Comparative Health Systems In Asia:
Towards Optimal Integration Of Health And Social Policies In Ageing Populations Of Asia

JAPAN

Leng Leng THANG
National University of Singapore

Outline

- Japan's ageing population needs
- Development of Japan's national policy for population ageing
- Current Health and Social Care across the Healthcare Continuum
- Integration of health and social care
- Preliminary evaluations

Japan's ageing population needs

- In 2010, 23.5% of population in Japan was 65 years and older
  - Expected to rise to 31.6% in 2030
- Proportion of younger people will continue to decrease, with current age dependency ratio at 37.4.
- By 2030, the number of seniors living alone, will increase 54 percent to 7.2 million household units from 2010 levels.
- Proportions with only a spouse (33%), alone (16%) or in an institution (6%) had increased.

	Japan	Singapore
Resident Population Size ('000)[a]	127,817	5,183
Health expenditure, total (% of GDP)[b]	9.27%	4.56%
Life expectancy at birth (Male)[a]	79.4 years	79.6 years
Life expectancy at birth (Female) [a]	85.9 years	84.3 years
HALE at age 60 years in 2002 (Male) [c]	17.5 years	14.5 years
HALE at age 60 years in 2002 (Female) [c]	21.7 years	16.3 years
% of population above 65 years [a]	23.7	9.3
Projected proportion of population to be above 65 years in 2030	31.60%[d]	18.70%[e]
Age dependency ratio, old [a]	37.4	12.7
Age standardized DALYs in 2004[f] (All causes per 100,000 persons)	8,013	10,111
Age standardized DALYs in 2004[f] (NCDs per 100,000 persons)	6,496	8,218
DALYs, Persons age 60 years & above in 2004[f] (NCDs, '000)	5,290	103

Note:
a. 2011, World Bank
b. 2011, Western Pacific Region Office, WHO
c. Annex Table 4, World Health Report 2004
d. Japan Statistical Yearbook 2013, Statistics Bureau and the Director-General for Policy Planning (Statistical Standards) of Japan
e. 2006, Singapore Department of Statistics
f. Department of Measurement and Health Information, WHO

