

NATIONAL HEALTH INSURANCE ACT

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CHAPTER ? GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to improve the national health and promote social security by providing the nations with insurance benefits for the prevention, the medical examination, the medical treatment, and the rehabilitation in case of the disease and the injury, the childbirth, the death, and the improvement of health.

Article 2 (Charge)

The Minister of Health and Welfare shall be in charge of the national health insurance program prescribed by this Act.

Article 3 (Definitions)

The definitions of the terms used in this Act shall be as follows:

- 1.The term “worker” means a person who, regardless of the type of his occupation, lives on remunerations received as compensation for his work (including a director or other officer of a corporation), except for a public official or a school employee referred to paragraph 4 and 5,
- 2.The term “employer” means a person who falls under one of the following items:
 - (a) The owner of the workplace to which a worker in question belongs;
 - (b) The head of the organ to which a public official in question belongs who is determined by the Presidential Decree; or
 - (c) The person who established and operates the private school to which a school employee in question belongs (refers to a private school referred to in Article 3 of the Pension Act for Private School Teachers and Staff; the same shall apply in this Act);
- 3.The term “workplace” means a place of business or office;
- 4.The term “public official” means a person who is a regular employee of the State or a local government performing civil services; and
5. The term “school employee” means a teacher at or an employee of a private school

or the organization that manages the school.

Article 4 (Health Insurance Deliberation and Coordination Committee)

- (1) In order to deliberate on the criteria for the health care benefits referred to in Article 39 (2), the criteria for the health care benefit costs referred to in Article 42 (3), and other important matters concerning the health insurance, the Health Insurance Deliberation and Coordination Committee (hereinafter referred to as “the deliberation and Coordination Committee”) shall be established under the Ministry of Health and Welfare.**
- (2) The Deliberation and Coordination Committee shall consist of the following members:**
 - 1.Eight members representing the insurer, the insured, and the employers;**
 - 2.Six members representing the medical and pharmaceutical communities; and**
 - 3.Six members representing the public interest.**
- (3) The Minister of Health and Welfare shall appoint or commission the persons referred to in the following subparagraphs as the committee members referred to in paragraph (2):**
 - 1.As the committee members referred to in paragraph (2) 1, persons whom the organizations representing the labor unions/employer organizations and the self-employed insured recommend two each, and person whom the insurer and the president of the Health Insurance Review Agency referred to in Article 55 recommend one each;**
 - 2.As the committee members referred to in paragraph (2) 2, persons recommended by the organization representing the medical community and by the organization representing the pharmaceutical communities and industry; and**
 - 3.As the committee members referred to in paragraph (2) 3, relevant public officials who are determined by the Presidential Decree and persons with extensive knowledge of and experience in health insurance.**
- (4) The Deliberation and Coordination Committee shall hold a meeting at least twice per year.**
- (5) The term of the office of the Deliberation and Coordination Committee members shall be two years: *Provided*, that the term of the office of a committee member who is appointed from among public officials shall be the term of that office, and that of a committee member who is appointed or commissioned to fill a vacancy shall be the remaining term of his predecessor.**
- (6) The Presidential Decree shall prescribe matters necessary with regard to the operation of the Deliberation and Coordination Committee.**

CHAPTER? The Insured

Article 5 (Eligible Persons, etc.)

- (1) Korean nationals who reside within Korea, excluding those who fall under one of the following subparagraphs shall become the insured (hereinafter referred as “the insured”) of the health insurance (hereinafter referred to as “the health insurance”) referred to in this Act or the dependents of the insured:**

1. Persons who receive medical care under the provisions of the Medical Care Act (hereinafter referred to as “the beneficiary of medical care act”); and
2. Persons who receive medical aid under the provisions of the Act on the Honorable Treatment of Persons of Distinguished Services to Independence and the Act on the Honorable Treatment and Support of Persons, etc. of Distinguished Services to the State (hereinafter referred to as “the beneficiary of medical aid”): *Provided*, that this shall not apply to the persons who fall under one of the following items:
 - (a) Person who is the beneficiary of medical aid request the insurer to make them to be under the coverage of the health insurance; or
 - (b) In cases persons who were under the coverage of the health insurance become the beneficiary of medical aid who do not request the insurer to make them to be excluded from the coverage of the national health insurance.
- (2) Dependents of the insured referred to in paragraph (1) refer to the persons falling under one of the following subparagraphs, who are supported mainly by the employee insured and do not have remunerations or income:
 1. Spouse of the employee insured;
 2. Lineal ascendants of the employee insured (including lineal ascendants of his or her spouse);
 3. Lineal descendants of the employee insured (including lineal descendants of his or her spouse); and
 4. Brothers/sisters of the employee insured.
- (3) The standards for determination of the dependent eligibility referred to in paragraph (2), the time of acquisition or loss of such eligibility, and other necessary matters shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 6 (Category of the Insured)

- (1) The insured shall be divided into the employee insured and the self-employed insured.
- (2) All employee and employer of the work place, public officials and school employee shall be the employee insured: provided that the person who is fall under one of the following subparagraphs shall be excluded from the employee insured:
 1. Daily worker who is employed for less than one month;
 2. Staff sergeants or petty officers second class (limited to those in service for short-term) and candidates for combat officers or military officers;
 3. Public officials who are taking their office through election, who do not have monthly remunerations or payment which substitute the monthly remuneration; and
 4. Public officials, school employee, the workers and their employer of the workplace determined by the president decree with consideration of the features of the workplace, the type of employment, the kind of business and etc.
- (3) Self-employed insured shall be the person other than the employee insured and their dependents.
- (4) The worker and the employer referred to the subparagraph 4 of the paragraph 2 may get or lose eligibility in accordance with the procedures determined by the president decree.

Article 7 (The Time of Acquisition of Eligibility)

- (1) A Korean national shall acquire the eligibility of an employee insured or self-

employed insured on the day he takes residence in Korean territory: *Provided*, that a person who falls under one of the following subparagraphs shall acquire each an eligibility on the applicable day:

1. For a former beneficiary of medical care, on the day when he becomes excluded from such eligibility;

2. For a former dependent of the employee insured, on the day when he loses his eligibility;

3. For a formerly the beneficiary of medical aid, on the day he is excluded from such eligibility; and

4. For the beneficiary of medical aid who requests the insurer to be covered by the health insurance as an insured under the provisions of Article 5 (1) 2 (a), on the day when the request is made.

(2) If an eligibility is acquired under the provisions of paragraph (1), the employer of the employee insured or the head of the household of the self-employed insured concerned shall report the particulars to the insurer as prescribed by the Ordinance of the Ministry of Health and Welfare within fourteen days after the date of acquisition of the eligibility.

Article 8 (Change of Eligibility)

The employer of the employee insured concerned, if the self-employed insured becomes the employee insured, or the head of the household of the self-employed insured concerned, if the employee insured or the dependent of the employee insured become self-employed insured, shall each report the particulars to the insurer as prescribed by the Ordinance of the Ministry of Health and Welfare within fourteen days from the date of the change in eligibility.

Article 9 (The Time of Loss of Eligibility)

(1) The insured shall lose his eligibility on the day he falls under one of the following subparagraphs:

1. Day after the day he dies;

2. Day after the day he loses his nationality;

3. Day after the day he ceases to reside within the Korean territory;

4. Day after the day he becomes a dependent of the employee insured;

5. The day he becomes the beneficiary of medical care; and

6. The day a request for exclusion from coverage of the health insurance is made by a person who was formerly under the coverage of the health insurance but became a beneficiary of medical aid.

(2) If an eligibility is lost under the provisions of paragraph (1), the employer of the employee insured concerned or the head of the household of the self-employed insured concerned shall report the particulars to the insurer as prescribed by the Ordinance of the Ministry of Health and Welfare within fourteen days after the date of loss of the eligibility.

Article 10 (Confirmation of Acquisition or Loss of Eligibility)

(1) Acquisition, change, or loss of the eligibility of the insured shall take effect retroactively from the time of acquisition, change or loss of the eligibility as referred to in Articles 7 through 9. In such a case, the insurer may confirm the fact thereof.

(2) The insured or the former insured may make a request for the confirmation referred to in paragraph (1).

Article 11 (Health Insurance Card)

(1) The National Health Insurance Corporation shall issue health insurance card to the insured.

(2) When the insured or his dependent receives a health care benefit, he shall present the insurance card referred to in paragraph (1) to the health care institution referred to in Article 40 (1) (hereinafter referred to as “health care institution”): *Provided*, that this shall not apply if an unavoidable circumstance such as a *force majeure* exists.

(3) Matters necessary with regard to the form, issuing and using of the health insurance card referred to in paragraph (1) shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

CHAPTER? NATIONAL HEALTH INSURANCE CORPORATION

Article 12 (Insurer)

The insurer of the national health insurance shall be the National Health Insurance Corporation (hereinafter referred to as “the Corporation”).

