JMA Perspectives on the Universal Health Insurance System in Japan[*1]

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The universal health insurance system in Japan allows Japanese citizens and registered foreigner nationals who reside in Japan for one year or longer to receive healthcare as necessary and at an appropriate standard anywhere in Japan at any time—as long as they pay health insurance contributions and co-payments for the services provided—simply by showing their health insurance cards at the medical facility where they receive treatment. Despite being well-known as one of the finest of its kind in the world, Japan's healthcare insurance system has until now been discussed in very few English-language publications. This report describes some current issues concerning the universal health insurance system in Japan from the viewpoint of the Japan Medical Association (JMA).

Outline of the Health Insurance System in Japan

Japan made a fresh start from the devastation and harsh conditions of the postwar period, and the new Japanese Constitution (1947) stipulated that, "In all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health."[1]

In 1951, the JMA joined the World Medical Association (WMA), gaining official recognition as one of the world's medical associations and embarking on its international activities.

Japan established a universal health insurance system in 1961. Before that, efforts had been made since the 1920s to consolidate insurance systems, and subscription exceeded 90% in 1955.

This universal healthcare system is supported by two main pillars: "free access," which means that the patient has free choice of any health institution from which to receive healthcare; and "benefit-in-kind," which means that benefits are provided in the form of health services and not money, according to the medical fee schedule. Unlike other developed countries with cash benefits systems, medical examinations and treatments in Japan are less controlled by the payment amount restrictions. Thus, people are guaranteed to receive necessary, quality health services provided on demand. Medical expenses are reimbursed to the medical institution by the payment fund.

Under this universal healthcare system, physicians carry out their mission focusing mainly on enhancing community healthcare in an effort to protect professional autonomy.

The fundamental factors given above underlie Japan's healthcare insurance system.

Healthcare Systems for Long-term Care and Latter-stage Elderly

In response to the aging of society, a long-term care insurance program was introduced in Japan in 2000. Under this program, elderly people aged 65 years and above and who require long-term care can receive nursing services. This long-term care insurance program is funded half-and-half by public funds and insurance premiums.

In addition, a separate healthcare insurance program specially established for elderly people aged 75 years and above was created in 2008. The

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insurers of this program are extended associations covering regionally segmented areas in Japan. As a general rule, funding for this healthcare system is 50% from public funds and 40% from healthcare insurance program premiums paid by the working population, with the remaining 10% covered by insurance premiums paid by the elderly people.

Table 1 Japan's health data

Country	Number of practicing physicians per 1,000 population*1	Life expectancy (Rank)*2		Healthy life expectancy (Rank)*3		Infant mortality; death per 1,000 live births (Rank)*4
		Male	Female	Male	Female	
USA	2.4	77 (18)	80 (33)	67 (28)	71 (28)	6.7 (27)
UK	2.5	77 (18)	81 (29)	69 (17)	72 (22)	5.0 (21)
Italy	3.7	78 (9)	84 (4)	71 (4)	75 (3)	3.7 (10)
Canada	2.1	78 (9)	76 (26)	70 (9)	70 (9)	5.0 (21)
Germany	3.5	77 (18)	82 (18)	70 (9)	74 (10)	3.8 (13)
France	3.4	77 (18)	84 (4)	69 (17)	75 (3)	3.8 (13)
Japan	**2.1**	**79 (2)**	**86 (1)**	**72 (1)**	**78 (1)**	**2.6 (3)**

*1 OECD, 2008, *2 WHO, 2006, *3 WHO, 2003, *4 OECD, 2006.

