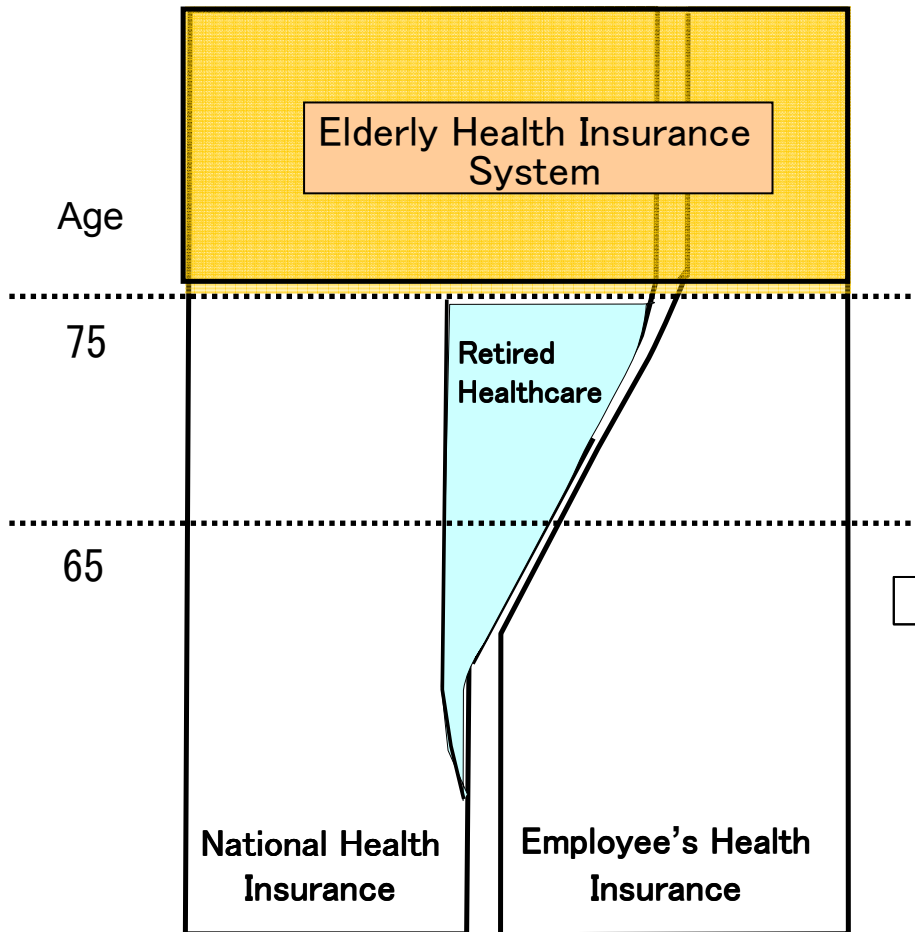


# For Achieving Sustainable Health Insurance System

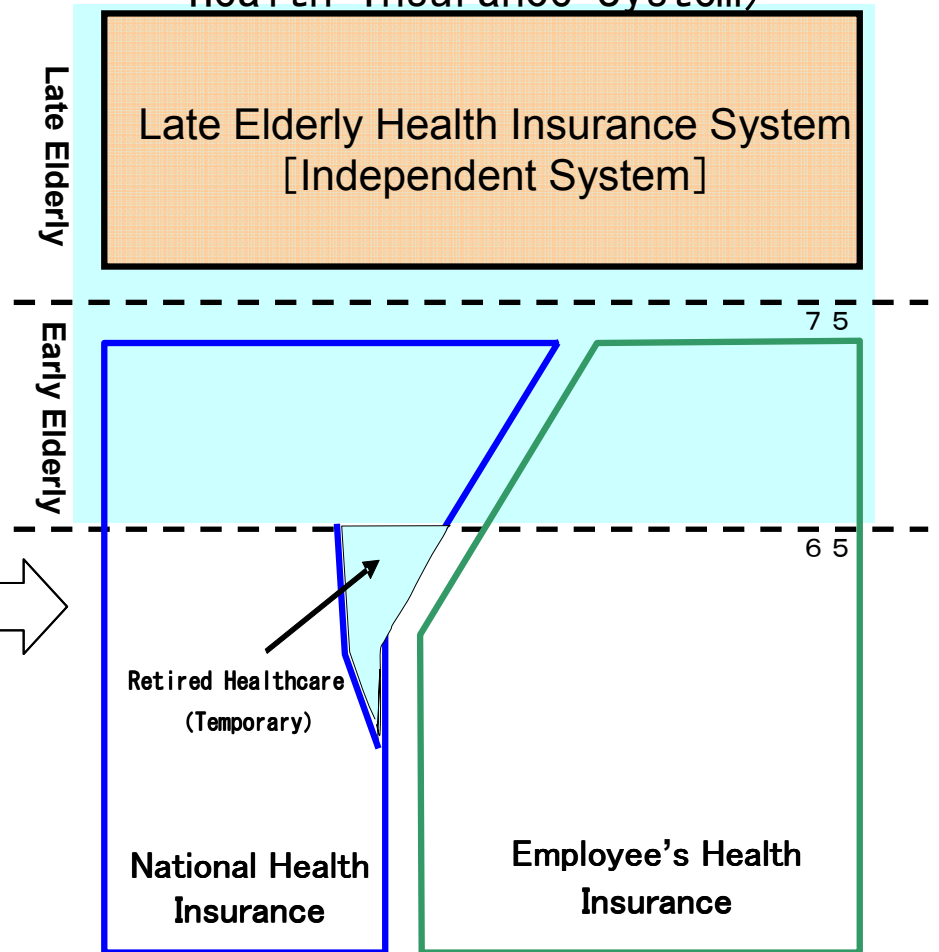
Ministry of Health, Labour & Welfare  
Councilor for Health Insurance Bureau,  
Minister's Secretariat  
Junichi SHIRAISHI

# Health Insurance System in Japan

<Current>



<After April, 2008>  
