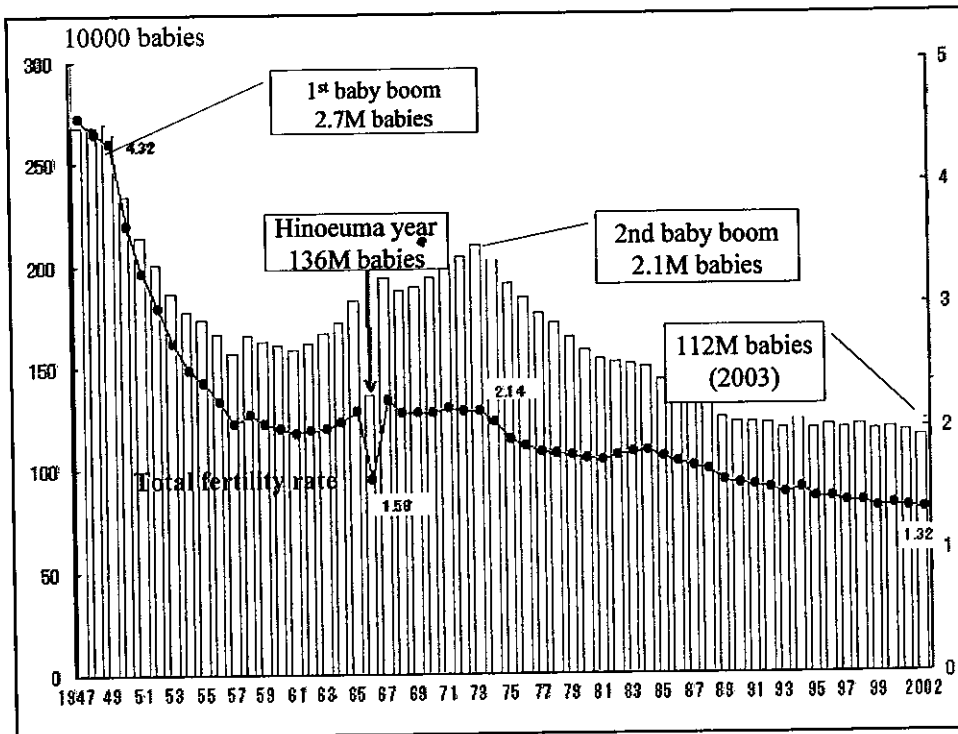
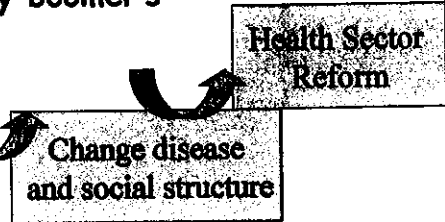