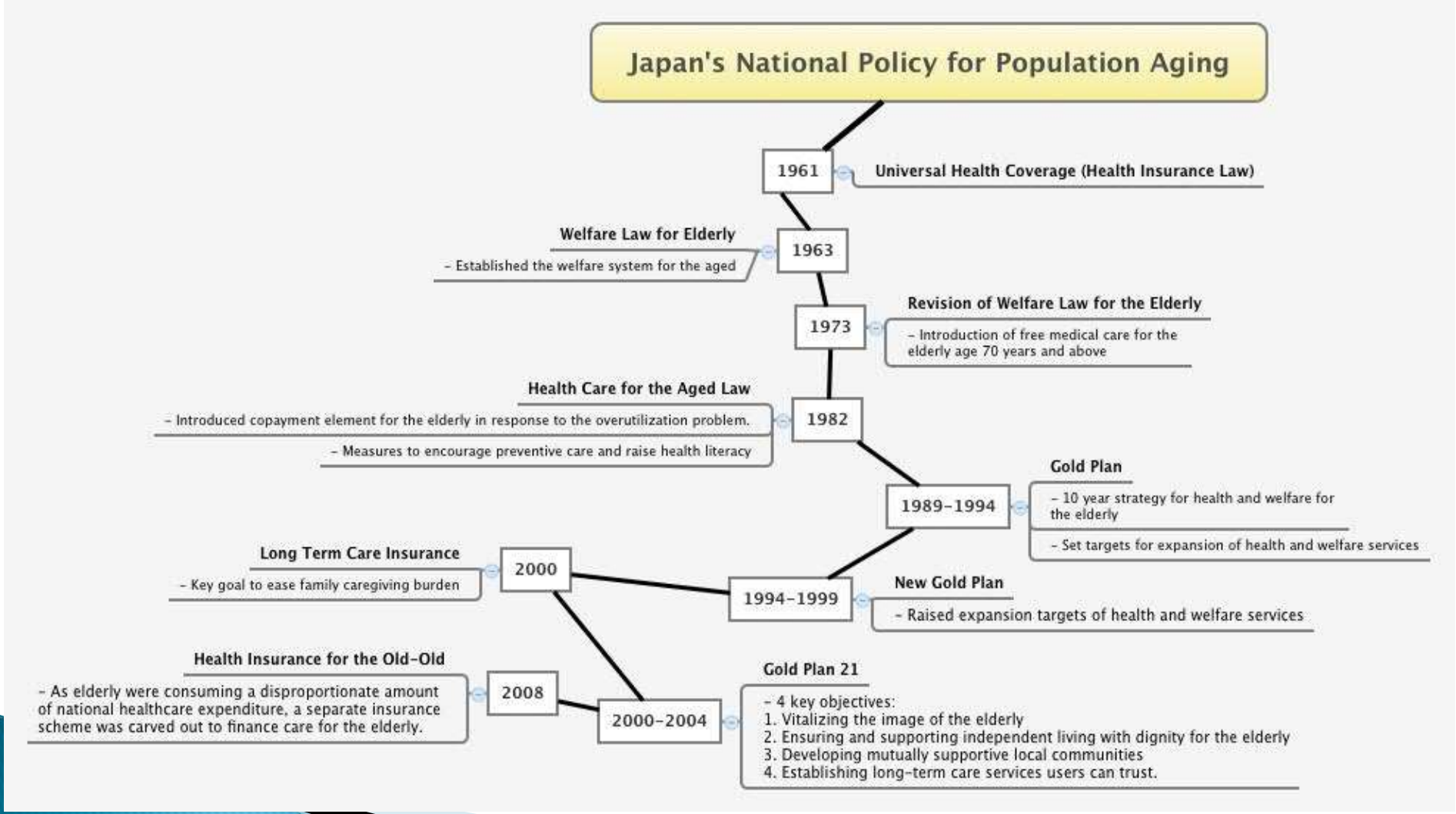
Proportion of age75 and older

Year	Proportion
2010	11.1%
2015	13%
2025	18.1%
2055	26.1%

Japan's ageing population needs

- Challenges:
  1. Maintaining incomes of older people through public pensions and enhanced employment opportunities
  2. Providing good medical care at a reasonable cost
  3. Ensuring older people weakened by physical or mental disabilities have a good quality of life.

Development of Japan's national policy for population ageing



Development of Japan's national policy for population ageing

1961: Universal health coverage (Health Insurance Law)

1963: Welfare Law for the Elderly

- Established the welfare system for the aged

1973: Welfare Law for the Elderly (Revised)

- Introduction of free medical care for the elderly age 70 years and above

1982: Health Care for the Aged Law

- Introduced copayment element for the elderly in response to the overutilization problem
- Measures to encourage preventive care and raise health literacy

Development of Japan's national policy for population ageing

1989 -1994: Gold Plan (10 Year Strategy for Health and Welfare for the Elderly)

- Set targets for expansion of health and welfare services

1994-1999: New Gold Plan

- Raised expansion targets of health and welfare services

2000-2004: Gold Plan 21

- 4 Key Objectives:
  1. Vitalizing the image of the elderly
  2. Ensuring and supporting independent living with dignity for the elderly
  3. Developing mutually supportive local communities
  4. Establishing long-term care services users can trust.

Development of Japan's national policy for population ageing

2000: Long Term Care Insurance implemented

- Key goal was to ease family caregiving burden

2008: Health Insurance for the Old-Old (Long Life Medical Care System

- As elderly were consuming a disproportionate amount of national healthcare expenditure, a separate insurance scheme was carved out to finance care for the elderly above 75 years old.

Conceptual Framework

Governance Structure	Functions	Broad Research Questions
Provision (or future plans and policies)	Delivering and anticipating the public health and social needs of the elderly population	1. Describe structures and organizations for regulation, enforcement and feedback system. 2. Determine strengths and weaknesses of regulatory process for health and social services 3. Identify cases and mechanisms for innovations in regulation, law enforcement and quality control. 4. Identify present and future policy issues
Financing (or future plans and policies)	Financing and subsidy methods of health and social care system	1. Describe financing institutions, structure and organization of various sources 2. Describe public health and social care financing processes and funding gaps 3. Determine financing capacities of payment and subsidy systems 4. Identify cases and mechanism for innovations in financing 5. Identify present and future policy issues
Regulations (or future plans and policies)	Legal frameworks pertaining to the health and rights of the elderly should be fair and enforced impartially	1. Describe structures and organization for regulation and enforcement. 2. Determine the strengths and weaknesses of regulatory processes for health and social services. 3. Identify cases and mechanism for innovations in financing Identify present and future policy issues. 4. What procedures are in place for addressing grievance of health and social services?

