UHC status and challenges in Japan

Toshihiko Takeda

Boston Consulting Group, Senior Advisor

Visiting Professor, Iwate Medical University

Advisor, Tokyo Marine & Nichido Fire Insurance Co., Ltd.

APAC

Asia Partnership Conference of Pharmaceutical Associations

History of Japanese Social Security System

○ The framework of the current social security system was established in 1960s – 1970s (high economic growth period) after the postwar period of recovery.

Showa 20's (1945-1954)
The chaos of the postwar period/ Emergency support for the poor and needy

Emergency support in the postwar period and streamlining infrastructure (so called "Save the poor")

Showa 30's/40's (1955-1974)
High economic growth/ Improvement of standard of living

National universal health insurance system / Universal pension system and development of the social security system (from "Save the poor" to "Prevent the poor")

Showa 50's/60's (1975-1987)
End of high economic growth/ Reform of administration and finance

Transition to stable growth and review of the social security system

After Heisei Period (1988 -)
Low birthrate problem / Collapse of the bubble economy and long-stagnant economy

Structural reform of the social security system that conforms to the aging society with fewer children

***Compared to other countries', the size of Japanese social security benefits is small.**

APAC
Asia Partnership Conference of Pharmaceutical Associations

History of the Japanese Health Insurance System

Pre- and post-war period: Formation of the System

1927: Health Insurance Law enacted

→ Started with employee health insurance: to ensure the health and life safety of workers

High economic growth period: Development of the System

1961: Universal coverage achieved

→ Enrolled not only employees but also all citizens in the obligatory national health insurance

Post-high economic growth period: Maturing of the System

1973~1983: Free medical care for elderly patients

→ Caused the social problem that hospitals became the places of social gathering and social hospitalization of the aged.

→ Re-introduced copayment in 1983

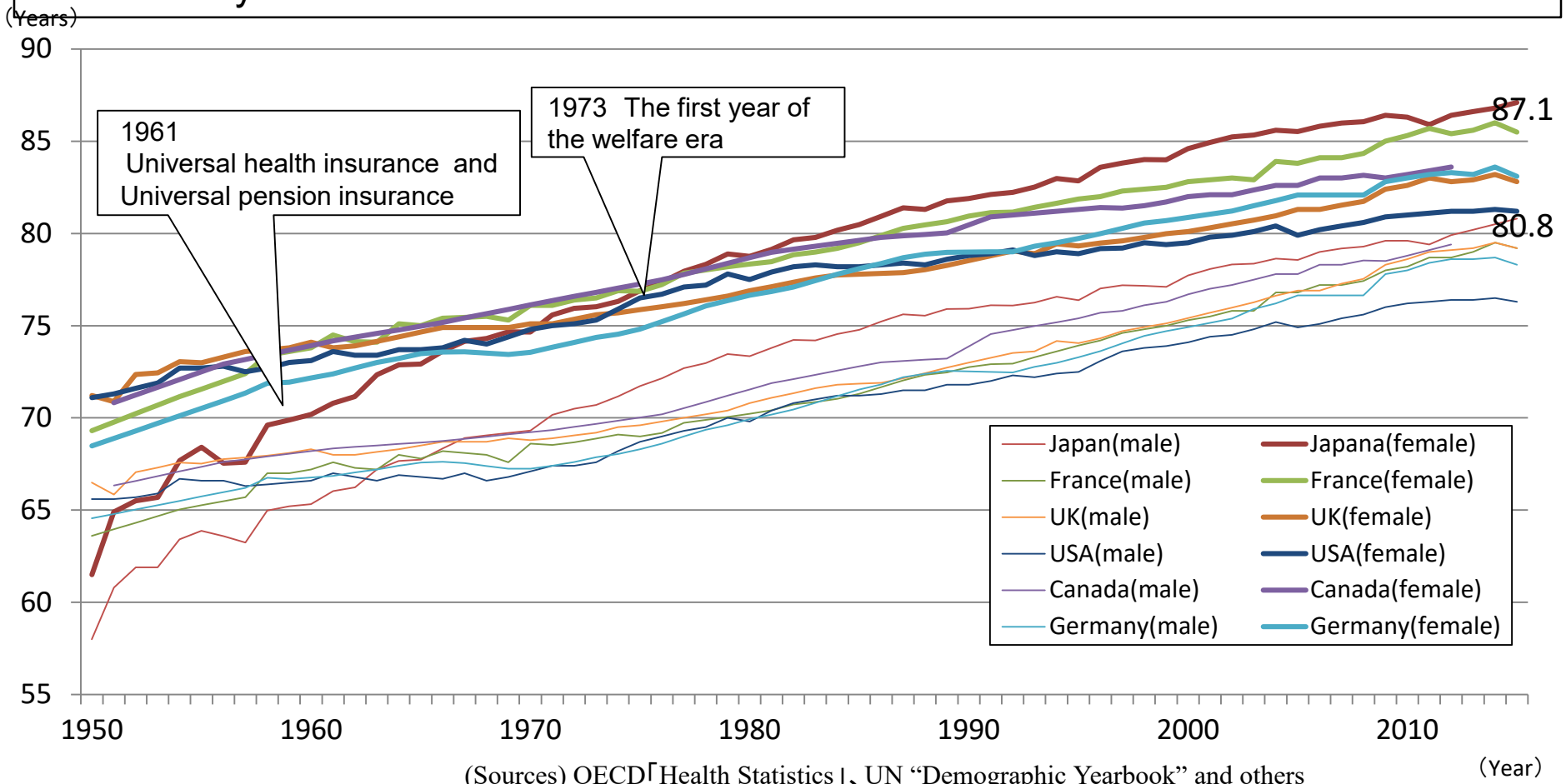
Low economic growth period: Structural reform of the System