Health System of Japan

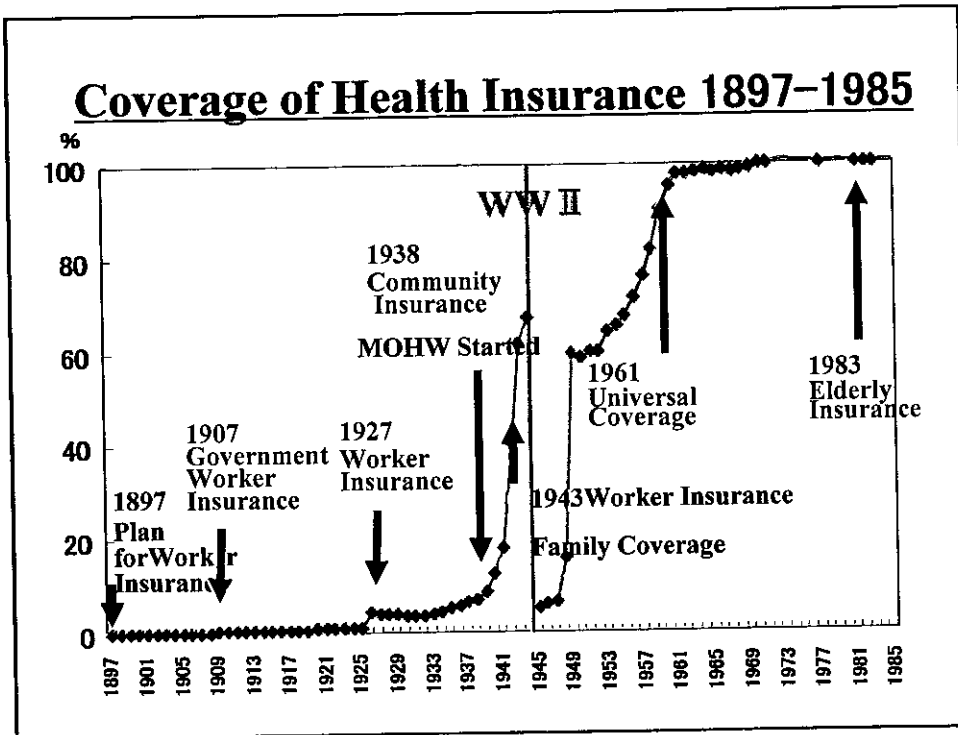
Socio-demographic change

Ageing of Japanese society

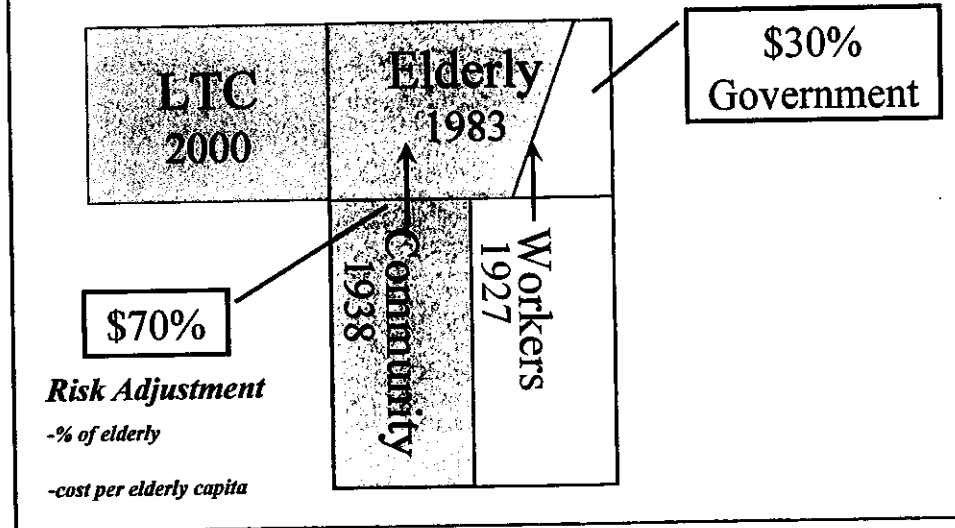
- **Geographical Overview (2003)**
 - total population: 128 Mil
 - % of elderly people over 65 years: 19.0%
 - total fertility rate: 1.29 (2003)
- **Future Projection**
 - total population: decrease after 2007
 - % of elderly people over 65 years: 22.0% in 2010, 26.9% in 2020
 - "2010 Challenge" by baby boomer's retirement
- **Causes**
 - Long life expectancy
 - Low fertility rate
 - Limited immigrants



Healthcare insurance



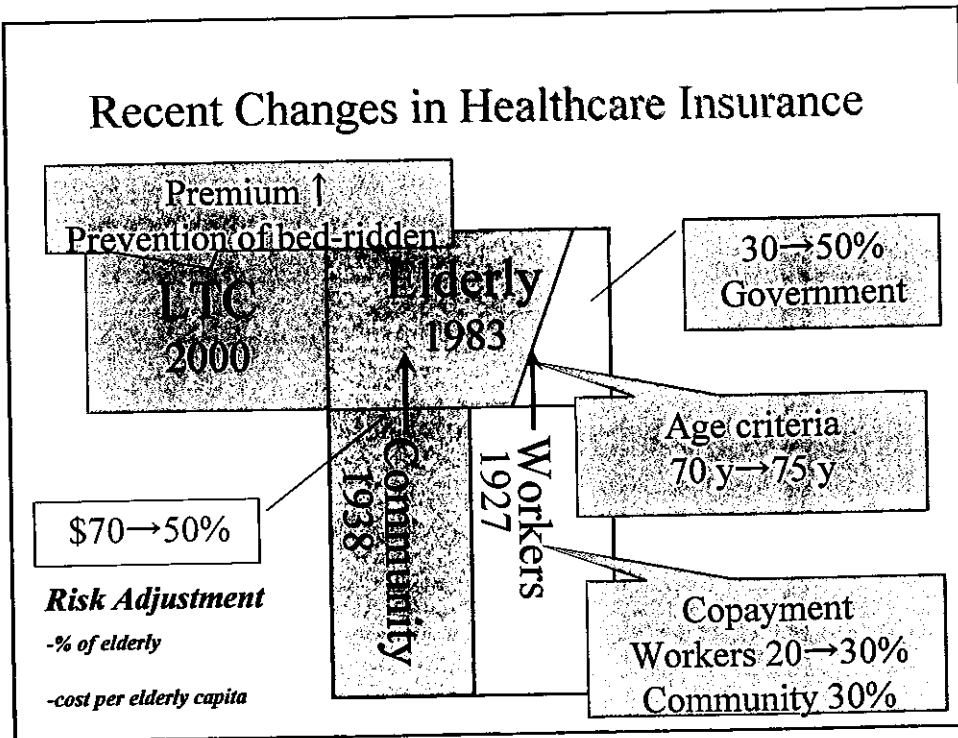
Components of Healthcare Insurance System



