

Key issues in Japanese Health Care

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Masako Ii
Hitotsubashi University

“Macro-Fiscal Implications of Health Care Reform in
Advanced and Emerging Economies” Prepared by
Fiscal Affairs Department IMF
December 2010

” The use of market mechanisms in Germany and Japan is an important factor explaining the low excess cost growth observed in these countries – both of which score relatively high in the indices for choice of insurer, choice of provider, and private provision.”

“Health Care Systems: Efficiency and Institutions” by OECD Economic Department, 2010

“Although estimates of health care spending efficiency should not be taken at face value, Australia, Korea, Japan and Switzerland perform best in transforming money into health outcomes.”

According to Table 1

Total health care expenditure/GDP is low in Japan

Is Japan's total health care expenditure lower than other OECD countries?

Table 1 Proportion of Health Care Expenditure by Funding Source

	Japan	Germany	France	Korea	UK	USA	Sweden	Canada
Public Spending on Health (%)	81.3	76.7	78.4	54.7	81.9	45.3	81.6	69.9
General Taxation (%)	15.4	9.2	5.1	12.9	81.9	32.6	81.6	68.5
Social Health Insurance (%)	64	67.5	73.4	41.8		12.7		1.4
Private Spending on Health(%)	18.7	23.3	21.6	45.3	18.1	54.7	18.4	30.1
Out-of-Pocket (%)	15.1	13.4	7	36.5	11.4	12.3	16.2	14.9
Private Health Insurance (%)	2.6	9.2	12.9	3.8	1.4	35.1	0.1	12.3
Health care expenditure used by 65 years and older/ Total health care expenditure	48	33	40		37	40	40	
Per capita health care expenditure elderly generation/working –age generation	4.9	3.7	3.3	3	3.4	3.7		
Expenditure on prescription drug/total health care expenditure	17.3	13.3	13.5	16.4		10.3	9.7	14.3
Total health care expenditure/GDP	8.3	11.3	11.7	6.5	9.3	16.2	9.9	10.9

Source: OECD Health Data 2010, WHO

The characteristics of Japanese health care system

1. Large number of the hospital beds
2. Average length of stay in hospital is long
3. Frequent outpatient visits
4. Frequent use of CT and MRI