(After implementation of new Elderly Health Insurance System)

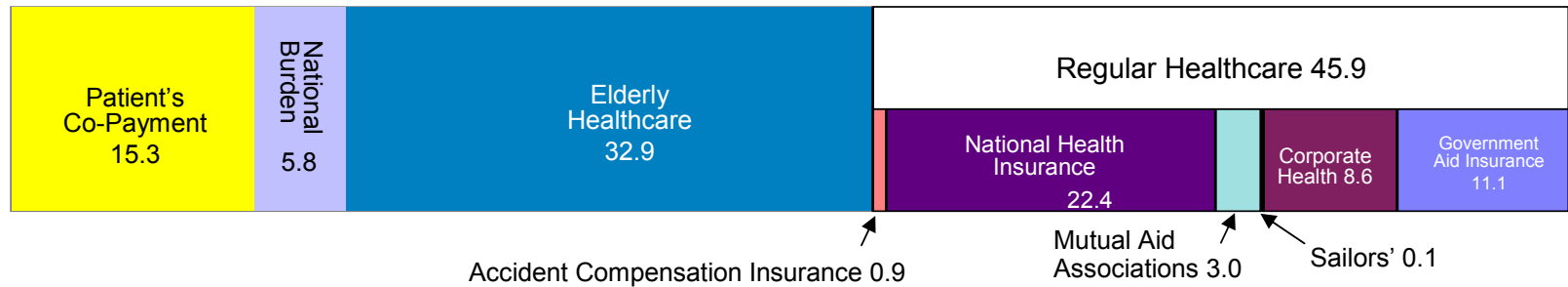


# Structure of Cost & Benefit for National Health Expenditure

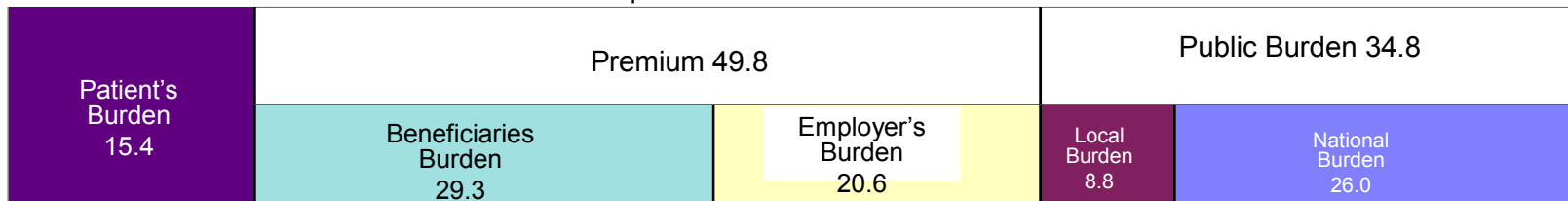
About 32.1 Trillion Yen  
 National Benefit 27.2 Trillion Yen (84.7%)  
 Patient Burden 4.9 Trillion Yen (15.3%)

