



Social Security System in Japan

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Session Structure

1. Types of risks and countermeasures

(1) Health Insurance

(2) Pension

(3) Nursing Care

2. Understanding Japan's social security from various perspectives

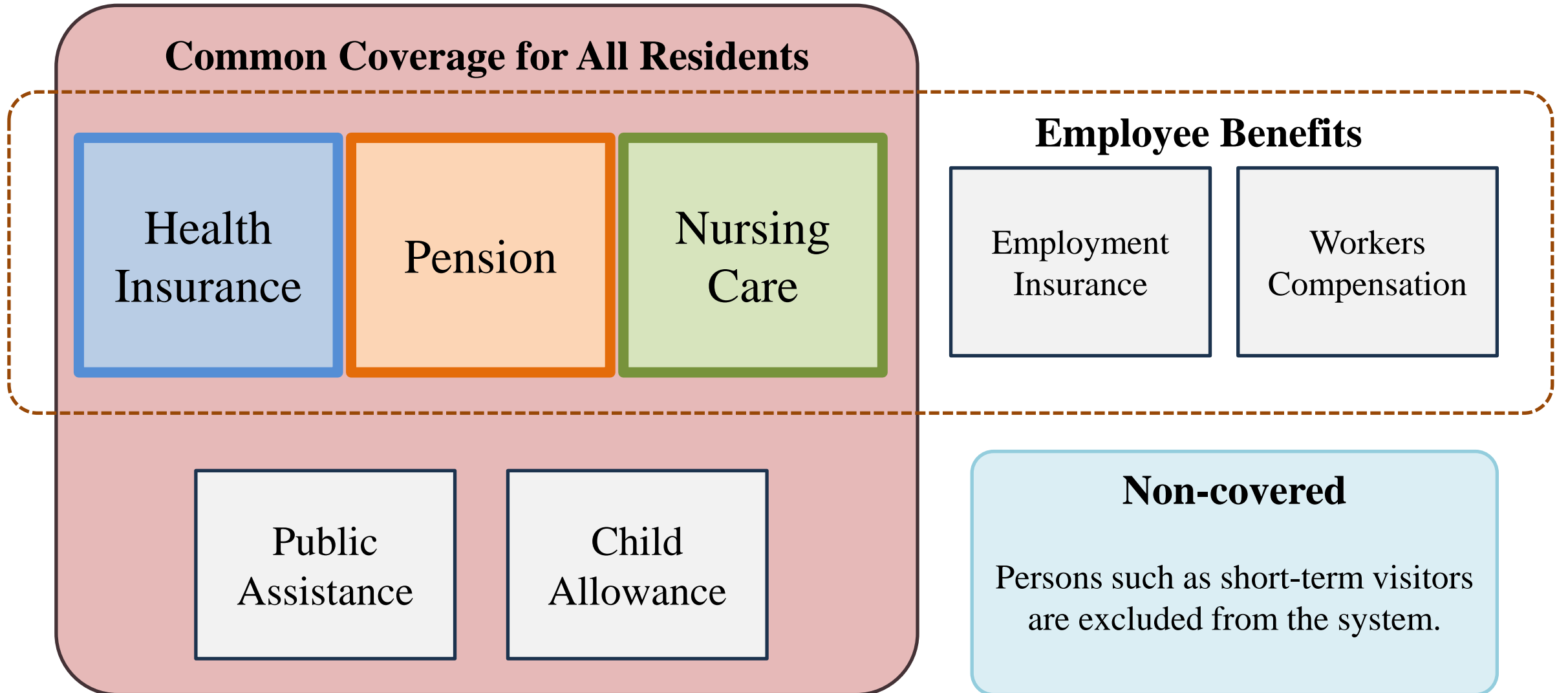
(1) History leading up to the current system

(2) Role and Philosophy of Social Security

(3) Differences between social insurance and private insurance

(4) Future issues

Overall Picture of Social Security System in Japan



1. Types of risks and countermeasures

(1) Health Insurance

- All residents are to be covered by one of the public Health Insurance systems. (Universal Health Insurance).
- Most doctors and hospitals in Japan are registered with the Health Insurance system. Which means, you can receive the same level of medical treatment anywhere, at the same cost.
- Dental treatments are also covered.