Other features

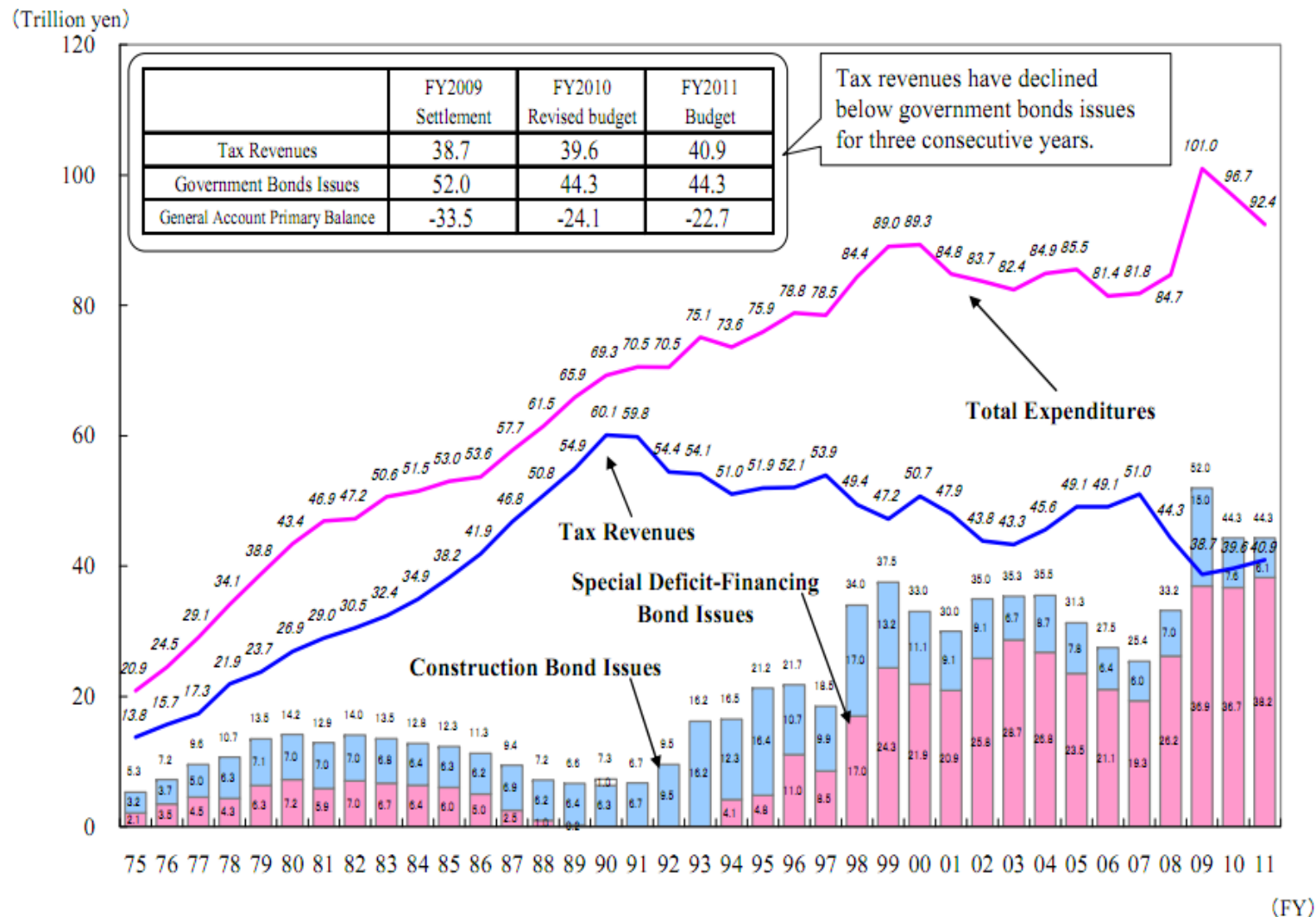
Table 1

Health care expenditure used by 65 years and older/Total health care expenditure

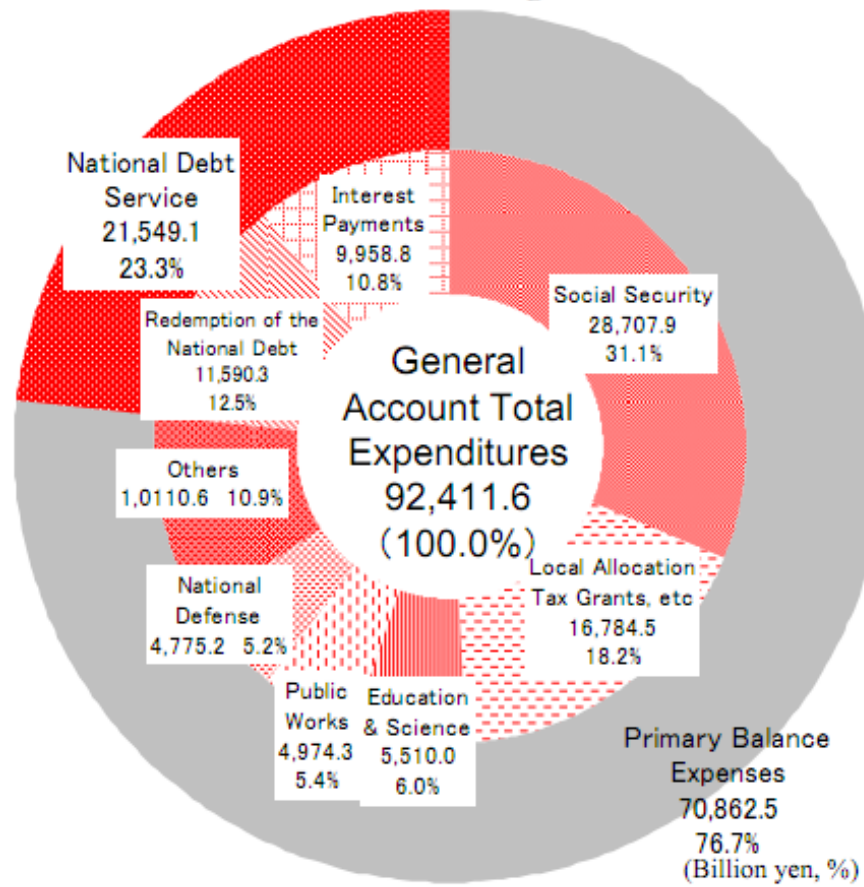
Per capita health care expenditure elderly generation/working -age generation

Expenditure on prescription drug/total health care expenditure

General Account Tax Revenues and Government Expenditure



FY2011 Budget



Local Allocation Tax Grants is the next largest item

used to finance health and long-term care insurance and to finance employing personnel including doctors and nurses at public hospitals and to construct public hospitals