Benefit Spending 84.7%

Breakdown by System (FY 2004)

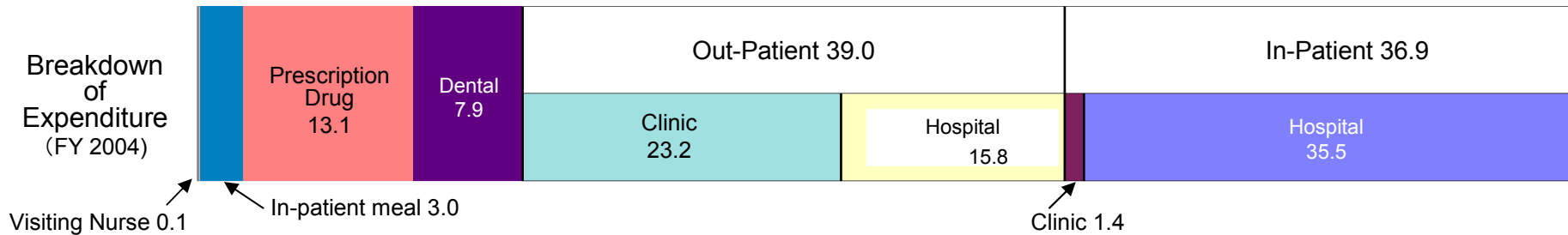


Breakdown of Financial Burden (by Source) (FY 2004)

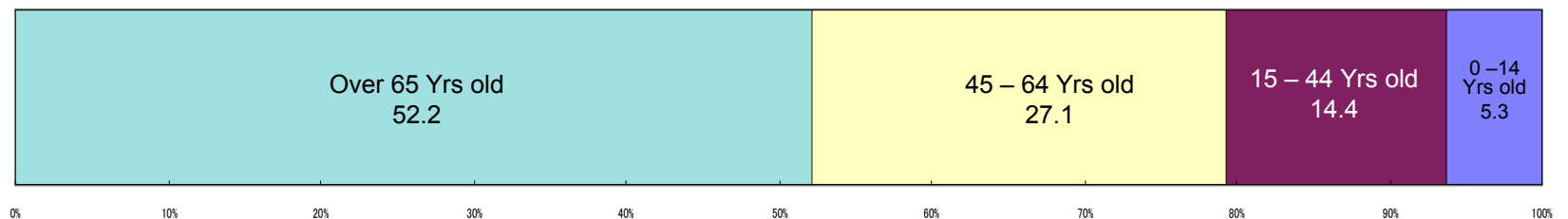


(Remarks) Beneficiaries' burden includes premium of National Health Insurance.