Current Health and Social Care across the Healthcare Continuum

Level of care	Responsible Agencies
Prevention	• Healthy Japan 21
Primary Care	• Specialized clinics and hospital outpatient departments
Acute	• Broadly into public & private hospitals: general hospitals, regional healthcare support hospitals, special functioning hospitals, medical university hospitals
Intermediate and Long-term Care	• Long-Term Care Insurance

Prevention

Governance Principle	Policy Level	Implementation Level
PROVISION	• Healthy Japan 21 by Ministry of Health, Labor and Welfare	• Basic direction from Central government for policies to promote people's health • Municipal government expected to adapt it to local population's health needs
FINANCING	• Healthy 21 – Local government budget with financial adjustment from the national to local governments.	• Financing disease prevention programs with Japan's social health insurance scheme that aims to help individuals to have control over their own health. • Reliance on community participation and goodwill to implement community programs
REGULATION	• Health Promotion Law	• The law mandates prefectures to formulate prefectural health promotion plans based on the national objectives. – Guidelines on implementation of health check-ups to ensure that there is standard health examinations nationwide.

Primary Care

Governance Principle	Policy Level	Implementation Level
PROVISION	• Specialized clinics or hospital act as the first point of contact within health system – Specialist services can be obtained without referral	• No system of GP gatekeeping in Japan – Patients have freedom of choice in provider
FINANCING	• Social health insurance. Four principal schemes: 1) Society-managed, employment based health insurance 2) National Health Insurance 3) Mutual aid associations 4) Public corporations run insurance • Health Insurance for the Old-Old in 2008	• Copayment of 10% – 30% (Depending on age) • Fee-for-service • Government sets price of the medical cost for curative services, fee schedule revised biannually • Private providers may set price for services not covered by insurance
REGULATION	• Medical Care Act	• Sets the minimal standards of health care based on structural indicators, the violation of which may result in criminal charges. – Professional bodies such as the Japan Medical Organization are voluntary organizations and have no regulatory powers.

