

# Universal Health Coverage and Japan's Experience

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# **Create and Promulgate a Future Vision for Society**

- 1. Evidence-based policy making  
and goal setting**
- 2. Lessons from Japan's experience**

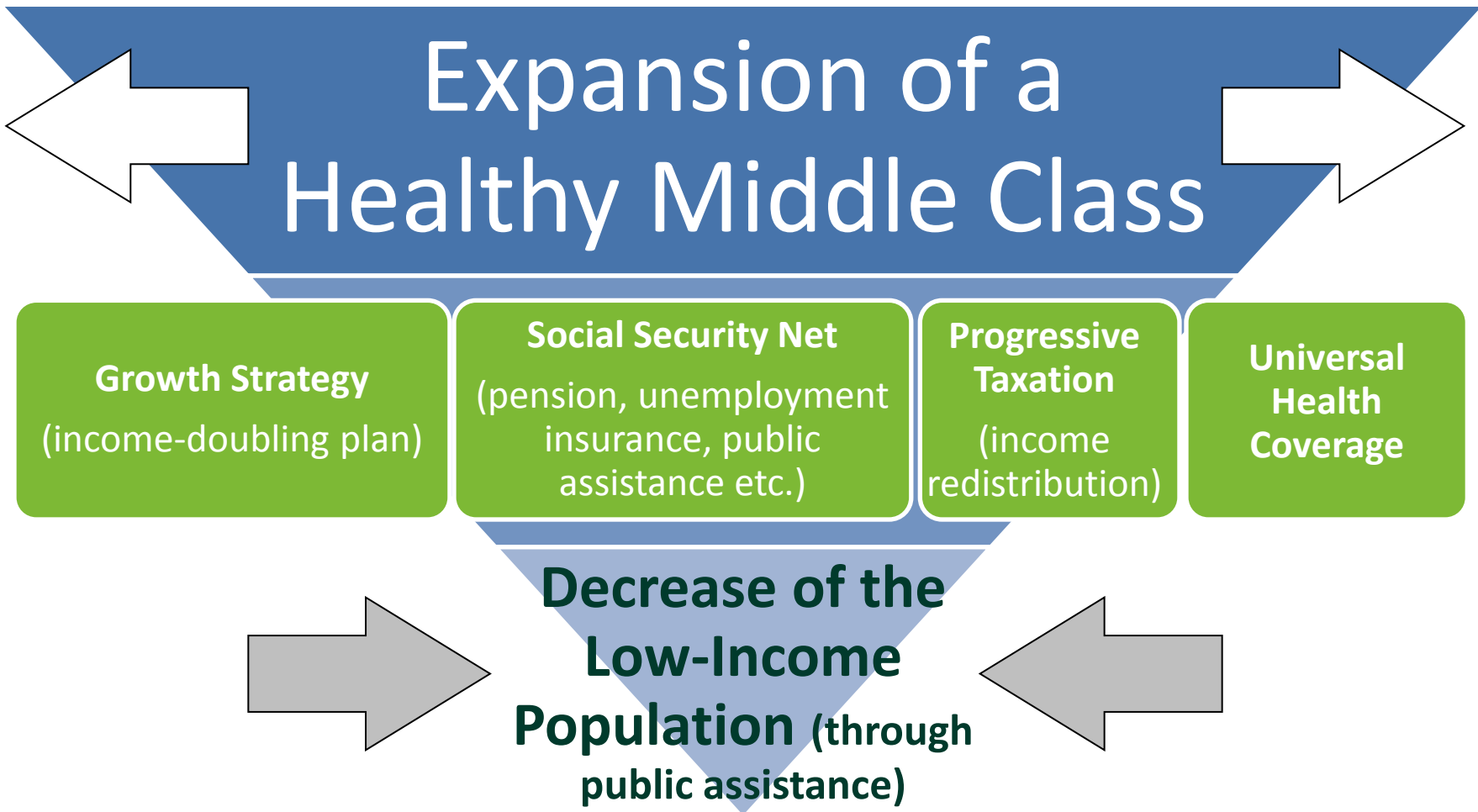
# 1. Historical Role of Abe Cabinet

## 1-1. Historical Role of Kishi & Ikeda Cabinet

1-1-2. Post-War Japan: growth strategy, tax system and social security created a healthy middle class



# 1-1-3. Post-War Japan: growth strategy, tax system and social security created a healthy middle class



# A Comprehensive Policy Package to Expand the Middle Class in 1960s

- “Income Doubling Plan” (1960): alleviating the dual structure of the economy (producing income disparities) and ensuring social stability as key challenges.
- Enhancing social security to overcome these key challenges. Under high economic growth and with favorable demographic dividend, the comprehensive policy package achieved income redistribution and established a social safety net.
- The priority of the social security system shifted from poverty alleviation to poverty prevention. This included the establishment of Universal Health Coverage in 1961.

## Main Elements of the Comprehensive Policy Package

- Employment***      The dissemination and embedding of a Japanese employment model (lifetime employment, seniority-based wages, low unemployment rate)
- Support for the unemployed to achieve full employment
- Healthcare***      Universal Health Coverage, Universal Pension Coverage (1961)
- Tax***              Progressive Income Tax (maximum tax rate of 75% <1961-1974>)

# History of Public Health Insurance in Japan 1

- 1922 Health Insurance Law (implemented in 1927).
- 1934 Revision of the Health Insurance Law.
  - – Expansion to cover companies with five employees or more
- 1938 Establishment of the Ministry of Health and Welfare.
- National Health Insurance Law.
- 1941–45 World War II.
- 1958 Revision of the National Health Insurance Law.
  - – 50 percent benefit provision for the insured.

Sources: White Paper on Health and Welfare 1998 Edition; Japan International Corporation of Welfare Services (1995).

# History of Public Health Insurance in Japan 2

- 1961 Universal Health Coverage.
- 1962 Establishment of the Social Insurance Agency.
- 1972 Revision of the Welfare Law for the Elderly (implemented in 1973).
  - – Free medical care for the elderly
- 1973 Revision of the Health Insurance Law (so-called 1st year of the Welfare State).
  - – Improvement of the benefit level for families of the insured from 50 percent to 70 percent.
  - – Introduction of an upper ceiling for patients' cost-sharing.
  - – National subsidy of 10 percent of health expenditure for government-managed Health Insurance.
- 1982 Law of Health and Medical Services for the Elderly (implemented in 1983).
- 1984 Revision of the Health Insurance Law.
  - – Ten percent cost-sharing by the insured.
  - – Relaxation of regulations on high-technology health care.
  - – Introduction of the health care program for retired persons.

Sources: White Paper on Health and Welfare 1998 Edition; Japan International Corporation of Welfare Services (1995).

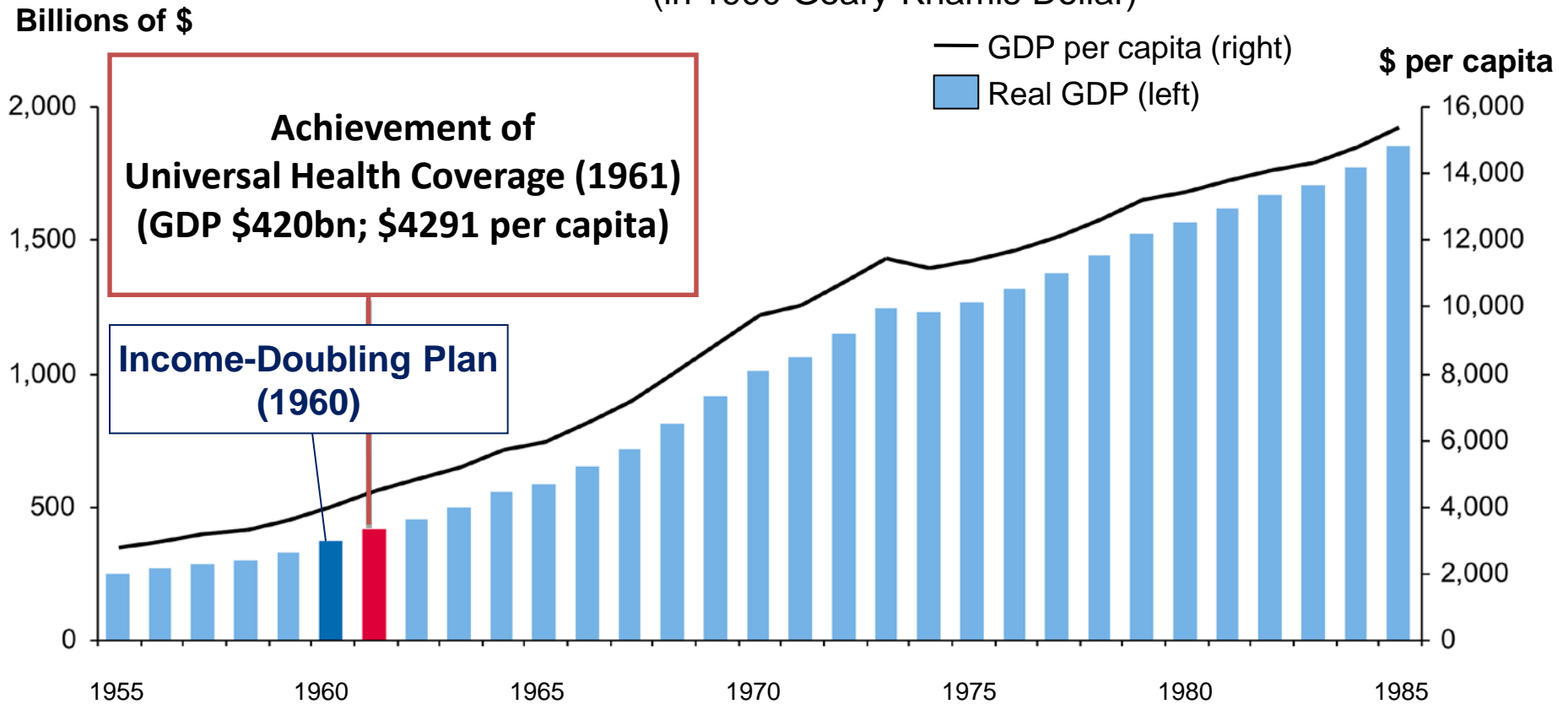
# History of Public Health Insurance in Japan 3