Article 13 (Operations, etc.)

(1) The Corporation shall be in charge of the following operations:

1. Management of the eligibility of the insured and their dependents;
2. Levy and collection of contribution and other fees referred to in this Act;
3. Administration of insurance benefits;
4. Prevention programs necessary for maintenance and improvement of health of the insured and their dependents;
5. Payment of the insurance benefit costs;
6. Programs for management, operation and increase of its assets;
7. Operation of medical facilities;
8. Educational training and publicity on the health insurance;
9. Research in health insurance and international cooperation in the health insurance fields with other countries;
10. Operations delegated to it under the provisions of this Act or other Acts and subordinate statutes; and
11. Other operations that the Minister of Health and Welfare determines to be necessary in connection with the health insurance.

(2) Matters necessary with regard to the kinds and scope of the programs for management, operation, and increase of its assets as referred to in paragraph (1) 6 shall be prescribed by the Presidential Decree.

(3) If a service in question is being provided for, or the use of the facilities is for a specific person, the Corporation may collect a service charge or a use fee for the provision of the service or the use of the facilities as prescribed by the constitution of the Corporation.

(4) The Corporation shall disclose to the public the information that it maintains and manages in connection with the health insurance as prescribed by the Act on Disclosure of Information by Public Agencies.

Article 14 (Legal Personality of the Corporation)

- (1) The Corporation shall be a juristic person.**
- (2) The Corporation shall come into existence by registering its establishment at the registry office in the seat of its principal office.**

Article 15 (Office)

- (1) The principal office of the Corporation shall be in the Seoul Metropolitan City.**
- (2) When necessary, the Corporation may establish branch offices pursuant to its constitution.**

Article 16 (Constitution of the Corporation)

- (1) The constitution the Corporation shall state the following matters:**
 - 1. Objectives;**
 - 2. Its name;**
 - 3. Seat of the office;**
 - 4. Matters concerning its officers and employees;**
 - 5. Matters concerning the board of directors;**
 - 6. Matters concerning its financial operation committee;**
 - 7. Matters concerning contribution and insurance benefits;**
 - 8. Matters concerning its budget and settlement of accounts;**
 - 9. Matters concerning its assets and accounting;**
 - 10. Matters concerning the modification of its constitution: and**
 - 11. Matters concerning public announcement.**
- (2) When the Corporation intends to modify its constitution, it shall obtain authorization of the Minister of Health and Welfare.**

Article 17 (Registration)

The registration for establishment of the Corporation shall include the following matters:

- 1.Objectives;**
- 2.Its name;**
- 3.Seat of the principal office and branch offices; and**
- 4.Name, address and resident registration number of the chairman of the board of directors.**

Article 18 (Dissolution)

Matters regarding the dissolution of the Corporation shall be prescribed by Act.

Article 19 (Officers)

- (1) The Corporation shall have as its officer one chairman of the board of directors, sixteen directors and two auditors.**
- (2) The chairman of the board of directors shall be appointed by the President upon recommendation of the Minister of Health and Welfare.**
- (3) As directors, eight persons recommended, two each, by the labor unions, an employer organizations, an agricultural and fishery organization, and a consumer organization, four persons recommended by the chairman of the board of directors of**

the Corporation, and four relevant public officials determined by the Presidential Decree shall be appointed by the Minister of Health and Welfare.

(4) The auditors shall be appointed by the Minister of Health and Welfare.

(5) Posts of the chairman of the board of directors, three of the directors and one of the auditors shall be permanent: *Provided*, that the nonpermanent members may receive compensation for actual expenses as prescribed by the constitution.

(6) The term of the office of an officer shall be three years: *Provided*, that the term of the office of an officer who is a public official shall be the term of that office, and the term of the office of an officer who is filling a vacancy shall be the remaining term of his predecessor.

Article 20 (Duties of Officers)

(1) The chairman of the board of directors shall represent the Corporation and supervise its duties and affairs at large.

(2) The executive directors shall execute the operations of the Corporation under the order of the chairman of the board of directors, and when the chairman of the board of directors is unable to perform his duties due to an unavoidable circumstance, an executive director determined by the constitution shall act for the chairman.

(3) The auditors shall audit the accounting of the Corporation, the circumstances of execution of its operations, and the circumstances of its assets.

Article 21 (Grounds for Disqualification of Officer)

A person who falls under one of the following subparagraphs may not become an officer of the Corporation:

1. A person who is incompetent or quasi-incompetent;
2. A person who has been declared bankrupt and is not yet rehabilitated;
3. A person for whom two years have not passed since his punishment was completed (including the case when the punishment is considered to have been completed), or since the remission of the punishment, after being sentenced to punishment by imprisonment or heavier punishment; or
4. A person who is in the probation period after being given a suspended execution of punishment by imprisonment or heavier punishment

Article 22 (Obligatory Retirement/ Dismissal of Officer)

(1) When an officer is confirmed to fall under one of the subparagraphs of Article 21, the officer in question shall be obligated to retire.

(2) When an officer falls under one of the following subparagraphs, the person who has the power to appoint may dismiss the officer in question:

1. When he is determined to be unable to perform his duties due to a physical or mental disability;
2. When he violates an official duty;
3. When he causes a financial loss to the Corporation with either intentionally or through gross negligence;
4. When he commits an act that is damaging to the dignity of the corporation, regardless of whether while on duty or off duty; or
5. When he violates an order of the Minister of Health and Welfare referred to in this Act.

Article 23 (Prohibition against Officer's Holding Concurrent Office)

The chairman of the board of directors, executive directors, and executive auditor of the Corporation shall not engage in another for-profit business or hold another office concurrently without permission of the person who has the power to appoint.

Article 24 (Board of Directors)

(1) The Corporation shall have a board of directors in order to deliberate on and resolve the important matters of the Corporation.

(2) The board of directors shall be composed of the chairman of the board of the Directors and directors.

(3) The auditors may attend the meeting of the board of directors and speak.

(4) Matters necessary with regard to the matters to be resolved by the board of directors and the operation of the board of directors shall be prescribed by the Presidential Decree.

Article 25 (Appointment and Dismissal of Employee)

The chairman of the board of directors shall appoint and dismiss employees pursuant to the constitution of the corporation.

Article 26 (Legal Fiction of Public Official in Application of Penal Provisions)

The officers and the employees of the Corporation shall be considered to be public officials in applying the provisions of Articles 129 through 132 of the Criminal Act.

Article 27 (Regulations, etc.)

Regulations relevant to the organization, the personnel affairs, the remunerations, and the accounting of the Corporation shall be determined with approval of the Minister of Health and Welfare after being passed through a resolution of the board of directors.

Article 28 (Selection and Appointment of Agent)

The chairman of the board of directors may select and appoint an agent from among the officers or employees of the Corporation in order to have the agent act for him in all judicial or extra-judicial acts relevant to the affairs of the Corporation.

Article 29 (Limitation on Representative Power)

(1) In connection with the matters with regard to which the interests of the Corporation and the interests of the chairman of the board of directors are in conflict with each other, the chairman of the board of directors shall not represent the Corporation, in this case, the executive auditor shall represent the Corporation.

(2) Provisions of paragraph (1) shall apply *mutatis mutandis* in regard to any litigation between the Corporation and the chairman of the board of directors.

Article 30 (Delegation of Powers of the Chairman of Board of Directors)

From among the powers of the chairman of the board of directors referred to in this Act, those prescribed by the Presidential Decree such as restriction of benefits and notice of the contribution payment may be delegated to the heads of the branch offices pursuant to the constitution of the corporation.

Article 31 (Financial Operation Committee)

(1) The Corporation shall have a financial operation committee in order to deliberate on and resolve issues of contribution adjustments and other important matters related with insurance finance.

(2) In making adjustments of contribution as referred to in paragraph (1), when important changes occur in insurance finance due to fluctuations in the insurance benefit costs, etc., the financial operation committee shall take them into consideration as prescribed by the Presidential Decree.

(3) The chairman of the financial operation committee shall be elected by the committee from among the committee members referred to in Article 32 (1) 3.

Article 32 (Composition, etc. of Financial Operation Committee)

(1) The financial operation committee shall be composed of the members referred to in the following subparagraphs:

1. Ten members representing the employee insured;
2. Ten members representing the self-employed insured; and
3. Ten members representing the public interest.

(2) As the members referred to in paragraph (1), the Minister of Health and Welfare shall appoint or commission the following persons:

1. As the committee members referred to in paragraph (1) 1, persons recommended, five each, by the labor unions and the employers' organization;

2. As the committee members referred to in paragraph (1) 2, persons recommended severally by the agricultural and fishery organization, the urban self-employed persons' organization and the citizens' organization as prescribed by the Presidential Decree; and

3. As the committee members referred to in paragraph (1) 3, relevant public officials determined by the Presidential Decree and persons with extensive knowledge on and experience in health insurance.