2008: Later-stage Elderly Medical Care System

→ Established an independent system for people aged 75 and over

Changes in Life Expectancy in Major Countries

The average life expectancy of the Japanese has caught up with that of other countries since the introduction of universal health insurance. And is now the longest-lived country in the world.



(Sources) OECD「Health Statistics」、UN "Demographic Yearbook" and others

Note 1. The figures for pre-1990 Germany are those of former West Germany

2. The figures for pre-1982 UK are those for England (and Wales)

APAC
Asia Partnership Conference of Pharmaceutical Associations

The Japanese Universal Health Insurance System

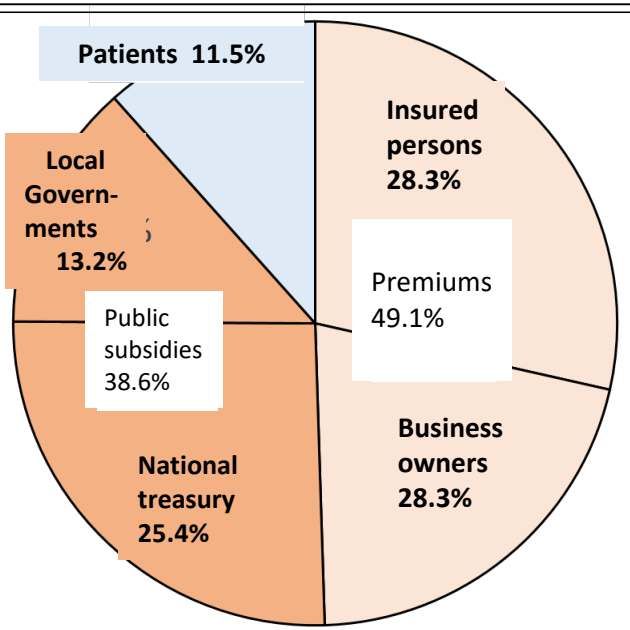
Japan realized the world's highest average life expectancy through the Japanese universal health insurance system.

It is necessary to maintain and strengthen this health insurance system to ensure safe and secure living of the people.

【 Characteristics of system 】

1. Covering all citizens by public medical Insurance
2. Freedom of choice of medical institution (free access)
3. High-quality medical services with low costs
4. Based on the social insurance system, spending the public subsidies to maintain the universal health insurance

Burden structure of Japanese medical expenditure (by financial resource) (2016)



APAC
Asia Partnership Conference of Pharmaceutical Associations

Overview of the Japanese Health Care System

30% Co-payment*

- 75 years or older 10% copayment
- 70 to 74 years old 20% copayment*
- Yet to start compulsory education 20% copayment

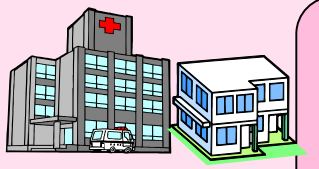
* Frozen at 10% for the 12-month period from April 2008

Patient (insured)

(2) Receive service & copayment

(3) Medical services

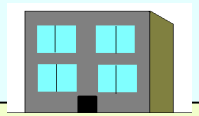
[Medical Service Provider]



Hospitals 8,442
Clinics 101,529

(1) Insurance contribution

Insurer



(5) Reimbursement

(4) Claims

Physicians 319,480

Dentists 104,533

Pharmacists 301,323

Nurses 1,210,665,639

Public health nurses 62,118

Midwives 39,613

Other healthcare professionals

Administrative bodies

[Health insurance system]