- 1985 Revision of the Medical Service Law.
- – Medical plan by prefecture.
- 1989 Ten-Year Strategy for the Promotion of Health and Welfare for the Elderly (the so-called Gold Plan)
- 1991 Revision of the Law of Health and Medical Services for the Elderly.
- – Visiting nurse care service for the elderly.
- – Increase in public funds for nursing care from 30 to 50 percent.
- 1992 Revision of the Medical Service Law.
- – Classification of hospitals by function: high-tech hospital, long-term care beds.
- 1994 New Gold Plan.
- 1997 Revision of the Health Insurance Law.
- – Twenty percent cost-sharing by the insured.
- – Introduction of the patient charge on pharmaceutical costs for outpatient services.



# 1-1-4. Historical Trends in Japan's GDP

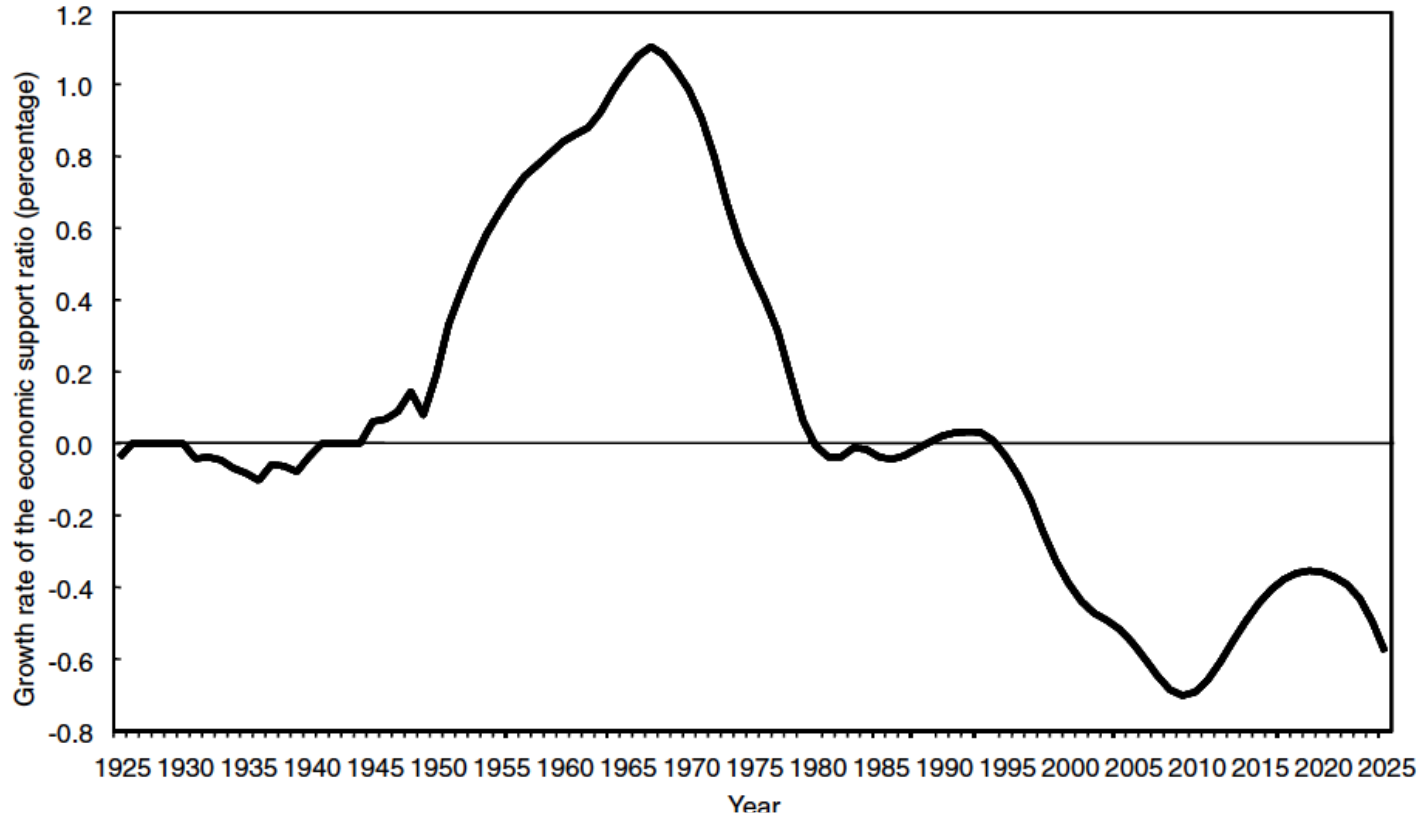
(Chart 1) Real GDP and GDP per Capita  
(in 1990 Geary-Khamis Dollar)



Source: Angus Maddison (2001) "The World Economy – A Millennial Perspective"