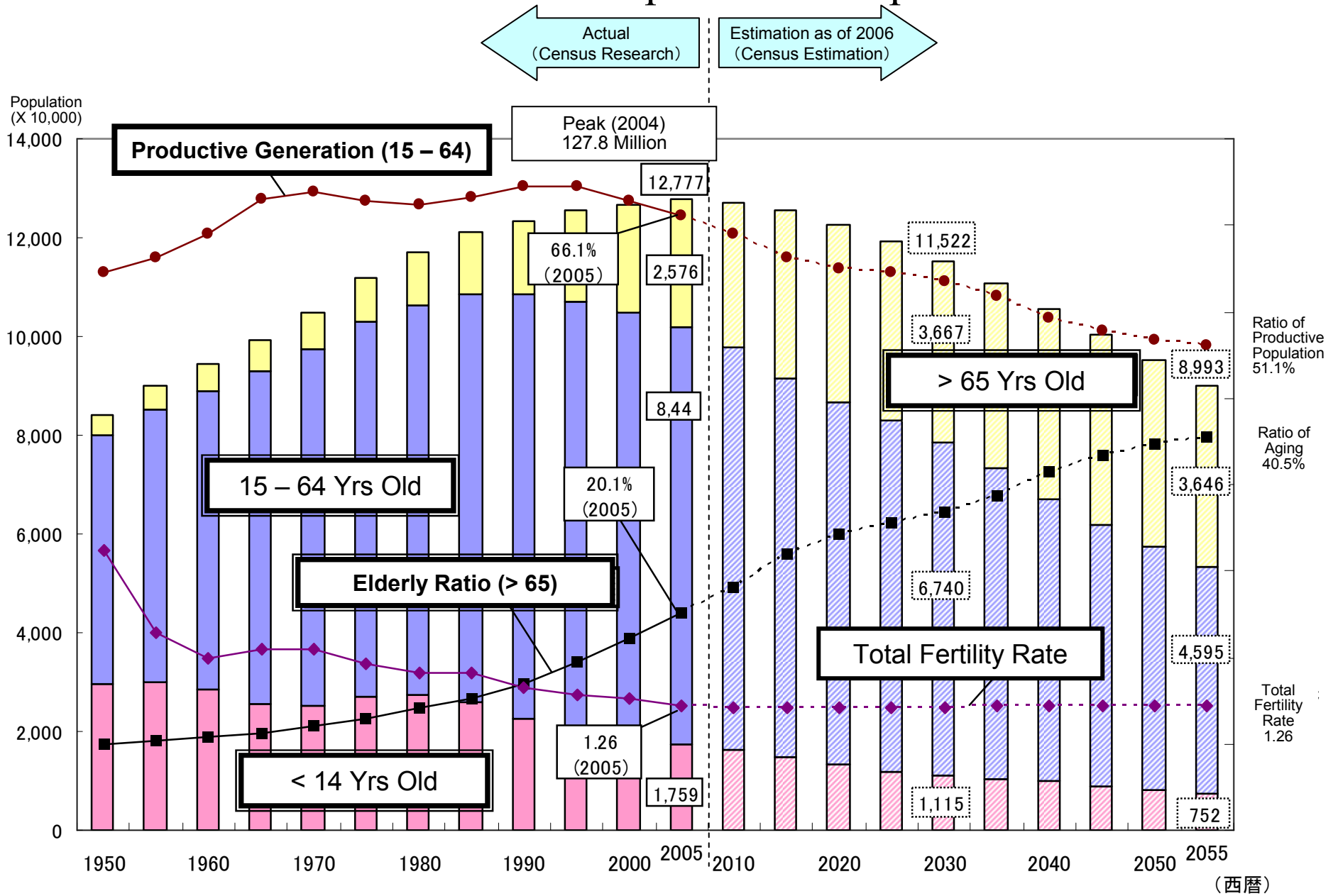
Breakdown of Expenditure (FY 2004)



Breakdown by age (FY2005)



# Trend of Population in Japan



'Census' (~2005), 'Population Projections for Japan; Dec.2006' (2010~, National Institute of Population and Social Security Research)

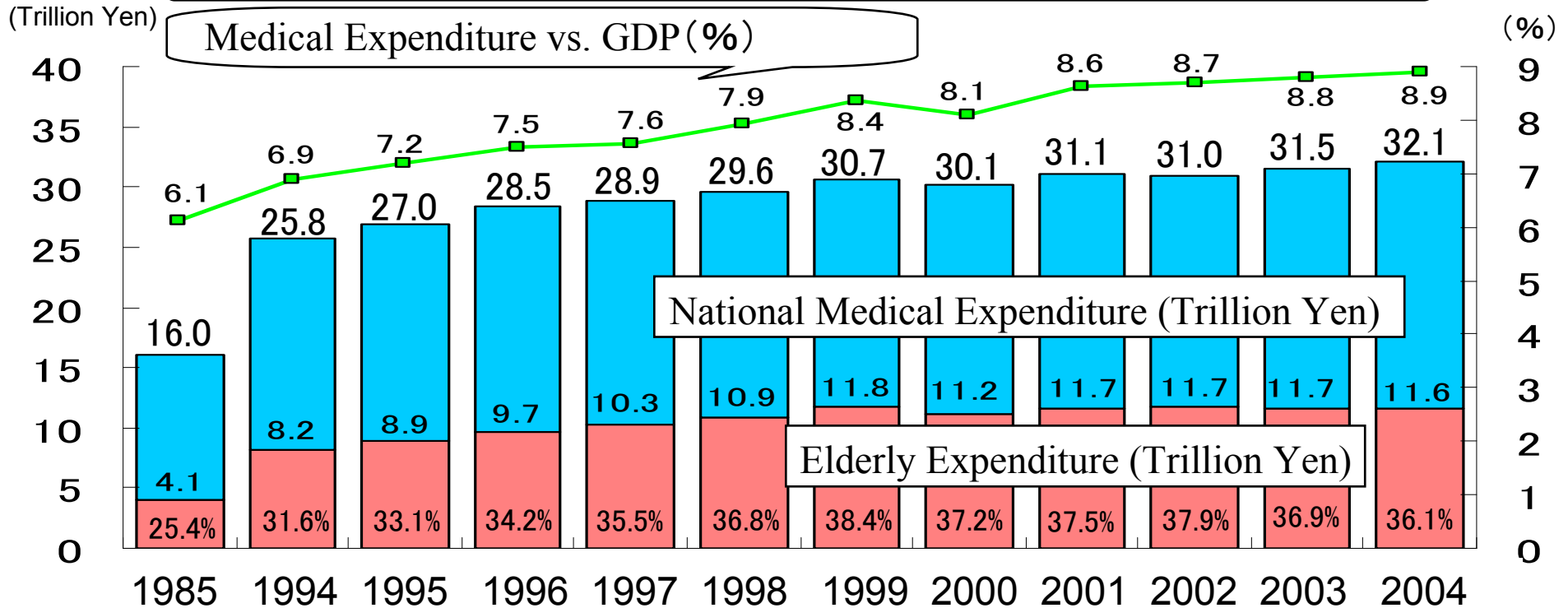
## Trend of Population by Generation & Future Estimate

