the early 2000s when investments into child care policies started to be made actively, child care services have not been designed to reflect differences in the needs of full-time mothers and working mothers. The services have been offered based on vague averages and equality, thereby failing to properly reflect the needs of working mothers and to achieve the goal of work-life balance. Customized child care services, which have been delivered

since 2016, are deemed to be one of the endeavors to resolve this problem but its effectiveness remains questionable, causing alternative systems to be discussed.

- ▶ Second, even in the type of institutions used (whether mothers are employed is controlled), high-income households are likely to opt out of child care benefits and tend to exit from formal child care services. In the case of children aged 3 to 5, the share of child care benefit recipients is as low as 10%. Their reliance on national and public child care is also low, not being satisfied with the quality of services. As a result, they are expected to continuously look for differentiated services in quality. Existing studies have considered child care benefits as compensation for full-time mothers but this paper reveals that when recipients are limited to infants, housewives and high-income households choose them. Taking into account that child benefits similar thereto have already been introduced, the characteristics of child care benefits by class, age, and gender need to be considered to actively discuss adjusting the two benefits. Moreover, the use of institutions segmented by the level of income (namely, high-income classes select child care benefits and private kindergartens while low-income brackets choose day care centers) is against destratification and equalization, the main pillars of child care services. Therefore, within the framework where early childhood education and child care are integrated, the government needs to seek ways to narrow gaps among classes in terms of service use.
- ▶ Third, in the context of care service arrangement, children aged 3 to 5 are classified into those for day care centers, kindergartens, and private institutions. The higher the income quintile is and when mothers are not employed, the more likely the main care service providers are to become private institutions (against day care centers). These households are likely to become child care benefit recipients. In terms of strengthening the publicness of child care and education, it is deemed to be necessary to reconsider whether parents' selection of private education should be indemnified through policies.
- ▶ Declaring and ensuring children's universal rights to child care services include the value of equality. This means that regardless of social classes, everyone should be able to enjoy appropriate child care services as his or her basic social right. As the analysis results show, Korea's child care service system reveals its limitations in effectively reducing stratification effects, with the government's public responsibility connected therewith remaining vague. Given that the stratification effects are connected with segmented child care markets, how to reinforce the publicness of the markets is considered as an important issue. National/public/private institutions, kindergartens, day care centers, and parents' child care are stratified by quality and preference. In particular, day care centers have a relatively low level of preference among high-income families who tend to opt out of formal child care services and to seek private alternatives thereto. This has emerged as a key issue in strengthening the publicness of child care. Therefore, it is necessary to restore and reinforce confidence in social services by effectively combining public service delivery systems with high-quality services with which middle-income families can be satisfied



## **Determinants of using care benefits for home visit in the long-term care insurance system for the elderly**

- ▶ The elderly who need long-term care services should be able to use services based on their needs regardless of resources, their traits, and their families' characteristics. This is deemed to be a very important issue that relates to reducing the inequality of systems and ensuring their sustainability. In this regard, it is necessary to look into whether possible stratification in using the long-term care insurance scheme, as well as reliance on family resources, which prior studies have discussed, really affects the use of the system. This is a very significant issue that should be considered when crafting plans to improve the publicness and sustainability of the long-term care insurance scheme in the future. This paper analyzes data from the National Health Insurance Service to examine the use of long-term care services by the level of income and uses raw data from the 2017 National Survey of Senior Citizens (Kyung-hee Jung et al., 2017; Ministry of Health and Welfare) in order to figure out the effects of the level of income and family resources on the utilization of home care services that are most favored among long-term care insurance services.
- ▶ The analysis of customized research DB from the National Health Insurance Service shows the following results. General subscribers whose level of income is high are more likely to use in-home services including home care and day and night care while National Basic Livelihood Security System beneficiaries whose level of income is low are more likely to use facility care services including long-term care facilities. The research results revealing that groups whose level of income is high are more likely to use in-home services imply that there can be differences in 'aging in place' promoted by long-term care policies.
- ▶ The analysis of determinants of the use of home visit care, based on the National Survey of Senior Citizens, shows that ADL and IADL, which are need factors, have statistically significant effects on the use of home care services. This is similar to the results from prior research studies. The more ADL and IADL limitations there are, the higher the odds ratio for the use of home visit care is. The level of income is found to have statistically insignificant effects on the use of home visit care. As a result, this paper does not confirm that there are differences among classes in terms of the use of the Long-term Care Insurance. However, the variable of family caregivers is deemed to significantly affect the use of home visit care. Specifically, in the case where sons or spouses living together with the aged are family caregivers, there are no significant differences in the use of home visit care. However, in the case where women such as daughters and daughters-in-law take care of the elderly, there is a significant drop in the use of home visit care. These results reveal that elderly care has yet to be sufficiently replaced by social services. In particular, in the case where women are family caregivers, such a phenomenon is witnessed more frequently and clearly.
- ▶ These results show that the level of income and family resources still have effects on the use of the long-term care insurance and that gender inequality in care remains unchanged. Therefore, in order to ensure the sustainability of elderly care policies, the government should strengthen social care for the elderly through the long-term care insurance and prepare and implement strategies for reducing gender inequality in care.