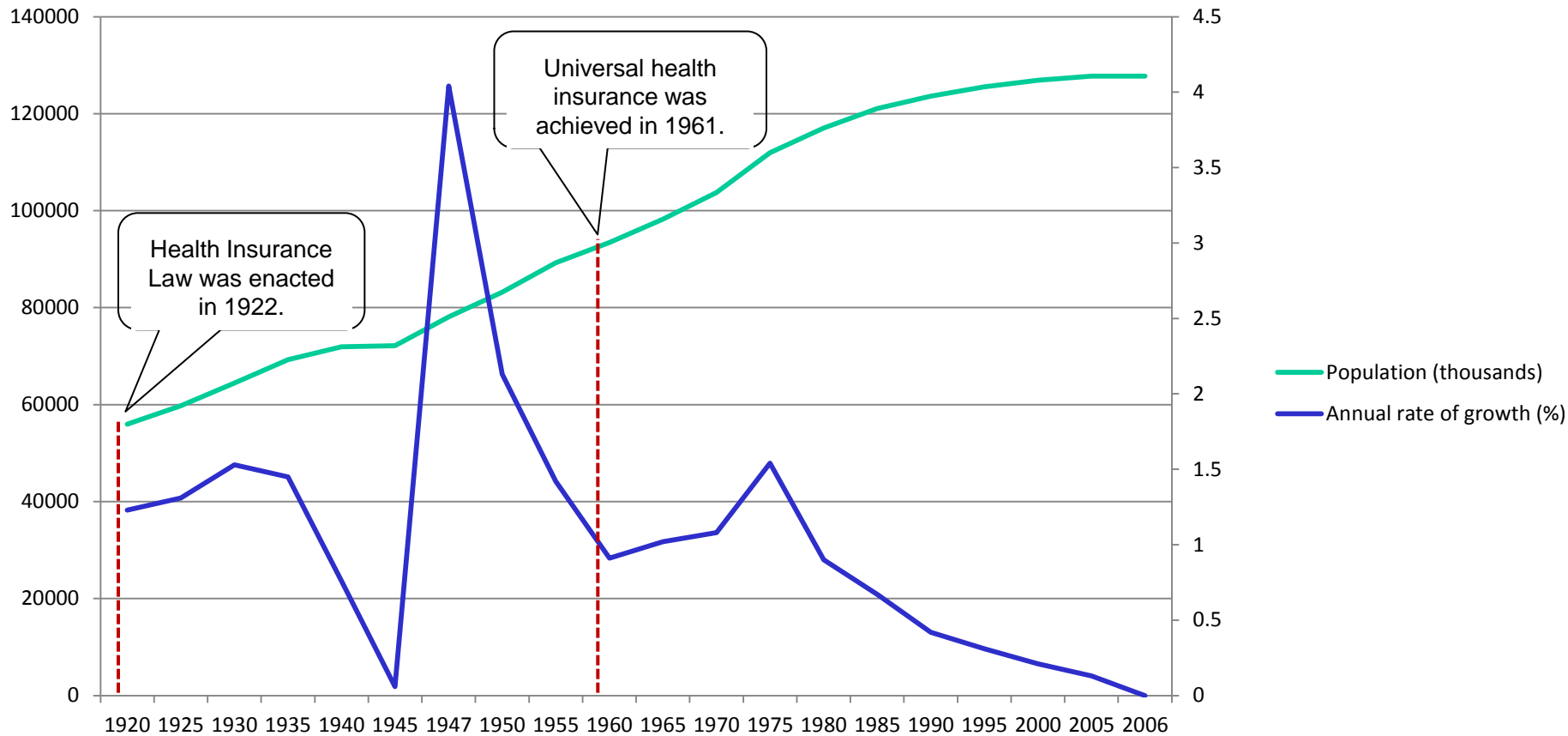


# 1-1-4. Trends in the first dividend in Japan, 1925-2025



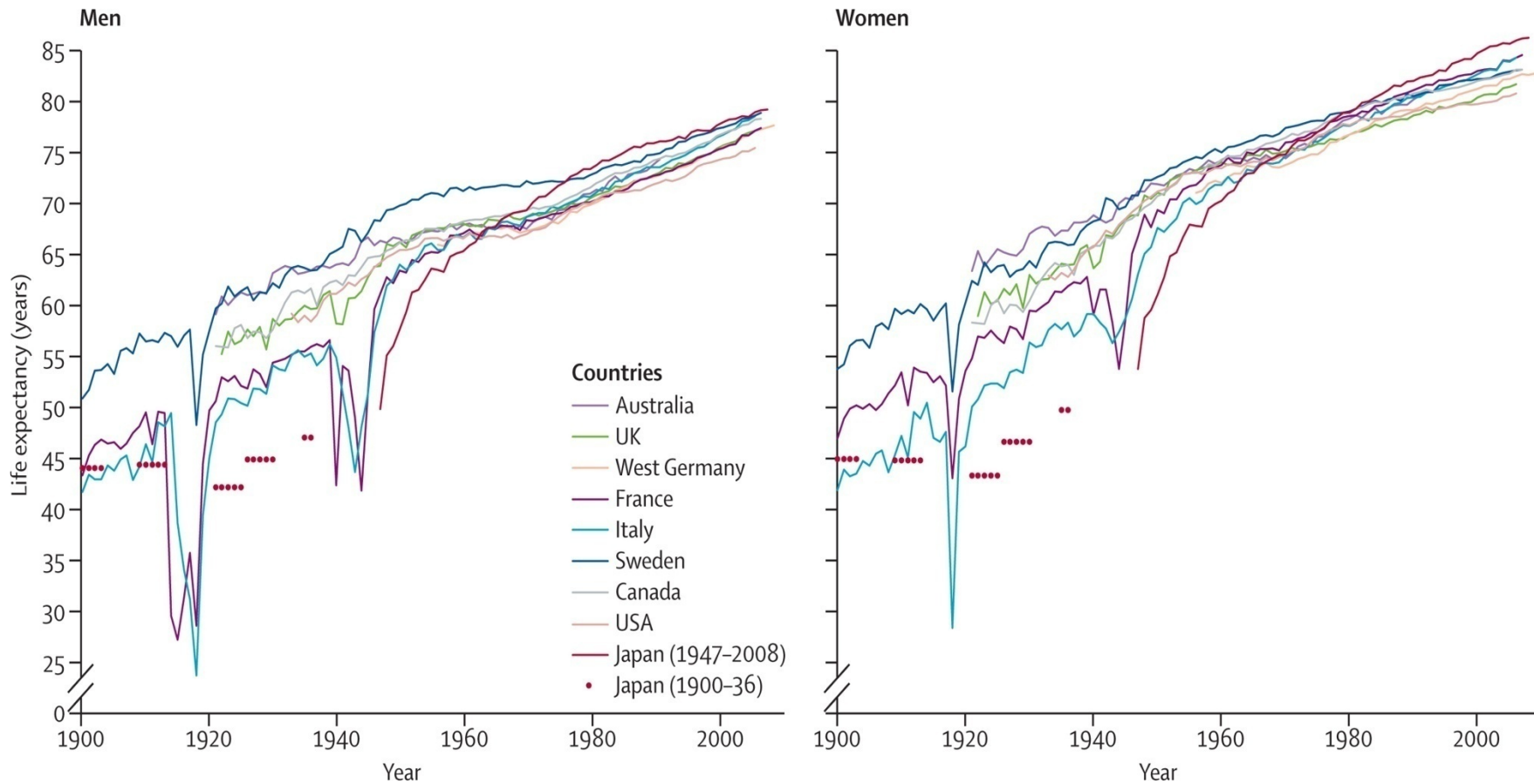
Adopt UHC at the early stage of demographic dividend