(3) The term of the office of the members of the financial operation committee shall be two years: *Provided*, that the term of the office of an officer who is a public official shall be the term of that office, and the term of the office of an officer who is appointed or commissioned to fill a vacancy shall be the remaining term of his predecessor.

(4) Matters necessary with regard to the operation, etc. of the financial operation committee shall be prescribed by the Presidential Decree.

Article 33 (Account)

(1) The fiscal year of the Corporation shall be based on the fiscal year of the Government.

(2) The Corporation shall administrate its financial affairs with integration of finance of the employee insured and that of the self-employed insured.

(3) The Corporation shall keep its accounts of the health insurance program separately from other accounts.

Article 34 (Budgets)

The Corporation shall compile the proposed budgets for each fiscal year by separating the contents thereof by their nature and obtain approval of the Minister of Health and

Welfare. The same shall apply when the budget is being modified.

Article 35 (Loans)

The Corporation may get a loan of money when there is a shortage of cash in making disbursement: *Provided*, that approval of the Minister of Health and Welfare is necessary for any long-term loan with the term of more than one year.

Article 36 (Reserve Fund)

(1) From the surplus fund at the settlement of accounts for each fiscal year, the Corporation shall accumulate as its reserve fund an amount equivalent to at least five hundredths of the expenses required for payment of insurance benefits for that fiscal year until the funds reach fifty hundredths of the expenses required for that fiscal year.

(2) The reserve fund referred to in paragraph (1) shall not be used except to meet the shortage in the expenses required for payment of insurance benefits or when there is a shortage of cash in making disbursements; when the reserve funds used to meet the shortage of cash in making disbursements, the amount shall be made up for within the fiscal year concerned.

(3) Matters necessary with regard to the method of managing or operating the reserve fund referred to in paragraph (1) shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 37 (Settlement of Accounts)

(1) The Corporation shall prepare a statement of accounts and a business report for each fiscal year and report to the Minister of Health and Welfare thereon by the end of February in the next year.

(2) When the Corporation reports to the Minister of Health and Welfare on its statement of accounts and business report under the provisions of paragraph (1), it shall publicly announce the contents thereof as prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 38 (*Mutatis Mutandis* Application of Civil Act)

Unless otherwise prescribed by this Act, the provisions of the Civil Act that are relevant to a foundation shall apply *mutatis mutandis* in regard to the Corporation.

CHAPTER? INSURANCE BENEFITS

Article 39 (Health Care Benefits)

(1) Health care benefits referred to in the following subparagraphs shall be provided for the treatment of diseases and injuries, and childbirths, etc. of the insured and his dependent:

- 1. Diagnosis, medical examinations;**
- 2. Supply of medicine, materials for medical treatment;**
- 3. Emergency aid, operation or other types of medical treatments;**
- 4. Prevention, rehabilitation;**
- 5. Hospitalization;**
- 6. Nursing; and**
- 7. Transfers.**

(2) Criteria for the health care benefits referred to in paragraph (1) (hereinafter referred to as “health care benefits”), such as the method, procedure, scope, and maximum limit of health care benefits shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

(3) In prescribing the criteria for health care benefits under the provisions of paragraph (2), the Minister of Health and Welfare may exclude the ailments that do not cause difficulties at work or in daily life and other items determined by the Ordinance of the Ministry of Health and Welfare from the health care benefit items.

Article 40 (Health Care Institution)

(1) Health care benefits (excluding nursing and transfers) shall be provided by the health care institutions referred to in the following subparagraphs. In this case, the Minister of Health and Welfare may exclude the medical facilities determined by the Presidential Decree such as those deemed to be unfit as health care institutions for public interest or national policy reasons from health care institutions:

1. Medical facilities that are established under the provisions of the Medical Service Act;
2. Pharmacies that are registered under the provisions of the Pharmaceutical Affairs Act;
3. Public health clinics, public health centers, and branches of public health clinics referred to in the Regional Public Health Act; and
4. Public health clinics established under the provisions of the Act on the Special Measures for Public Health and Medical Services in Agricultural and Fishing Villages, etc.

(2) If necessary for efficiently providing health care benefits, the Minister of Health and Welfare may recognize the health care institutions that meet the standards prescribed by the Ordinance of the Ministry of Health and Welfare, such as facilities, equipment, manpower, and areas of specialization, as specialized general health care institutions or specialized health care institutions under the conditions as prescribed by the Ordinance of the Ministry of Health and Welfare.

(3) Health care institutions that are recognized to be specialized general health care institutions or specialized health care institutions under the provisions of paragraph (2) may set the health care benefit procedure referred to in Article 39 (2) and health care benefit costs referred to in Article 42 differently from other health care institutions.

(4) Health care institutions referred to in paragraphs (1) and (2) (hereinafter referred to as “health care institutions”) shall not refuse to provide health care benefits unless there is a proper reason therefore.

Article 41 (Co-payment of Expenses)

A person who receives health care benefits referred to in Article 39 (1) shall be individually responsible for a part of their costs (hereinafter referred to as “co-payment”) as prescribed by the Presidential Decree.

Article 42 (Calculation, etc. of Health Care Benefit Cost)

(1) The costs of health care benefits shall be determined by contract between the chairman of the board of directors of the Corporation and a person determined by the Presidential Decree who represents the medical and pharmaceutical communities. In

such a case, the term of the contract shall be one year.

(2) If the contract is concluded by the provisions of paragraph (1), the contract shall be considered to be made between the Corporation and each individual health care institution.

(3) The contract referred to in paragraph (1) shall be concluded within three months before the date of expiration of the contract term, and if no contract is concluded within that period, an amount determined by the Minister of Health and Welfare upon a resolution of the Deliberation and Coordination Committee shall be the health care benefit cost. In such a case the health care benefit cost determined by the Minister of Health and Welfare shall be considered to be the health care benefit cost determined by contract under the provisions of paragraphs (1) and (2).

(4) If the cost of a health care benefit is being determined under the provisions of paragraph (1) or (3), the Minister of Health and Welfare shall give a notice of the particulars of the health care benefit cost without any delay.

(5) When the chairman of the board of directors of the Corporation to make the contract referred to in paragraph (1), he shall put it up for deliberation and resolution of the Financial Operation Committee referred to in Article 31.

(6) When the chairman of the board of directors of the Corporation requests for materials that are necessary in order to conclude the contract referred to in paragraph (1), the Health Insurance Review Agency referred to in Article 55 shall sincerely comply therewith.

(7) Details of the contract referred to in paragraph (1) and other necessary matters shall be prescribed by the Presidential Decree.

Article 43 (Claim for and Payment of Health Care Benefit Cost)

(1) A health care institution may claim the cost of a health care benefit from the Corporation. In such a case a request for review referred to in paragraph (2) shall be considered to be a claim to the Corporation for the cost of a health care benefit.

(2) A person who intends to claim the cost of a health care benefit as referred to in paragraph (1) shall request the Health Insurance Review Agency referred to in Article 55 for a review of the health care benefit cost, and the Health Insurance Review Agency which receives the request shall review the claims and notify the Corporation and the health care institution the details of its review without any delay.

(3) The Corporation when receives notification of the review details under the provisions of paragraph (2) shall pay the health care benefit cost to the health care institution in accordance with such details and without any delay. In such a case, if the co-payment already paid is in excess of the amount notified under the provisions of paragraph (2), the difference of the excess payment subtracted from the amount to be paid to the health care institution and shall be paid to the insured concerned.

(4) The Corporation may, for accounting, offset the amount to be paid to the insured under the provisions of paragraph (3) against the contribution and other collections (hereinafter refer to as “the contribution, etc”), which the insured concerned should pay, referred to in this Act.

(5) In paying the cost of the health care benefit, if the Health Insurance Review Agency referred to in paragraph (2) evaluates the reasonableness of the health care benefit as referred to in Article 56 and notifies it to the Corporation, the Corporation shall adjust the payment by increasing or reducing the cost of the health care benefit in accordance

with the results of the evaluation. In this case, matters relevant to the standards for increased or reduced payment of the health care benefit cost shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

(6) In paying the cost of health care benefits to the health care institution, if the health care institution receives supplies of the component elements of the health care benefits determined by the Ordinance of the Ministry of Health and Welfare, such as drugs and tests (referred to as “component elements” hereafter within this Article) from a medical supplies logistics cooperative association, medical supplies manufacturer, or medical supplies wholesaler referred to in paragraph (8), or other persons determined by the Ordinance of the Ministry of Health and Welfare (referred to as “the supplier” hereafter within this Article), uses them in providing the health care benefits and makes a claim on the particulars of those component elements to the Corporation under the provisions of paragraphs (1) and (2), the part of the health care benefit cost to be paid to the health care institution that corresponds to those component elements shall be paid directly to the supplier under the conditions as prescribed by the Ordinance of the Ministry of Health and Welfare, notwithstanding the provisions of the former sentence of paragraph (3). In such a case, the obligation of the Corporation to pay the health care benefit costs to the health care institution and the obligation of the health care institution to pay the bill of the supplier shall be considered to have been extinguished to the extent of the payment by the Corporation to the supplier, and if the health care institution has already paid part of the bill, the health care institution may request a refund for the part of the bill that the Corporation has paid the supplier directly.