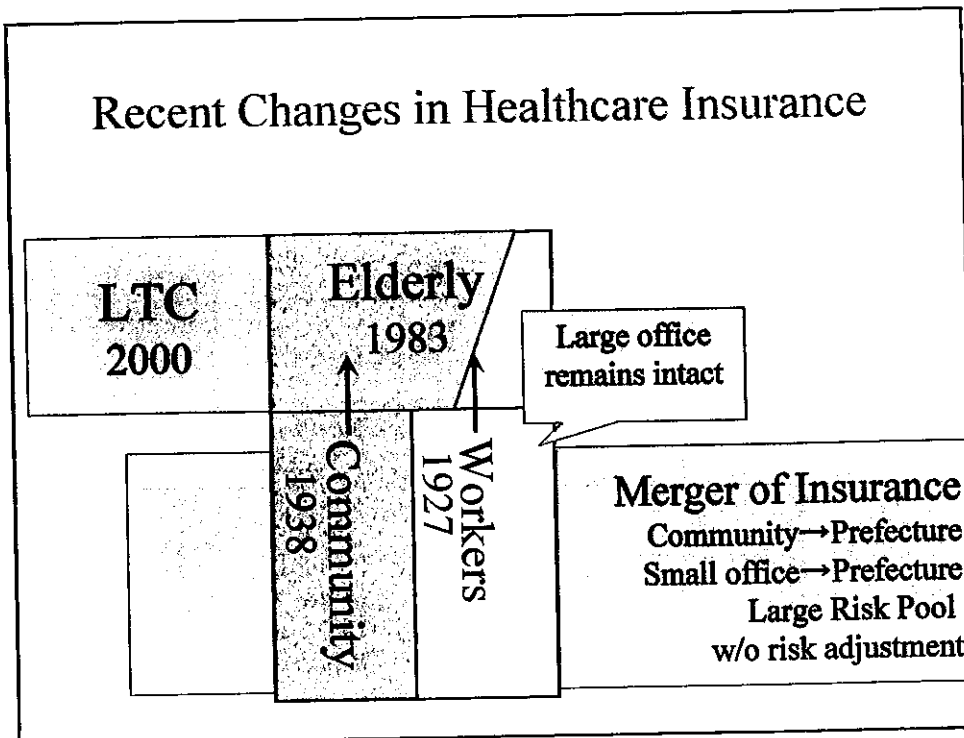
Comparison of workers insurance and community insurance

	Workers insurance		Community insurance
	Company (Society)administered	Government administered	
Beneficiaries	31 Mil	36 Mil	45Mil
Governmental aids	Administration cost only (15.7 Bill yen)	13% (808 Bill yen)	50% (3.5 Trill yen)
Average age	34.0 years	37.2 years	52.5 years
% of the elderly	2.7	5.6	27.0
Income/household (1000 yen)	3810	2370	1530
Premium/household (1000 yen)	397 (50% paid by company)	320 (50% paid by company)	156
Healthcare expenditure/capita (1000 yen)	103	121	164
Premium/income %	4.6	6.7	10.2

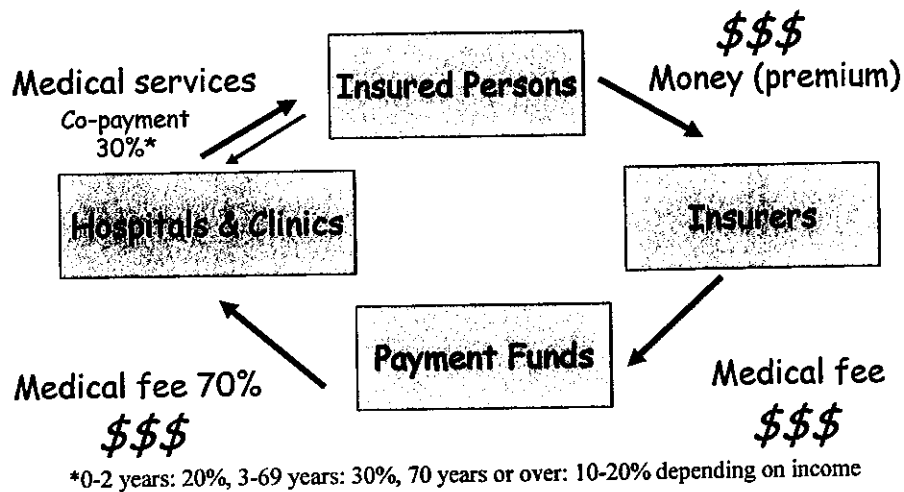
Recent Changes in Healthcare Insurance



Recent Changes in Healthcare Insurance



Payment of Medical Fee



Healthcare Providers (2002)