# Population and Population Growth in Japan (1920-2006)

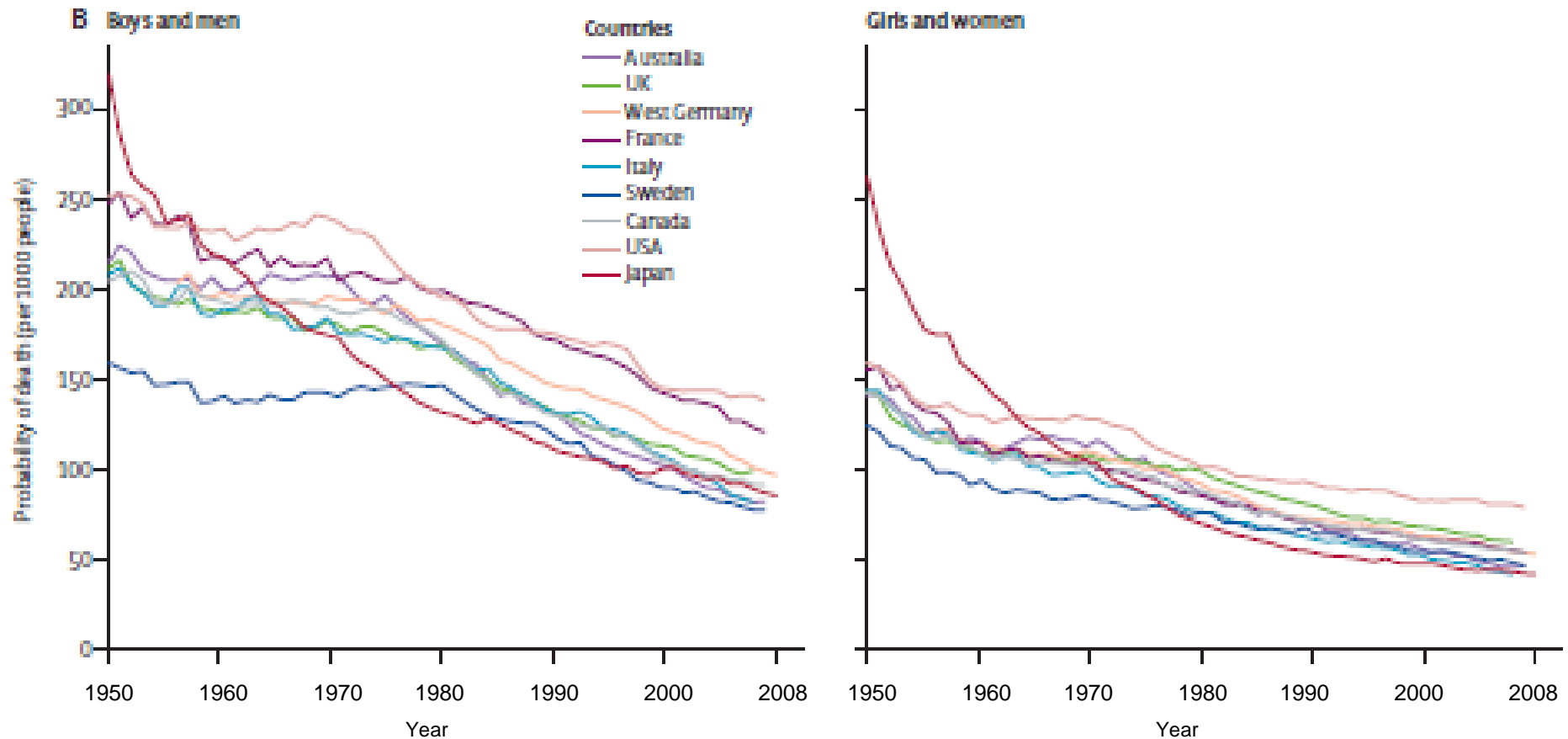


Source: Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications

# 1-1-5.Trends in life expectancy at birth, 1900—2008

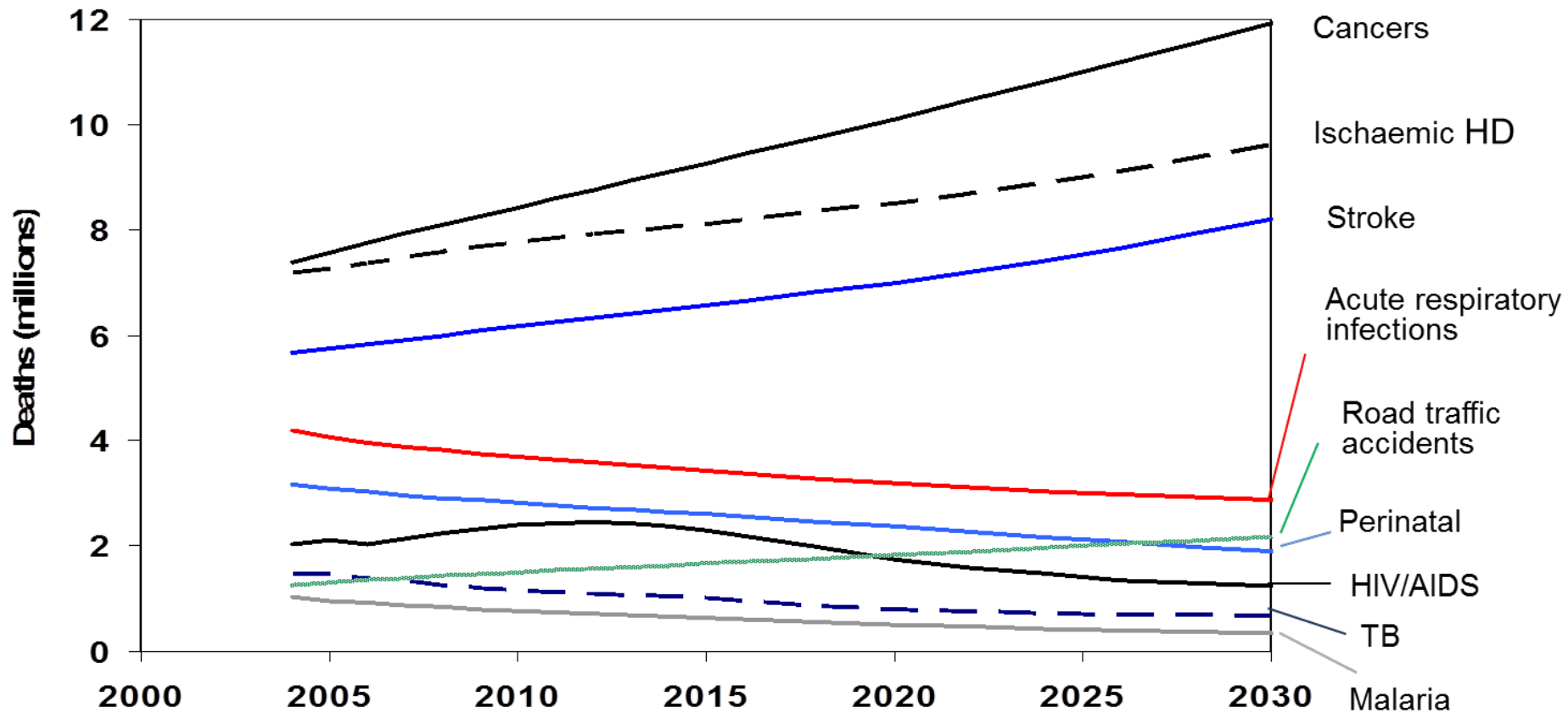


# Trends in the probability of death at age 15-60 years in Japan and selected countries during 1950-2008



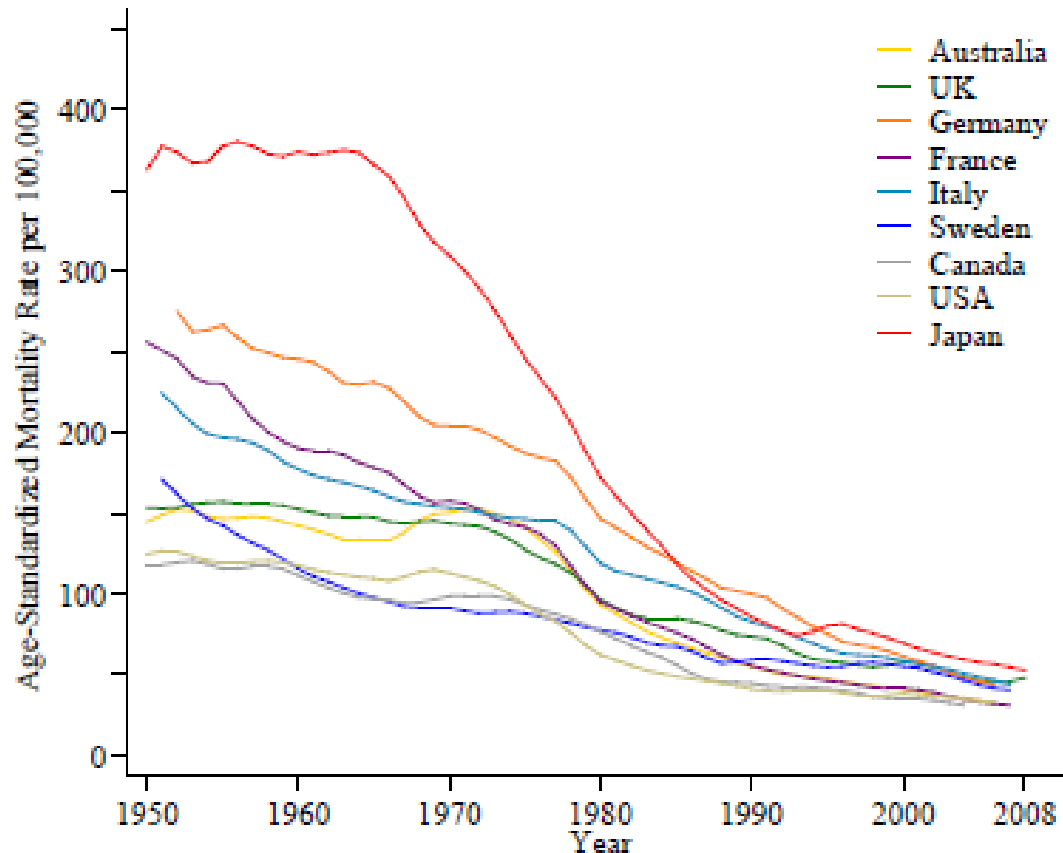
# Growing number of cases of non-communicable diseases as causes of deaths

