Abstract: The social security system, including the national health insurance system, in Japan has been maintained at a world-class level since 1974. However, an increase in the number of elderly people, and a decrease in the working generation, caused by a declining birthrate, represents a serious issue for the system both in the present and future. This report analyzes the key problems in the current insurance system and also considers how they can be handled in the future.

Keywords; social security system, national health insurance system, Japan

Introduction

How to handle issues relating to the social security system, including the medical insurance system, in Japan is a matter of extreme urgency, particularly in the light of the steep increase (27.3%) in the number of people over the age of 65 and the 2025 problem, where 8 million people born between 1947 and 1949 will be over the age of 75. To address this issue, government agencies established the basic law for elderly people countermeasures in 1995, and capital policies following this law were promoted. The Ministry of Health, Labor and Welfare has been managing the social security system and reforming various aspects in related fields such as pensions, medical services, welfare and nursing care with the aim of a cost reduction in social security expenditure of over 100-trillion-yen. The financial system council (Nov. 24, 2015) strongly recommended that the social security expenditure should be limited to less than 500-billion-yen considering the increase in the number of aged people and the proposals mentioned in the 2016 fiscal budget.

There has been concern over the possible bankruptcy of the social insurance system as a result of increasing medical expenditures and various social issues. Here we discuss the current condition of the medical insurance system to explore future possible directions.

Current condition of the medical insurance system in Japan

Japan has developed and maintained the world’s highest average life expectancy, and has high quality medical insurance based on the national health insurance system that was established on April 1, 1974. The government promised future national health insurance with a social insurance system to guarantee the safety and security of the Japanese people. The remarkable features of the Japanese national health insurance system are as follows: a guarantee that all Japanese people will be provided with medical insurance, a free access system to medical services by patients (people), inexpensive medical fees and advanced medical services compared to other countries, maintenance of this system supported by public funds based on the social insurance system.

This is a brief explanation of the medical insurance system. People must join the National Health Insurance (NHI) or Society-managed Health Insurance (SHI) as insured persons and pay the necessary premiums to either insurance organization. Patients must pay for treatment depending on the patient’s age and income to the medical (dental) care facilities providing insured services when they have some medical (dental) services.

Those medical (dental) facilities issue a medical care fee claims’ bill (RECEIPT) for each patient (each medical service), and send it to the examination and payment organizations in NHI or SHI in order to receive the payments of health care fee from the medical insurer. Each organization examines and judges the contents of the RECEIPT and sends the assessment to the medical insurers. For a proper RECEIPT, the medical insurer pays the billing amount to each organization and to the medical (dental) institution with the reduced commission fee and co-payment from patients.

Defrayment situation of financial resources

The first issue is the defrayment situation of each financial resource. According to the resources of the national health care expenditure 2014, public funds (38.8% by financial resource) are 15 trillion 8,525 billion yen which were configured to 10 trillion 5,369 billion yen by the state subsidy (25.8%) and 5 trillion 3,157 billion yen by the local subsidy (13.0%). The total payment premium is 19 trillion 8,740 billion yen (48.7%) including 8 trillion 3,293 billion yen by the health insurance societies (20.4%) and 11 trillion 5,448 billion yen by insurance parties (28.8%). An additional resource is 5 trillion 806 billion yen (12.5%) including 4 trillion 7,792 billion yen with defrayment from patients (11.7%).

Table 1 shows the past 10 years’ annual changes of financial resources by composition ratio. It focuses on the 2015 data compared to that of 2001, which started the long-term care insurance system. The total amount of publicly funded health care expenditure increased ×1.58 times (state subsidy: ×1.4 times, local subsidy: ×2.09 times) despite the total medical expenses increase of ×1.3 times. Total health premium increased ×1.26 times (business operators: ×1.25 times, insured persons: ×1.26 times) to the increasing rate of total insurance expenses (×1.36 times). Additionally, co-payments increased ×1.17 times. Public funds consist of national tax. Namely, the health premium is totally covered by the Japanese people through business operators or employees themselves.

Ratio of national health care expenditure to GDP and NI

The second main issue is that each ratio of national health care expenditure to Gross Domestic Product (GDP) and National Income (NI) must be seriously considered. These ratios rapidly changed up to 7.96% and 10.91% each in 2015 compared to the data (5.99% and 8.31%) in 2001 (Table 1). Also, since the 1990’s our economic growth rate continuously shows the lowest level compared to USA, China, South Korea and four typical countries belonging to the EU (Fig. 1). The increase in health expenditure is another problem particularly considering the long term economic recession, decrease in revenue and corporate profits.

In the near future, about 60% (59.3%) of medical financial resources will be used for medical services for those over 65 years of age. In view of the rapid and continuous increase in the number of elderly, this is a cause for concern.

The increase in medical expenditure is a big defrayment for insurers. Our national health insurance system is carried out with national and society-managed health insurances. Most of the working generation with higher income and lower medical care join the employees’ insurance (association controlled, society-managed, etc.). On the other hand, elderly people with lower income following retirement and higher medical care join the national health insurance. It has been pointed out that this situa-
tion creates a structural social problem. In order to maintain the nation’s future health, far-reaching reform of the current medical insurance system is imperative.

Current literature concerning the dental insurance system in Japan

The dental insurance system is being revised with a 2-year interval. During the last couple of years, various information related to dental insurance system, i.e., techniques, materials, and devices has been proposed. Topics concerning prosthetics [1], oral healthcare [2], and oriental medicine [3], for example, were reported in 2018. The authors will discuss the developments of dental insurance system in Japan in more detail in the future.

Conflict of interest

The authors declare no conflict of interest.

References