National Prefectural Municipal governments

Public funding

Public funding

Respective insurer

Supportive contribution

(Principle schemes)	(Number of insurers)	(Number of enrollment)
-National Health Insurance	1,880	Approx. 35,000,000
-Japan Health Insurance Association administered health insurance	1	Approx. 37,000,000
-Association/union administered health insurance	1,405	Approx. 29,000,000
-Mutual aid association	85	Approx. 9,000,000

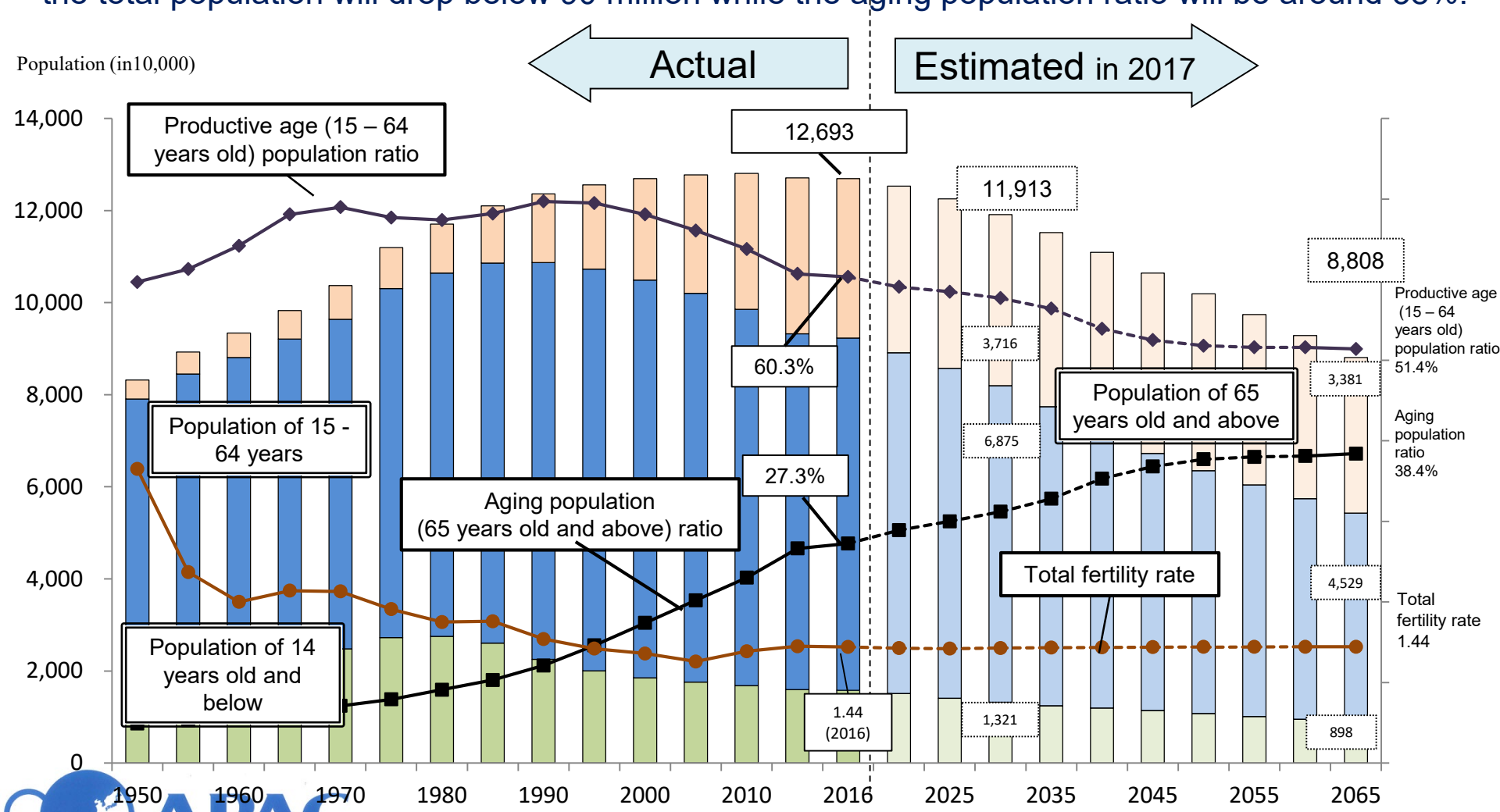
* Numbers of insurer and the enrolled are as of the end of March 2011 (Preliminary) (However, numbers of mutual aid association are as of the end of March 2011)

-Advanced Elderly Medical Service System	47	Approx. 16,000,000

* Number of those enrolled is as of the end of March 2012 (Preliminary)

