

# Asian Health Systems in Transition An Example of Japan

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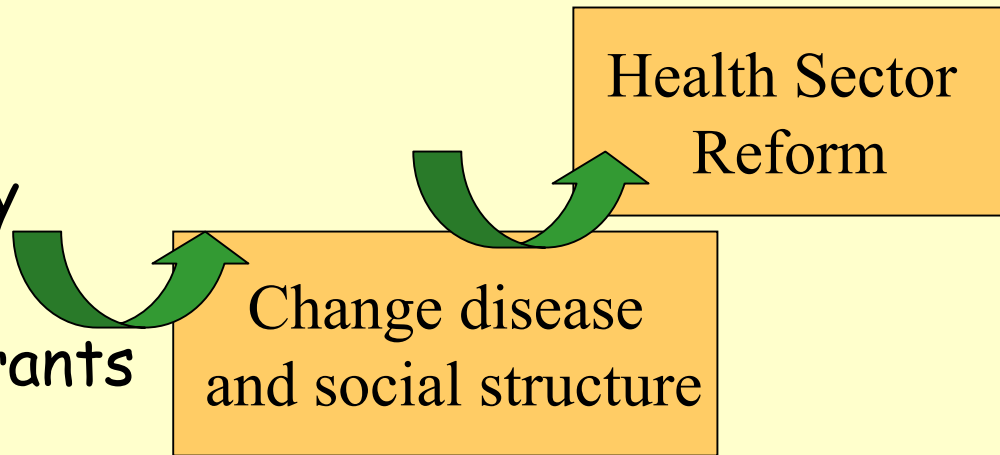
- Ageing of Japanese society
- Lasting economic recession
- Key concept of healthcare reform
- Response of stakeholders
- Progress so far

# Ageing of Japanese society

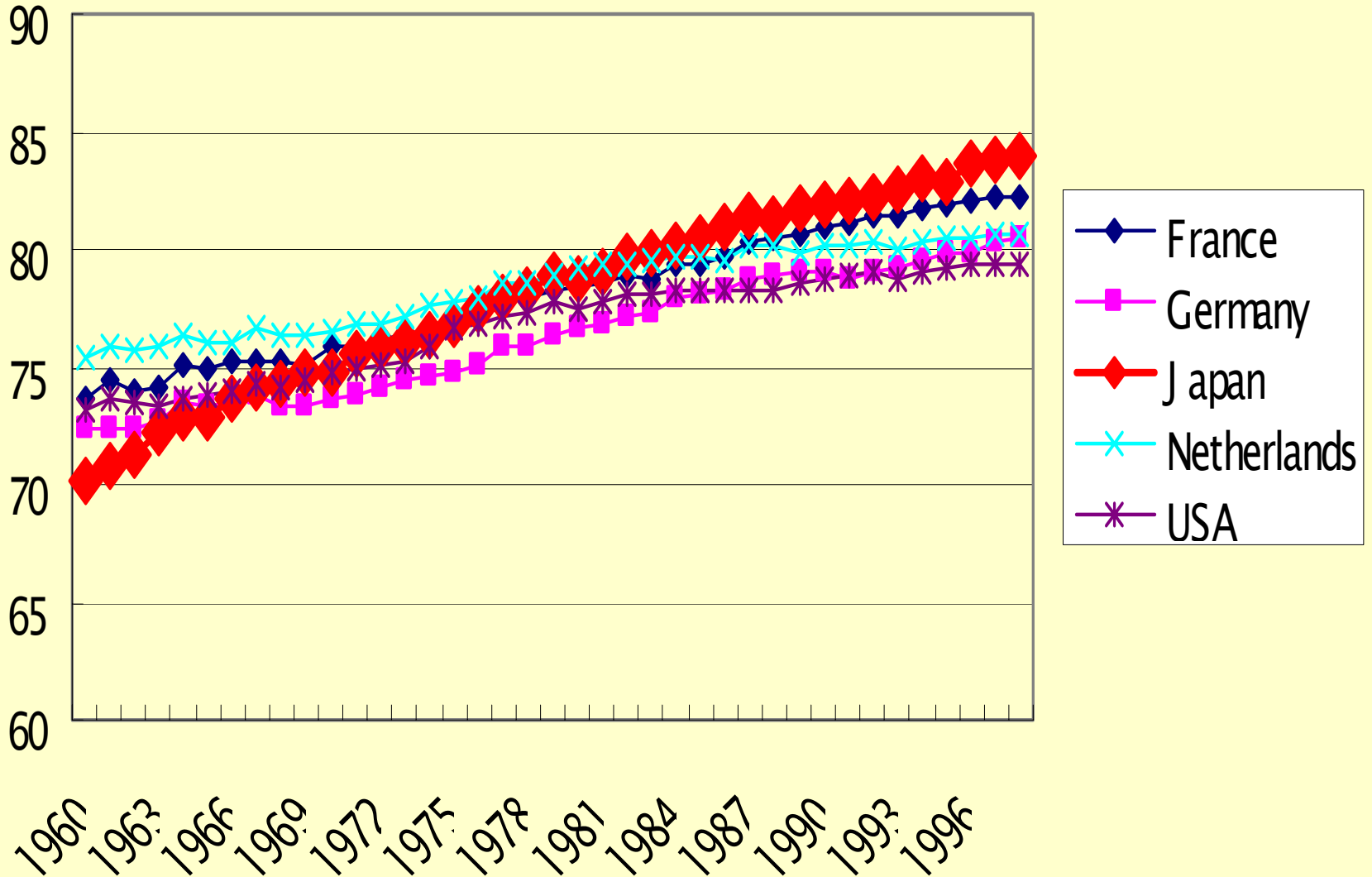
- **Geographical Overview (2001)**
  - total population: 127 Mil
  - % of elderly people over 65 years: 18.0%
  - total fertility rate: 1.32 (2002)
- **Future Projection**
  - total population: decrease after 2010
  - % of elderly people over 65 years: 22.0% in 2010, 26.9% in 2020