(7) A health care institution shall include the particulars of the component elements supplied by the supplier when making a claim referred to in paragraphs (1) and (2), and the Corporation may refrain from applying the provisions of paragraph (6) with regard to a supplier who fails to notify the Corporation with the particulars of the component elements supplied to the health care institution or other details prescribed by the Ordinance of the Ministry of Health and Welfare.

(8) Medical supplies manufacturers, medical supplies wholesalers and other persons determined by the Ordinance of the Ministry of Health and Welfare may establish a medical supplies logistics cooperative association in order to improve the medical supplies distribution system and to provide storage, transportation, and other logistics services for medical supplies to the health care institutions as an agent of suppliers. In this case, matters regarding the organization and operation of the medical supplies logistics cooperative association and guidance for and supervision of the said cooperative association shall be prescribed by the Presidential Decree by applying *mutatis mutandis* the provisions of the Small and Medium Business Cooperative Act that concern cooperatives association and business cooperatives association.

(9) Matters necessary with regard to the method and procedure of the claim, review, and payment of the costs of health care benefits referred to in paragraphs (1) through (7) shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 44 (Health Care Allowance)

(1) When a insured or his dependent, because of emergency or other unavoidable circumstances determined by the Ordinance of the Ministry of Health and Welfare, receives health care for disease, injury, childbirth, etc. at an institution that is

determined by the Ordinance of the Ministry of Health and Welfare and performs functions similar to those of a health care institution (including a health care institution placed under a period of suspension of operation under the provisions of Article 85 (1)) or undergoes a childbirth at a place other than a health care institution, the Corporation shall disburse an amount equivalent to the health care benefit concerned to the insured or his dependent as the cost of the health care as prescribed by the Ordinance of the Ministry of Health and Welfare.

(2) An medical facilities that has provided the health care under the provisions of paragraph (1) shall issue to the person who received the health care a detailed medical care statement or a receipt stating the particulars of the medical care as prescribed by the Ordinance of the Ministry of Health and Welfare, and the person who received the health care shall submit this to the Corporation.

Article 45 (Voluntary Benefit)

In addition to the health care benefits prescribed in this Act, the Corporation may provide funeral allowance, sickness allowances, and other benefits as prescribed by the Presidential Decree.

Article 46 (Special Case for Disabled Person)

(1) The Corporation may provide insurance benefits of supportive equipment for the insured or his dependent that is a disabled person registered under the provisions of the Welfare of Disabled Persons Act.

(2) The scope, method, and procedure of the insurance benefits for supportive equipment as referred to in paragraph (1) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 47 (Health Checkup)

(1) The Corporation shall carry out the health checkups for the insured and their dependents in order to facilitate early detection of diseases and subsequent health care benefits.

(2) Candidates for, frequency of, and procedure of the health checkup referred to in paragraph (1) and other necessary matters shall be prescribed by the Presidential Decree.

Article 48 (Restriction of Benefits)

(1) When a person who is eligible to receive health care benefits falls under one of the following subparagraphs, the Corporation shall not provide any health care benefit:

1. When he has intentionally or through gross negligence caused a criminal conduct or intentionally contributed to the occurrence of an accident;
2. When he has intentionally or through gross negligence failed to follow health care related instructions of the Corporation or the health care institution;
3. When he has intentionally or through gross negligence refused to submit the documents referred to in Article 50 or other items or evaded questions or medical checkups; or
4. When he receives or is eligible to receive health care benefits or compensations under other Acts and subordinate statutes due to a disease, an injury or a disaster that is related to his business or in line of duty.

(2) When a person who is eligible to receive the health care benefit has received from the state or a local government an amount equivalent to the cost of the health care benefit or become eligible to receive an amount equivalent to the cost of the health care benefit under the provisions of other Acts and subordinate statutes, the Corporation shall withhold the insurance benefit up to the amount he received.

(3) The Corporation may withhold insurance benefits from the insured who has been delinquent in paying the contribution referred to in Article 62 (4) for the period determined by the Presidential Decree until such a time as when the contribution is paid in full: *Provided*, that this shall not apply if the insured who is behind payment pays the contribution in delinquency in full within ten days from the date on which the insurance benefit commences (if there is any holiday during that period, it shall not be included).

(4) If there is a delinquency of payment of the contribution referred to in Article 68 (1), the Corporation shall apply the provisions of paragraph (3), only if there is a ground for putting the responsibility for the payment delinquency on the employee insured himself. In such a case, the provisions of paragraph (3) shall apply also to the dependents of the employee insured in question.

Article 49 (Suspension of Benefits)

When a person who is eligible to receive insurance benefits falls under one of the following subparagraphs, no insurance benefit shall be provided during that period:

1. When he is traveling abroad;
2. When he is engaged in business operations abroad;
3. When he is in the service as a staff sergeant or petty officer second class (limited to short-term service) or a candidate for combat officer or military officer; or
4. When he is committed to a correctional institution or other equivalent facilities.

Article 50 (Verification of Benefits)

When it is determined to be necessary in providing insurance benefits, the Corporation may demand that a person who receives insurance benefits submit documents and other items or be subject to questioning or diagnosis by relevant personnel.

Article 51 (Payment of Health Care Costs, etc.)

When there is a claim for payment of health care costs or for voluntary benefits that the Corporation has an obligation to provide, the Corporation shall pay or provide them without any delay.

Article 52 (Collection of Unjust Enrichment)

(1) The Corporation shall collect all or part of the amount equivalent to the insurance benefits or the insurance benefit costs from a person who has received insurance benefits or a health care institution that has received insurance benefit costs (including suppliers referred to in Article 43 (6)) by deceit or other improper ways.

(2) In such a case as one referred to paragraph (1), when insurance benefits have been provided because of false reports or testimonies of the employer or the insured or because of false diagnosis by a health care institution, the Corporation may require a refund of the amount of unjust enrichment referred to in the same paragraph from such person/entity jointly with the person who received the insurance benefits.

(3) In such a case as one referred to paragraph (1), the Corporation may require refund of the amount referred to in the same paragraph from a insured who belongs to the same household as the person who received insurance benefits by deceit or other improper way (refers to the employee insured if the person who received the insurance benefits by deceit or other improper way is a dependent) jointly with the person who received the insurance benefits by deceit or other improper ways.

(4) In such a case as one referred to in paragraph (1), when a health care institution has received the cost of the health care benefit from the insured or his dependent by deceit or other improper ways, the Corporation shall collect the amount from the health care institution concerned and disburse it to the insured or his dependent without any delay.

Article 53 (A Right to Indemnity)

(1) When the Corporation has provided an insurance benefit to the insured because the grounds for the insurance benefit have arisen through the act of a third party, the Corporation shall have the right to claim for compensation against the third party up to the amount of the expenses required for the benefit concerned.

(2) In such a case as one referred to in paragraph (1), when the person who receives the insurance benefit has already received compensation for the loss from the third party, the Corporation shall not provide the insurance benefit up to the amount of the compensation.

Article 54 (A Protection of Right to Benefits)

The right to receive insurance benefits shall be unalienable and unseizable.

CHAPTER? HEALTH INSURANCE REVIEW AGENCY

Article 55 (Establishment)

In order to review the costs of health care benefits and evaluate the reasonableness of health care benefits, the Health Insurance Review Board (hereinafter referred to as “the Review Agency”) shall be established.

Article 56 (Operations, etc.)

(1) The Review Agency shall be in charge of the operations referred to in the following subparagraphs:

- 1. Review of the costs of health care benefits;**
- 2. Evaluation of the reasonableness of health care benefits;**
- 3. Development of the criteria for review and evaluation;**
- 4. Research and international cooperation related with the operations referred to in subparagraphs 1 through 3;**
- 5. Operations delegated to it in connection with review of the costs of benefits or evaluation of the reasonableness of health care that are provided under the provisions of other Acts;**
- 6. Operations determined by the Minister of Health and Welfare to be necessary in connection with the health insurance program; and**
- 7. Other operations prescribed by the Presidential Decree in connection with review**

of the costs of insurance benefits and evaluation of the reasonableness of insurance benefits.

(2) The criteria, procedures, and methods relevant to the evaluation of the reasonableness of health care benefits as referred to in paragraph (1) 2, 5, and 7, and other necessary matters shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 57 (Legal Personality, etc.)

(1) The Review Agency shall be a juristic person.

(2) The Review Agency shall come into existence with the registration of its establishment at the registry office in the seat of its principal office.

Article 58 (Officers)

(1) The Review Agency shall have as its officers the president, sixteen directors and one auditor.