### 3. Policy suggestions

- ④ Based on the research results, the policy direction can be summarized as follows: When evaluating care policies in terms of publicness, the role of the state as a service provider has been very limited. In particular, in the context of direct service delivery, the role of the state has been insignificant while the private sector has played a key role in rapidly expanding services, thereby failing to ensure the publicness thereof. The government's support for and control of the private sector have also been poorly offered and implemented, respectively. Moreover, in terms of equality, the main value of publicness, segmentation by class has been witnessed in the area of child care while child care benefits have played a role in supporting high-income families to purchase services in a deviant way. In the sphere of elderly care, segmentation by class in the use of care services has also been seen, with the existence of female family caregivers having negative effects on the use of home care services. In other words, offering universal rights based on formal equality is found to have paradoxically produced segmented and unequal care services. In conclusion, in Korea, the publicness of care services is evaluated to be low not only in service providers but also in the promotion of 'equality'. Based on such analysis results, this study proposes that national and public facilities should further expand, strengthening publicness in ownership.
- ④ First, as the starting point of publicness, national and public care facilities should expand. In other words, publicness in the dimension of ownership should be reinforced. For child care, the percentage of national and public day care centers should increase to 40%, at the same time raising the share of national and public kindergartens to 40%. This has been established as a key national policy goal. In connection with recent incidents surrounding kindergartens, the expansion of national and public early childhood education infrastructure has emerged as a very important national agenda. In particular, taking into account that elementary schools are one of the few universal public infrastructure in Korea, they need to be reorganized as more care-friendly and care-oriented spaces. This paper proposes that the percentage of national and public facilities for long-term care should rise significantly. When the long-term care system was first introduced, 50-60% of long-term care facilities and about 30% of home care facilities were proposed to become national and public ones. The share of public facilities should be raised to the level where quality standards can be offered to the private sector. In the process of enhancing publicness in the dimension of ownership, private financial resources that are secured via personal payment, as well as local governments' financial resources for direct investment into infrastructure, are used for the long-term care system, thereby strengthening publicness in the dimension of funding. Also, the market expands under the influence of the government, thereby reinforcing publicness in the dimension of control.
- ④ In terms of traditional discussions on publicness, related entities were careful in equalizing publicness to the government. It should be noted that the power of the government and the bureaucratic system was on the rise when such caution was first taken. However, at the present moment, when Korea discusses the publicness of care, markets and their ideologies are more powerful than anything else. In case the government continues to limit its roles as a regulator

and financial supporter, it will be difficult to supply social services effectively. Moreover, due to policy design based on market fundamentalism, the government itself has made the area of public service a market where private entities engage in fierce competition, so that it has no choice but to deal with the aftermath.