- **Causes**

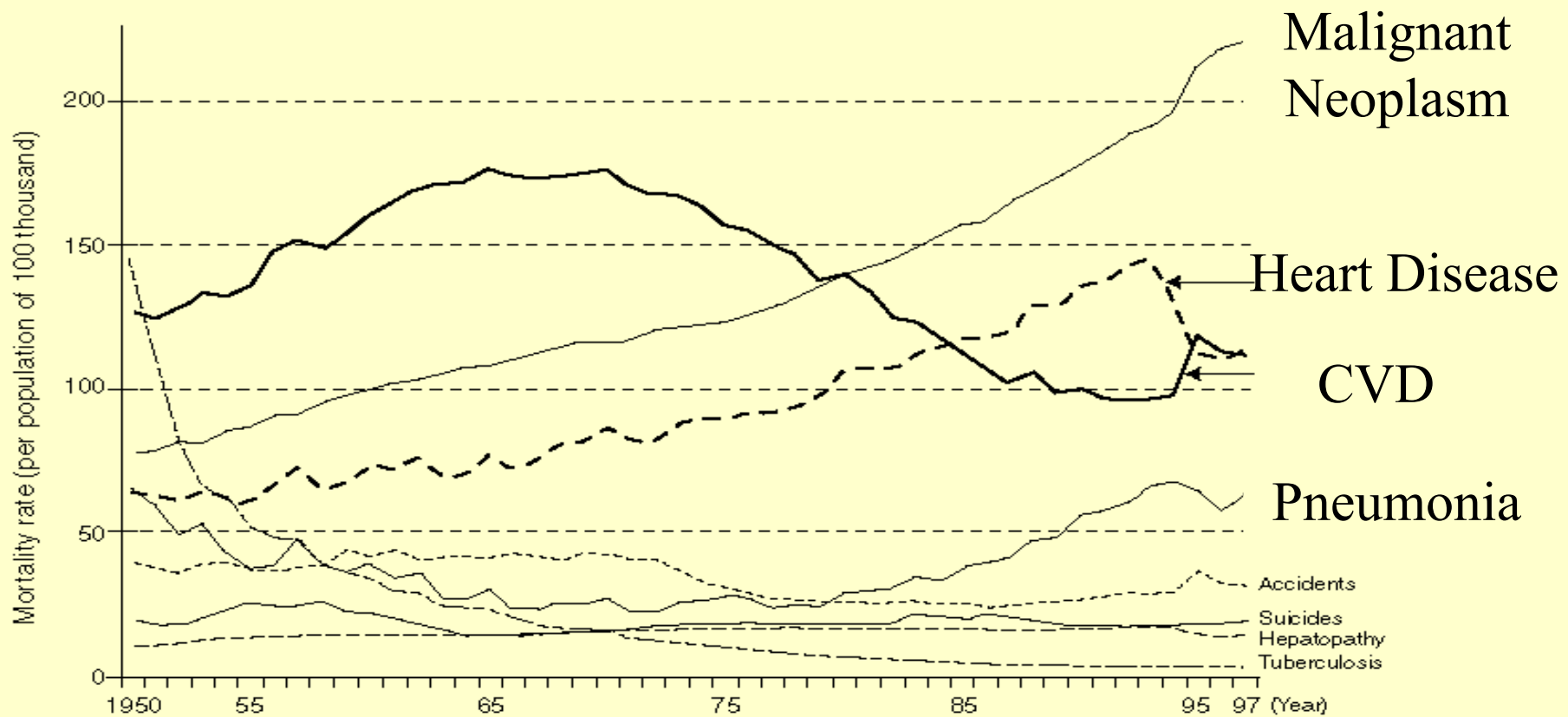
- Long life expectancy
- Low Fertility Rate
- Limitation of immigrants



# Life Expectancy (Female)



# Causes of Death by Major Diseases



Source: Statistics & Information Department, Minister's Secretariat, MHW, "Vital Statistics"

Note: Please see the notes 2 and 3 of Detailed Data 1 for increase or decrease of the number of the deceased due to cerebrovascular diseases and heart diseases in 1994 and 1995.