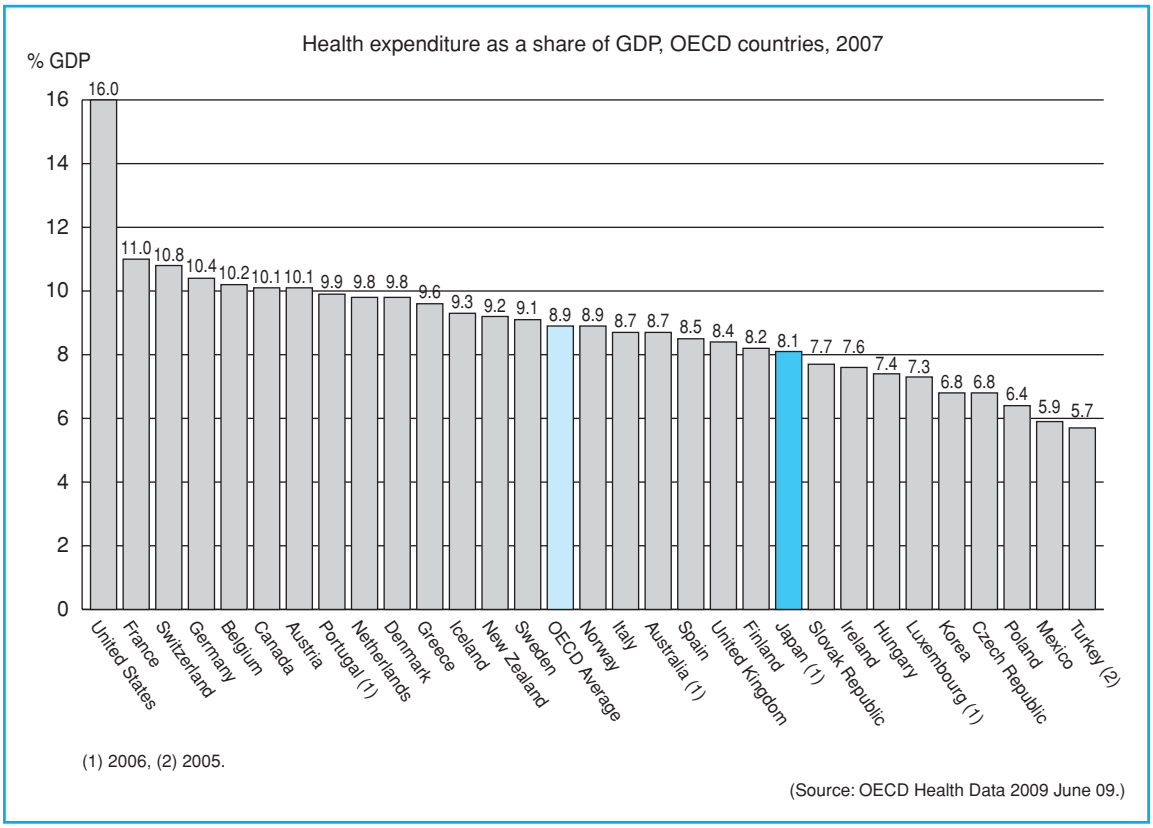

Fig. 1 Health expenditure as a share of GDP

Japan's Health Data

Health indicators achieved under these healthcare systems include the average longevity of Japanese people, which in 2006 was 79 for males and 86 for females. Japan has a low infant mortality rate—2.6 per a thousand live births—and high healthy longevity, maintaining a generally high level of public health (**Table 1**).[2,3] The gross national medical expenditure as a share of GDP is a low 8.1% compared with other developed countries, whose average is 8.9%, ranking Japan 21st among 30 OECD countries (**Fig. 1**).[3]

Despite these favorable indicators, however, Japan has been facing many issues such as a shortage and maldistribution of physicians, which prevent physicians from sufficiently meeting the requirements of patients. Physicians are more and more exhausted by work overload and frustrated with their inability to secure patient safety under the medical cost containment policies which have been carried out over the past several years. Many hospitals and clinics are also experiencing financial difficulties, which have been worsening amid the current global economic crisis.

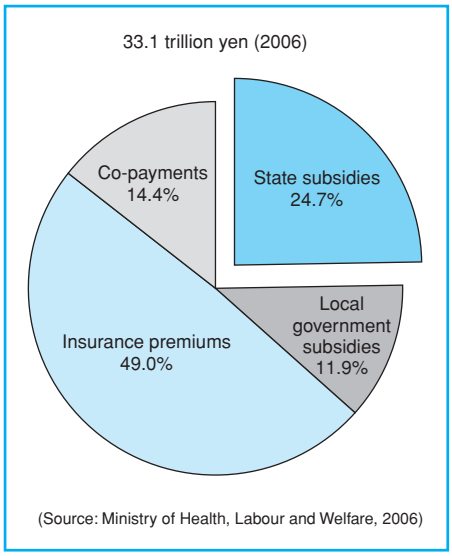

Fig. 2 Financial resources for Japan's national healthcare

National Health Expenditure

Total national health expenditure for 2006 was approximately 33 trillion yen (360 billion USD), or about 260,000 yen (2,860 USD) per capita (**Fig. 2**).[4] Funding for national health expenditure comprises public funds or tax (approx. 37%), health insurance premiums (50%) paid by both insured persons (30%) and their employers (20%), and patient co-payments (14%). The co-payment amount paid by the patient on receiving medical treatment is around 30% of the medical expenses, although this differs according to the health insurance program the patient is covered by.