	0 - 14	15 - 64	65 -	75 - (Duplicated)	Total
2006	17,436K	83,729K	26,597K	<u>12,163K</u>	127,762K
	13.6%	65.5%	20.8%	9.5%	100%
2025	11,956K	70,960K	36,354K	<u>21,667K</u>	119,270K
	10.0%	59.5%	30.5%	18.2%	100%
2050	8,214K	49,297K	37,641K	23,728K	95,152K
	8.6%	51.6%	39.6%	24.9%	100%

'Population Projections for Japan; Dec.2006'(2010~, National Institute of Population and Social Security Research)

# Trend of Medical Expenditure

Medical Expenditure growth rate exceeds the National Income's.



- Medical Nutrition
- Elderly co-payment adjust to COL
- Co-payment 20%  
• Partial burden of out-patient drug
- Reform of medical fee schedule & drug price ▲1.3%
- Care service insurance  
• 10% co-payment by elderly
- Reform of medical fee schedule & drug price ▲2.7%
- Co-payment 30%
- Reform of medical fee schedule & drug price ▲1.0%

National Medical Expenditure

## Growth rate vs. Previous Year (%)

	60	6	7	8	9	10	11	12	13	14	15	16
National Health Expenditure	6.1	5.9	4.5	5.6	1.6	2.3	3.8	▲1.8	3.2	▲0.5	1.9	1.8
Elderly Expenditure	12.7	9.5	9.3	9.1	5.7	6.0	8.4	▲5.1	4.1	0.6	▲0.7	▲0.7
Gross Domestic Product	7.4	1.4	0.1	1.3	1.0	▲2.7	▲1.5	1.3	▲2.9	▲1.4	0.7	0.7

Note 1: GDP is referred to National Economy Statistic (May, 2006)

Note 2: Elderly Medical Fee has been increased stepwise from 70 years old by the 2002 Reform, and currently from 74 years old as of Oct. 2006.

# Future Estimation of National Medical Expenditure, Medical Benefit & Late Elderly Medical Expenditure

- National Medical Expenditure without system reform was estimated 65 Trillion Yen as of Fiscal 2025.

Estimation of National Medical Expenditure, Medical Benefit &  
Late Elderly Medical Expenditure (Based on 2006 Reform Plan)

Unit: Trillion Yen

Fiscal Year		2006 Budget Base	2015	2025
After Reform				
	National Emedical Expenditure	33.0	44	56
	Late Elderly Expenditure	10.8	16	25
	Medical Benefit	27.5	37	48
Before Reform				
	National Emedical Expenditure	34.0	47	65
	Late Elderly Expenditure	11.1	18	30
	Medical Benefit	28.5	40	56

※ The annual growth rate is predicted 3 to 4%.