Global projections for selected causes  
2004 to 2030



# 1-1-6. Trends in Men's Mortality due to Stroke in Japan and Selected Countries

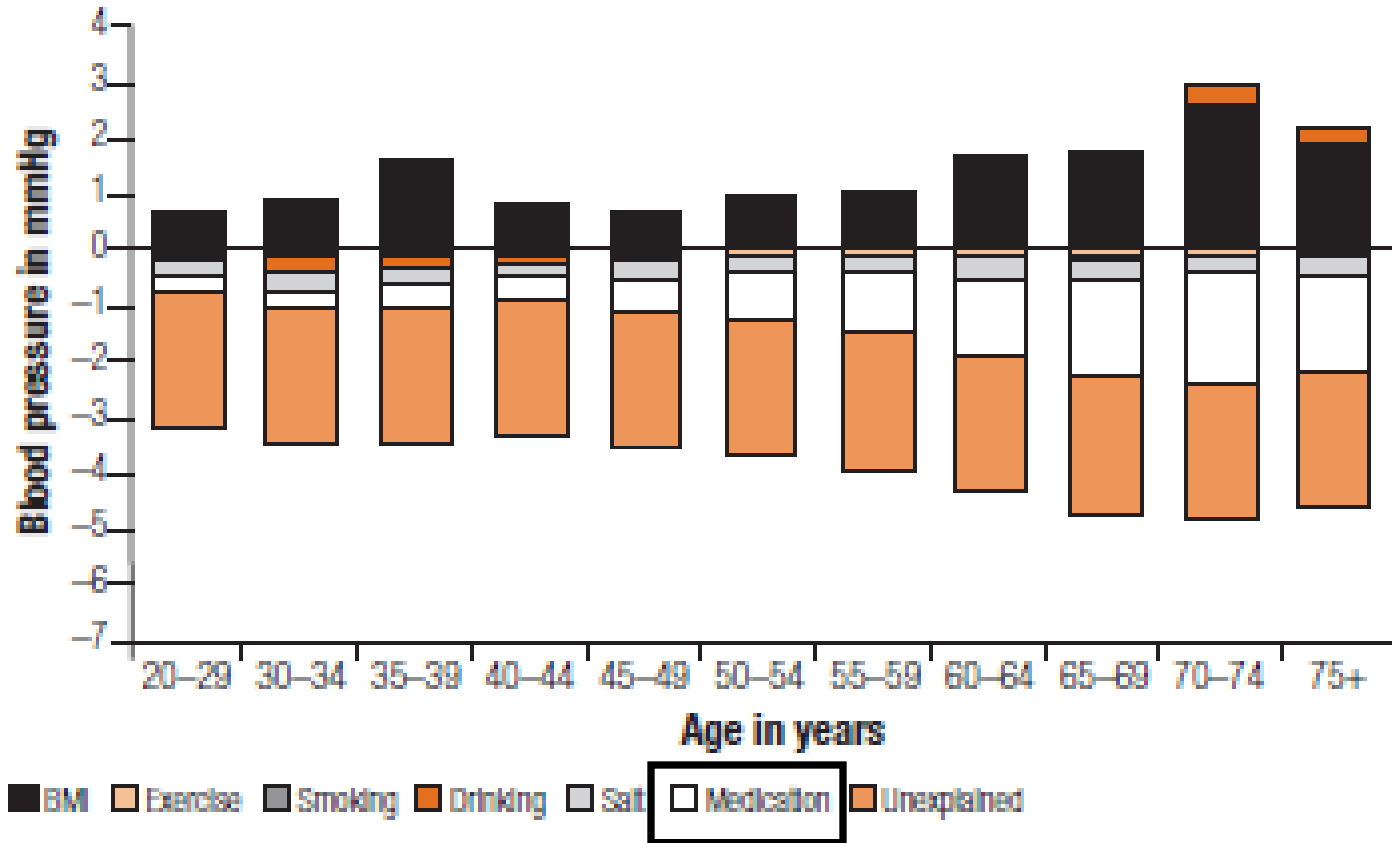
Males





# Estimated Contributions of Explanatory Variables to Changes in Mean Predicted SBP in Men between 1986 and 2002

based on data from the National Nutrition Survey, Japan, 1986–2002

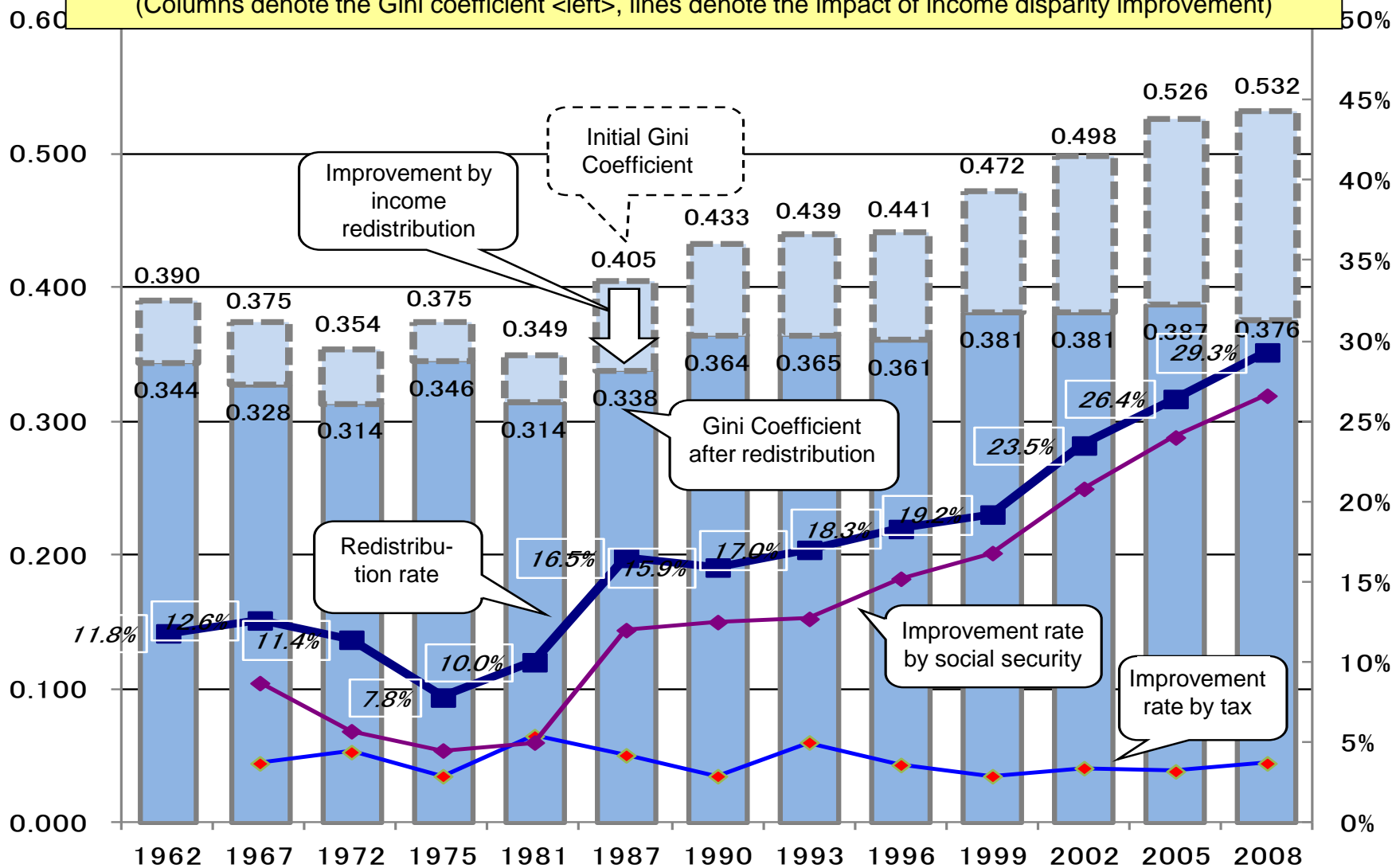


BMI, body mass index; SBP, systolic blood pressure.



# Trends in Japan's Gini Coefficient and Income Redistribution

(Columns denote the Gini coefficient <left>, lines denote the impact of income disparity improvement)



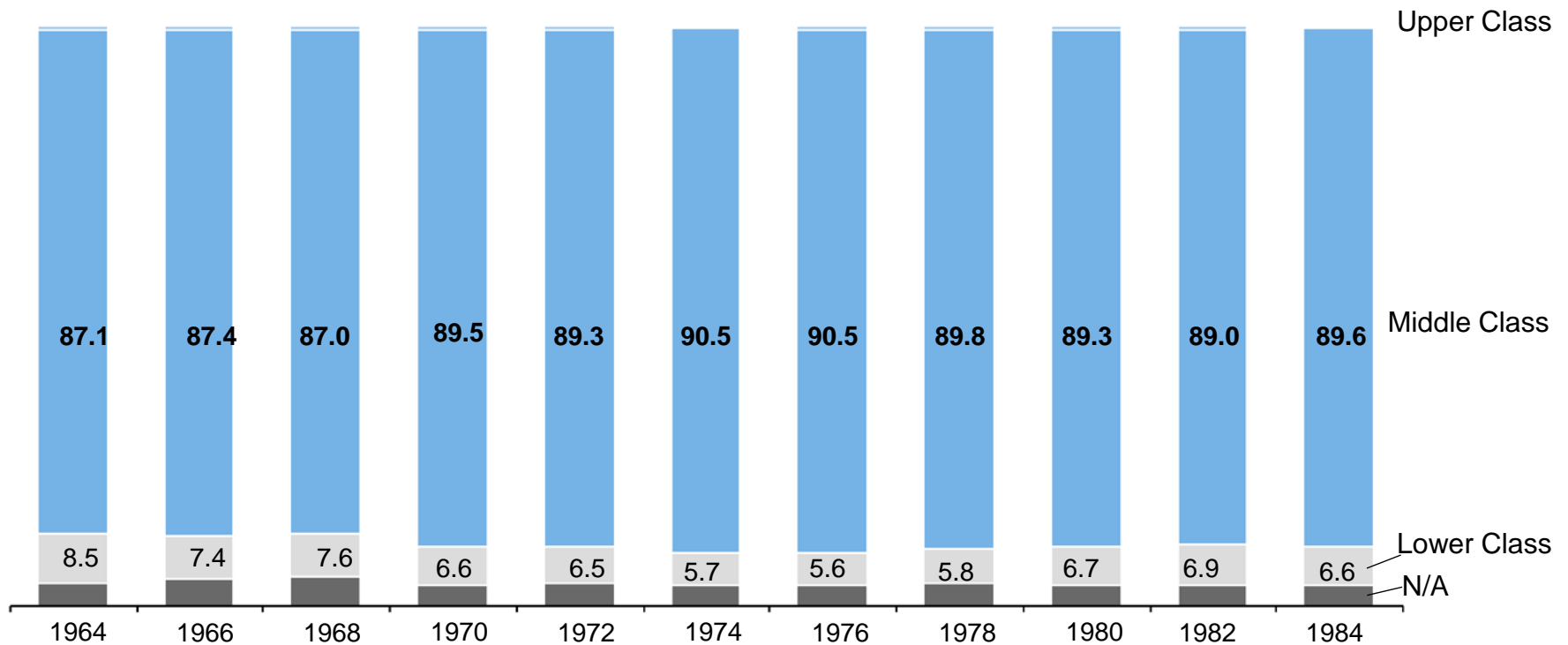
Notes: The in-kind benefits until 1999 were only healthcare services and after 2002 they include health care, long-term care, and child care services.