# Healthcare Expenditure (2000)

- 30.4 trillion yen + 4.5 trillion for long term care insurance
  - Long term care insurance introduced in 2000
- 239 thousand yen per capita
- 8.0% of GDP
- 50.5% is used for people over 65 years
  - 18.0% of total population
- 39.4% is used for people over 70 years
  - 12.3% of total population

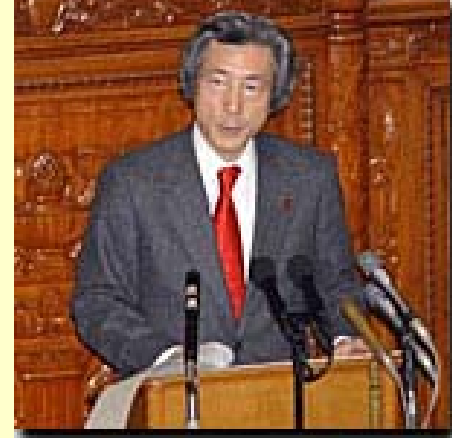
US\$1=120yen

# Long and Profound Economic Recession

- Since 1990, Japan has experienced
  - 80% reduction of Tokyo Stock Exchange *Nikkei* Index
  - 80% reduction of real estate prices in 3 metropolitan areas (business zone)
  - 90% reduction of golf-club membership index

*Japanese people experienced huge loss worth more than 2000 trillion yen in these 10 years, which is hardly endured by any other nations.*

# Health Sector Reform in Japan



- 1995- Slow-worm deregulation based on consensus between Cabinet Office and MHLW (Ministry of Health, Labour and Welfare)
- 2001, April- Prime Minister Koizumi
  - Council on Economic and Fiscal Policy (CEFP)
  - Council for Regulatory Reform (CRR)

# Six Priority Areas (First Report Regarding Promotion of Regulatory Reform)

- Healthcare
- Welfare and Childcare
- Human Resources (Labor)
- Education
- Environment
- Urban Renaissance

# Key Concepts of Health Sector Reform (First Report Regarding Promotion of Regulatory Reform)

- Key Concepts
  - Quality and Safety
  - Accountability and Transparency
- Through
  - Competition among healthcare organizations and insurers
  - Participation of well-informed consumers

# Major Recommendations

- Role and future direction of healthcare industry
- Disclosure, access and utilization of healthcare information
- Introduction of competitive circumstances among healthcare organizations
- Reinforcement of insurers' functions
- Reinforcement of evidence based medicine
- Change of fee schedule and introduction of case payment

# Role and Future Direction of Healthcare Industry

- Healthcare should be
  - 1. Safe
  - 2. High quality
  - 3. Effective and cost-effective
  - 4. Be able to compete with other countries
  - 5. Be able to sustain and keep growing

Safety and quality are key components for the success of healthcare reform in the 21<sup>st</sup> century

# Disclosure and Public Access to Healthcare Information

- Relaxation of advertising (2001-)
  - Physicians' career, volume of operations etc. etc.
- Accreditation of healthcare organizations
  - Japan Council for Quality Health Care (1995-)
  - 11% of hospitals are accredited so far
- Development of clinical indicators and benchmarking by third parties
  - All Japan Hospital Association, Tokyo Hospital Association
  - Specialty associations; Gastric cancer, Intensive care
  - National hospitals (2003-)
- Selection and self-responsibility by well informed consumers

# Reinforcement of Insurers' Functions

- Insurer as an agent for patients
- Insurer can
  - Gather information and refer the insured to a good hospital (2002)
  - Contract with a hospital on services and prices (2003-)
  - Review and payment by insurers themselves (2002)
- Barriers
  - Too many, small insurers (5100)
  - Uneven distribution of health risks (national insurance vs workers' insurance)

# Reinforcement of Evidence Based Medicine

- Evidence based guidelines
  - 20 guidelines with MHLW fund (1998-)
  - National EBM Center at JCQHC (2002)
- Patient data base
  - Hospital and specialty associations
- Hospital information system
  - Governmental financial aids to 200 hospitals (2002)

# Change of Fee Schedule and Introduction of Case Payment

- Case payment (2003-)
  - DPC (Diagnosis Procedure Combination)
  - University hospitals
- More payment with high-volume hospitals (2002-)
- Combination of Public Health Insurance and Private Health Insurance/Out-of-pocket money (plan)
- Electronic and online billing system
  - Standard, uniform coding format of medical terminology

## Other Issues

- Dispatch of healthcare workers (2003)
- Expansion of OTC drugs (plan)
- Transparency of pricing based on cost survey (plan)
- Special zones for structural reform (2003)

*Healthcare Reform in Japan began in the midst of an ageing society and a severe economic recession.*

*Key concepts of the reform are safety and quality through competition, accountability and transparency.*

*In these two years, we witnessed several changes in providers, insurers, healthcare standardization and fee schedules.*

*It is too early to come to conclusions, but we will be happy if our experience contributes to other nations in the future.*