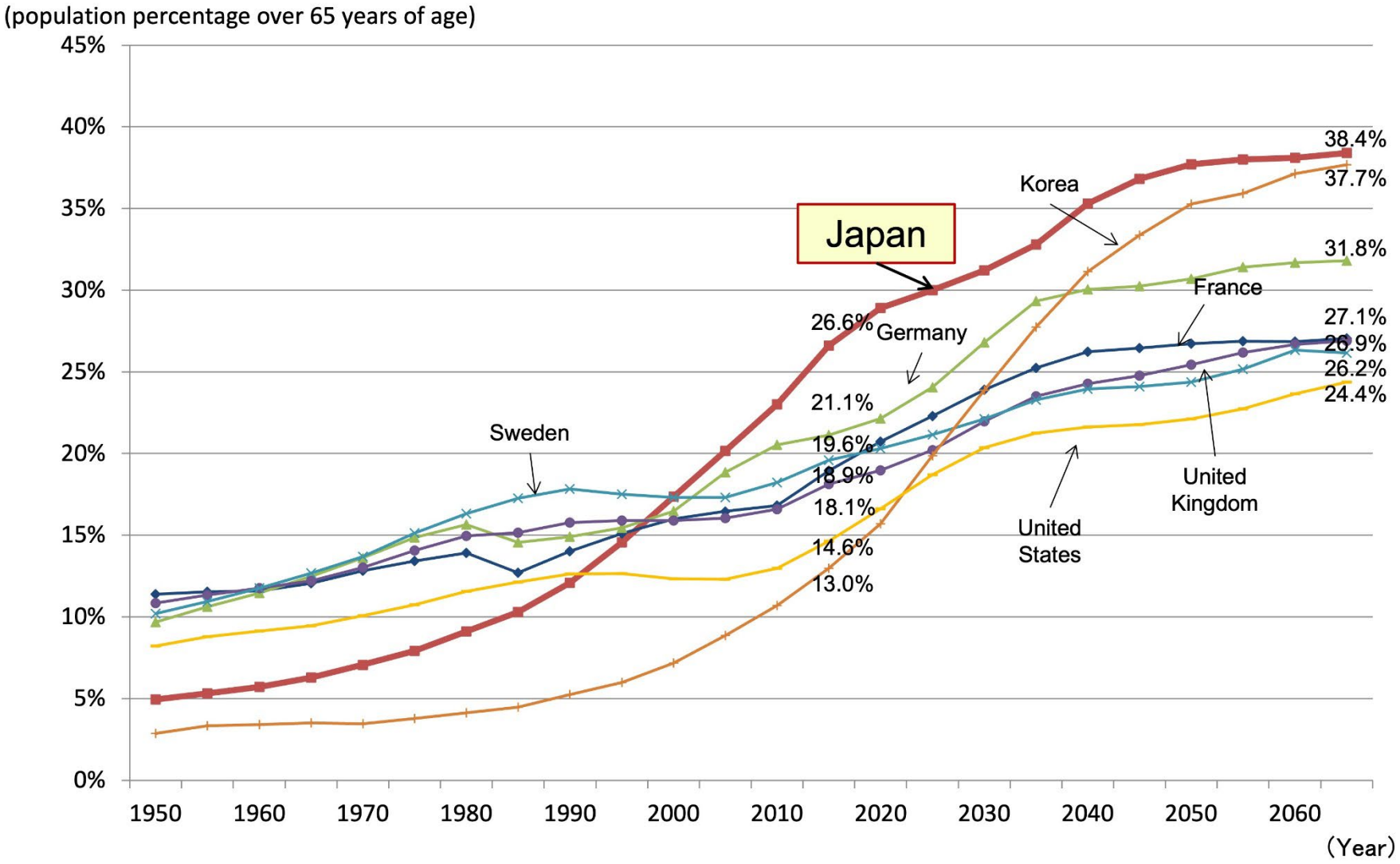
Japan faces unprecedented population aging

Japan's population has entered on the decreasing phase. It is projected, by year 2065; the total population will drop below 90 million while the aging population ratio will be around 38%.