National medical expenditure reported by the government

2007: ¥ 34.1 trillion

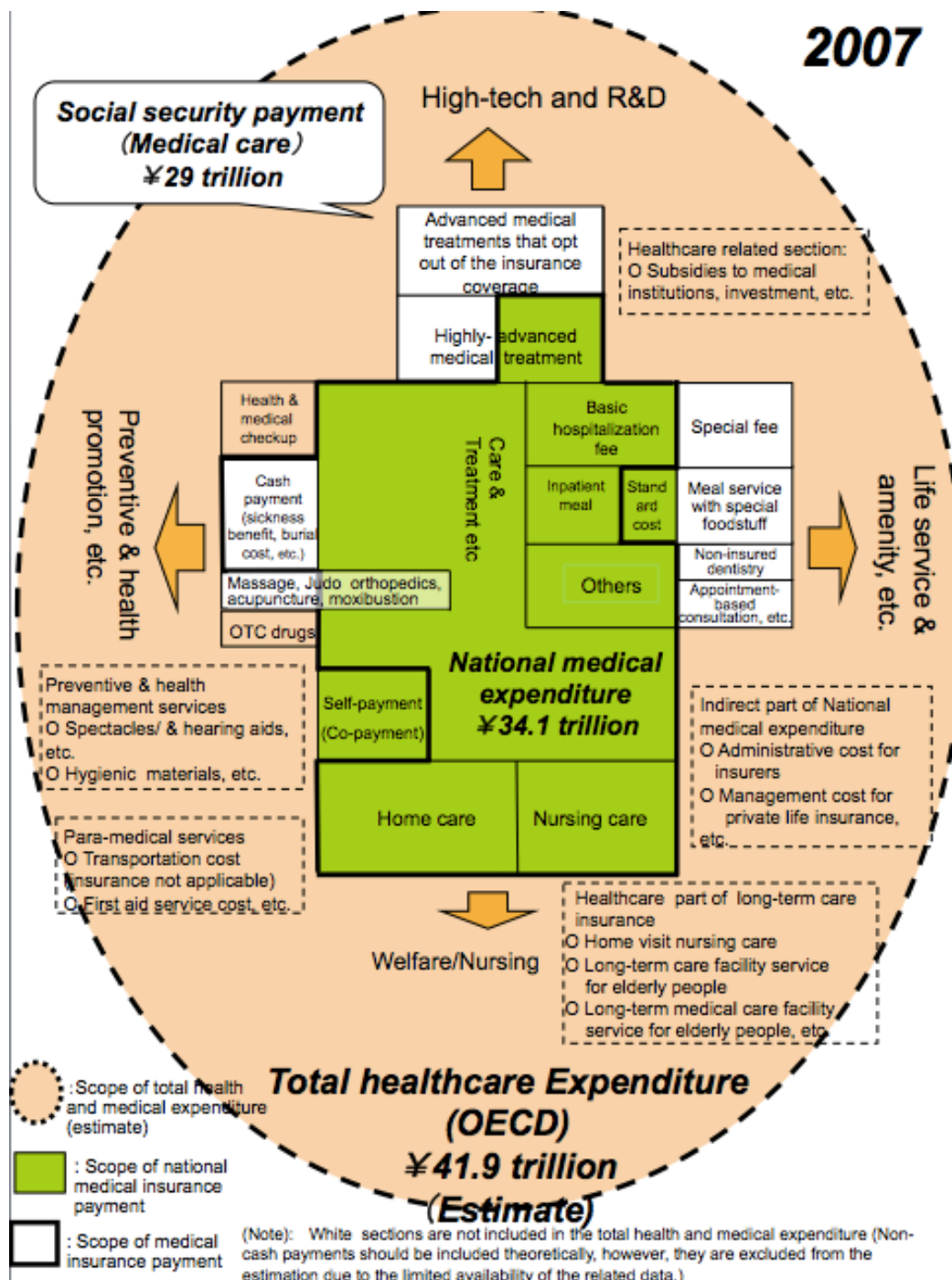
It counts only medical services which is covered by the public health insurance.

For example, the following items are not included

- natural birth, non-insured dentistry
- subsidies to medical institutions or investment
- Administrative cost for insurers, management cost for private insurance.

- One of the problems in the Japanese medical and long-term care statistics is the absence of clear systematic concept as SNA.
- It is necessary to re-organize relevant statistics by positioning OECD's SHA (System of Health Accounts) as a backbone statistics on medical expenses

2007



National Accounts (2007)

1. Fixed capital formation for the health sector:

Not available

2. General Government Final Consumption

Expenditure (Health): 35.3 trillion yen

3. Households Final Consumption Expenditure

(Health): 11.9 trillion yen

Total 47.1 trillion yen

Weakness of Japanese health care system is inefficient primary care which usually covers more than 80 percent of health and medical problems

How people seek medical care in an average month

(Based on White KL, et al. 1961 and Green et al. 2001)

