

Medical Insurance: Within Japan's medical insurance there is association-managed health insurance for employees (and their families) of workplaces of five or more workers, Japan Health Insurance Association-administered health insurance for employees (and their families) of workplaces with fewer than five workers, national health insurance for the self-employed, etc., and medical insurance provided by mutual aid associations for national government employees and local government employees (see upper row of Table VI-12). Subscribers in medical insurance programs pay the insurance premium themselves, but the subscribers themselves and their families may receive medical services at the medical institution of their choice by

paying only a portion of the medical expense. Furthermore, with regard to people aged 65 or over requiring long-term care and all older people aged 70 or over, there is a system of medical aid for older people (see lower row of Table VI-12) that is funded by insurance premiums paid by older people, contributions borne by health insurance societies and the national health insurance scheme. Under this system, the insurance premiums of older people on low incomes are reduced and, in the event that the local authority cannot sustain the finances alone, it is possible for a number of local authorities to form an extended association to provide medical and healthcare services to older people.

National health expenditure, combining the cost of medical benefits from public health insurance with that from public assistance, topped 30 trillion yen (6.1% of GDP) in 1999, creating a need for appropriate controls on the growth of healthcare expenditure. When long-term nursing insurance was introduced in 2000, growth in healthcare expenditure temporarily decreased. It subsequently turned back to an increase, however, and expenditure remains in an upward trend. In FY2013, national health expenditure reached 40.6 trillion yen, and the ratio of expenditure to GDP had risen to 8.3%. By age group, national health expenditure was 2.5 trillion yen (proportion of national health expenditure: 6.1%) for ages 0-14, 5.2 trillion yen (13.0%) for ages 15-44, 9.3 trillion yen (23.2%) for ages 45-64, and 23.1 trillion yen (57.7%) for ages 65 and over.

Expenditure on the elderly accounted for the highest proportion of all national health expenditure. If this continues to be supported by a combination of public spending with contributions from national health insurance and health insurance associations, problems will arise due to a slowdown in growth of insurance premium revenues accompanying the

reduced rate of growth in the Japanese economy. In view of this and the need to ensure intergenerational fairness between current working generations and the elderly, a revision of the system was necessary, and a reform of the elderly healthcare system was introduced in 2008. In the previous system (the system of elderly healthcare), elderly patients were only liable for copayment of costs incurred by health examinations or hospital stays (with reduced burdens for low earners), and they paid no insurance premiums. By contrast, the “longevity healthcare system” (the late-stage medical care system for the elderly) introduced in 2008, covering the over 75s and disabled elderly persons between ages 65 and 74, is a public healthcare system in which 50% of medical benefit costs are paid from the public purse (specifically, by the central government, prefectures and municipalities in proportions of 4:1:1). Besides this, 40% is borne by health insurance contributions from working generations up to age 64, and the remaining 10% is funded by insurance premiums from the elderly themselves. However, those on low incomes are exempt from paying premiums and also have lower copayment costs.

Table VI-12 Medical Insurance System

Plan		Insurer (As of 31 March, 2013)	Subscribers(As of March 31, 2008) and (subscriber's dependents) (Unit:1,000 persons)	Insurance Benefits		
				Payment in part	Medical Benefits	
					High-Cost Medical Care Benefits, and the High-Cost Medical Care & Nursing Care Benefits Combination System	
Health insurance	Ordinary employees	Kyokai Kenpo	Japan Health Insurance Association	35,103 (19,871 15,232)	After the commencement of compulsory education to those 69 years of age: 30% Prior to the commencement of compulsory education: 20% 70 to 74 years old: 20% (*) (Persons with income comparable with those of an active worker: 30%) (*) The person who reaches 70 years old already by the end of March 2014:10%	High-Cost Medical Care Benefits • Maximum amount paid by the patient Under 70 years of age: High income persons: 150,000 yen + (medical costs-500,000 yen) × 1% Average income persons: 80,100 yen + (medical costs-267,000 yen) × 1% Low income persons: 35,400 yen From 70 to 74 years of age: With income comparative with those of an active worker: 80,100 yen + (medical costs-267,000 yen) × 1%, Outpatient Treatment (for each patient): 44,400 yen Average income persons(*): 44,400 yen, Outpatient treatment (for each patient) 12,000 yen Low-income persons: 24,600 yen, Outpatient treatment (for each patient) 8,000 yen Low-income persons with especially low income: 15,000 yen. Outpatient treatment (for each patient) 8,000 yen • Standard amount for aggregation of households: For those under 70 years of age, if there are multiple payments of more than 21,000 yen in the same month, reimbursement is calculated on the basis of their sum. • Burden reduction for those with multiple cases: If a household has been eligible for reimbursement three times or more within a 12-month period, the amount of payment in part from the fourth time will be: Under 70 years of age: High-income persons: 83,400 yen Standard-income persons: 44,400 yen Low-income persons: 24,600 yen 70 years of age or older with income comparative with those of an active worker and standard income (*) : 44,400 yen • Burden reduction for patients suffering from long-term and high-cost illness Self-pay limit for the patients suffering from hemophilia or chronic renal failure requiring artificial dialysis: 10,000 yen Self-pay limit for high-income persons receiving artificial dialysis: 20,000 yen (*) Burden reduction for multiple cases is not applicable to persons from 70 to 74 years of age classified as standard income class as the self-pay limit will be kept unchanged at 44,000 yen (12,000 yen for outpatient treatment) from April 2008 through March 2011. High-cost medical care and high-cost nursing care benefits combination system: Burden reduction system applicable in the instances where the total of the self-pay burden under the medical insurance and nursing care insurance paid in a year (from August to July next year) become extremely high. Self-pay limits will be fixed in high details according to the income and age of the patients.
		Association managed	Health insurance associations 1,431	29,353 (15,537 13,816)		
	Insured parties, as stipulated in Article 3, Par.2, Health Insurance Law	Japan Health Insurance Association	19 (13 6)			
Seamen's insurance		National government	129 (58 71)			
Mutual aid insurance	National government employees	Mutual aid associations(20)	9,000 (4,501 4,499)			
	Local government employ-ees	Mutual aid associations(64)				
	Private school instructors	Mutual aid associations(1)				
National health insurance	Farmers, self-employed etc.	Municipalities 1,717	37,678 Municipalities 34,658 Health insurance associations 164 3,020			
		Health insurance associations 164				
	Retired workers eligible for employees insurance benefits	Municipalities 1,717				
Long life medical care system (Medical care system for the latter-stage elderly people)		Management body: Extended associations for medical care for the latter-stage elderly people (47)	15,168	10% (Persons with income comparative with those of an active worker 30%)	Maximum amount of payment in part 80,100 yen + (medical cost-267,000 yen) × 1% Outpatient care (per person) 44,400 yen 44,400 yen 12,000 yen 24,600 yen 8,000 yen 15,000 yen 8,000 yen	

