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'KAIGO YOBOU'—PREVENTIVE CARE MEASURES AS A CORNERSTONE OF JAPANESE SOCIAL INSURANCE

The population aged 65 years and over in Japan accounted for approximately 20 percent of the total population in 2005, making the nation one of the most "aged" countries in the world.

Population aging is expected to further increase with about 30 percent of Japan's population forecasted to be 65 and over by 2025. As the nation prepares for this demographic change, unlike other countries facing similar dilemmas, Japan has chosen to focus on preventive care which will serve as the cornerstone of its social insurance programs.

As its population ages, the diseases seen most frequently in Japan's seniors are also changing. Currently about a third of Japan's national medical expenditures is used to treat "lifestyle-related diseases", such as diabetes, cerebral infarction or heart disease, as compared to a few decades ago when traditional acute illnesses predominated. In addition, long-term care needs are also rising with the increase in people over the age of 75.

Universal health care insurance and long-term care insurance are major components of the public insurance program in Japan. National health care insurance has been available to all

FIGURE 1 **COMPARISON OF PUBLIC, SOCIAL AND HEALTH EXPENDITURES, AS PERCENTAGE OF GDP, 2001**

	JAPAN	UK	GERMANY	FRANCE	SWEDEN	US
Total	**17.4%**	**22.4%**	**28.8%**	**28.5%**	**29.5%**	**15.2%**
Pension	8.5%	9.5%	12.1%	12.5%	9.6%	6.7%
Health Care	6.1%	6.1%	8.0%	7.2%	7.4%	6.4%
Long-term Care	0.9%	0.4%	0.2%	0.1%	2.3%	0.0%
Public Aid, etc.	1.9%	6.3%	8.4%	8.7%	10.2%	2.1%

SOURCE: Outlook on Finance of Social Security System in Japan (Ministry of Health, Labor and Welfare, 2006). Data are estimated by MHLW based on OECD Social Expenditure Database 2004.

Japanese citizens since 1961. Long-term care insurance, introduced in 2000, is supported by the mandatory participation of all Japanese aged 40 and over and provides benefits mainly to persons aged 65 and over.

As shown in Figure 1, public social and health expenditures in Japan are relatively low compared to European countries. They are, however, projected to increase rapidly due to the aging population as is illustrated in Figure 2. It has, therefore, become a major policy challenge for the Japanese government to develop a sustainable social welfare and health care insurance system.

Faced with these challenges, Japan has launched a series of reforms over the past few years—social security pension reform in 2004, long-term care insurance reform in 2005 and health care insurance reform in 2006. The common theme of the 2005 and 2006 reforms was the incorporation of "preventive care" as the foundation of each insurance scheme. These reforms aim not only to contain costs, but also to enhance the quality of life of older people by extending their "healthy life expectancy".

LONG-TERM CARE INSURANCE—ENCOURAGING SELF-HELP AND INDEPENDENCE

The benefits of long-term care insurance in Japan are provided in-kind rather than in cash as in the German system. Not only facility care, such as that which might be provided by a nursing home, but also home care including home help, respite care, day care and visiting nurse services are provided under this insurance system.

In order to apply for these services, seniors must participate in a "long-term care certification procedure" administered by each municipal government. Currently there are seven grades of certification depending on the severity of the disability.

Since the introduction of long-term care insurance in 2000, use of these services has increased significantly, almost doubling in the first five years. While this growth suggests an increasing acceptance of the program by both seniors and their families, there is some suggestion that some older adults certified at the lower care levels increased their dependency on services and in fact became less self-sufficient. Therefore, the 2005 reform aimed to overhaul services for those in the lower care level categories by

placing greater emphasis on "preventive care" (or "*Kaigo Yobou*") which encourages older people to remain self-sufficient and independent.

Utilizing the certification procedure already in place, the insurer, namely the municipal government, identifies those older adults who are suitable for participation in various prevention programs. These individuals are categorized as either Support Level 1 or 2 (that is, least disabled) out of a possible seven levels. Upon certification, each individual receives a customized care plan which emphasizes those services intended to maintain or improve his/her existing conditions. Preventive services include physical exercise, nutritional care, and oral care. The progress of each individual is monitored every 3-6 months by a case manager. In addition, under the 2005 reform of the long-term care system, those elderly who are on the threshold of being classified as Support Level 1 can also receive some preventive services based on their specific situation.

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According to the Ministry of Health, Labour and Welfare's estimation, this new preventive care system should produce a 10 percent reduction in insurance outlays by 2015 (See Figure 3). This new direction is expected not only to have financial repercussions but also to enhance the quality of life of the elderly. For example, in some cities, those older adults who have "graduated" from preventive care classes voluntarily participate in follow-up classes and benefit from the camaraderie they develop with their fellow participants through their shared experiences.