- ✔ Second, in connection with national and public care facilities, the government needs to introduce a new model where the public sector directly offers services, rather than outsourcing their operation to the private sector. This is translated into shifting from the model based on the self-employed to the model based on quasi-government employees. The analysis of the publicness of day care centers reveals that national and public day care centers directly operated by public entities are superior to nationally and publicly commissioned day care centers in the context of pay step, career, and friendliness. In reality, such commissioned day care centers are reported to have exposed the same problems as private day care centers. Therefore, it is necessary to introduce a public employment system directly operated by national and public agencies or a program very similar thereto. At present, child care services are outsourced to healthy family support centers and offered in a way similar to the aforementioned system. In the process, various issues have been raised but problems attributed to profit-taking have yet to be seen. This is deemed to be the biggest strength of the direct operation and employment-based model.
- ✔ The Public Agency for Social Services adopted as a public pledge and national agenda is considered as a key model that can maximize the publicness of care. Until it is substantially introduced, the government is forecast to meet with resistance from the private sector and to experience many difficulties relating to boundaries among the spheres of care. However, introducing the model where the government directly delivers services is projected to clearly improve the publicness of current care policies.
- ✔ Third, in order to ensure the nature of care workers as employees, decisions on their working conditions should be made collectively, rather than at an individual workplace. Existing studies on the unique characteristics of care work show that care is a new area based on responsiveness and individuality, rather than on general and universal principles. Therefore, in the context of care, mutual relationships between care givers and care receivers are the most important, so that formal care work should be structured to respect such relationships. However, current care service systems based on the private sector and profit-taking are organized to easily break up such relationships. Small profit-making business proprietors may easily rely on saving costs, rather than making investments and bringing about innovation, to increase their income. Moreover, taking into account that labor costs account for the biggest percentage of human services-related expenses, business proprietors may try to lower wages for care workers and falsely register them in order to save costs.
- ✔ In connection with such decisions, the case of Denmark can be reviewed, where the model for the publicness of care is well established. In Denmark, local governments directly employ care workers, making collective decisions on their working conditions at the level of central government. The decisions affect the private sector. Under these circumstances, the exploitation of labor and the inappropriate distribution of resources based on the needs of directors are unlikely



to occur. Even in Korea's care service system based on the private sector, standard working conditions should be decided collectively through the public sector including the Public Agency for Social Services and the direct operation and employment system. Likewise, encouraging care workers to collectively take part in deciding their working conditions is deemed to show a new model for publicness where publicness is institutionalized in the area of care relationships based on intimacy, as well as the model for the publicness of general social policies in which the government plays a bigger role in offering services, promoting social integration and equality through such services.

- ④ Fourth, the government should more actively deliver care services and rationalize financial support systems for bearing care costs. Now is the time to discuss and reach an agreement on the scope of costs that the government should bear. Because the government has played a central role in offering financial support, its responsibilities for sharing costs have been excessively highlighted and exaggerated. As this study shows, the government has provided financial support for child care, which is often called 'free child care,' but has not borne all the costs in reality. In particular, sufficient public support has yet to be offered for child care before and after institution-based child care hours, so that publicness should be newly set up. In the sphere of elderly care and home care services, low-income households have difficulties in accessing such services, revealing that more support should be offered. If it is not possible to deliver high-quality services for free, how to lead the costs to be shared should be reviewed, considering the level of income and the needs for support. In particular, given that child benefits have been introduced for child care and that the national pension system has been revised for elderly care, cost-sharing systems should be reasonably adjusted, considering a stronger income security system. Such a reasonable cost-sharing system is required to promote equality and social integration.
- ④ In connection with child care benefits that are offered when care services are not used or the family care giver system that is considered as incomplete defamiliarization, their effectiveness needs to be thoroughly examined. This paper shows that child care benefits play a role in supporting high-income families and full-time mothers to exit from the system. The family care giver system has yet to be reviewed due to lack of data but it is feared to play a role in preventing the use of the care service system. Therefore, support systems whose purpose is unclear and that cause adverse effects should be reasonably reduced or abolished by strengthening the income security system.
- ④ Simply speaking, in terms of offering care services, the government's role should shift from a financial supporter to an active service provider. As a result, the model for care services should also change from the one based on the self-employed to the one based on semi-public official. Such changes are expected to enable publicness-based high-quality services to be delivered and to make it possible to prevent the risk of the exit from the care service system and incomplete defamiliarization. In the long term, they are projected to improve the political sustainability of the system. However, in connection with strengthening publicness, the fact that the shares of children and the elderly in the whole population are differently forecast needs to be considered when securing the budget. The continued low fertility is expected to cause the number of children

to drop in the future. The reason why the Seoul Metropolitan Government has been able to recently increase the percentage of national and public facilities is deemed to relate to a bleak outlook on the future of the child care market. If the current trend continues, the private sector is likely to be led to exit from the market, thereby reinforcing publicness gradually. However, in the field of elderly care, the percentage of the elderly is forecast to continuously rise, requiring more investments into long-term care. Therefore, in the process of strengthening publicness, the government is expected to meet with big resistance from the private sector. Considering such unique structural contexts, strategies for child and elderly care should be devised and implemented.

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