(2) The president and the auditor shall be appointed by the Minister of Health and Welfare.

(3) As directors, five persons recommended by a medical and a pharmacy communities, three persons recommended by the Corporation, three persons recommended by the president of the Review Agency, five persons recommended, one each, by the labor unions, the employers' organization, the agricultural and fishing organization, and the consumer organization, and one person from among the relevant public officials determined by the Presidential Decree shall be appointed by the Minister of Health and Welfare.

(4) Posts of the president and three of the directors shall be permanent, and posts of the auditors shall be non-permanent: *Provided*, That the non-permanent officers may receive compensation for actual expenses under the conditions as prescribed by the constitution of the Review Agency.

(5) The term of the office of the officers shall be three years: *Provided*, that the term of the office of an officer who is a public official shall be the term of that office, and the term of the office of an officer who is filling a vacancy shall be the remaining term of his predecessor.

Article 59 (Medical Fee Review Committee)

(1) In order to efficiently conduct the operations of the Review Agency, a medical fee review committee (hereinafter referred to as "the review committee") shall be established under the Review Agency.

(2) The review committee shall be composed of no more than thirty full-time review members, including the chairman of the committee, and no more than six hundred part-time review members, and it may have a subcommittee for each area of medical specializations.

(3) Matters necessary with regard to the qualification and term of the members of the review committee and the operation of the committee, etc. shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 60 (Raising, etc. of Funds)

(1) The Review Agency may collect a charge from the Corporation in order to conduct

the operations referred to in Article 56 (1) (excluding the operations referred to in subparagraph 5 of the same paragraph of the same Article).

(2) When operations related with review of the costs of benefits or evaluation of the reasonableness of medical treatment are delegated to the Review Agency under the provisions of Article 56 (1) 5, the Review Agency may receive a fee from the consignor.

(3) The amount and collection method of the charge and fee referred to in paragraphs (1) and (2) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 61 (Provisions Applied *Mutatis Mutandis*)

Provisions of Articles 13 (4), 15, 16 (excluding paragraph (1) 6 and 7), 17, 18, 20 through 30, 33 (1), 34, 35, 37 and 38 shall apply *mutatis mutandis* in regard to the Review Agency. In such cases, “the corporation, chairman of the board of directors, and “executive auditor” shall be considered “ the Review Agency, President, and Non-permanent auditor”, respectively.

CHAPTER? CONTRIBUTION

Article 62 (Contribution)

(1) In order to meet the expenses required for the health insurance program, the Corporation shall collect contribution from the persons obligated to pay contribution referred to in Article 68.

(2) The contribution referred to in paragraph (1) shall be collected from the month that includes the day on which the insured obtain his eligibility until the month which includes the day before the day on which the insured loses his eligibility: *Provided*, that if the eligibility of the insured changes on or after the second of any month, contribution for the month that includes the day of change shall be collected on the basis of the eligibility before the change.

(3) The amount of the contribution per month for the employee insured should be the standard monthly wage calculated under the provisions of Article 63 multiplied by the contribution rate referred to in Article 65.

(4) The amount of contribution per month for the self-employed insured shall be calculated for per unit of household, but the contribution per month for the household to which the self-employed insured belongs shall be the amount determined by the constitution of the Corporation, upon a resolution of the financial operation committee, on the basis of the class divisions which are determined by the Presidential Decree in accordance with the standard income calculated under the provisions of Article 64.

(5) If the insured falls under one of the following subparagraphs, contribution for the insured or the household to which the insured belongs may be reduced partly in accordance with the constitution of the Corporation:

1. Persons who reside in the areas prescribed by the Presidential Decree, such as islands, remote places, agricultural and fishing villages, etc.: *Provided*, that the persons residing in agricultural and fishing villages shall be limited to the persons prescribed by the Ordinance of the Ministry of Health and Welfare, such as persons who are

engaged in agricultural or fishing activities;

2. Persons who are at least sixty-five years of age;

3. Disabled persons who are registered under the provisions of the Welfare of Disabled Persons Act; and

4. Persons of distinguished services to the state who are determined in Article (1) 4, 6, 10, 12, or 14 of Article 4 (1) of the Act on the Honorable Treatment and Support of Persons, etc. of Distinguished Services to the State.

Article 63 (Standard Monthly Wage)

(1) The standard monthly wage referred to in Article 62 (3) shall be calculated for each different class on the basis of the remunerations that the employee receives during a specified period of time.

(2) Contribution for the insured to whom a part or all of his remuneration is not being paid due to temporary retirement from office or other circumstances shall be calculated on the basis of the standard monthly wage for the month before the occurrence of the circumstance in question.

(3) Remunerations referred to in paragraph (1) shall mean money and other valuables (excluding anything of expense compensatory nature) that workers, public officers and school employees receive from employers, the state or local governments for providing their labor, which are determined by the Presidential Decree.

(4) Matters necessary with regard to the calculation of the standard monthly wages for different classes as referred to in paragraph (1) and the calculation of the standard monthly wage for un-salaried employers shall be prescribed by the Presidential Decree.

Article 64 (Standard Income)

(1) The standard income referred to in Article 62 (4) shall be determined in consideration of the income, assets, living standard, occupation, and economic activities participation rate, etc. of the self-employed insured, and the method and criteria for calculating the standard income and other necessary matters shall be prescribed by the Presidential Decree.

(2) In determining the method and criteria for calculating the standard income under the provisions of paragraph (1), assets for which exercise of property rights is restricted under the provisions of other Acts and subordinate statutes may be treated differently from other assets.

Article 65 (Contribution Rate)

(1) Contribution rate of the insured shall be determined within the limit of eighty thousandths, with consideration of the details of the resolution of the financial operation committee referred to in Article 31 by the Presidential Decree.

(2) Contribution rate of the employee insured that are engaged outside of Korea for business operations shall be fifty hundredths of the contribution rate that is determined under the provisions of paragraph (1).

Article 66 (Exemption from the Payment of Contribution)

(1) When the employee insured falls under one of subparagraphs 2 through 4 of Article 49, the Corporation shall exempt the insured concerned from the payment of his contribution: *Provided*, that when the employee insured falls under Article 49

subparagraph 2, this shall apply only if he does not have any dependent who resides within Korea.

(2) When the self-employed insured falls under one of the following subparagraphs, income of that insured shall be excluded from the calculation of the contribution for the household to which that the insured belongs:

1. When he falls under one of subparagraphs 2 through 4 of Article 49;
2. When it is clearly recognized that he is not engaged in any income producing activity such that he enrolled in any level of school of below college level or otherwise; or
3. When he meets the criteria prescribed by the Ordinance of the Ministry of Health and Welfare, which is comparable to subparagraphs 1 and 2.

Article 67 (Share of Contribution)

(1) The contribution of the insured shall be born, fifty hundredths each, by the employee insured and the person referred to in the following classifications: *Provided*, that if the employee insured is a school employee, fifty hundredths, thirty hundredths, and twenty hundredths of the amount of the contribution shall be borne by the said employee insured, the person prescribed in subparagraph 2 (c) of Article 3, and the state, respectively:

1. If the employee insured is a worker, then the person prescribed in subparagraph 2 (a) of Article 3; and
 2. If the employee insured is a public official, then the State or the local government to which that public official belongs.
- (2) The contribution of the self-employed insured shall be borne jointly by all self-employed insured that belongs to the same household as the said insured.
- (3) Within its budgetary limit and pursuant to the provisions of the Presidential Decree, the state may bear a part of the contribution that the self-employed insured shall bear.

Article 68 (Responsibility for Payment of the contribution)

- (1) The contribution of the employee insured shall be paid by his employer.
- (2) Contribution of the self-employed insured shall be paid jointly by all the self-employed insured who belong to the same household as the said insured. In such cases, notice or demand to one insured shall be considered to be effective against all the self-employed insured who belong to the said household.
- (3) An employer shall pay the portion of the contribution for the month to be borne by the employee insured by deducting it from his employee's remunerations. In such cases, the employer shall notify the amount of deduction to the employee insured.

Article 69 (Deadline for Payment of Contribution)

A person who has responsibility for payment of contribution under the provisions of Article 68 (1) and (2) shall pay the contribution for the applicable month by the tenth day of the next month: *Provided*, that contribution of the self-employed may be paid quarterly pursuant to the provisions of the Ordinance of the Ministry of Health and Welfare.

Article 70 (Demand for Payment of the Contribution, etc. and Disposition on Default)

- (1) When a person who has responsibility for payment as referred to in Article 68 fails to pay the contribution, etc., the Corporation may determine a time period and

demand the payment.

(2) When make a demand for payment under the provisions of paragraph (1), the corporation shall issue a demand letter with payment period of at least ten days but no more than fifteen days.

(3) When a person who receives the demand referred to in paragraph (1) fails to pay the contribution, etc. by the deadline for payment, the Corporation may collect it in accordance with the examples of disposition of the national tax in arrears, after obtaining approval of the Minister of Health and Welfare.