Public Health Insurance System – Outline

← 74 years old and under

→ 75 years old and above

Name of the System

Mutual Aid Association

Health Insurance

National Health Insurance

Advanced Elderly Medical Service

Insurer

Mutual Aid Association

Health Insurance Society

Japan Health Insurance Association

Local Governments

NHI Society

Local Governments

Covered person

Public Sector Employees & Dependents

Larger companies

Small to Mid-size companies

Private Company Employees & Dependents

Self-employed and other residents

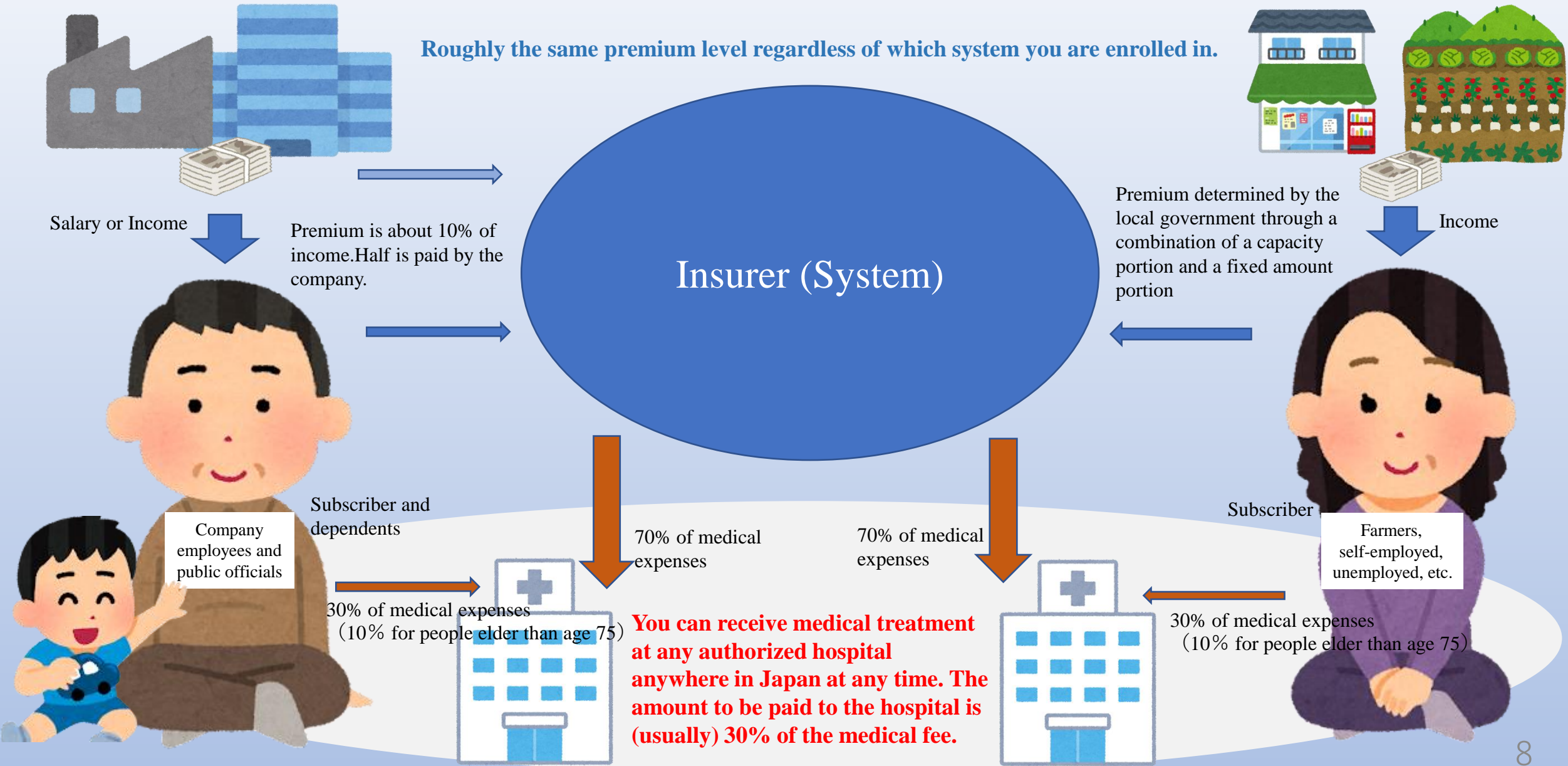
For Specific Industries

75+ years old persons

Public Health Insurance System – Benefits and Contributions

	Public Sector Employees	Private Company Employees	Self-employed and Other Residents	75+ years old persons
Name of the System	Mutual Aid Association	Health Insurance	National Health Insurance	Advanced Elderly Medical Service
Medical cost benefits	<ul style="list-style-type: none"> - 70% of the cost is covered (30% out-of-pocket) - Out-of-pocket amount is capped at a certain level 	<ul style="list-style-type: none"> - 70% of the cost is covered (30% out-of-pocket) - Out-of-pocket amount is capped at a certain level 	<ul style="list-style-type: none"> - 70% of the cost is covered (30% out-of-pocket) - Out-of-pocket amount is capped at a certain level 	<ul style="list-style-type: none"> - 90% to 70% of the cost is covered (10% to 30% out-of-pocket) - Out-of-pocket amount is capped at a certain level
Other benefits	<ul style="list-style-type: none"> - Short term disability benefits (66 2/3% of the lost income) - Childbirth allowance (flat amount) 	<ul style="list-style-type: none"> - Short term disability benefits (66 2/3% of the lost income) - Childbirth allowance (flat amount) 	<ul style="list-style-type: none"> - Childbirth allowance (flat amount) 	-
Contribution	Approx 8% to 9% of the salary, shared by employee and employer.	Average 10% of the salary, shared by employee and employer.	Approx 7% to 8% of the income (Determined by each local government)	Average 6,400 yen per person, per month

“National Health Insurance” premiums and benefits (very general simplified description)



