

Challenges in Japan Health care System

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Our Final Goal

The best HC services for people

Provide the most valuable care
to achieve more productivity at less cost

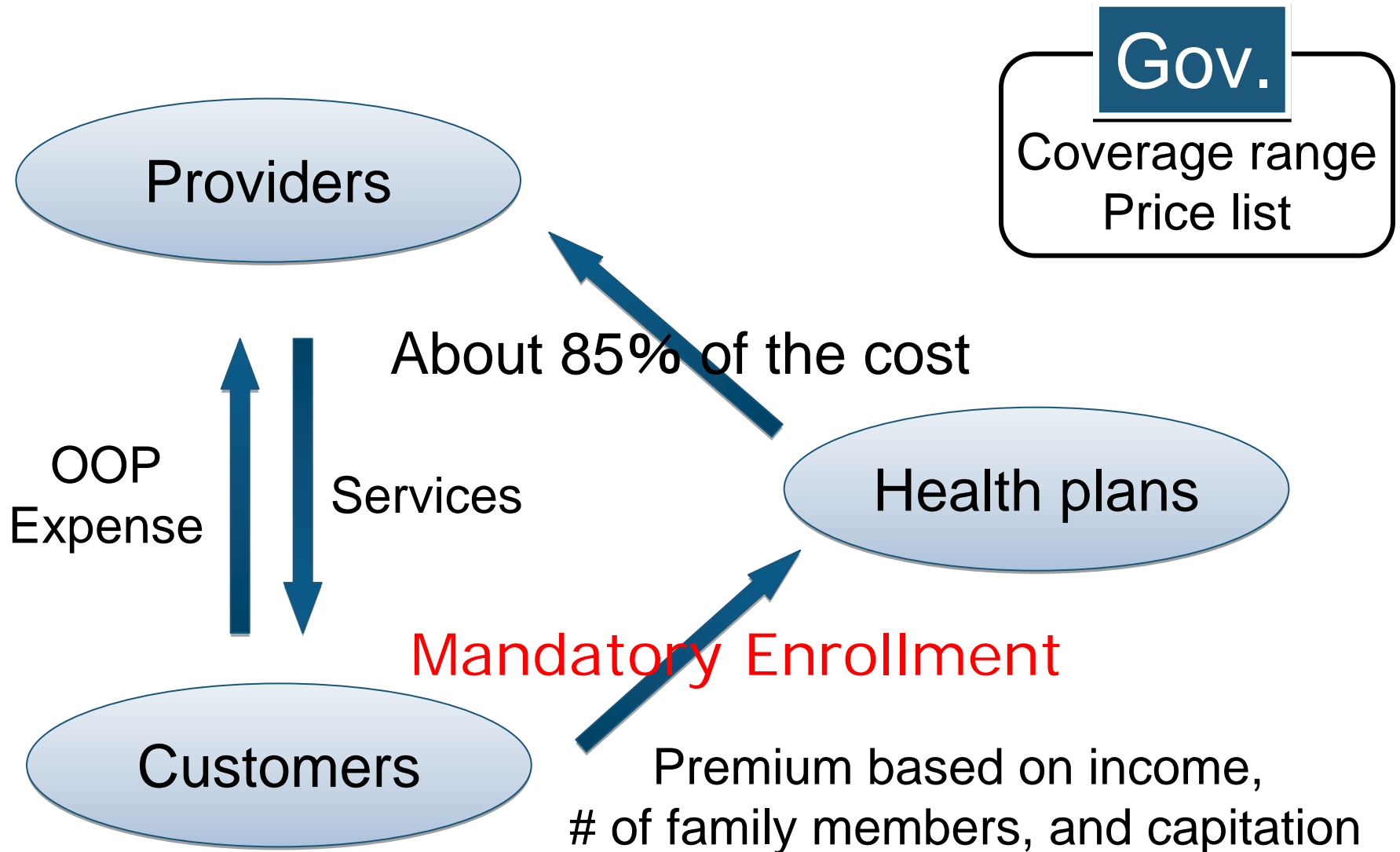
Health care system is a mean to...