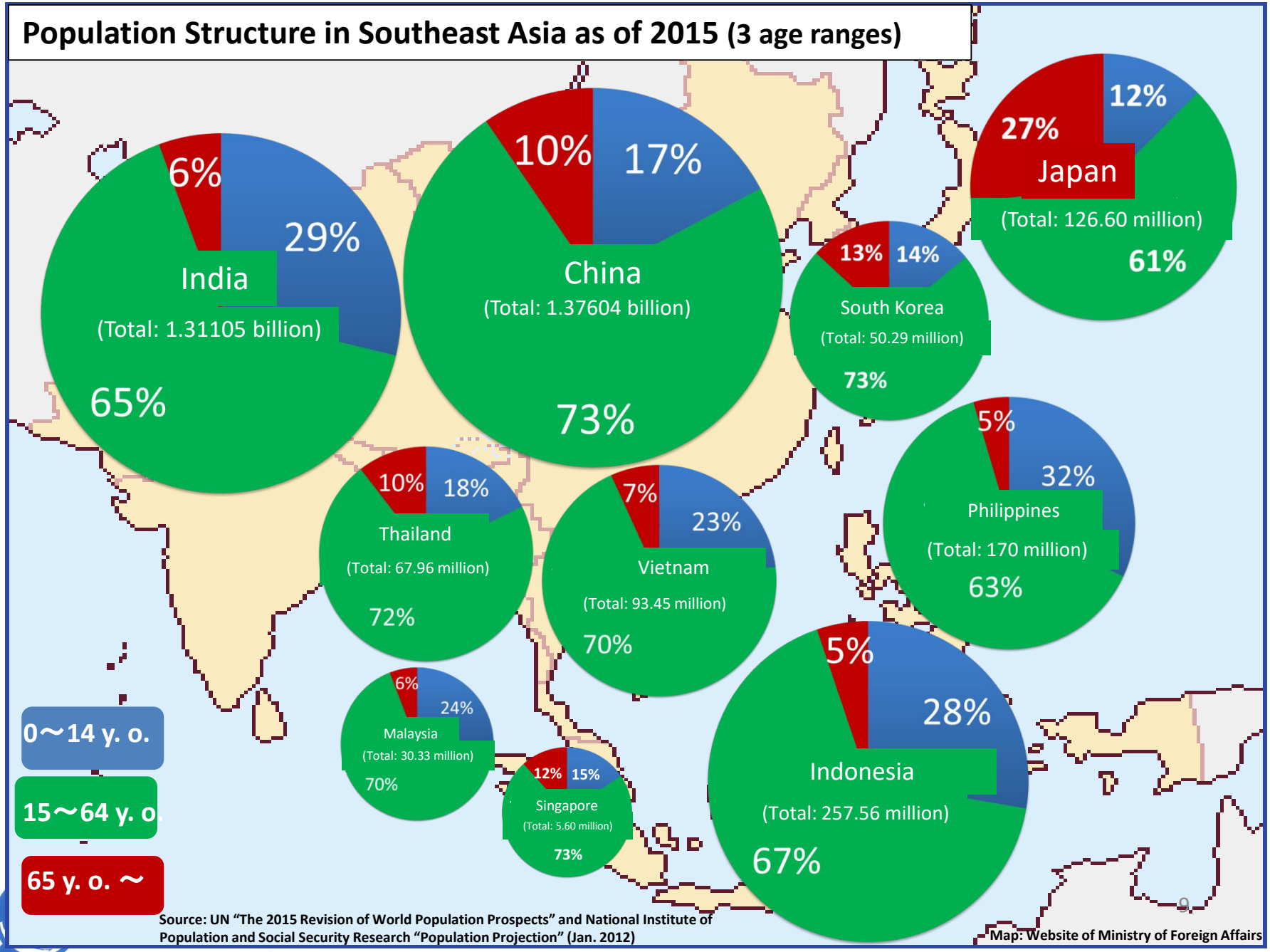
APAC
Asia Partnership Conference of Pharmaceutical Associations

