



Chapter 2

Definitions of Key Concepts in Long-Term Care Insurance

- (1) Long-Term Care
- (2) Long-Term Care Insurance

(1) Long-Term Care

The concept of Long-Term Care (LTC) has evolved and encompassed varying definitions. According to the World Health Organization (WHO), long-term care refers to “a broad range of personal, social, and medical services and support that ensure people with, or at risk of, a significant loss of intrinsic capacity (due to mental or physical illness and disability) can maintain a level of functional ability consistent with their basic rights and human dignity.”

The America's Health Insurance Plans (AHIP) defines long-term care as “a range of services and supports provided over an extended period to individuals with chronic illnesses (such as Alzheimer's disease and other cognitive impairments) or functional disabilities.” These services include medical

care, social services, home care, transportation, and other supportive assistance. They may be delivered by informal caregivers (such as unpaid family members or friends) or by formally trained and licensed healthcare professionals. Long-term care services may be provided in home settings, community-based environments, or specialized institutional facilities.

Based on these definitions, this report defines long-term care as a set of informal and formal caregiving services provided over an extended period to individuals who are unable to care for themselves, with the aim of meeting their basic daily living needs and enabling them to live as independently and with as much dignity as possible.

(2) Long-Term Care Insurance

Long-Term Care Insurance (LTCI) is a form of health insurance designed to provide care services and financial compensation to insured individuals who require long-term care. The definitions of LTCI are largely consistent across countries. For example, the America's Health Insurance Plans (AHIP) defines LTCI as “a product designed to protect consumers from the potentially high costs associated with long-term care.” Similarly, the American Council of Life Insurers (ACLI) defines it as “an insurance policy that reimburses policyholders for medical and other services when they require continuous care at home or in a nursing facility due to aging, serious illness, or accidents.”

Accordingly, long-term care insurance can be understood as a type of health insurance that provides financial coverage for expenses incurred when insured individuals—due to aging, chronic or severe illness, or accidental disability—suffer a partial or complete loss of physical function and become unable to perform daily living independently, requiring institutional or

home-based long-term care and support services.

Compared with health insurance, income protection insurance, and life insurance, long-term care insurance differs significantly in terms of purpose, scope of coverage, and service characteristics. While health insurance typically covers acute, short-term medical needs, LTCI protects individuals and their families from the financial burden of extended caregiving. Its primary objective is to restore or maintain the insured individual's basic activities of daily living, rather than to provide emergency medical treatments.

In terms of coverage, health insurance typically reimburses short-term medical costs, whereas LTCI covers extended periods of both medical and non-medical care. Service-delivery models also diverge: healthcare services under medical insurance often require high technical expertise, while the social care services under LTCI are less technically demanding and mainly involve providing routine, supportive assistance essential for daily living and quality of life.