- Public health
 - Quality of Life
- National/Global security
 - ex.) Infection control
- Economic growth
 - Longer productive age

Recent trend of health care

- Health care rather than disease cure
 - Prevention, prediction, preemption is available
- Health care sector is not the cost center, but investment center
 - Health ROI can be calculated
- Value-based competition is emerging
 - ICT has changed the power balance

JPN Delivery System Structure



Japan Health Care System

- Customers
 - Mandatory and universal health insurance
 - Unlimited access but no navigator
 - No penalty on free riders and unhealthy practices
 - Less cost consciousness
- Providers
 - Hard work but little management
 - Disease cure rather than health care
 - No gatekeeper and fragmented services
 - No value measurement and little competition
 - Limited information sharing

Fragmentation of Services in Japanese Hospitals

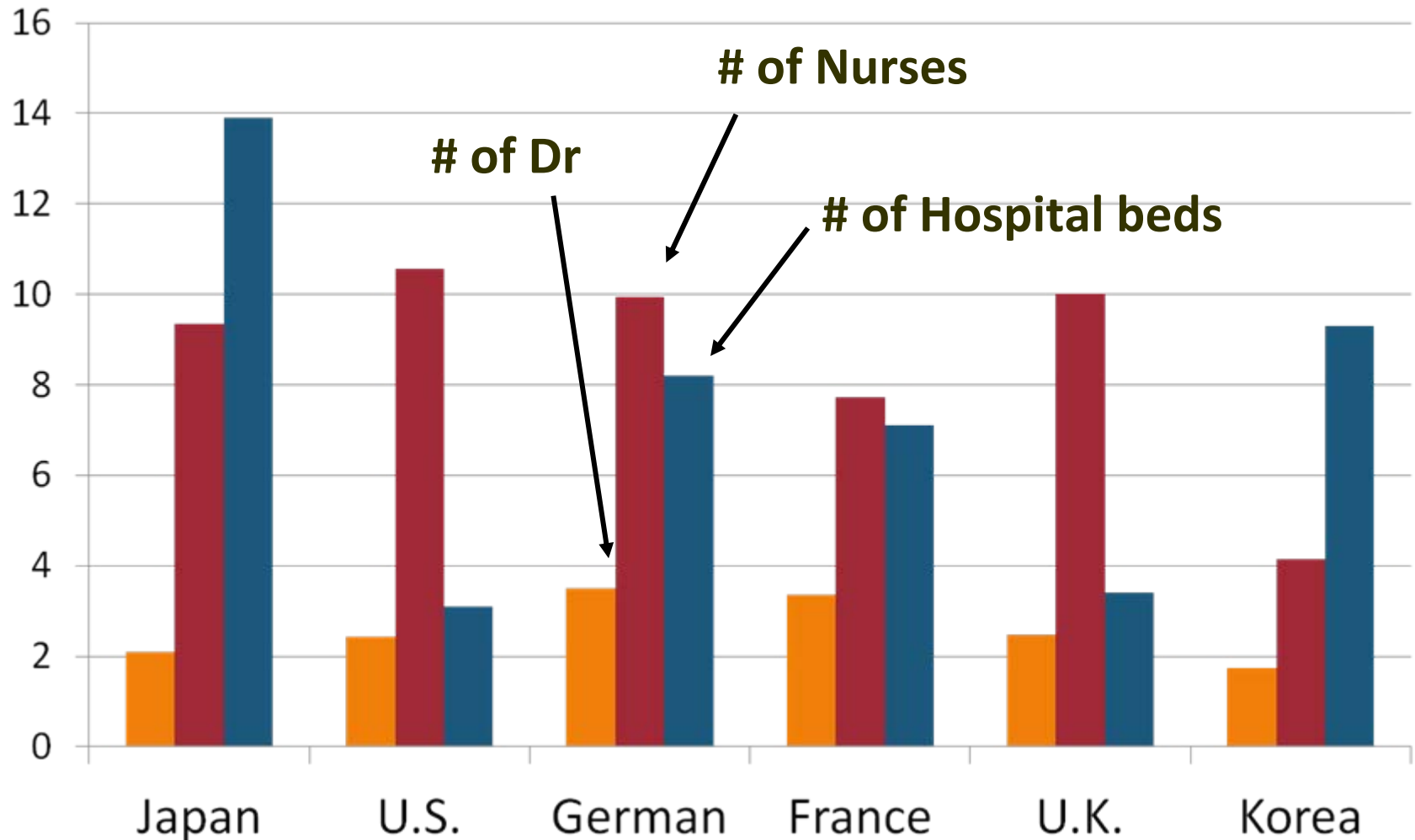
	Number of hospitals performing the procedure	Average number of procedures per provider per year	Average number of procedures per provider per month
General anesthesia	3,910	515	43
Craniotomy	1,098	71	6
Operation for gastric cancer	2,336	72	6
Operation for lung cancer	710	46	4
Joint replacement	1,680	50	4
Pacemaker implantation	1,248	40	3
Laparoscopic procedure	2,004	72	6
Endoscopic procedure	2,482	202	17
Percutaneous transluminal coronary angioplasty	1,013	133	11
Dialysis	2,321	7,294	608