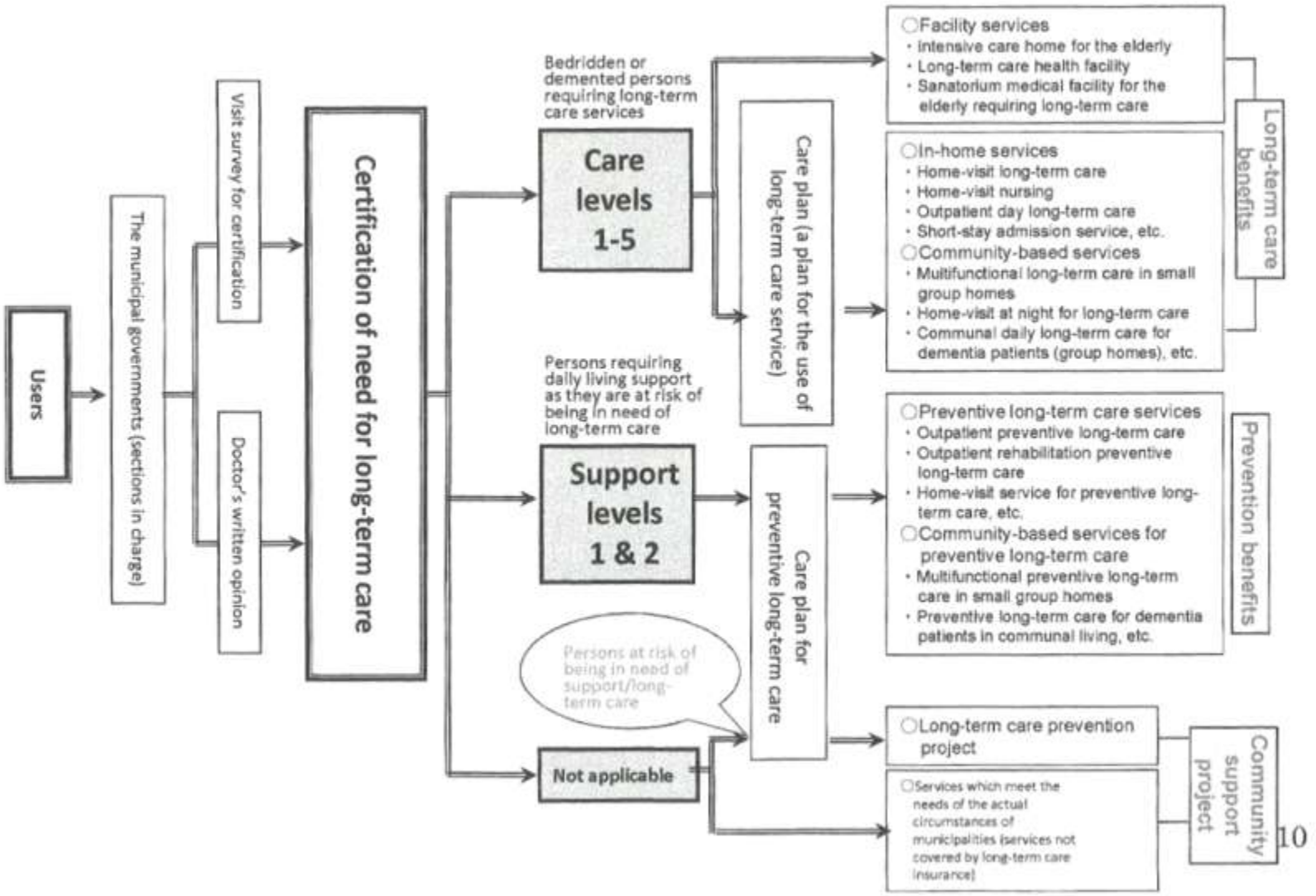
Acute Care

Governance Principle	Policy Level	Implementation Level
PROVISION	• All acute services covered by NHI, provided by the NHI contracted service providers	• Secondary care remains largely in the domain of special functioning hospitals and regional medical care support hospitals. • Provision: 50% in private sector, 50% public hospital
FINANCING	• Single-payer NHI • Fee-for-Service with a global budget cap under NHIA. – A uniform fee schedule set by NHIA is adopted nationwide. • Diagnostic Procedure Combination (DPC) payment system	• Social health insurance • Copayment of 10% – 30% (Depending on age) • Fee-for-service • Government sets price of the medical cost for curative services, fee schedule revised biannually • Private providers may set price for services not covered by insurance • DPC in selected hospitals and for selected procedures
REGULATION	• Medical Care Act	• Sets the minimal standards of health care based on structural indicators, the violation of which may result in criminal charges. – Professional bodies such as the Japan Medical Organization are voluntary organizations and have no regulatory powers.

Intermediate & Long Term Care

Governance Principle	Policy Level	Implementation Level
PROVISION	• A wide range of long-term care services are covered by the Long Term Care Insurance • Care managers are in-charged of each client's care plan.	• A wide range of long-term care services are covered by the Long Term Care Insurance: ➢ Facility services, home care, community-based services, preventive services • Services delivered by both private and non-profit organizations.
FINANCING	• Fee-for-service • Government sets price of the medical cost for curative services, fee schedule revised every 3 years	• Long Term Care Insurance ➢ 90% of cost is half financed by tax and half from social insurance contributions ➢ Contributions to the LTCI start from 40 years of age, and amount paid is dependent on age group. ➢ Copayment of 10% • Fee-for-service • Private providers may set price for services not covered by insurance
REGULATION	• Care managers are licensed in order to qualify to manage care plans	• Providers are licensed and supervised by local government • Hinged on the assumption that with consumer choice, quality is controlled as consumers can "vote with their feet".

Procedures for the Use of Long-term Care Services



Source: "The current situation and the future direction of the Long-term Care Insurance System in Japan" March 7 2013 Ministry of Health, Labour and Welfare, Japan

Integrated Health & Social Care

- Long-Term Care Insurance as an attempt at fostering professional integration of health and social sector. E.g. care manager takes charge of care planning
  - Shifts the "balance of power" from the doctor
  - Possible problem of co-ordination and conflict among the different care providers with care manager
  - Moving towards integrated community care model: comprehensive and continuous care including medical care, long-term care, preventive care, and welfare service == provided within the elderly's living areas (30 mins distance)
- **Challenge: financing sustainability with "free access" and increasing elderly population**

Preliminary Evaluations

Equity (Access & Affordability)	• Pros:
	  • Uniform co-payment rates (30%) except for old (70-74 years: 20%; above 75 years: 10%) and young (6 years and below: 20%)
	• Cons:
	  ▪ "Free access" or moral hazard?
	  ▪ High utilization rates in physician visits, length of stay, etc
	  ▪ † Relatively high out-of-pocket payments level in 2009: 16%
	  ▪ Inequitable contribution rates
	  ○ Eg. average rate for citizens' health insurance plans is 3 times that in health insurance plans for employees of large companies