Source: Ministry of Health, Labour and Welfare "Survey of Income Redistribution"

# Middle Class Consciousness

## Social Class Identification

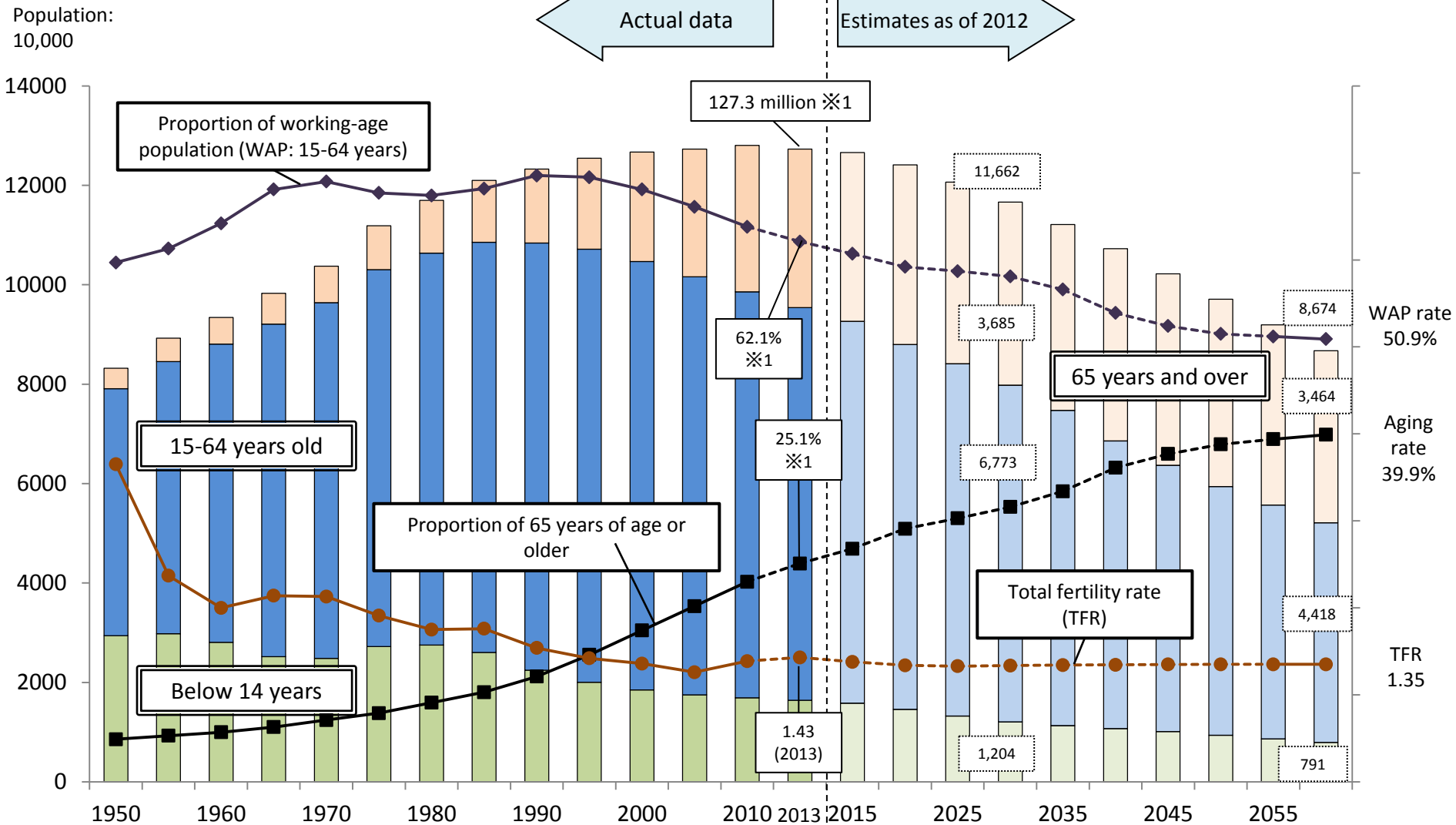
(percentage of respondents answering the question “which social class do you feel that you belong to?”)



# **1-2. THE LIFECYCLE OF PUBLIC POLICY**

# 1-2-1. Dynamism of Demographic Transition: Case of Japan

Japan's population has hit the point at which it started to decline.  
 In 2060, the total population will fall below 90 million and the aging rate will be almost 40%.

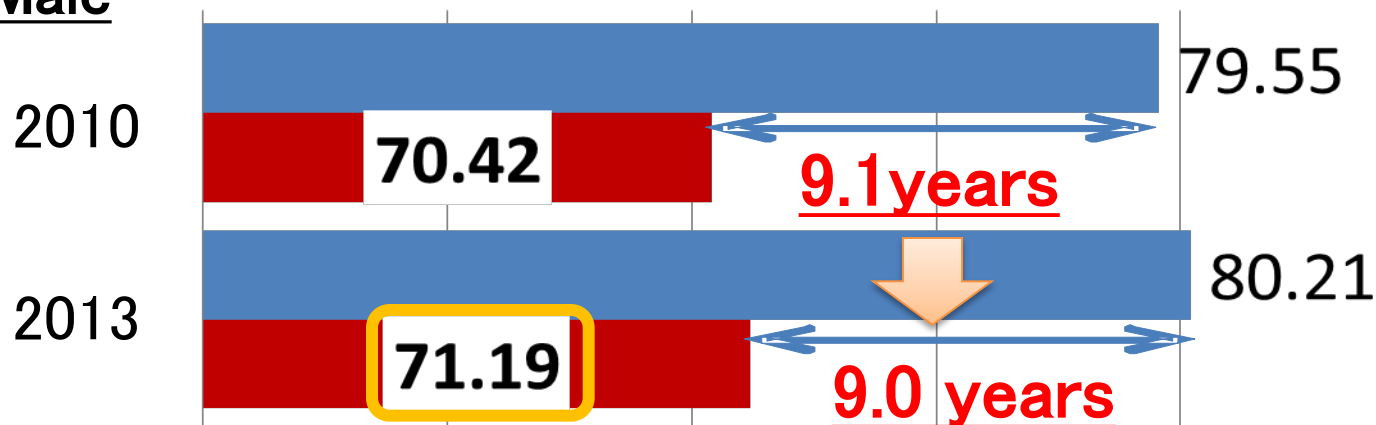


Source: Ministry of Internal Affairs and Communications (MIC), *National Population Census*, and *Population Estimation*; National Institute of Population and Social Security Research, *Population Projection for Japan (2012)* : Estimated medians of live births and death (Oct. 1 for every year); Ministry of Health, Labor and Welfare, *Population Survey Report*

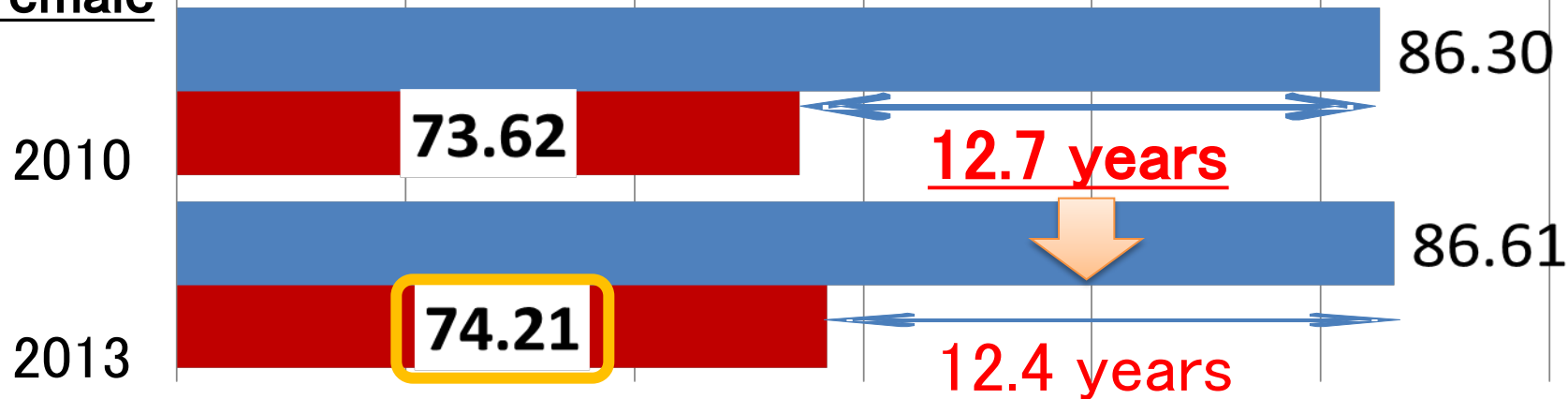
※1 Source: MIC, *Population Estimation 2013*