Points

In your country

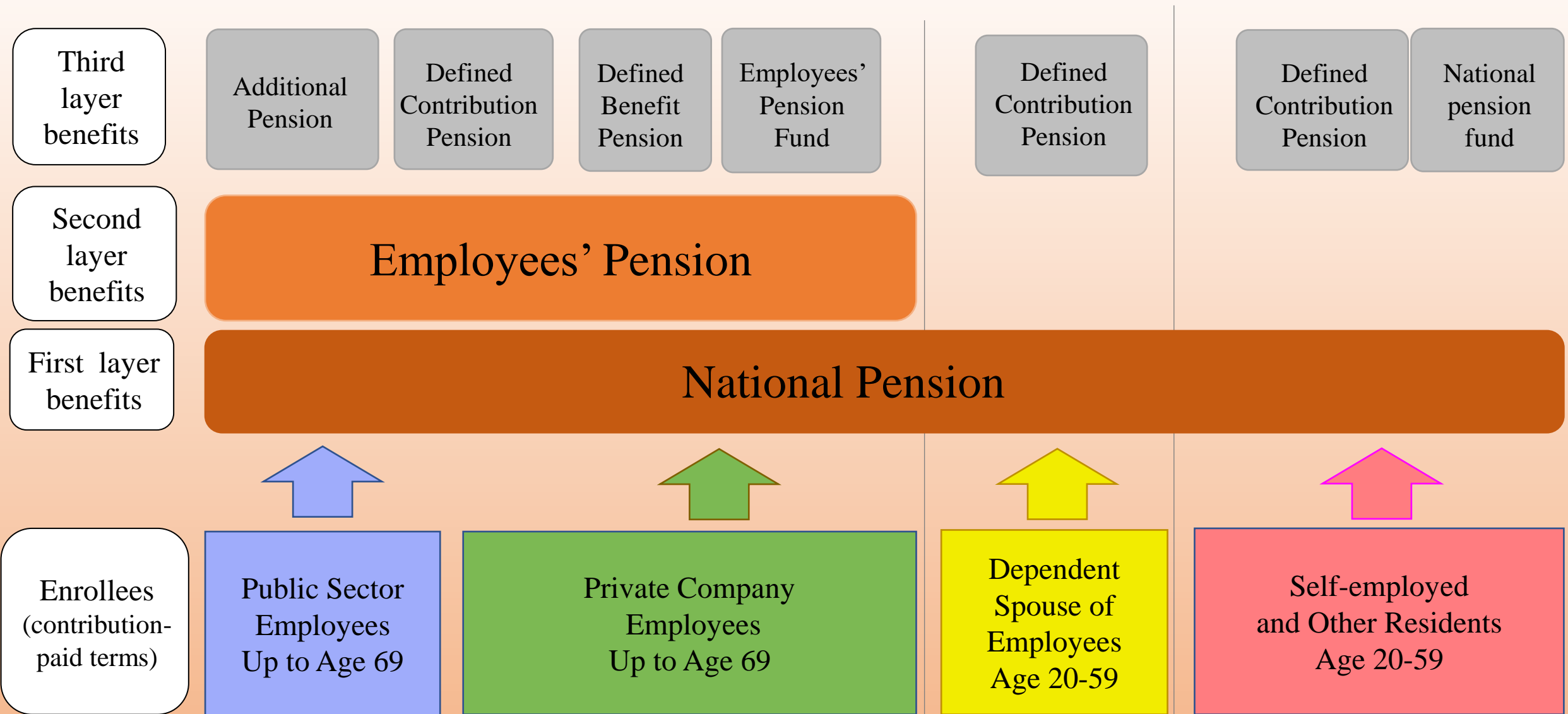
1. What systems are in place to prepare for health care expenditures?
2. What percentage of support is available?
3. Are there people who fall outside of the system?

1. Insurance premiums remain the same even if there are many dependents.
2. Existence of a high-cost medical fee covering system
3. Medical costs are covered by insurance anywhere in Japan, and they do not vary depending on the doctor.
4. What is the balance between the money coming into the fund and the money going out from the fund?

(2) Pension

- All residents of working age are to be enrolled in one of the Public Pension Plan system. (Universal Pension)
- Public Pension Plan system consists of two layers. First layer is for all enrollees. Second layer is for employees of private and public entities.
- A Private pension plan which is not mandatory, but to supplement the future income is called a Third layer.

