

Introduction of Public Nursing Care Insurance System in Japan

Japan, as a rapidly aging society, faces the problem of nursing care of the aged. It was the year of 2000 when Japan started the public nursing care insurance system (official name as “Long-Term Care Insurance System”), which all people of Japan aged 40 or above are obliged to share the cost of nursing care of all insured in Japan. You can find the background of this system as well as its current situation in this “magazine”.

In 2030, ten years ahead, it is anticipated that Japanese people aged 65 or above would account for one third, whereas working-age population aged from 15 to 64 would shrink to 60 percent of total population. At that time, it is obvious that those working-age population would need to support 1/3 of the population with the social security system.

When Long-Term Care Insurance Act became effective and the Long-Term Care Insurance System started in 2000, the following issues were raised:

1. Japan being as a demographically aging society, there had been an increased number of people who had been in need of care. Besides, the period receiving nursing care had become longer.
2. Family support environment had been changed. There had been a trend towards more nuclear families due to urbanization, which would lead to a situation of the elderly living alone or taking care of other elderly family member(s).
3. The conventional system of welfare as well as medical care for the elderly had been functioning but it was not recognized as user-friendly system.

Under these circumstances mentioned above, the public nursing care insurance system was introduced in Japan with its basic principle of “supporting self-sufficient living of the elderly”. That is to say, the system is not just for providing personal care to elderly people, but for supporting their independent livings.

Another major feature of the public nursing care insurance system in Japan is the presence of “care managers”. “Care managers” are certified persons who make individual care plans for appropriate services and act as coordinators between care service providers and people in need of care. There is no professional service like this in Europe and the United States. Besides, tailored marketing experience of Japanese nursing care service sector is worth sharing with people in Asian regions. The Japanese government launched the Asia Health

and Wellbeing Initiative (AHWIN) in 2016 and is committed to raising nursing-care service literacy as one of approaches for the realization of universal health coverage (UHC) stated in Sustainable Development Goals (SDGs).

For AHWIN, please refer to (<https://www.ahwin.org/>).

As for the revenue of this system, the half derives from the insurance premium paid by all Japanese residence aged 40 or above, excluding the ones who live abroad and do not have residence in Japan, whereas the insured include foreign nationals aged 40 or above who live in Japan over 3 months. The other half of its revenue comes from tax income of the State, Prefectures and Municipalities and its breakdown is 25%, 12.5% and 12.5% respectively.

Users pay 10-30 % of the cost of nursing care services depending on their annual income, and the rest of its cost comes from the above-mentioned revenue. Types of services are categorized into 2; one receiving at home and the other receiving at facilities.

For example, cost of services such as home visit nursing, home visit nursing care starts from several hundred yens per 0.5 hour if you are users of the least care needed.

(Note: The cost varies depending on time of the day, level of care required and the place you receive those services.)

The public nursing care insurance system applies to rental service/purchase of equipment for nursing care as well. For instance, installing handrails at home can be completed by paying 10% of its total cost if you are eligible to use the system.

This public nursing care insurance system has been periodically revised once in every 3 years to further promote “supporting self-sufficient living of the elderly” principle with its emphasis on ‘preventive care’ and ‘prevention of serious condition in need of nursing care’. Amendment to contributions by high income nursing care users has been introduced in the revision.

Average life expectancy in Japan (2019) is 81.41 for men and 87.45 for women, whereas “healthy life expectancy” (defined by WHO as “the average number of years that a person can expect to live in full health — that is, not hampered by disabling illnesses or injuries”) for men is 72.14 and 74.79 for women. The gap years between “average life expectancy” and “healthy life expectancy” are more or less 10 years, and long period of nursing care have actually been causing constant increase in medical and nursing care payments of social security costs.

Now that 1/3 of the state's general expenditure is for social welfare and its 40+% are for medical and nursing care, it is recognized as an urgent issue in Japan to extend healthy life expectancy.

Japanese insurance companies have contributed to prolong healthy life expectancy all over Japan cooperating with local authorities aiming at decreasing the social security cost.

Looking outside Japan, according to the 'World Population Prospects 2019' by the United Nations, the demographic ratio of the aged 65 or above is estimated to have more than doubled during the 2000-2020 period, and more than tripled during the 2000-2030 period in some regions.

	2000	2020	2030
1. Korea	7.2%	→15.8%	→24.7%
2. Taiwan	8.7%	→15.8%	→23.4%
3. Singapore	6.4%	→13.4%	→22.5%
4. Thailand	6.5%	→13.0%	→19.6%
5. China	6.8%	→12.0%	→16.9%
6. Sri Lanka	6.2%	→11.2%	→15.4%

Source of figures: Medium variant projection in "2019 Revision of World Population Prospects" by United Nations (<https://population.un.org/wpp/>)

Singapore (from 2002), Korea (from 2008) and Taiwan (from 2019) have already started the public nursing care insurance system. Now we see the improvement of our dietary life, increasing fitness-oriented mindset and medical technology development in many aging societies and insurance companies need to diversify their services to respond to the change in the future. As we introduced in our previous email magazine, many nursing care products and services have already been out on the market initiated by insurance companies. We believe these actions are actually contributing to SDGs, the global goals of sustainable development for us all.

For more details of "Actions with SDGs by Japanese Life Insurance Companies", please visit the website at (https://www.falia.or.jp/assets/pdf/research/Actions_SDGs.pdf).