Avoiding "moral hazard", i.e., an individual's tendency to use even unnecessary services if they are readily available, is one of the major challenges facing any insurance provider trying to implement a sustainable program.

FIGURE 2 **FORECASTED TREND OF PUBLIC, SOCIAL, AND HEALTH EXPENDITURES IN JAPAN, AS PERCENTAGE OF GDP**

	2006	2015	2025
Total	**17.5%**	**18.4%**	**19.0%**
Pension	9.2%	9.3%	8.7%
Health Care	5.4%	5.8%	6.4%
Long-term Care	1.3%	1.6%	2.3%
Other Welfare	1.6%	1.6%	1.5%

SOURCE: Outlook on Finance of Social Security System in Japan (MHLW, 2006).

Japanese policy makers' efforts to deal with this issue have been three-fold:

1) providing individually tailored care plans,

2) requiring a co-payment of 10 percent for most services, and

3) holding the individual insurer primarily accountable for cost containment.

HEALTH CARE INSURANCE—PREVENTION OF "LIFESTYLE RELATED DISEASES"

Promotion of preventive care is also a major component of the 2006 health care reform. Although some preventive measures such as comprehensive check-ups were provided under the previous system, it was up to each insurer whether or not to offer such programs. There was even skepticism about the value of preventive care. Some argued that health checkups would actually increase medical cost by "digging up" diseases.

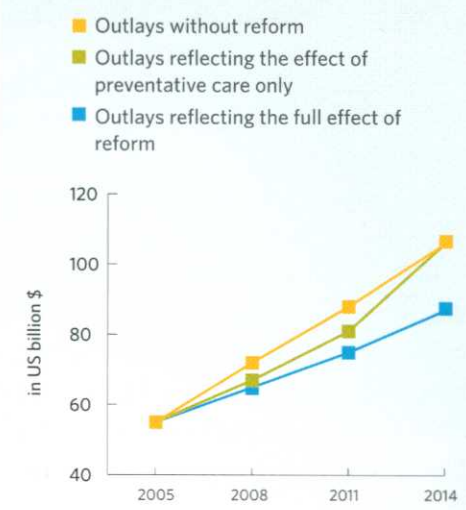
However, there has been an increasing awareness in Japan that in order to prevent lifestyle related diseases such as diabetes, it is essential to motivate people to change aspects of their lifestyle such as diet, exercise, smoking and sleep. By providing evaluation and guidance at the time of health checkups and follow-up visits, it was reasoned that such changes could be facilitated.

Under the health care reform of 2006, this combination of health checkups and follow-up consultation has become mandatory for all health care insurers, starting in April 2008.

Health insurers will provide comprehensive annual checkups for all people aged 40-74, focusing on the prevention of "metabolic syndrome". Health checkups include physical measurement (height, weight, body mass index, etc.) and the examination of blood pressure, blood sugar and cholesterol levels. Older people at risk for lifestyle related diseases are identified through these examinations and provided with consultation and guidance by doctors, health nurses or dietitians as warranted. Routine follow-up sessions are scheduled for six months after the initial evaluation.

The 2006 reform mandates that each prefecture government produce a five-year plan for medical cost containment starting in April 2008. The effective incorporation of

FIGURE 3 **COMPARISON BETWEEN THE FORECASTED LONG-TERM CARE OUTLAYS WITH AND WITHOUT THE 2005 REFORM**



SOURCE: Ministry of Health, Labor and Welfare.
NOTE: The 2005 long-term care insurance reform includes various components such as an increase of co-payment for some services in addition to the inclusion of preventive care measures. The above chart shows forecasted outlays under the long-term care insurance with the 2005 reform and those without the reform. Additionally, it also shows the forecasted effect of incorporating preventive measures.

preventive measures is expected to be central to these plans. On a national level, the objective is to produce a 25 percent reduction in the number of patients in the "high-risk group" of lifestyle related diseases by 2015.

One requirement for the success of this program is convincing a sufficient number of individuals to participate in the checkup program. The Ministry's goal is to achieve a 70 percent participation rate in the program by 2012. Each individual insurer is responsible for maximizing participation. As an incentive for insurers, beginning in 2013, each insurer's contribution to the National Health Insurance Program for those 75 years old and over will be adjusted by the proportion of its insured members receiving health screening.

CONCLUSION

Japan has made a clear and unique policy decision that prevention is key to the sustainability of its health care and long-term care insurance systems. Though it remains to be seen how successful the reforms discussed in this article will be, given the reality of global aging, the outcome of Japan's efforts should merit close attention by those concerned with constructing sustainable social welfare and health insurance systems.

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