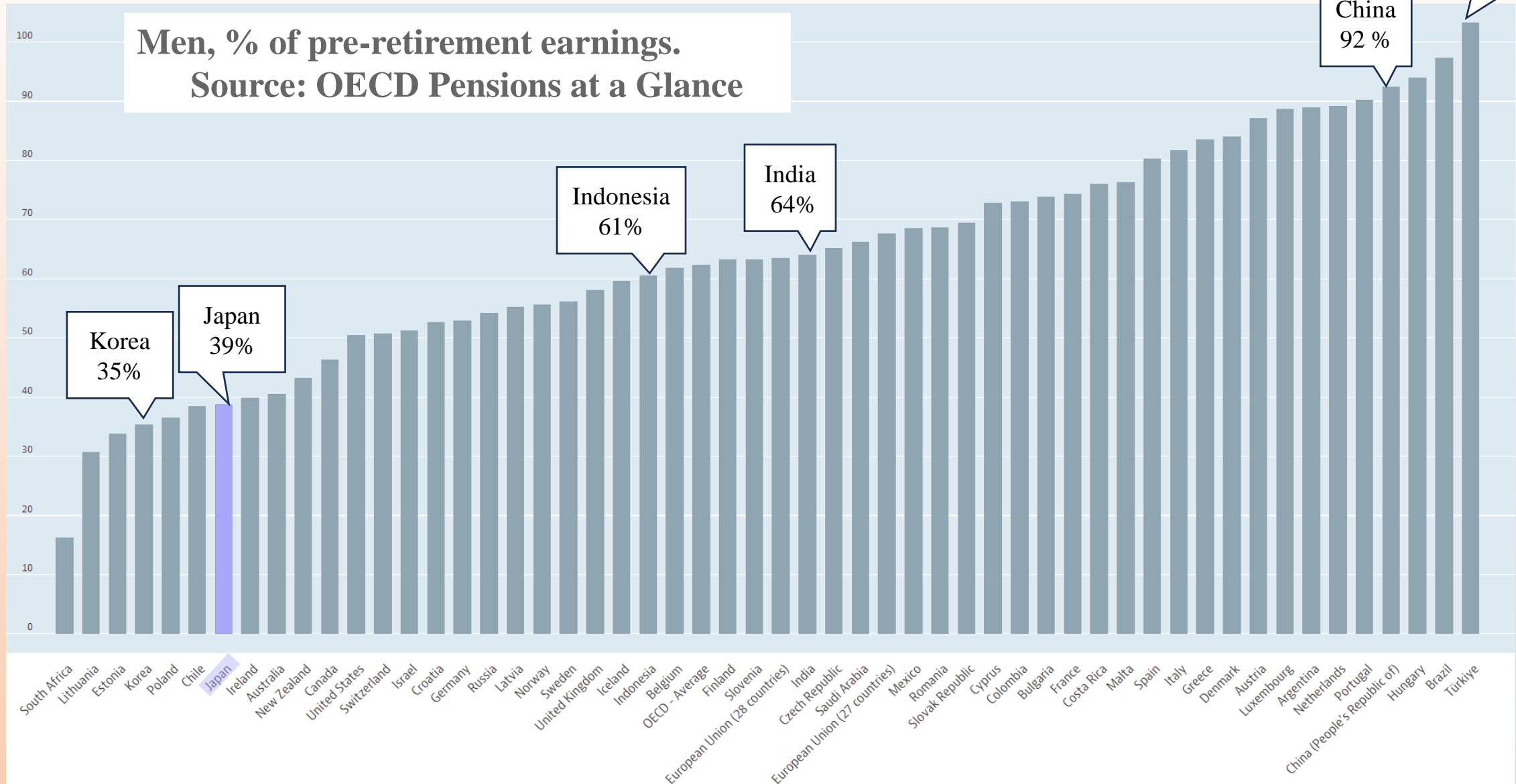
Public Pension Plan – Outline of the System



Public Pension Plan - Benefits and Contributions

	Public Sector Employees	Private Company Employees	Dependent Spouse of Employees	Self-employed and Other Residents
Type of benefits	<ul style="list-style-type: none"> - Old-age pension - Disability pension - Survivor's pension 	<ul style="list-style-type: none"> - Old-age pension - Disability pension - Survivor's pension 	<ul style="list-style-type: none"> - Old-age pension - Disability pension - Survivor's pension 	<ul style="list-style-type: none"> - Old-age pension - Disability pension - Survivor's pension
Covered layer	1 st and 2 nd layer	1 st and 2 nd layer	1 st layer	1 st layer
Contribution Amount	18.3% of the salary, shared by employee and employer.	18.3% of the salary, shared by employee and employer.	No contribution is required.	Flat amount (16,200 yen per month) No contribution is need for low income persons
Pensionable age for Old-age pension	Age 65. Currently, partial benefit is paid before age 65.	Age 65. Currently, partial benefit is paid before age 65.	Age 65	Age 65
Amount of Old-age pension	For typical employee, approx. 1,900,000 yen per year	For typical employee, approx. 1,900,000 yen per year	795,000 yen per year (40 years enrollment, 2023)	795,000 yen per year (40 years enrollment, 2023)

Net pension replacement rates



Points

In your countries,

1. Is the public pension system steadily managed?
2. Are there people who fall outside the framework of the system?
3. What percentage of your income will you be able to earn after you retire?
And for how long?