# 1-2-2. Trends in Life Expectancy and Healthy Life Expectancy in Japan

## Male



## Female



■ life expectancy ■ healthy life expectancy

# **1-3. ACTIVE HEALTHY AGEING**

# 1-3-1. 21<sup>st</sup> Century System: Growth Strategy and Social Security Reform for Active and Healthy Ageing

Economically and Socially Active  
Healthy Ageing

## Economic Growth Strategy

- Monetary easing
- Fiscal stimulus
- Growth strategy

## Reform for Sustainable Social Security System

- Close the intergenerational gap
- Expand healthy life expectancy
- Reduce dependency on pensions with labor policy for the elderly

## Tax Reform

- Expanding the tax base (increasing consumption tax)
- Revitalizing the economy (corporate tax cut)

## Population Policy

- Supporting women's labor participation
- Support for childbirth and child rearing
- Promoting flexible working practices

***Keep the population at 100 million after 50 years***

Decrease of  
financial burdens  
on the younger  
generation

# 1-3-2. Society in Which All Citizens are Dynamically Engaged

**A Society in Which All Citizens are Dynamically Engaged will Vitalize Japan's Economy Facing the Declining Birthrate and Aging Population**  
 -A Positive Cycle of distribution and sustainable growth driven by inclusion and diversity-

**15 years of Continuous Deflation**

Prior "Three Arrows"

- Corporate ordinary profits at their highest levels (19.2 trillion yen in the period of April to June in 2015)
  - Average wage increase larger than the previous year for the second consecutive year (+2.20% for FY2015, the highest level in 17 years)
  - Jobs to applicants ratio at the highest level in 23 years (1.24 in September, 2015)
- Japan's economy is almost at the point of overcoming deflation.

Enhancing prior economic policies of "three arrows" and establishing positive cycle of economy led by private-sector demand (Improvement in potential growth rate)

- Enhancement of childcare and social security foundation from fruits of growth

**Consumer spending showing slow recovery**  
(consumer composite index in 2015 (month-to-month basis): 0.0% in July, 0.6% in August, 0.0% in September)

**Business investment showing weak movements compared to corporate earnings**  
(private capital investments (3-year-average-basis): about 72 trillion yen in the mid-1990s, about 68 trillion yen in the last 3 years)

**Manifestation of labor shortage and decrease in labor supply**  
(decrease in productive-age population: -9.41 million people, difference between 87.26 million at its peak in 1995 and 77.85 million at present in 2014)

**The new first arrow: A robust economy that gives rise to hope**

- Increase in labor share by raising wages
- Expansion of private investment through revolution in productivity
- Increase in the labor participation rate through working-style reforms and improvement in productivity through innovation

The target of the new first arrow  
**Nominal GDP toward 600 trillion yen**

**The root of the obstacles in economic growth: Reduction of the labor supply and anxieties and pessimism about the future caused by the declining birthrate and aging population**

(Decrease in productive-age population: 81.78 million in 1984 → 87.26 million in 1995 (peak value) → 77.85 million in 2014)  
 (Increase in population aging rate: 9.9% in 1984 → 26.0% in 2014)

**Creating a society enabling everyone, including youths, the elderly, women, men, people with disabilities, people fighting an illness and people who have experienced a failure to live a life fulfilling their own hopes, showing their talents and finding motivations in their respective homes, local communities and workplaces.**  
 (Inclusion and diversity)

- A boost in consumption and the expansion of investment by fostering people's feelings of security and consolidating future prospects
- Improvement in the labor participation rate and creation of innovation brought by realization of talents of various individuals

**Difficulties in fulfilling hopes for marriage and childcare**  
(the total birthrate in 2014: 1.42)

**Difficulties in balancing nursing with working**

(The number of people leaving or changing their jobs due to providing their family members with nursing care: 101,000 during period of October, 2011 to September, 2012)

**The new second arrow: Dream-weaving Childcare Supports**

- Stabilization of youth employment and improvement in working conditions
- An environment enabling balance of working with childcare
- Ceaseless supports in each stage from marriage, pregnancy, childbirth to childcare including childcare services

**The new third arrow: Social Security that provides reassurance**

- Securement of nursing services
- An environment enabling balance of working with nursing
- Consulting and supporting systems for families
- Extension of healthy life expectancy

The target of the new second arrow  
**Desirable birthrate of 1.8**

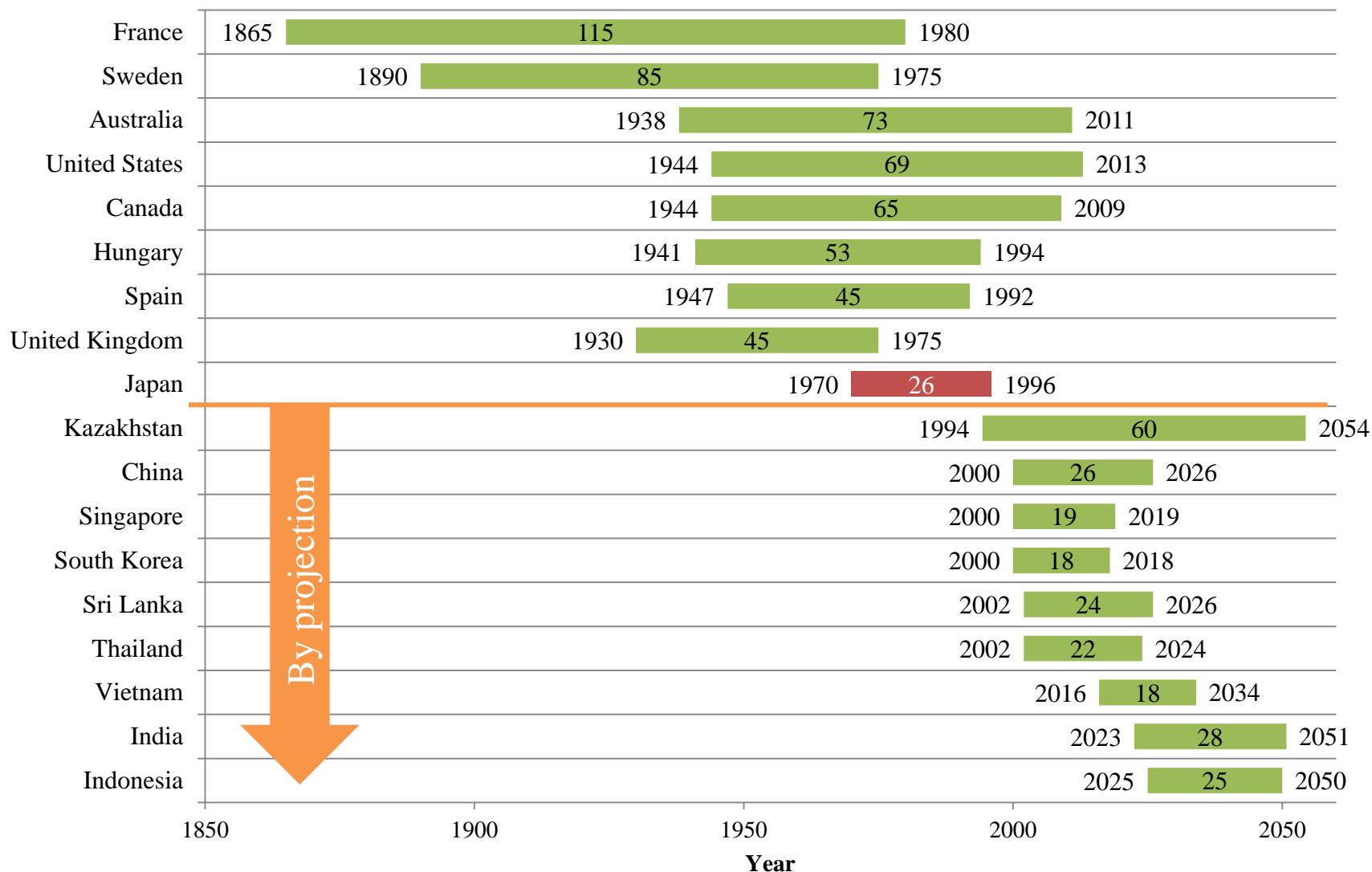
The target of the new third arrow  
**No one forced to leave their jobs for nursing care**

Enhancing a positive cycle of new "three arrows" and sustaining it in the long run to maintain the population at 100 million people 50 years from now




# **1-4. ASIA'S AGING POPULATION**

# 1-4. The time required from aging rate 7% to 14%



Note : The number on the left of the bar designated the year when the aging rate attained 7%; the number on the right of the bar designated the year when the aging rate attained 14%. The number in the middle of the bar designates the years required that the aging rate changed from 7% to 14%.