(4) When the Corporation determines that an asset that is seized in accordance with the example of disposition on the national tax in arrears as referred to in paragraph (3) is not appropriate to be auctioned off directly by it because expert knowledge is necessary for the auction or because of other special circumstances, the Corporation may have the Korea Assets Management Corporation which was established under the provisions of the Act on the Efficient Disposal of Insolvent Assets, etc. of Financial Institutions and the Establishment of Korea Assets Management Corporation(hereinafter referred to as “the Korea Assets Management Corporation”) conduct the auction for the Corporation, and the auction in such a case shall be considered to have been conducted by the Corporation.

(5) If the Korea Assets Management Corporation conducts an auction for the Corporation under the provisions of paragraph (4), the Corporation may pay a fee pursuant to the provisions of the Ordinance of the Ministry of Health and Welfare.

Article 71 (Additional Charge)

(1) When a person who has a responsibility to pay the contribution, etc. fails to make the payment by the payment deadline, the Corporation shall collect an additional charge equivalent to five hundredths of the contribution, etc. in arrears since the date of expiration of the payment period.

(2) When a person who has a responsibility to pay the contribution, etc. fails to make payment of the contribution, etc. in arrears within three months after the expiration of the payment period, the Corporation shall add another additional charge equivalent to five hundredths of the contribution, etc. in arrears since expiration of the three months to the additional charge referred to in paragraph (1) and collect both.

(3) When a person who has a responsibility to pay the contribution, etc. fails to make payment of the contribution, etc. in arrears within six months after the expiration of the payment period, the Corporation shall add another additional charge equivalent to five hundredths of the contribution, etc. in arrears since expiration of the six months to the additional charges referred to in paragraphs (1) and (2) and collect all of them.

(4) If there has been a *force majeure* or another unavoidable circumstance determined by the Ordinance of the Ministry Health and Welfare, collection of the additional charges referred to paragraphs (1) through (3) may be forgone, notwithstanding the provisions of paragraphs (1) through (3).

Article 72 (Disposition on Loss)

(1) When there is a circumstance that falls under one of the following subparagraphs, the Corporation may dispose of contribution, etc. as loss after obtaining a resolution of the financial operation committee:

- 1. A case where the disposition on default is concluded and the portion to be**

appropriated for the amount in arrears is insufficient for meeting the amount in arrears;

2. A case where the extinctive prescription for the claim concerned has run out; or

3. A case determined by the Presidential Decree where the possibility of collection is recognized to not exist.

(2) When the Corporation discovers the existence of other sizeable assets after the disposition on loss under the provisions of paragraph (1) 3, it shall immediately cancel the disposition and effect a default disposition.

Article 73 (Precedence of Collection of Contribution, etc.)

Contribution, etc. shall be collected before other claims except for national taxes and local taxes: *Provided*, that this shall not apply to the claims that are secured by a lease on a deposit basis, the right of pledge or a mortgage if the contribution is collected from the sale of an asset for which the fact of establishment of a lease on a deposit basis, the right of pledge or a mortgage having been registered prior to the payment period for the contribution, etc. is proved.

Article 74 (Notice to Pay Contribution, etc.)

When the Corporation intends to collect the contribution, etc, it shall determine the amount thereof and give to the person who has a responsibility to pay a notice to pay by a writing that states the details referred to in the following subparagraphs:

1.Category of the contribution, etc. to be collected;

2.Amount to be paid; and

3.Deadline for and place of payment.

Article 75 (Appropriation and Refund of Contribution, etc.)

(1) When a part of the amount paid as the contribution, additional charge or default disposition charge by a person who has a responsibility to pay is paid in mistake, the Corporation shall immediately determine the excess payment or the mistaken payment to be the refund contribution.

(2) The refund contribution referred to in paragraph (1) shall be appropriated for any contribution, etc. yet to be paid or default disposition charges, and any balance remaining after the appropriation shall be refunded to the payer within thirty days after the date of the determination referred to in paragraph (1).

CHAPTER? OBJECTION AND REQUEST FOR REVIEW, ETC.

Article 76 (Application of Objection)

(1) A person who has an objection to the decisions of the Corporation on the eligibility, contribution, etc., insurance benefits, and insurance benefit costs for the insured or his dependent may formally raise the objection to the Corporation.

(2) The Corporation, the health care institution, or other entity that has an objection to the decisions of the Review Agency, etc. of the reasonableness of the medical care benefit costs and medical care benefits may formally raise the objection to the Review Agency.

(3) The formal objections referred to in paragraphs (1) and (2) shall be made in writing

within ninety days after the date of the decision: *Provided*, That this shall not apply when an explanation is made that the formal objection could not be raised within the day due to a legitimate reason.

(4) Matters necessary with regard to the decision on a formal objection, notice of the decision, etc. shall be prescribed by the Presidential Decree.

Article 77 (Request for Review)

(1) A person who protests against the decision on a formal objection referred to in Article 76 may request the Health Insurance Dispute Mediation Committee (hereinafter referred to as “the Dispute Mediation Committee”) for a review. In such a case, provisions of Article 76 (3) shall apply *mutatis mutandis* with regard to the request for review.

(2) The Dispute Mediation Committee shall be under the command of the Minister of Health and Welfare.

(3) The Dispute Mediation Committee shall be composed of no more than twenty members who are appointed or commissioned by the Minister of Health and Welfare from among persons with extensive knowledge on and experience in the health-insurance-related legal or medical fields.

(4) Matters necessary with regard to the decision on a request for review, notice of the decision, and organization and operation of the Dispute Mediation Committee shall be prescribed by the Presidential Decree.

Article 78 (Administrative Litigation)

A person who has an objection to the decision of the Corporation or the Review Agency or a person who protests against the decision on a formal objection referred to in Article 76 or a request for review referred to in Article 77 may institute an administrative litigation pursuant to the provisions of the Administrative Litigation Act.

CHAPTER? SUPPLEMENTARY PROVISIONS

Article 79 (Prescription)

(1) The rights referred to in the following subparagraphs shall be extinguished by prescription if not exercised for three years:

1.The right to collect the contribution (including additional charge on the contribution) or to receive the refund contribution;

2.The right to receive an insurance benefit;

3.The right to receive the cost of an insurance benefit; and

4.The right to receive a refund of excess the co-payment under the provisions of Article 43 (3).

(2) The prescription referred to in paragraph (1) shall be interrupted by the occurrence of one of the events referred to in the following subparagraphs:

1.Notice of or demand for the payment of the contribution; or

2.Claim for insurance benefit or insurance benefit cost.

(3) Except for the matters prescribed in this Act, the extinctive prescription and interruption of prescription referred to in paragraphs (1) and (2) shall be subject to the provisions of the Civil Act.

Article 80 (Calculation of Time Period)

Except as otherwise provided by this Act, provisions of the Civil Act that are relevant to time periods shall apply *mutatis mutandis* for calculation of the time periods prescribed by this Act or by the orders referred to in this Act.

Article 81 (Protection of Rights and Interests of Workers)

An employer who employs the workers referred to in Article 6 (2) 1 may not prevent those employed workers from becoming the employee insured as referred to in this Act or take a measure that is injurious to the workers, such as denial of a worker's promotion or wage increase or the dismissal of a worker, for the purpose of evading an increase of the employer's share to be born by the employer in question without any reasonable ground.

Article 82 (Report, etc.)

(1) The Corporation may require an employer or the head of a household to report an insured's change of residence, remunerations, income, and other matters necessary for the health insurance program or to submit relevant materials.

(2) When the Corporation recognizes a necessity for factual verification of the materials that are reported or submitted under the provisions of paragraph (1), the Corporation may require the employee under its charge to investigate the matters in question.

(3) In such a case as one referred to in paragraph (2), the Corporation employee shall be in possession of a certificate that indicates their authority and show it to relevant persons.

Article 83 (Furnish of Materials)

(1) The Corporation and the Review Agency may request the state, local governments, health care institutions, and other public organizations to furnish the document that are necessary for the health insurance program.

(2) The state, a local government, health care institution, or other public organization that receives the request to furnish materials under the provisions of paragraph (1) shall sincerely comply therewith.

Article 84 (Report and Inspection)

(1) The Minister of Health and Welfare may order an employer or the head of a household to report or submit documents on an insured's moving, remunerations, incomes and other necessary matters or require public officials under his charge to question relevant persons or inspect relevant documents.

(2) The Minister of Health and Welfare may require the health care institution (including any health care institution that has provided health care under the provisions of Article 44) to report on the matters relevant to insurance benefits, such as the provision of the health care and medicine or submit relevant documents or require public officials under his charge to question the relevant personnel or inspect the relevant documents.

(3) The Minister of Health and Welfare may require a person who has received an insurance benefit to report on the details of the insurance benefit concerned or require

public officials under his charge to question the person.