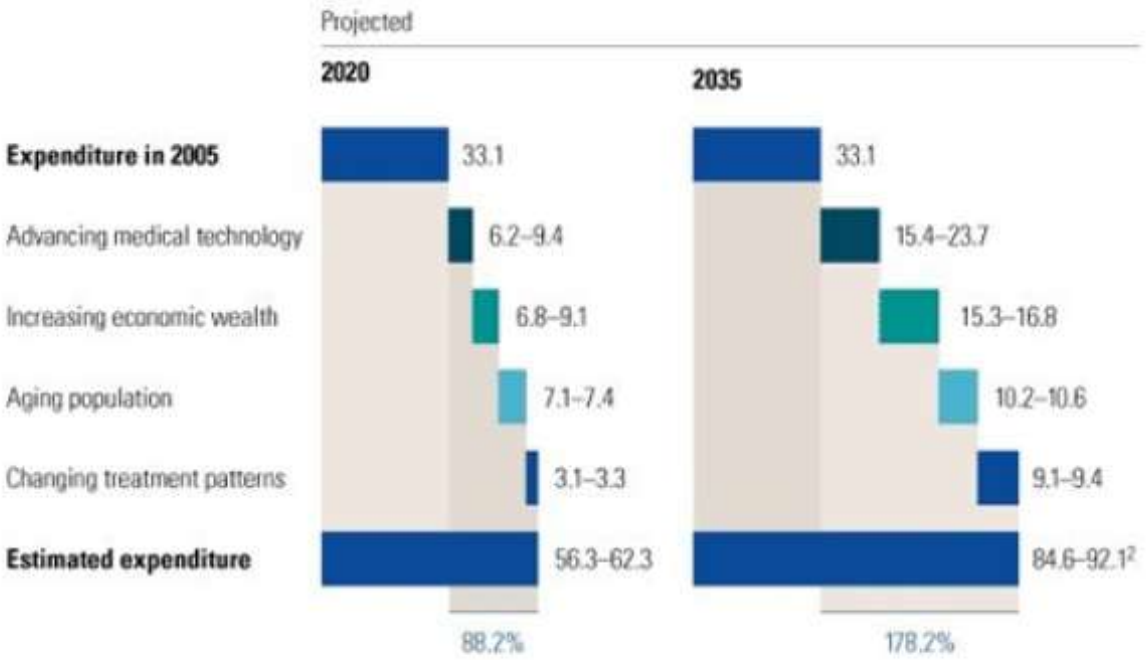
Quality	• Pros:
	  ▪ Japan's health status is among the best in the world (1st in WHO rankings for longevity and 10th for health systems in WHO 2000 Report))
	  ▪ *Relatively high hospital Beds / 1000 in 2010: 13.6 [1]
	  ▪ ‡Relatively high nurses (Practicing)/1000 in 2010: 10.1 [1]
	• Cons:
	  ▪ †Relatively low doctors (Practicing) / 1000 in 2010: 2.2[1]
	  ▪ Quality accreditation is voluntary

Notes: † OECD average is 3.1. ‡ OECD average is 8.7 *OECD average is 4.9 ± 3.03 is the Singapore average when using the total Singapore resident population as base. The figure drops to 2.25 when total population is used as base. **Sources:** 1. Organization for Economic Cooperation and Development (OECD) 2. Ministry of Health 3. Department of Statistics Singapore

Preliminary Evaluations

Sustainability	• Financial sustainability of Japan's universal coverage is under threat from demographic and economic factors (Japan's budget deficit) • Lack of "gatekeeping" in Japan's healthcare system has created issues of moral hazard

4 factors[1] influencing projected increase in Japan's health care spending, trillion yen



[1] The cross-effect of all four levers, estimated to be 3.4 trillion–5.4 trillion yen by 2020 and 12.9 trillion–16.3 trillion yen by 2035, is included in the estimates for each driver proportionately to the size of that driver.
[2] Figures do not sum to totals, because of rounding.

Source: Improving Japan's Healthcare System, *McKinsey Quarterly*, March 2009.
http://www.mckinsey.com/insights/health_systems_and_services/improving_japans_health_care_system

Thank You