Insurance Benefits		Financial resources		
Medical Benefits		Cash Benefits	Insurance premiums	Government subsidies
Hospital Meal Charge Benefits	Hospitalized living expenses benefits			
Standard payment amounts for dietary therapy: • Standard-income persons 260 yen per meal • Low-income persons Up to the first 90th day 210 yen per meal From the 91st day 160 yen per meal • Low-income person with especially low income 100 yen per meal	(Standard payment amounts for those living in hospitals)	• Sickness benefits • Lump-sum payment for childbirth, child care etc.	10.00% (National average)	13.0% of benefits (contribution for latter-stage elderly people 16.4%)
	• Standard income persons (I) 460 yen per meal and 320 yen per day	Same as above (including additional Benefits)	Rates vary from one kind of health insurance to another.	Fixed amount (Budgetary aid)
	• Standard income persons (II) 420 yen per meal and 320 yen per day	• Sickness benefits • Lump-sum payment for childbirth, child care etc.	Daily rate (class 1) 390 yen (class 11) 3,230 yen	13.0% of benefits (contribution for the latter-stage elderly people 16.4%)
	• Low income persons 210 yen per meal and 320 yen per day	Same as above	9.60% (Sickness insurance rate)	Fixed amount
	• Low income persons Up to the first 90th day 210 yen per meal From the 91st day 160 yen per meal	• Low income persons with specially low income 130 yen per meal and 320 yen per day	—	None
	• Low-income person with especially low income 100 yen per meal	• Applicable to persons 65 years of age or older hospitalized in the convalescent ward	—	
		* For patients with greater needs for in-hospital treatment due to being obstinate or other diseases, the payment amount will be same as the standard payment amounts for dietary therapy.	• Lump-sum payment for childbirth, child care • Funeral services expenses	
Same as above	Same as above. • Persons on senior welfare pensions 100 yen per meal	Funeral services expenses etc.	Rates are fixed based on the equal amount per insured and the percentage of their income determined by the respective extended associations.	• Insurance premium 10% • Contribution Approximately 40% • Public Approximately 50% (Breakdown of public expenses) National : Prefectures : Municipals 4 : 1 : 1

Source: 2014 Annual Health, Labour and Welfare Report, References, 2 Health and Medical Services, (1) Health Care Insurance, Outline of Healthcare Insurance System (as of May 2014)

- Notes: 1) Those insured by the long-life medical care system (medical care system for the latter-stage elderly people) comprises persons of 75 years of age or older, and the persons from 65 to 74 years of age certified by an extended association to have a certain degree of handicap.
- 2) Persons with income comparative with those of an active worker mean their taxable income is 1.45 million yen (0.28 million yen for monthly income) and annual income is more than 5.2 million yen [family including elderly person(s)] or 3.83 million yen (single-elderly person household).
- 3) For new subscribers and their families who are exempt from health insurance eligibility and subscribe from September 1, 1997, the fixed-rate state subsidy to NHI Associations will be at the same level as that paid to the Japan Health Insurance Association
- 4) Numbers of subscribers are preliminary estimates in the case of health insurance. Sums in the breakdowns may not add up to the totals due to rounding.
- 5) Between July 2010 and FY2012, the state subsidy rate for the Japan Health Insurance Association (general employees and persons insured under Article 3 para. 2 of the National Health Insurance Act) is 16.4% of the benefit cost.