(4) In such cases as those referred to in paragraphs (1) through (3), the public officials under the Ministry of Health and Welfare shall be in possession of a certificate that indicates their authority and show it to relevant persons.

Article 85 (Penalty Surcharge, etc.)

(1) When the health care institution falls under one of the following subparagraphs, the Minister of Health and Welfare may determine a time period within the limit of one year and order the health care institution to suspend its operation:

1. When it places the burden of the cost of a health care benefit on the insurer, a insured, or a dependent by deceit or other illegitimate way; or

2. When it violates the order referred to in Article 84 (2), makes a false report, or refuses, obstructs or evades an inspection or questioning by the public officials under the charge of the Ministry of Health and Welfare.

(2) In a case where a health care institution is subject to the order of suspension of operation by falling under paragraph (1) 1, when the order of suspension of operation causes serious inconvenience to the persons who use the health care institution in question, or that there exist other special circumstances, the Minister of Health and Welfare may assess and collect a penalty surcharge in the amount not exceeding five times of the amount that was born due to deceit or other illegitimate way in lieu of the order of suspension of operation. In such a case, the amount of penalty surcharge on the basis of the category and degree of the violating conduct that is subject to assessment of a penalty surcharge and other necessary matters shall be prescribed by the Presidential Decree.

(3) A person who has been ordered to suspend operation under the provisions of paragraph (1) may not provide health care benefits during the period of suspension of operation in question.

(4) Penalty surcharges collected under the provisions of paragraph (2) shall not be put to uses other than those referred to in the following subparagraphs:

1. Support for funds necessary for health care benefit costs paid by the insurer under the provisions of the main sentence of Article 43 (3);

2. Support for the emergency medical service fund referred to in the Emergency Medical Service Act.

(5) Sizes of support from penalty surcharges referred to in paragraph (4) for different uses, procedure of their use, and other necessary matters shall be prescribed by the Presidential Decree.

(6) When a person who shall pay a penalty surcharge as referred to in paragraph (2) fails to make the payment by the payment deadline, it shall be collected in accordance with the examples of disposition on the national tax in arrears.

Article 86 (Keep Secret)

A person who had been engaged in the operations of the Corporation or the Review Agency or a person who is so engaged presently shall not disclose any secrets that he has acquired from the performance of his duty.

Article 87 (Supervision over the Corporation, etc.)

The Minister of Health and Welfare may take measures that are necessary for

supervision over the Corporation and the Review Agency, such as an order to report on their annual activity or an order to modify the constitution or regulations or to take other necessary actions after inspecting the conditions of their annual activity and assets.

Article 88 (Assignment and Entrustment of Authority)

(1) The authority of the Minister of Health and Welfare referred to in this Act may be assigned in part to the Special Metropolitan City Mayor, Metropolitan City Mayors, or *Do* governors under the conditions as prescribed by the Presidential Decree.

(2) The authority of the Minister of Health and Welfare referred to in Article 84 (2) may be entrusted to the Corporation or the Review Agency under the conditions as prescribed by the Presidential Decree.

Article 89 (Delegation of Operations)

(1) The Corporation may delegate its operations relevant to receipt of contribution, payment of insurance benefit costs or verification of payment of contribution to postal service agencies or financial institutions under the conditions as prescribed by the Presidential Decree.

(2) The Corporation may delegate part of its operations to state organs, local governments, corporations that conduct social insurance operations under other Acts and subordinate statutes, or other persons.

(3) The scope of the operations that the Corporation may delegate under the provisions of paragraph (2) and of the persons to whom they may be delegated shall be prescribed by the Ordinance of the Ministry of Health and Welfare.

Article 90 (Disposal of Small-Sum)

If an amount to be collected or an amount to be returned is less than two thousand won per case (excluding the individual co-payment refunds which may be disposed by offsetting under the provisions of Article 43 (4)), the Corporation shall not collect or refund it.

Article 91 (Disposal of Fractional Sum)

In calculating the contribution, etc and expenses related to insurance benefits, fractional sums as referred to in the National Treasury Fractional Calculation Act shall not be included in the calculation.

Article 92 (State's Share)

Out of its annual budget, the state may share the expenses needed by the Corporation for the operation of the national health insurance program.

Article 93 (Special Case for Foreigner, etc.)

(1) The government may arrange separately for a health insurance for the workers at a work place where a foreign government is the employer in consultation with the foreign government in question.

(2) Under the conditions as prescribed by the Ordinance of the Ministry of Health and Welfare, foreigners and overseas Korean nationals determined by the Presidential Decree may become the insured who are subject to the application of this Act upon

their personal request.

CHAPTER ? PENAL PROVISIONS

Article 94 (Penal Provisions)

An employer who violates the provisions of Article 81 or a person who violates the provisions of Article 86 shall be punished by imprisonment for no more than one year or a fine of no more than ten million won.

Article 95 (Penal Provisions)

A person fail to report or submit documents, a person who makes a false report or submits false documents, or a person who refuses, obstructs or evades inspection or questions in violation of the provisions of Article 84 (2) shall be punished by a fine of no more than ten million won.

Article 96 (Penal Provisions)

A person who violates the provisions of Article 40 (4) or the former sentence of Article 44 (2) shall be punished by a fine of no more than five million won.

Article 97 (Joint Penal Provisions)

When the representative of a corporation or an agent, employee or other employed person of a corporation or an individual commits an offense referred to in Articles 94 through 96 in connection with the duties of the said corporation or individual, in addition to punishing the offender, the said corporation or individual shall also be subject to the punishment by fine as referred to in each applicable Article.

Article 98 (Fine for Negligence)

(1) When a insured or his dependent, or a person who was formerly a insured or his dependent, receives an insurance benefit by using a document that proves his eligibility after losing that eligibility, he shall be punished by a fine for negligence of no more than the amount equivalent to the said benefit.

(2) When a person who is eligible to receive insurance benefits effects another person's receipt of an insurance benefit by deceit or other illegitimate ways, he shall be punished by a fine for negligence of no more than the amount equivalent to the said insurance benefit. The same shall apply to a person who receives an insurance benefit by same way.

Article 99 (Fine for Negligence)

A person who falls under one of the following subparagraphs shall be punished by a fine for negligence of no more than one million won:

- 1.A person who violates an order referred to in Article 87; or
- 2.A person who fails to submit documents, state his opinions, or make a declaration or report or a person who makes false statements, declaration or report or refuses, obstructs or evades investigation or inspection without a justifiable ground with the

violation of the provisions of Article 82 (1) and (2) or 84 (1) and (3).

Article 100 (Procedure for Assessment and Collection of Fine for Negligence)

(1) The fine for negligence referred to in Articles 98 and 99 shall be assessed and collected by the Minister of Health and Welfare under the conditions as prescribed by the Presidential Decree.

(2) A person who protests against the disposition by fine for negligence referred to in paragraph (1) may raise a formal objection to the Minister of Health and Welfare within thirty days after he receives the notice of such disposition.

(3) When a person who is subject to the disposition by a fine for negligence as referred to in paragraph (1) raises a formal objection under the provisions of paragraph (2), the Minister of Health and Welfare shall without any delay notify the competent court of this fact, and the competent court shall hold a trial of negligence fine as referred to in the Non-Contentious Case Litigation Procedure Act.

(4) When a fine for negligence is not paid without any objection being raised within the time period referred to in paragraph (2), it shall be collected in accordance with the examples of disposition on the national tax in arrears

ADDENDA< Feb. 8,1999, Act No.5854>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2000: *Provided*, that Article 4 and 5 of the addenda shall enter into force on the date of its promulgation.

Article 2 (Repeal of Other Acts)

The Medical Insurance Act and the National Medical Insurance Act shall be repealed.

Article 3 (Establishment of the Corporation)

The National Health Insurance Corporation in existence at the time when this Act enters into force which was established under the National Medical Insurance Act shall be considered as the Corporation which is established under the provisions of this Act: *Provided*, that the officers of the Corporation shall be appointed in accordance with the provisions of Article 19, and in this case, the term of the office of the officers of the previous National Health Insurance Corporation shall be considered to have terminated.

Article 4 (Preparation for Establishment of the Review Agency)

(1) The Minister of Health and Welfare shall commission six establishment committeemen within thirty days from the date on which this Act is promulgated and have them take charge of the affairs related with the establishment of the Review Agency.

(2) The establishment committeemen shall prepare the constitution of, obtain approval therefore from the Minister of Health and Welfare, and then register the establishment of the Review Agency.

(3) When the president of the Review Agency is appointed, the establishment committeemen shall hand over the affairs, and, when handing over of the affairs is completed, they shall be considered dismissed.

(4) Expenses, etc. that are necessary for the preparation for establishment of the Review Agency shall be born by the state.

Article 5 (Act of Preparation for Enforcement of This Act)

(1) The Minister of Health and Welfare and the chairman of the board of directors of National Medical Insurance Corporation or establishment committeemen of the Review Agency may request the National Federation of Medical Insurance, the Medical Insurance Societies, the National Medical Insurance Corporation and other relevant persons to submit the documents that are necessary for preparations for enforcement of this Act.