Recent Healthcare Cost Containment Measures by the Japanese Government

Japan has been consistently subjected to health cost containment policies by the national government since the structural reform implemented by the Koizumi Cabinet (2001–06), which narrowly focused on how to control the total health costs under the current health insurance system (recent cabinets are listed in **Table 2**). The Government has been hammering out healthcare cost containment measures in the name of attaining "the most appropriate medical treatment costs," giving

Table 2 Japan's government cabinets in recent years

2001–06	Koizumi Cabinet (Liberal Democratic Party: LDP)
	Healthcare cost containment measures initiated
2006–07	Abe Cabinet (LDP)
2007–08	Fukuda Cabinet (LDP)
2008–09	Aso Cabinet (LDP)
	2008 Economic crisis
2009–10	Hatoyama Cabinet (Democratic Party of Japan: DPJ)
2010–	Kan Cabinet (DPJ)

strained national finances as the reason for the containment.[5]

The JMA is making an all-out effort to fight these measures from its most fundamental standpoint that healthcare should not be adjusted to the economy, but the economy adjusted to healthcare. Health expenditure containment measures may deteriorate the quality of healthcare and run counter to the promotion of patient safety. The JMA emphasizes the importance of health reform which can appropriately meet the health demands of the nation as a major and urgent issue, and severely criticizes the government's automatic reduction policy for social security expenditure.

The DPJ Cabinet (2009–) has stated its intention to abolish the policy of automatic reductions and to change the format of the healthcare insurance system established in 2008 for elderly people aged 75 years and above, but the details of their reform policies are not specified. The JMA intends to launch into the political arena a proposal to realize a healthcare scheme that truly benefits the patient.

The JMA's Recent Major Efforts to Ensure Quality Care

As part of our efforts to act steadily against healthcare cost containment measures, since 2000 the JMA has published a Grand Design to provide a theoretical basis for further strengthening the universal health insurance system so that the general public is able to receive good quality and highly satisfactory healthcare.[6–10] The JMA has been proactively making proposals to the government from the same perspective as the general public. In particular, the JMA proposes that funding resources be created to facilitate the increase of medical fees, increase of physician numbers, and reform of the resident training system.

According to calculations made by the JMA Research Institute, healthcare and nursing care are expected to effectively contribute to economic growth.[11] The JMA therefore proposes a plan to create more than 1 million jobs by injecting 1 trillion yen (11 billion USD) of taxes or public expenditure into both healthcare and nursing care. Adding insurance premiums and patient co-payments to this funding could generate new demand for healthcare of 3 trillion yen (33 billion USD) and new demand for nursing care of 2.3 trillion yen (25 billion USD).

Funds for revitalizing community healthcare have been allocated in the Fiscal Year 2009 Supplementary Budget. Although this is appreciated, it is likely that funding will be concentrated in healthcare facilities that have already strengthened their medical functions and secured human resources. What is desirable at present is raising the overall level of community healthcare facilities. The JMA is therefore strongly requesting a broad increase in medical fees to attain these goals.

The JMA regards an increase in the number of physicians of 1.2 times to be appropriate for the long term to meet the expected demand for future healthcare. To achieve this, priority must be given to securing funding, and a consistent medical education system should also be established. The geographical imbalance in physician distribution should be resolved under a philosophy of establishing a "new resident training system in each local area," not by assigning physicians to hospitals one-sidedly in accordance with the government policy. The JMA has proposed reforming the "First-stage Clinical Training System," where residents are registered for the year of their first-stage training in the regional healthcare training network of the prefecture in which their medical school is located. The residents rotate among healthcare facilities within that prefecture, giving them an overall perspective of community healthcare.

In order to ensure quality healthcare, the JMA has been trying to increase the awareness of its members of medical ethics through its continuing medical education (CME) activities, as well as strengthening patient safety measures.

When an obstetrician at Oono Hospital was arrested on charges of professional negligence resulting in death in 2006, the JMA strongly criticized the situation where a doctor was held criminally responsible and took action to secure an acquittal (which was achieved eventually) as part of efforts as an organization to protect member physicians.[12,13]

Resources should be also used to improve emergency medical services and CME activities, thus further ensuring patient safety. What is important is to see how effectively these measures will be able to improve the level of community healthcare by firmly maintaining the universal health insurance system.

Conclusion

It is imperative that Japan's universal health insurance system be maintained at all costs in the future. The JMA intends to devote every effort to protecting free access and professional autonomy, and invigorating community healthcare activities for the nation's health.

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