Changes in population percentage over 65 years of age



APAC
Asia Partnership Conference of Pharmaceutical Associations

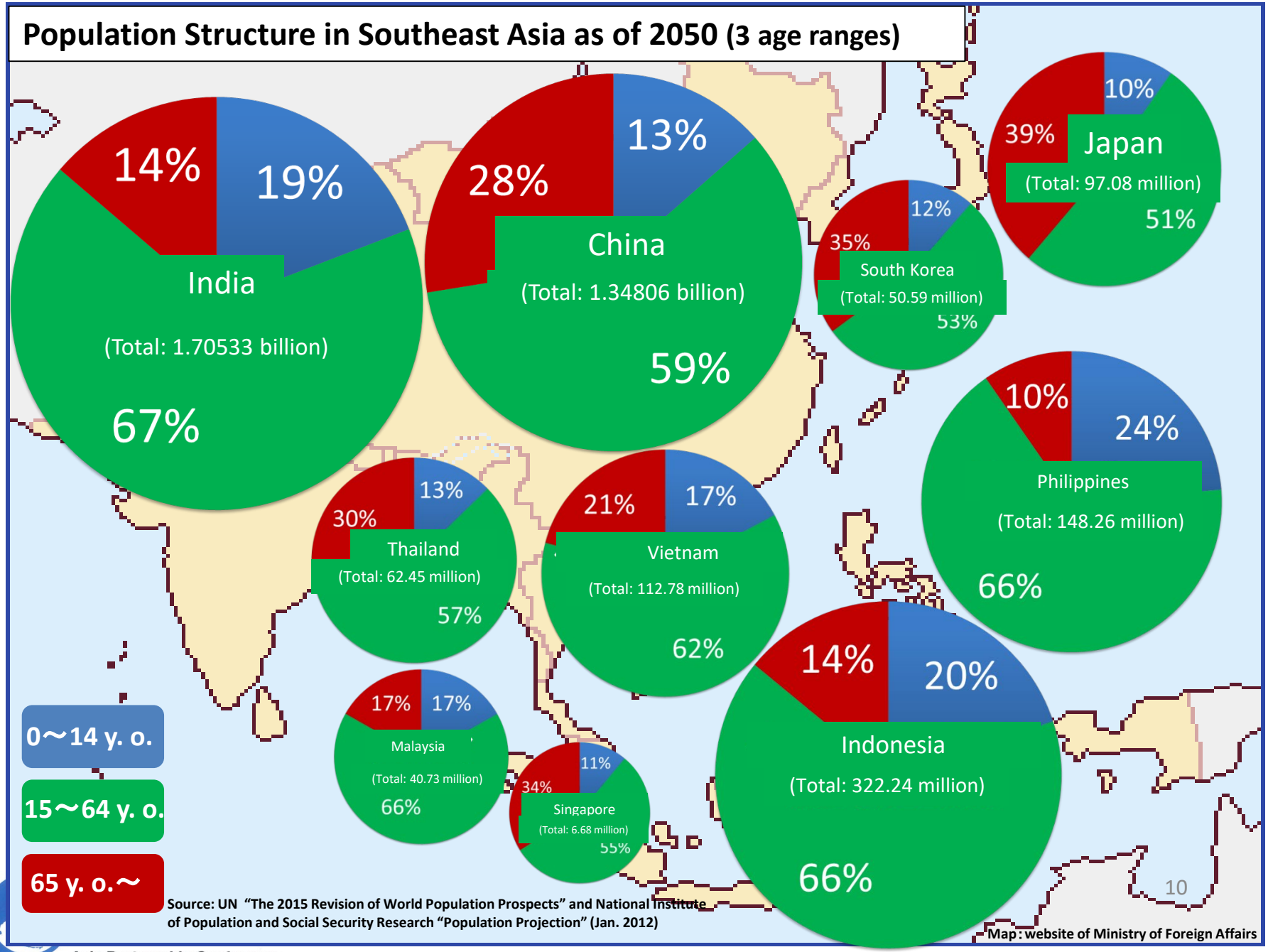
Population Structure in Southeast Asia as of 2015 (3 age ranges)



Source: UN "The 2015 Revision of World Population Prospects" and National Institute of Population and Social Security Research "Population Projection" (Jan. 2012)

Map: Website of Ministry of Foreign Affairs

Population Structure in Southeast Asia as of 2050 (3 age ranges)



Source: UN "The 2015 Revision of World Population Prospects" and National Institute of Population and Social Security Research "Population Projection" (Jan. 2012)

Map : website of Ministry of Foreign Affairs

10

Actions taken for sustainable health care

National Health Insurance

- Abolish free care for the Aged in 1983
- 10% copayment in 1984
- 20% copayment in 1997
- Introducing new “Long-term care insurance“ in 2000
- 30% copayment in 2003
- Introducing new “Medical Care System for the Elderly aged 75 and Over “ in 2008

Health Care Delivery System

1990’s

- Increase Long-term Care Services (New Insurance in 2000)

2000’s

- Specialization of Hospital Functions to strengthen both acute care and rehabilitation

2010’s

- Restructuring Health Care Delivery System, to “Integrated Community-based Care System”

Actions taken for sustainable health care

Cost Containment Actions

- Prevention
  - Oblige health Insurer to offer health checks to insured.
- Generic drug use
  - First target : 30% of all drugs
  - Current target : 80% of off-patent drug use
- Oblige Local Government to make a cost containment plan
  - target medical care cost
  - target health check rate

(Continued)

- Drug Price Revision and Reform of calculation method
- Appropriate use of super-expensive drugs
- Prevention of aggravation in patients, especially with diabetic patients
- Correction of Poly-pharmacy

Things in progress and things need to be addressed
→ Achievement of securing global standard medical services and addressing the aging society at the same time

- Reform of Medical Care Provision System （2000's）
  The first medical policy vision from the Ministry of Health, Labour and Welfare
  Functional differentiation/link of sickbeds