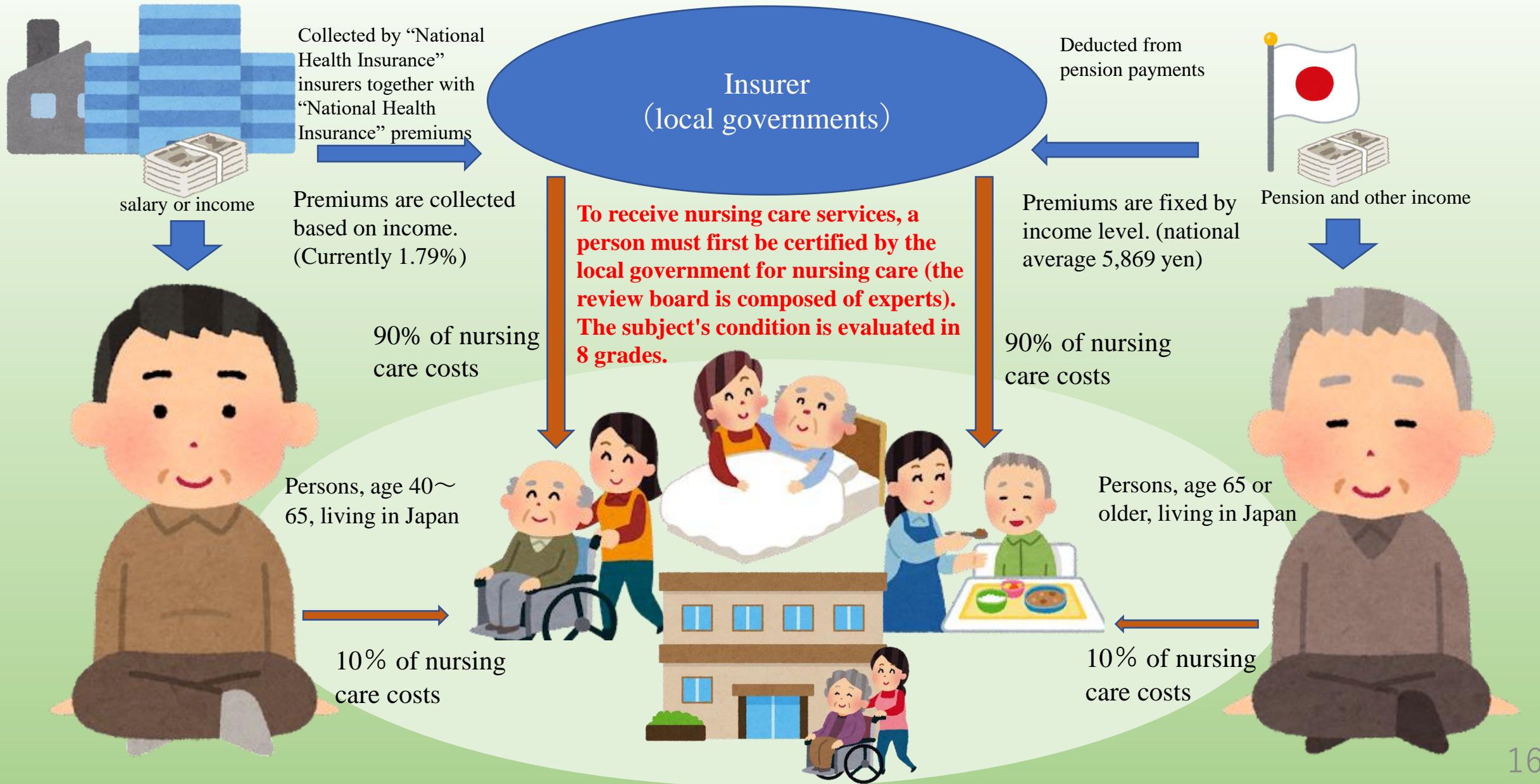
1. Why do not the self-employed have the second floor?
2. What is the balance between the money coming into the fund and the money going out from the fund?
3. Do you think the amount of pension in Japan is enough?