Source: Porter, Michael E. and Yuji Yamamoto, *The Japanese Health Care System: A Value-Based Competition Perspective*, Unpublished draft, September 1, 2007

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Human resource shortage ?

per 1000 population

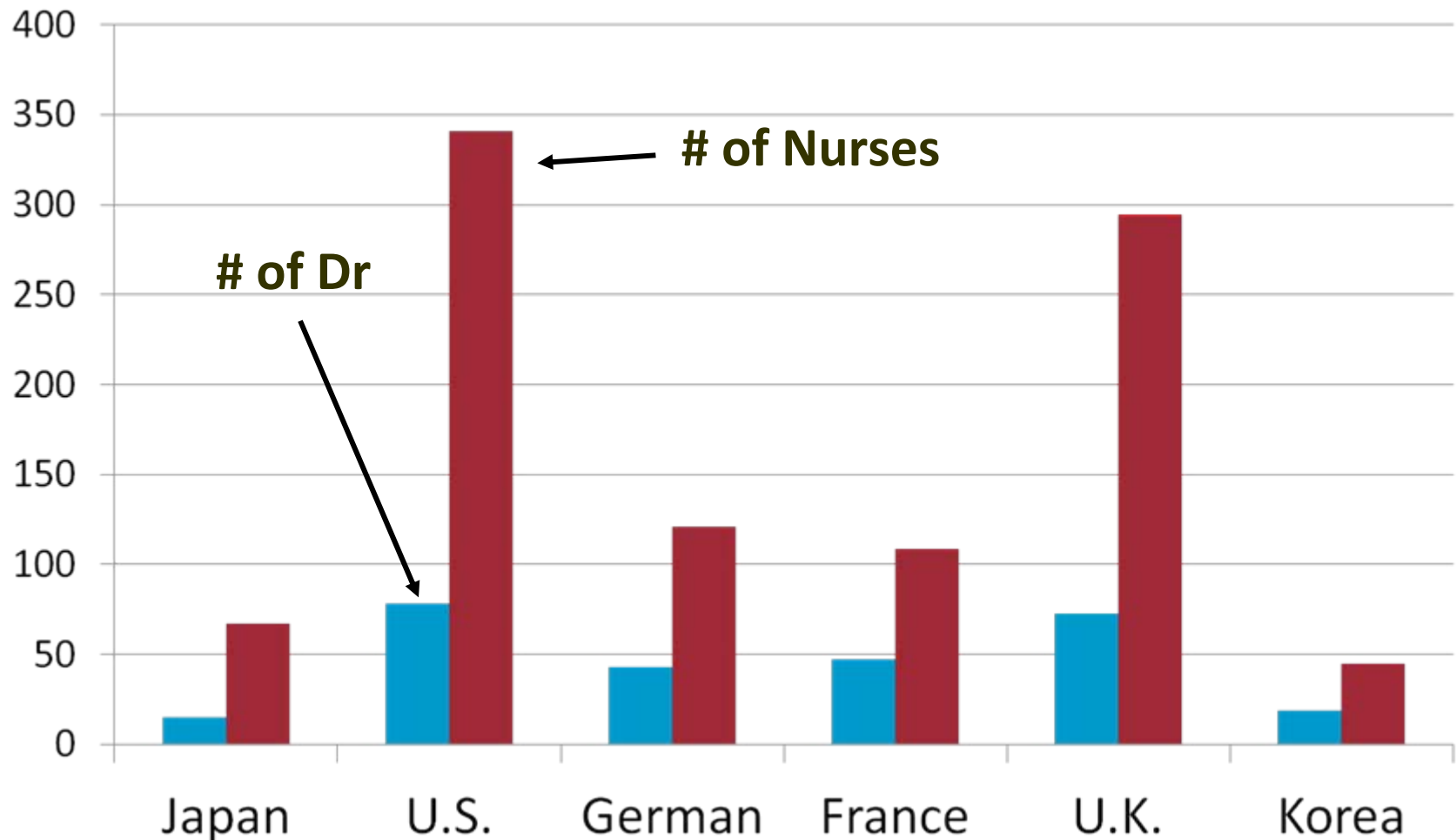


Source : OECD Health Data 2009 7

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Human resource shortage !

per 1000 hospital beds



Physicians' workload: a comparison

	Japan: Keio ^{*1}	Korea: Samsung Med centre ^{*2}	US: John Hopkins ^{*3}	UK: Oxford Radcliffe (5 hospitals) ^{*4}
Physicians	693	900	2221	1419
Hospital beds	1200	1278	995	1627
Outpatients/day	4000~5000	5000	2000	1546
Workload per physician (out- & inpt/Dr)	8.95	6.98	1.35	2.24