- Comprehensive Reform of Social Security Reform and Tax Reform （2010's）
  Enhance medical functions by spending public subsidies (consumption taxes)
  From medical care of treatment to medical care of treatment and support

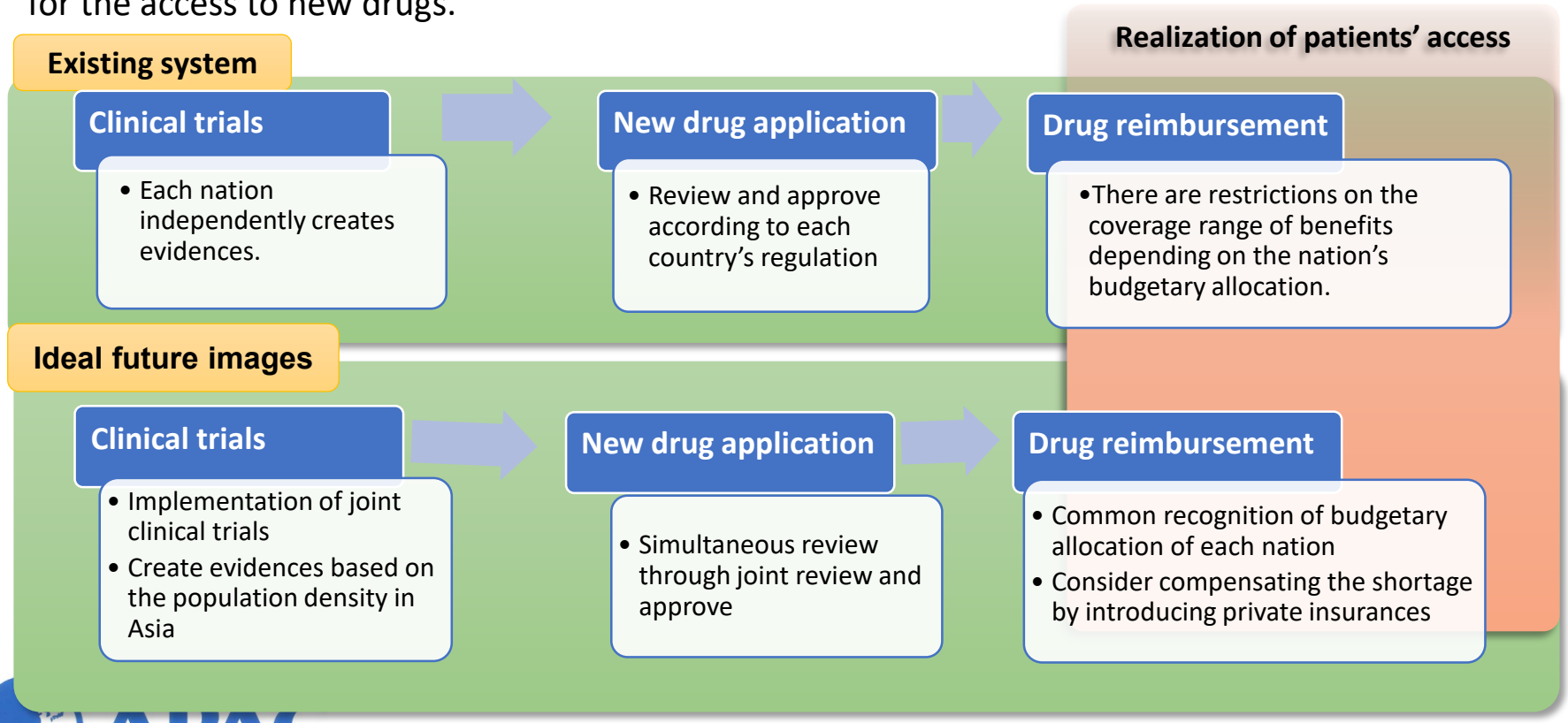
The most advanced healthcare system getting attention from all over the world
＝Regional comprehensive care
New!

Global standard medical institutions
Accesses to advanced medical services
(maintaining/further deepening)
Continue!