(3) Nursing Care

Japan's "Nursing Care Insurance" began in 2000 and is a nationally standardized system. Prior to that, there was a system to guarantee long-term care services. However, the desired operation was not realized. Negative image of long-term care prevented appropriate management. For example, there were phenomena such as hospitalization for nursing care when there was no need for medical care. The new system was initiated to eliminate these negative effects.

This system was exactly what was needed for Japan's aging population.

“Nursing Care Insurance” premiums and benefits (very general simplified description)



Points

In your countries,

1. What systems are in place to address the need for long-term care?
2. How much do you have to pay for long-term care services?

1. It is difficult to select the most appropriate nursing care services for a person within the scope of his/her care grade and service limits, and to formulate a plan. This is where a professional (nationally certified) called a "Care manager" comes in to provide support.
2. The types of nursing care services include the following. In-home services include home-visit nursing care, home-visit bathing care, home-visit rehabilitation, day-care services, day rehabilitation, short-term residential services, welfare equipment rental, and home modification. Facility services include nursing care welfare facilities, etc.
3. "Nursing Care Insurance" plays an extremely important role in ensuring a minimum standard of living for those in need of care without disrupting the lives of their families. However, the supply of facilities has not kept pace with the increase in the number of persons requiring nursing care.

2. Understanding social security from various perspectives

(1) History leading up to the current system

~After the Meiji Restoration 1868

(a period of trying to learn from the West and build a strong country)
Minimum social security system, but no real progress and operation

1874: Regulations for helping the poor
1922: national Health Insurance Law
1929: Relief Law
1941: Workers' National Pension Law

~After World War II

(the dissolution of the previous Japanese society)
The system for postwar reconstruction

1947: Child Welfare Law
1949: Welfare Law for the Disabled
1950: Welfare Law

~From the 1950s to the 1970s

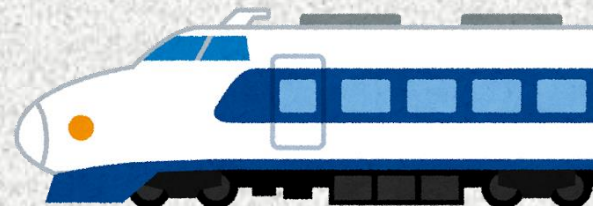
Rapid development of systems.

1958: National Health Insurance Law
1961: Start of universal medical insurance:
(start of universal pension),
1973: First year of welfare
(completion of social insurance benefit system)

~From the 1980s to the present

Changing of the social security system.

1981: Revision of the Child Allowance Law
1982: Revision of the Old-Age Insurance Law
1984: Revision of the National Health Insurance Law
1985: Revision of the Pension Law
2000: Nursing Care Insurance



(2) Role and Philosophy of Social Security

Social security is the foundation that supports the people so that they can live healthy and secure lives.



(1) The function of poverty prevention and relief

(2) The function of income redistribution

(3) The function of supporting economic growth and stability

(4) Functions to promote social integration and stability

(3) Social insurance and Private insurance

If everyone were adequately covered by public social insurance, there would be no need for private insurance.

【Social insurance】

Strengthening social solidarity, Guaranteeing minimum standard regarding healthy and cultural life

→Membership is compulsory, No refusal to join.

→Benefits are provided according to need.

→Premiums are paid according to the ability to bear the burden.

→Injected from public funds as well as premium income.

【Private insurance】

Provides for risks that cannot be handled by social insurance alone.

→The insurance company has the freedom to enter into a contract.

→Benefits are based on contract.

→Premiums are determined according to the amount of insurance.

→The only financial resource is premium income.

(4) Future issues

- **The rapid aging of the population is straining the financial resources for “National Pension”, “National Health Insurance”, and “Nursing Care Insurance”.**
- **Low tax revenue due to slow economic growth.**
- **Responding to the development of international movement of persons**





Thank you very much!