

## Topic Two

Identify the inefficiencies and cost-drivers in the Japanese and US health care systems, and suggest possible **short-term reforms** to improve efficiency and patient access to the best available medical technologies.

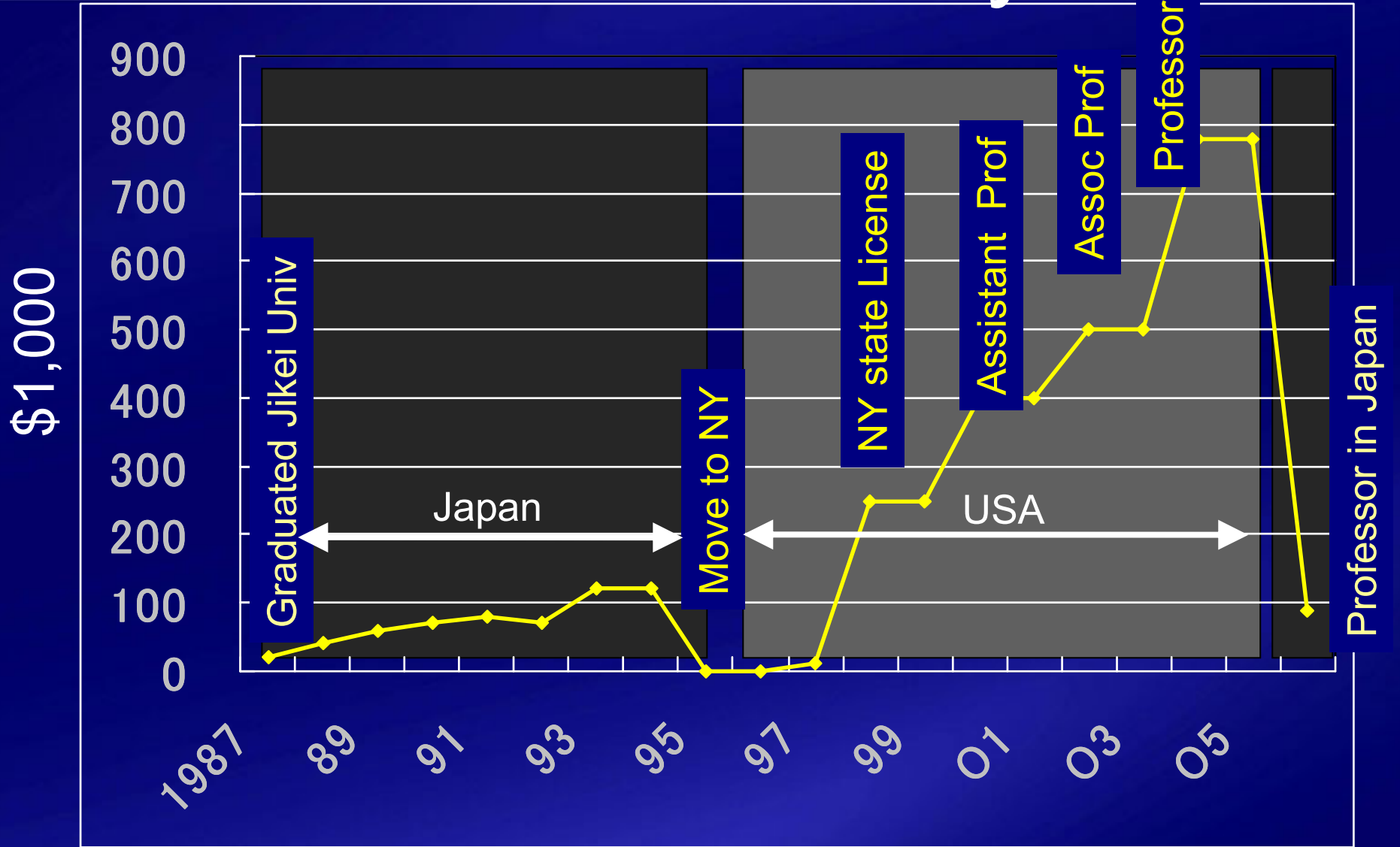
# Honorable Sakurada



## Japan: Inefficiencies, Cost Drivers and Possible Short-term Reforms

- Excess hospitals with suboptimal volume often delivering low-quality care
  - Solution: Establish quality of care guidelines (MHLW), encourage centers of excellence
- Low salary for hospital employed doctors
  - Solution: Adjust fee schedule to reward acute care, surgical care
- High rates of smoking and increasing prevalence of obesity
  - Solution: Establish public health campaigns to raise awareness and make improvements in these areas
- Slow regulatory approval process for medical technology
  - Solution:
    - Eliminate legally liability for individual reviewers
    - Train, recruit more reviewers
    - Increase 3<sup>rd</sup> party review of low risk device
    - Increase the price of medical devices
- Administrative inefficiencies in hospitals
  - Solution: Provide incentives to introduce IT/e-records
- Different technologies with same reimbursements (demand matching, cost savings difficult)
  - Solution: Change rules to allow for more appropriate categorization of new technologies

# Trend in Salary



# USA: Inefficiencies, Cost Drivers and Possible Short-term solutions

- Excess consumption of health care goods and services
  - Solution: Strengthen the role of patients as consumers through changes to tax incentives and encouraging availability of cost and quality information
- Administrative inefficiencies in hospitals
  - Solution: Provide incentives to introduce IT/electronic recordkeeping
  -
- Inaccurate DRG payments
  - Solution: Continue efforts to adjust payments on basis of episode of care, patient severity of illness and on basis of cost rather hospital charge data
- Tort reform