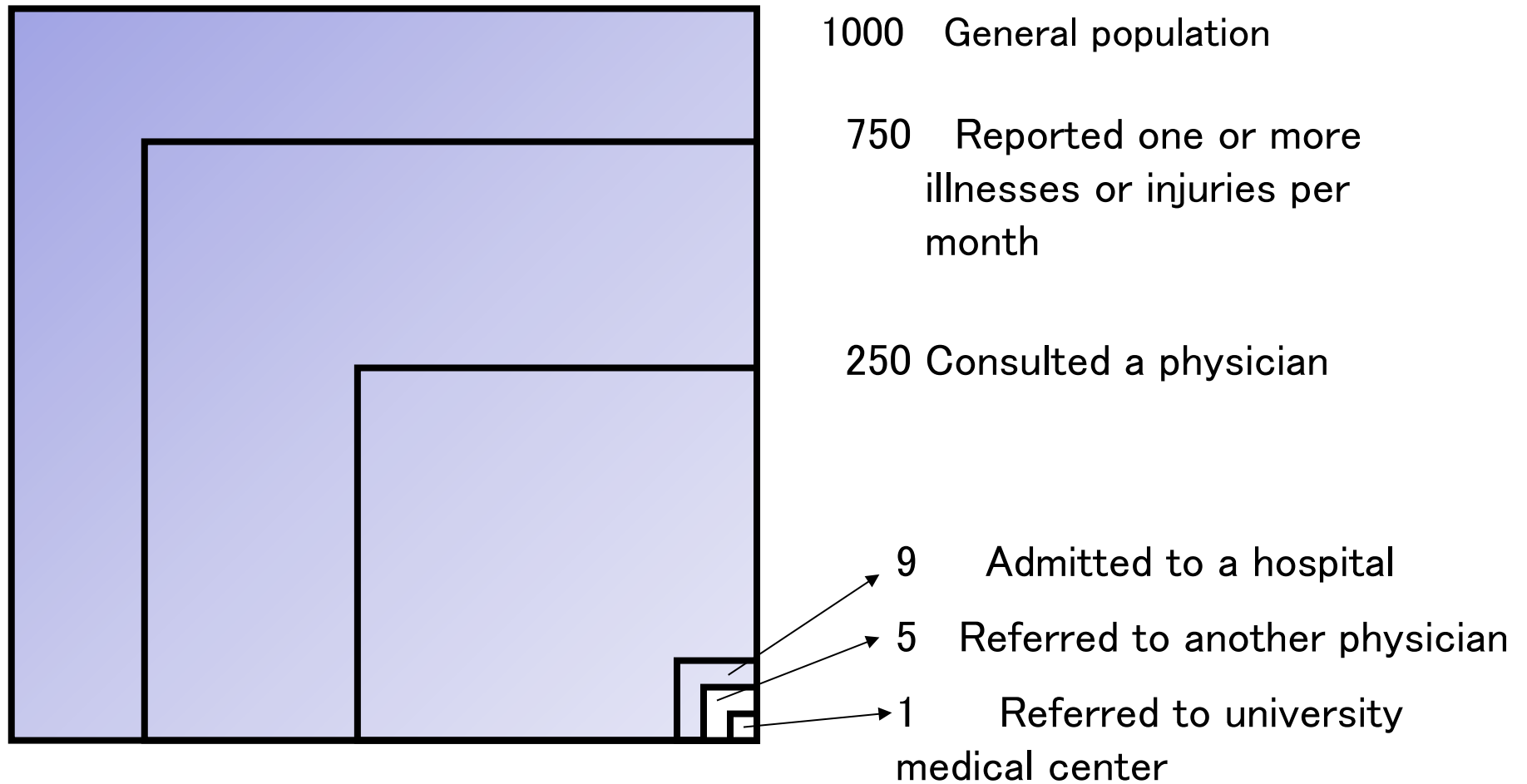


Table 2

Japan does not have a system of family doctor

Family doctor, specialist in primary care. Such countries as Canada, Australia, UK, Netherlands, Singapore, Malaysia, Korea, Taiwan have a strong system to train family doctors/GPs as key players to provide continuous, comprehensive, person-centered care in the community.

Without a family doctor

- Common to visit general hospitals or university medical center for minor illnesses such as headache or flue.
- Elderly suffer from cataract (eye doctor), high blood pressure (heart doctor), backache (orthopedist) etc. Common to see several doctors once at a time.
- Even more serious is: Having health problems without seeing a doctor.

Major lessons

Efficient primary care system is important for the any country in any development stages.

After March 11th earthquake, even in the acute disaster period, a good collaboration between specialists in the hospitals and primary care physicians was in need.

If many primary patients with primary care problems had not been rushed into secondary/tertiary care hospitals after the disaster, the function of the hospitals would not have been affected so much.

Major lessons (continued)

Another weakness of Japanese primary care is that we do not have health register systems for the whole population.

- A team to help people who cannot move by themselves and still live at home in the zone between 20 and 30 km from the nuclear power plant, next to the exclusion zone.
- Identifying who needed a visit was difficult.
- from registers of several different health services, making many phone calls and by going from house to house.....
- 299 people who were at home are identified.

from the recent issue of Health Exchange
(Prof. Ryuki Kassai, Fukushima Medical University)