

Japan Health System Review

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What is Japan's current health status?

Japan boasts the world's third-largest economy with a correspondingly high standard of living, development, safety, and social stability. In addition to these socioeconomic accomplishments, Japan has made numerous healthcare successes since the founding of its universal health insurance system in 1961: control and eradication of common infectious diseases and deaths due to road traffic accidents, and most famously, achieving the world's highest life expectancy at birth.

But despite these achievements, Japan continues to face many health-related challenges, such as an ageing population, low fertility rates, negative population growth, a stagnating economy, and increasing unemployment. In particular, the increasing burden from non-communicable diseases (NCDs) associated with the

ageing population has placed a significant strain on the national health system in recent decades, especially with respect to service delivery and financing.

Japan's healthcare system is characterized by its universal insurance scheme, which confers enrollees the freedom to choose and purchase any facility's high-quality healthcare services at a relative low cost. However, Japan's economic slowdown, high life expectancy, and growing use of expensive technologies have led to an ever-increasing rate of healthcare expenditures (total health expenditure as % GDP: 6.3% in 1995 to 10.9% in 2015, OECD). Tackling these rising costs in the face of a growing elderly population will require drastic reforms in Japan's healthcare and long-term care systems.

How have Japanese health systems and policymakers responded?

Building on its robust universal health coverage, Japan has adopted several reforms over the past two decades in order to address looming demographic challenges.

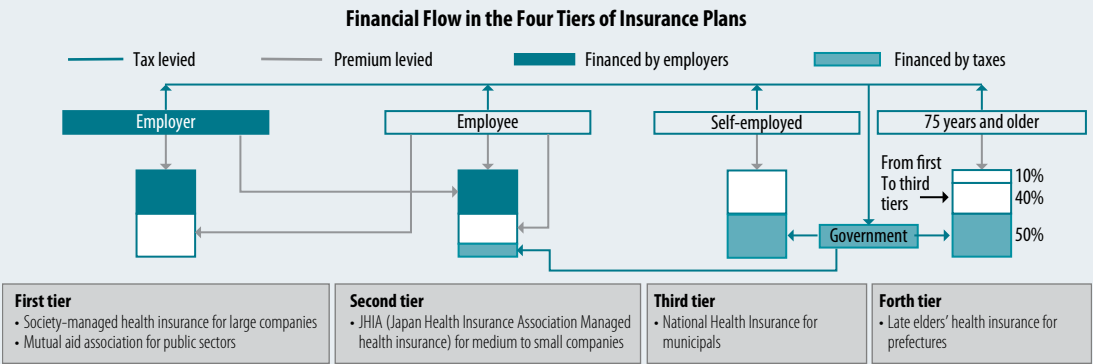
Long-term Care Insurance System (LTCI) (2000): Social insurance scheme for those aged 65 years and over who require long-term care and/or social services. LTCI is reviewed and revised every three years in order to maintain sustainability.

Integrated Community Care System (ICCS) (2006): A comprehensive system at the community-level that integrates prevention, medical services, and long-term care for the elderly while also providing living arrangements and social care.

The Comprehensive Reform of Social Security and Tax (2010): A joint reform of the social security and taxation systems that aims to improve the fiscal sustainability of Japan's social security system. In the seven years since

its inception, several related laws have successfully been enacted or amended under this reform plan, which has played a pivotal role in the construction of healthcare and long-term care policy. Priority areas include measures for the support of children and child-raising, the employment of young people, the reform of medical and long-term care services, pension reform, measures against poverty and income inequality, and measures for low-income earners as a cross-system issue.

Regional Healthcare Vision (2014): The Ministry of Health, Labour and Welfare has asked each prefectural government to create a region-specific vision, specifically requesting that prefectures estimate the future supply and demand for healthcare and create region-specific healthcare systems by 2025. Together with ICCS, this vision aims to provide seamless support for the elderly (from disease prevention to long-term care) in their respective communities.



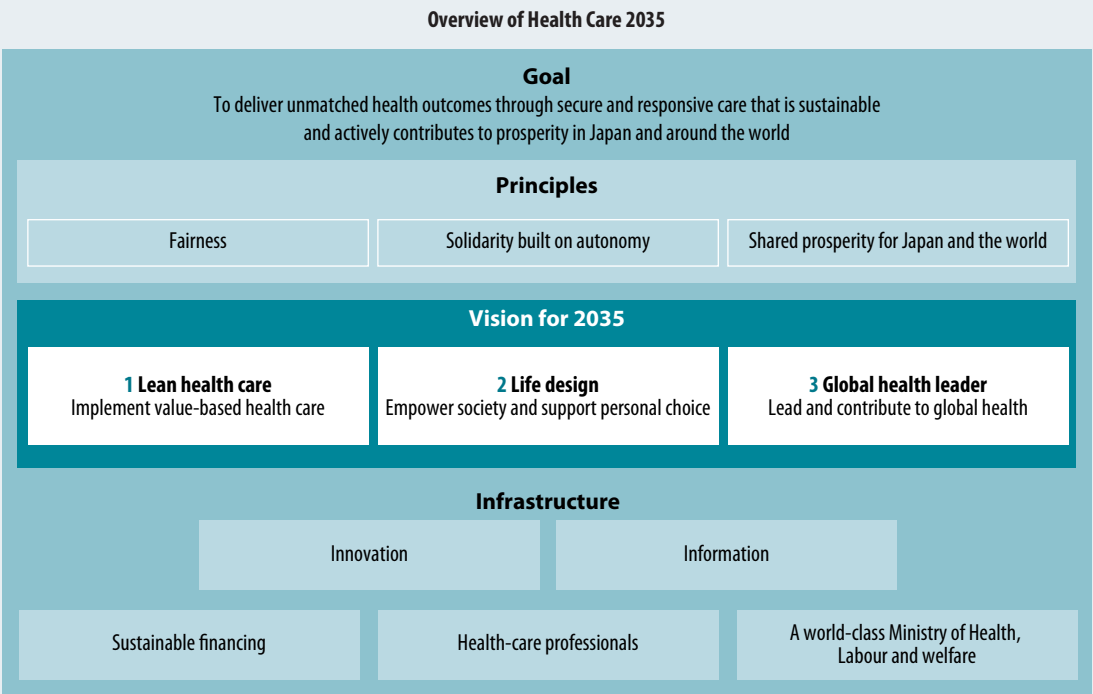
Source: Ikegami et al. (2011) Lancet.

What direction is the Japanese healthcare system headed?

Healthcare reforms targeting financial protection, equity of access, better health outcomes, quality of care, system efficiency, transparency, and accountability have been ongoing. Though the overall performance of the healthcare system has been improving, many challenges remain: sustainability of healthcare financing, increasing inequity within the population, and all the problems that come along with an ageing society.

Fundamentally, what Japan needs is a paradigm shift. Such a shift in Japan's approach to healthcare has already

been proposed in *Japan Vision: Health Care 2035*, a 2015 report drafted by young Japanese health leaders. This new vision seeks to build a sustainable healthcare system that delivers better health outcomes through responsive, equitable care, contributing to Japanese prosperity and ultimately, to that of the world. In essence, this report proposes that Japan's health system shift from a focus on inputs to outcomes, from quantity to quality, from cure to care, and from specialization to integrated approaches across all sectors.



Source: *Health Care 2035 Advisory Panel (2015). Lancet.*

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