(2) A person who receives the request for submission of document referred to in paragraph (1) shall sincerely comply therewith.

Article 6 (Dissolution of Incorporated Bodies)

The Medical Insurance Societies and the National Federation of Medical Insurance in existence at the time when this Act enters into force which were established under the provisions of the previous Medical Insurance Act shall each be dissolved at the same time as when this Act enters into force.

Article 7 (General Succession of Rights, etc.)

(1) The Corporation shall succeed generally to the rights and duties of the Medical Insurance Societies and the National Federation of Medical Insurance referred to in the previous Medical Insurance Act existing at the time when this Act enters into force: *Provided*, that the Review Agency shall succeed generally to the rights and duties of the National Federation of Medical Insurance related with its review operations.

(2) Assets of the Medical Insurance Societies referred to in the previous Medical Insurance Act at the time when this Act enters into force shall be considered as assets of the Corporation, and the assets of the National Federation of Medical Insurance shall be considered as assets of the Review Agency.

Article 8 (Employment, etc. of Employees)

Employees of the previous Medical Insurance Societies and the National Federation of Medical Insurance at the time when this Act enters into force shall be considered to have been employed by the Corporation: *Provided*, that the employees, from among the employees of the National Federation of Medical Insurance, who are engaged in the review operations as determined by the Minister of Health and Welfare shall be considered to have been employed by the Review Agency.

Article 9 (Transition Measures regarding Acquisition, etc. of Eligibility of Insured and Dependent)

(1) A person who becomes a insured or his dependent under the provisions of the previous Medical Insurance Act or National Medical Insurance Act at the time when this Act enters into force shall be considered to have acquired the eligibility of a insured or dependent referred to in this Act.

(2) A request for review that is presented and being examined under the provisions of the previous Medical Insurance Act or National Medical Insurance Act at the time when this Act enters into force shall be considered the formal objection referred to in

this Act, and a request for reexamination shall be considered to have been made to, and being examined by, the Dispute Mediation Committee.

(3) Matters concerning collection of contribution, etc. for which the payment period has expired at the time when this Act enters into force under the provisions of the previous Medical Insurance Act or the National Medical Insurance Act shall be in accordance with the previous provisions.

(4) A medical care institution for which the term of suspension of operation has not yet terminated at the time when this Act enters into force, from among the health care institutions that were subject to suspension of operation under the provisions of the previous Medical Insurance Act or National Medical Insurance Act, shall be considered to have been subject to suspension of operation for the remaining term (refers to the shorter term of the two if the remaining terms of suspension of operation referred to in the Medical Insurance Act and the one referred to in the National Medical Insurance Act overlap each other) under the provisions of this Act.

(5) Requests for and hearings on insurance benefits or insurance benefit costs that are made or conducted under the provisions of the previous Medical Insurance Act or National Medical Insurance Act at the time when this Act enters into force shall be considered to be requests for and hearings on insurance benefits or insurance benefit costs referred to in this Act.

Article 10 (Transitional Measures regarding the integration of Finance)

(1) Notwithstanding the provisions of Article 33 (2), the Corporation shall keep the accounting for the financial affairs related with the employee insured and those related with the self-employed insured (excluding the financial affairs necessitated by management and operation of the Corporation) separately from each other until June 30, 2003. (Amended on Jan. 19, 2002. Act No. 6618)

(2) As for the employee insured as referred to in paragraph (1), accounting for the financial affairs related with employee insured who are workers at work-places referred to in Article 6 (2) 1 and their employers, and accounting for the financial affairs related with the employee insured who are public officials or school employees as referred to in Article 6 (2) 2 shall be kept separately from each other until December 31, 2000.

Article 10-2 Repealed (Jan. 19, 2002 Act No. 6618)

Article 10-3 (Special Case of Contribution Rate for Separate Accounting of Finance)

(1) Notwithstanding the provisions of Article 65 (1), contribution rates for employee insured may be set differently for different employee insured classes referred to in Article 6 (2) 1 and 2 under the conditions as provided by the Presidential Decree during the separate financial accounting period referred to in Article 10 (2) of the addenda. In such a case, the different contribution rates shall each be determined within the limit of eighty thousandths.

(2) Notwithstanding the provisions of Article 65 (2), contribution rates for employee insured engaged in business outside of Korea shall be fifty hundredths of the applicable contribution rate referred to in paragraph (1) during the separate financial accounting period referred to in Article 10 (2).

Article 10-4 (Special Case for Adjustment of Contribution Rate for Employee Insured)
Contribution rate of a person whose rate has increased by at least the ratio determined by the Presidential Decree, from among the employee insured whose contribution has increased at least twenty hundredths of the contribution for the month to which the day before the enforcement date of this Act belongs, may be adjusted under the conditions as prescribed by the Presidential Decree within the limit of the separate financial accounting period referred to in Article 10 (1) of the addenda.

Article 11 (Applications Case of Medical Care Benefit Cost)
The criteria for calculation of the costs of health care benefits determined by the Minister of Health and Welfare under the provisions of the previous Medical Insurance Act and National Medical Insurance Act at the time when this Act enters into force shall be considered to have been determined by contract with the chairman of the board of directors of the Corporation and the person representing the health and pharmaceutical communities under the provisions of Article 42 (1) for the duration of six months commencing on the date of the promulgation of this Act.

Article 12 (Transitional Measures regarding Penal Provisions, etc.)
Application of penal provisions or fine for negligence for an offense in violation of the previous Medical Insurance Act or National Medical Insurance Act that is committed before this Act enters into force shall be subject to the provisions of the previous Medical Insurance Act or National Medical Insurance Act.

Article 13 (Relation to Other Acts and Subordinate Statutes)
(1) In cases where the provisions of the previous Medical Insurance Act or National Medical Insurance Act are cited in other Acts and subordinate statutes at the time when this Act enters into force, if there are corresponding provisions in this Act, this Act or the corresponding provisions of this Act shall be considered to have been cited in lieu of the previous provisions.
(2) In cases where the Medical Insurance Societies or the National Federation of Medical Insurance referred to in the previous Medical Insurance Act or the National Health Insurance Corporation referred to in the National Medical Insurance Act is cited in other Acts and subordinate statutes at the time when this Act enters into force, the Corporation referred to in this Act shall be considered to have been cited.

Article 14 (Transitional Measures Regarding Extinctive Prescription)
Right to collect or receive refund of contribution, right to receive an insurance benefit, or right to receive refund of excess payment of co-payment for which extinctive prescription has occurred before this Act enters into force shall be pursuant to the previous provisions.

Article 15 (Transitional Measures regarding Prior Conduct, etc.)
(1) Punishment for an offense in violation of the Medical Insurance Act or National Medical Insurance Act that is committed before this Act enters into force shall be pursuant to the previous provisions.
(2) Various actions, such measures, taken by the insurer, insurer organization, or an administrative agency under the provisions of the previous Medical Insurance Act or

National Medical Insurance Act at the time when this Act enters into force shall be considered to be their corresponding actions of the Corporation, the Review Agency or an administrative agency referred to in this Act, and if actions, such as measures, taken by the insurer or the insurer organization overlap each other, minor measures therefrom shall be considered to be actions of the Corporation or the Review Agency referred to in this Act.

(3) A specialized general medical care institution or a specialized medical care institution that is recognized by the Minister of Health and Welfare at the time when this Act enters into force under the provisions of the previous Medical Insurance Act or National Medical Insurance Act shall be considered to be a specialized general health care institution or a specialized health care institution referred to in this Act.

ADDENDA <Act No. 6073, Dec. 31, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDUM <Act No. 6093, Dec. 31, 1999>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 6124, Jan. 12, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 6320, Dec. 29, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2001.

Articles 2 (Act of Preparation for Enforcement of This Act)

(1) The Minister of Health and Welfare and the chairman of the board of directors of National Health Insurance Corporation may request the State and Local Government, Juridical bodies or Public Entities which operates social Insurance under the other Act, and the employer of workplace and employee and other relevant persons to submit the materials that are necessary for preparations for enforcement of this Act.

(2) A person who receives the request for submission of materials referred to in paragraph (1) shall sincerely comply therewith.

ADDENDA <Act No. 6474, May 24, 2001>

Article 1 (Enforcement Date)

This Act shall enter into force on Oct. 1, 2001.

Articles 2 through 13 Omitted.

ADDENDA <Act No. 6618, Jan. 19, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation

Article 2 (Transitional Measures Regarding the Amendment of the provision 1 of Article 10 under the Addenda of National Health Insurance Act No 5854)

The Corporation shall take measures to recover to those of financial affairs on the December 31, 2001 from which the integration of those financial affairs on the date of enforcement of this Act and kept separately the financial affairs of the employee insured and the self-employed insured.