*1 : as of 1st August 2009 ; ca 90 unpaid physicians not included

*3: Based on "STATISTICAL AND FINANCIAL PROFILE of Johns Hopkins: 2007

*2 : as of 2006

*4: 2008 Annual Review

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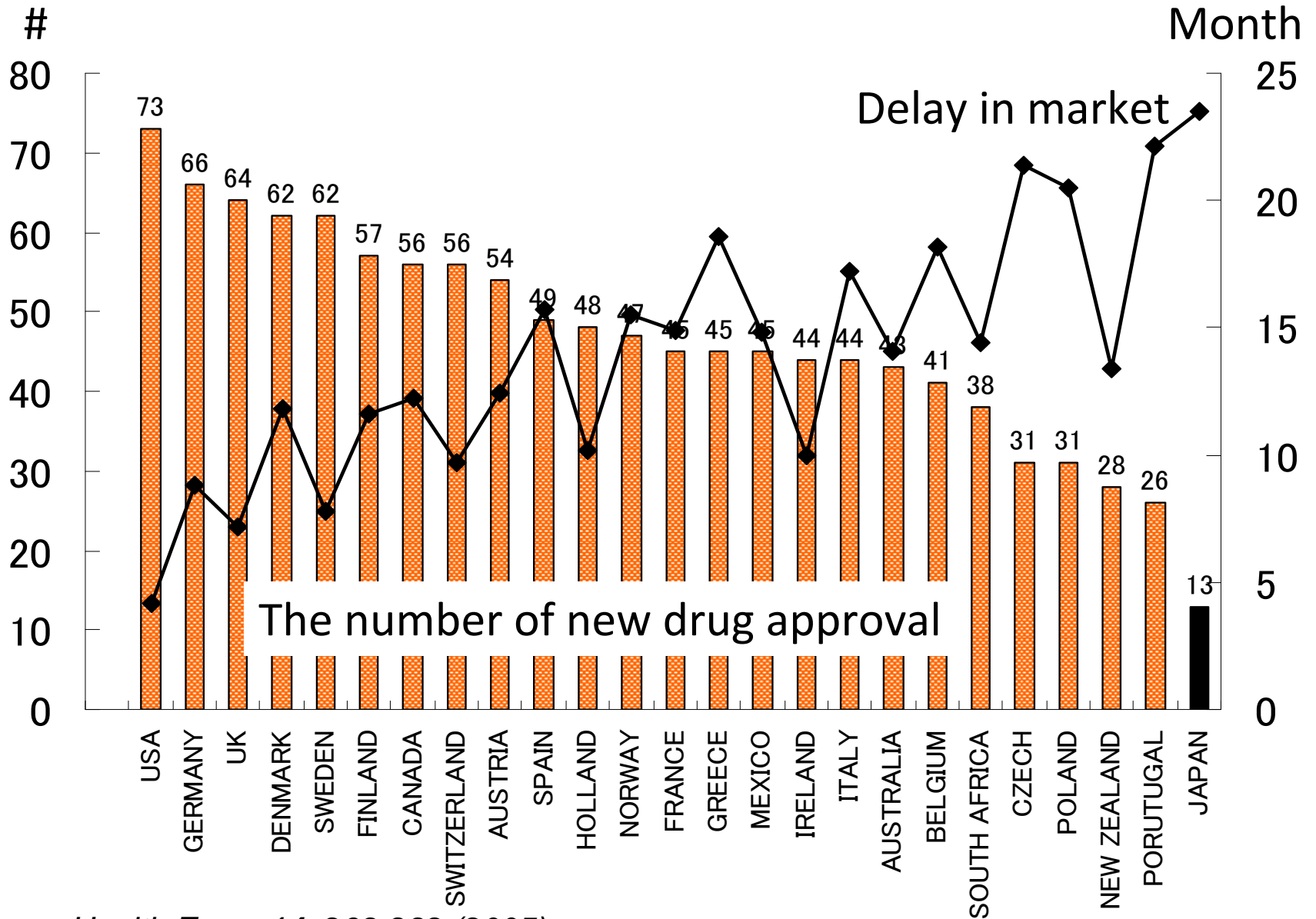
Japan Health Care System -cont'd.

- Payers
 - Coverage range is uniformly determined by the Gov.
 - Premium may differ across regions
 - Too many plans without competition for health management
 - Little negotiation power in HC arena
 - Financially strained
- Suppliers
 - Prices are set uniformly and discretionarily
 - Slow adoption of leading edge technology
 - No incentive for care value
 - Low competitiveness in global market

JPN Health plans

	Regional plans	Employment-based plans	
		Government managed employment based plans	Union managed plan
Insurers(Mar 2010)	1,723	1	1,550
	Municipalities	SIA	Health Insurance Unions
Members(in million, Mar 2005)	35.7	34.8	30.0
Average age of members	49.5	36.2	33.9
Average income per household per year (\$1=JPY80)	\$16,000	\$47,000	\$68,000
Average premium per household per year (\$1=JPY80)	\$1,800	\$1,900	\$2,100
Subsidies (Share of budget)	50%	16.4%	-
Health care cost per member per year	\$3,600	\$1,900	\$1,700

Drug Lag



Issues on Health Care

- No value measurement and reporting
 - Spoil competition for improvement
 - No IT standard and EHR across health care industry
- Vulnerable financial base
 - Discretionary pricing for services
 - Pay-as-you-go policy under the aging society
- Fragmented and shortage of resources
 - Shortage of Labor and budget
 - Provide services broadly but shallowly
- Slow adoption of innovative technology
 - Preventative services, disease management, leading-edge technology uncovered

Implications for Japan HC system

- Keep universal insurance as Life-insurance rather than Casualty-insurance
- Introduction of Value-based pricing
- Establish IT infrastructure
- Quick adoption and distribution of innovative care
- More money and human resource in health care
- Integrate and coordinate health care delivery