Source : Kinsella and Wan He (2009), for Kazakhstan, Vietnam, India and Indonesia calculated using UN (2015)

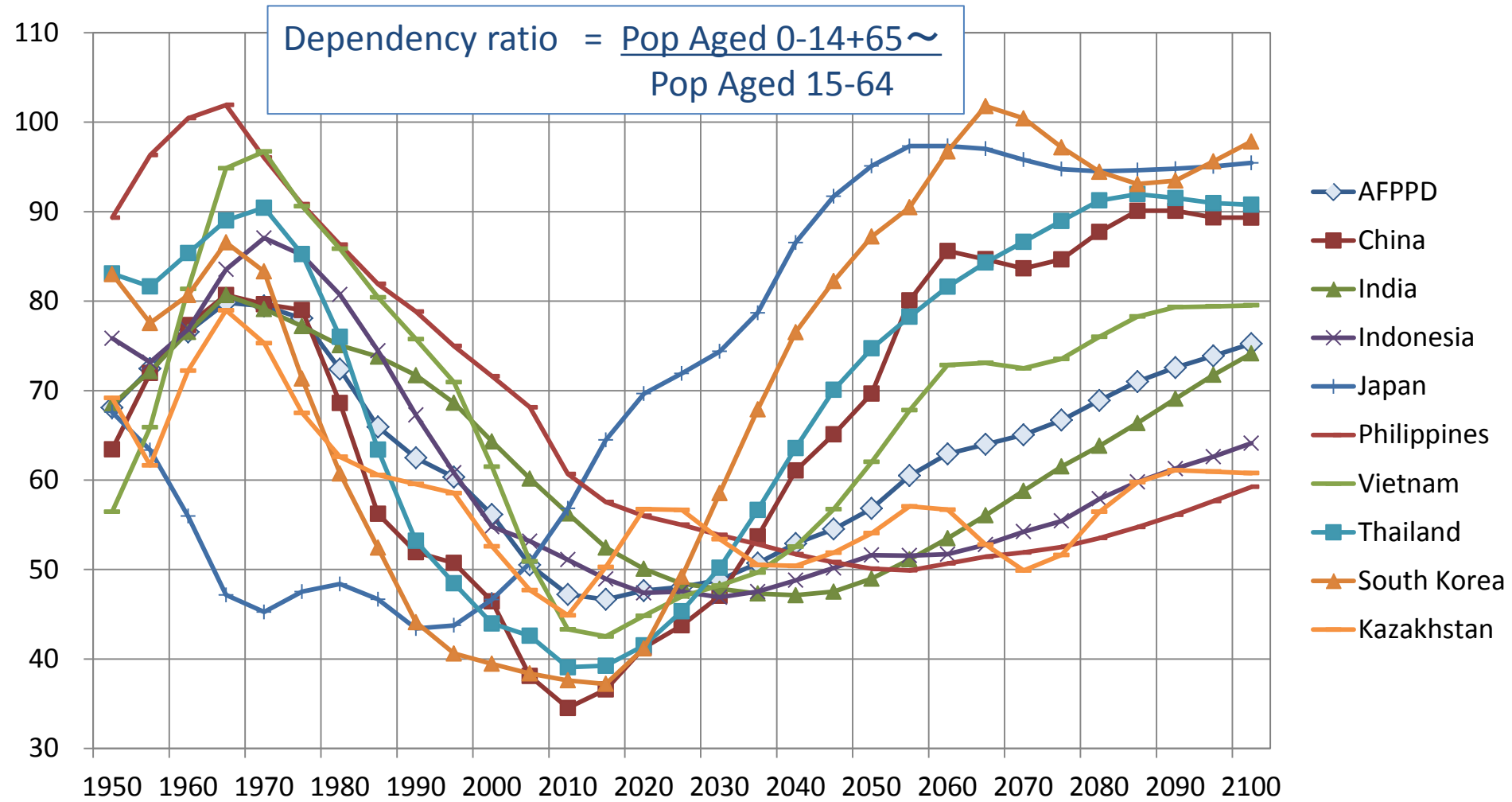


# 1-4-1. Proportion living independently, alone or with the spouse 60 years or over (%)

	Male	Female
Germany	91.5	88.7
USA	76.8	73.8
Japan	51.5	46.9
China	39.7	34.1
Vietnam	29.8	26.8
Indonesia	24.1	24.1
Thailand	21.3	16.8
India	17.3	15.8

# 1-4-2. Dependency ratio

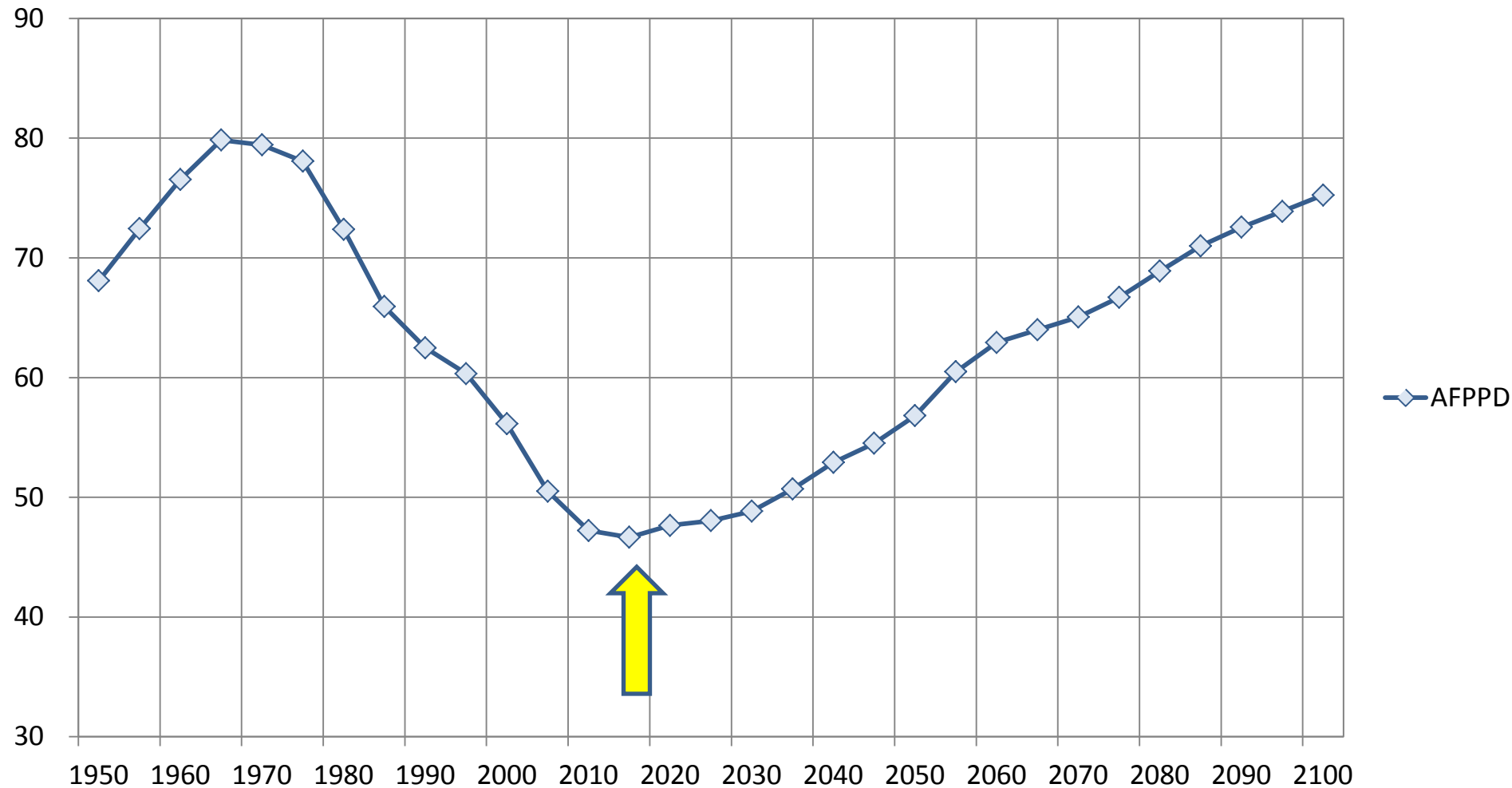
## Some AFPPD countries



Source : United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.

# 1-4-2. Dependency ratio

## AFPPD region total



Source : United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.

# Lessons from Japan ①

- UHC is part of a comprehensive policy package including economic growth and the establishment of a social safety net, contributing to income redistribution and the stabilization of society and politics
- Once the health insurance system was established, the stakeholders became interest groups which would hamper the reforms.  
→ In designing insurance systems, political risks for the future should be considered.
- It can be introduced at the economic level of around US\$4000 per capita
- LTCI should be introduced as early as possible, and it should be aimed at increasing healthy elderly

# Lessons from Japan ②

- Health policy should not be designed separately from other policies such as economic growth, labor, and social welfare.
- Countries need to design UHC based on a long-term perspective of population cycles and demographic change over 50 to 100 years.
  - Adopting UHC early in the demographic dividend, and expanding the financial pool as the population grows. At the same time, based on the estimates of demographic change, the way of sharing the financial burden and health risks across the generations should be adjusted.

# **1-5. ASIA HUMAN WELL-BEING INITIATIVE**