Hospitals	Total	9,187	LOS 29.2days 80% private sector
	Mental	1,069	90% private sector
Clinics		92,819	60% private sector
Beds	Total	1.84M	14.6/1000population
Medical Staff	Physician	262,687	206.1/100000 population 10.6/100 hospital bed
	Nurse	1.10M	821.4/100000 population 31.9/100 hospital bed

Characteristics

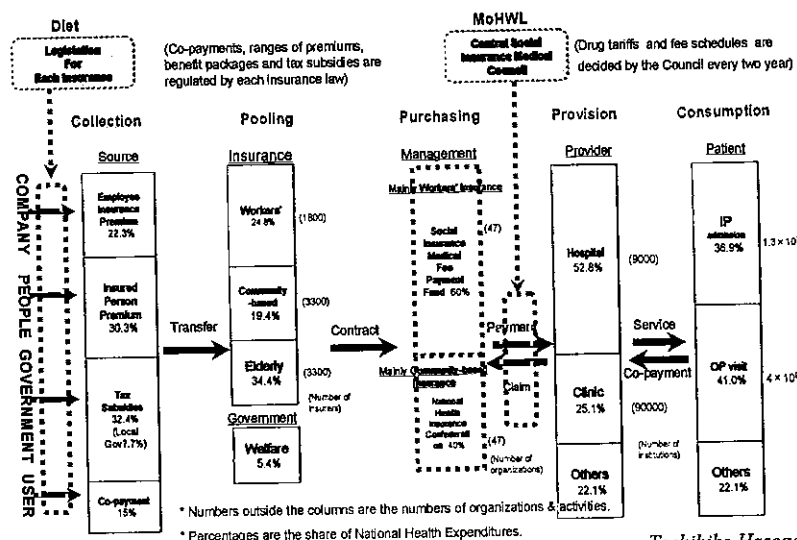
- Dependence on private sector
- Lack of differentiation of healthcare providers
- Long hospital stay, low staffing

Healthcare Expenditure (2002)

- 31.1 trillion yen + 5.4 trillion for LTC insurance
 - -0.6% from previous year
 - LTC insurance introduced in 2000
- 244 thousand yen per capita
- 8.6% of GDP (10.1% including LTC)
- 49.0% is used for people over 65 years
 - 19.0% of total population
- 40.1% is used for people over 70 years
 - 13.2% of total population

US\$1=110yen

Overview of Japanese Healthcare System



Toshihiko Hasegawa

Reform of healthcare insurance under Prime Minister Koizumi

Salient features of the Health Sector Reform in Japan



- **Main purposes**
 - Accountability and Transparency
 - Quality and Safety
 - Through deregulation and a market-oriented approach
- **Decision-making method**
 - Cabinet office can offer reform plan directory to the Cabinet (w/o consent from responsible ministries)
 - Council on Economic and Fiscal Policy (CEFP)
 - Office for the Promotion of Regulatory Reform and Private Finance Initiative
- **Response of stakeholders**
 - Consensus on quality and safety
 - Under discussion: introduction of competition

Safety and Quality

- **Safety**
 - Public concern about safety and quality
 - National incident reporting system (2001-)
 - Change of regulations on safety (2000)
 - National accident reporting system (2004-)
- **Quality**
 - Payment based on operation volume (2002-)
 - Benchmarking using clinical indicators (2002-)
 - Incentives to introduce EHR (2002)
 - Differentiation into acute and chronic care hospitals (2003)
 - Hospital accreditation by Japan Council for Quality Health Care (1997-)
 - On-line reimbursement system (-2010, by e-Japan project)

Payment schedule

- -2.7% revision of fee schedule (2002)
- Increase of co-payment rate to 30% (2002)
- Diagnosis Procedure Combination (DPC) (2003-)
- Payment based on operation volume (2002-)
- Incentives to use generic drugs (2002)
- Mixed payment with public health insurance and private insurance (2004)
- Reform of the National Committee on fee schedule (2005)
- Next revision of fee schedule? (2005)

Introduction of competition

- Privatization of national hospitals and national universities (2004)
- Hospitals are requested to offer information as to demographics, functions, and number of cases and results (under discussion)

Re-design of healthcare insurance

- Increase of age criteria of the elderly insurance (2002)
- Increase of government financial aid to 50% by 2006
- Change of responsible bodies of community health insurance, and government administered workers' insurance to prefectures (under discussion)

Conclusions

- **Success story**
 - Good efficiency and equity (WHR2000)
 - Universal coverage (1961-)
- **Lessons**
 - Stepwise expansion: from workers to community based
 - Single scheme among a lot of providers and insurers
 - Historical luck; investment to PM and rural areas
- **Challenges**
 - Demographic change
 - Demand for high quality and safety in healthcare