APAC
Asia Partnership Conference of Pharmaceutical Associations

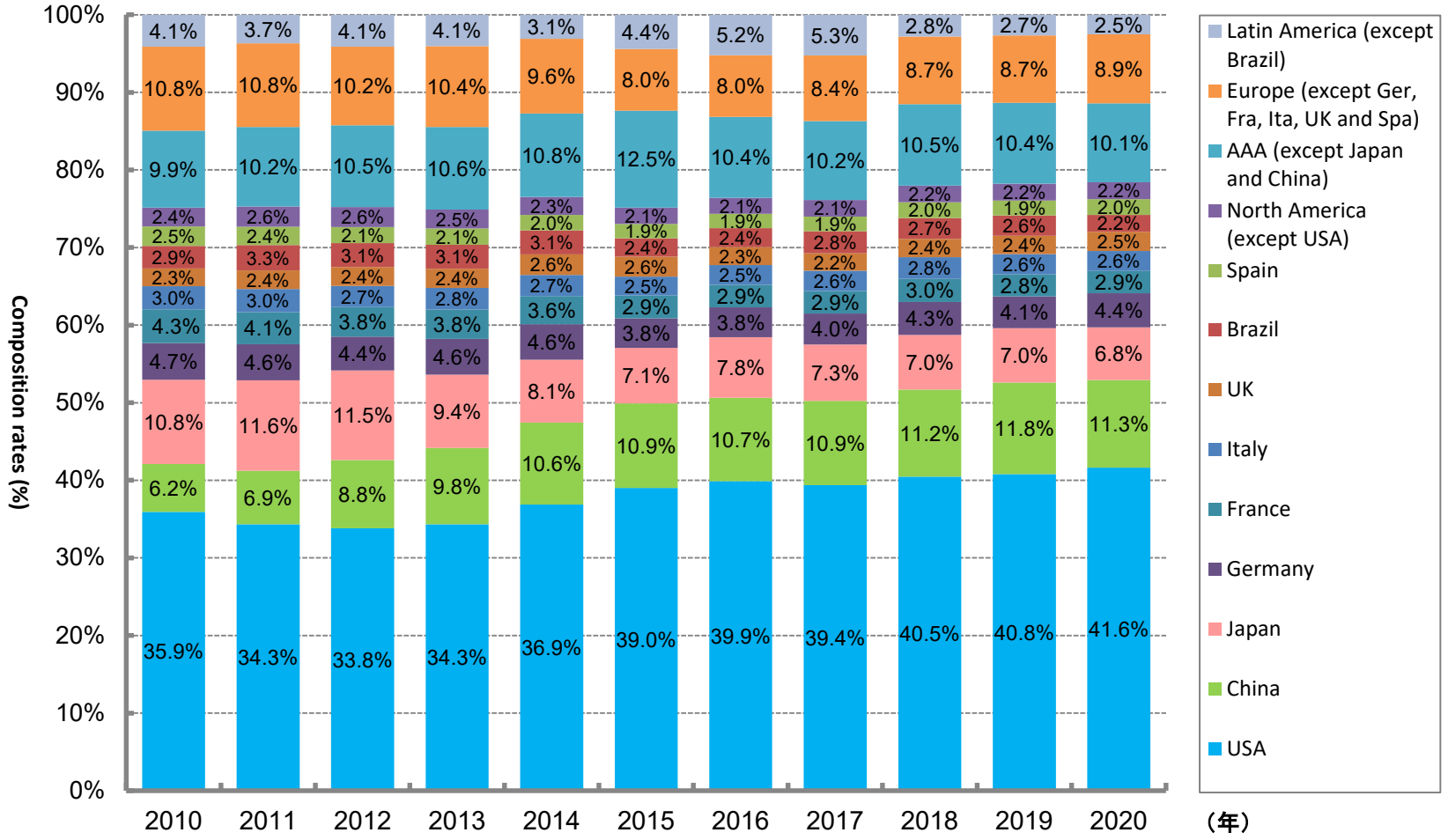
Realization of true UHC = It is important to pursue not only the coverage of expenses but also access to new medicines.

- The universal insurance system was established to ensure patients the access to appropriate medical services.
- To realize that, global standard medical services need to be provided.
- Something that was revealed under the COVID-19 pandemic: Without securing testing systems, drugs to treat diseases, and medical care provision system, we can't deal with health crisis.
- Nations need to cooperate not only for the streamlined insurance system in a nation but also for the access to new drugs.



The rank of Japan in the world has decreased → Need to secure the access to medical products by collaborating with Asian nations

Changes in composition rates of medical products market in the world（by region/by nation）



Note：AAA stands for Asia, Africa and Australia

APAC
Asia Partnership Conference of Pharmaceutical Associations

What we need to do now

International cooperation for enriched medical services through universal insurance system

- Streamlining medical care provision system
  Advanced medical services, regional medical services, addressing infectious diseases

- Securing access to medicines
  Access to expensive drugs
  Access to medicines for rare diseases
  Stable supply of essential medicines

- International cooperation to address regional issues
  Development / provision of vaccine, data enrichment, securing market size

APAC
Asia Partnership Conference of Pharmaceutical Associations