Note: Late elderly for Fiscal 2006 was 74 Yrs old, Fiscal 2015 and 2025 are 75 Yrs old.

# Points of Argument for Sustainability of Health Insurance System

## ○ Patient's Burden (Co-Payment)

- Gradually increased by System Reform

(Ref.) Co-Payment for Elderly

1973

Free

Oct. 2006

30% (the Elderly with the same level of income as the active generation)

- Supplement Provision of Reform Act 2004

“The ratio of benefit for the insured person and dependent shall be maintained to 70% for the future too.”

## ○ Insured Person/Employer's Burden (Premium)

- Proportional to the income of person/company.

## ○ Public Burden(National Govt./Local Govt.)

- Tax System Reform

# Main Points of Partial Revision of Health Insurance Law

## Objective

In order to maintain universal health insurance coverage and to make it sustainable in the future, based on the “Outline of Medical Care System Reform” (on December 1, 2005 decided by the Meeting of the Government and Ruling Parties on the Reform of Medical Care), the government will take such measures as the comprehensive control of medical expenditure to rational level, the establishment of a new health care system for the elderly, and the reorganization and integration of insurers.

## Framework

### 1 Comprehensive efforts to contain the increase of medical expenditure

- (1) Introduction of a planning system designed for controlling medical expenditure to rational level over medium term, which includes countermeasures as the prevention of life-style related diseases and the shortening of hospital stays. (April 2008~)
- (2) Revision of public insurance benefit
  - Raising the ratio of out-of-pocket payment for the elderly with the same level of income as the younger generation (20% ⇒30%); Revision of the burden of hospital costs like meal and utility cost for the elderly in beds for long-term care (October 2006~)
  - Raising the ratio of out-of-pocket payment for the elderly between 70 and 74 (10% → 20%); Reducing the ratio of out-of-pocket payment for infants (expansion of age eligible for a burden-relief policy for infants & babies (20%) (up to 3 year-old → until the entry into primary school)) (April 2008~)
- (3) Abolition of beds for long-term care covered in long-term care insurance system (April 2012~)

### 2 Establishment of a new medical system for the elderly (April 2008~)

- (1) Establishment of medical system for the elderly aged 75 and over
- (2) Establishment of fiscal adjustment system regarding medical expenditure for 65 to 74 year-old

### 3 Reorganization and Integration of existing Insurers in prefectural basis

- (1) Continuation measures to strengthen the fiscal base of National Health Insurance (April 2006~); Joint Program to Stabilize Insurance Funds (October 2006~)
- (2) Change of the insurer of Government-managed Health Insurance into a Public Corporation (October 2008~)
- (3) Creation of Regional Health Insurance Society (October 2006~)

### 4 Others

Revision of the membership structure of the Central Social Insurance Medical Council, etc (March 2007)

# Toward Development of Innovative Drug/Medical Device

## Challenge

- Participate to international development/distribution of innovative drugs and medical devices
- Expansion of global market share of Japan origin innovative drugs and medical devices



### Innovation 25

- Make drug/medical device industry as a locomotive to lead the growth of Japanese economy

#### (Ref.) Position of Japan at International Pharmaceutical Industry (2005)

- Japanese made drugs ranked in top 100 of international sales are 13 products.
- Overseas sales of 14 leading companies are 1.8 Trillion Yen, 32%. (Total sales including domestic: 5.6 Trillion Yen)



### Improve Quality of Medical Standard

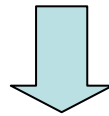
- Make available advanced drugs and medical devices to the patient quickly

#### (Ref.) Situation of Drug Access (2004)

It takes about 2.5 years more that new drugs are approved in Japan compared with in United States.  
→Target: Remove in the rag 5 years

## Prevention of Lifestyle Diseases by Healthcare System Reform

- In recent years, obesity ratio got higher mainly among middle-aged Japanese male.
- Many obese people have multiple risks in health such as diabetes, high blood pressure, hyperlipemia and so on. These risk factors may cause the cardiac disease or cerebro-vascular disorder.



- Focus on Metabolic-Syndrome with visceral adiposity;
  - Aiming at healthy lifestyle by exercise, nutrition and smoking control, promote “National Health Movement” to enlighten the importance of “Prevention” among people.
  - Enforce effective healthcare counsel as per needed. Positive promotion of “Exhaustive/Systemic Healthcare Service”.