

# 23 Welfare and Medical Care

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## **Social Security**

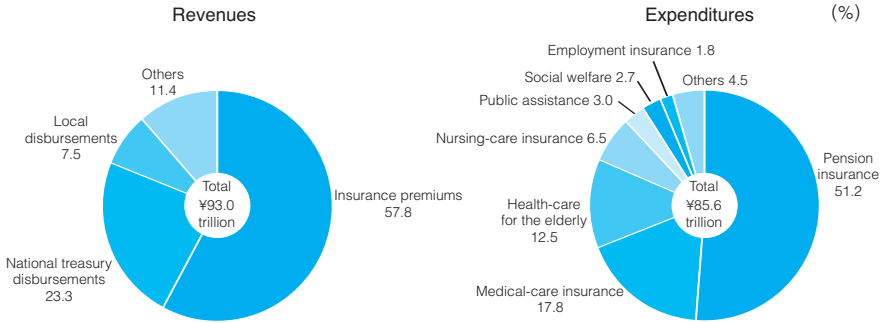
In 1961, the National Health Insurance Law and the National Pension Law came into full force, covering all Japanese citizens by a health insurance and pension plan. That year marked the beginning of "universal insurance" and "universal pensions" in the country. As the social structure has changed dramatically, the expenditure for social security payments has snowballed in the last few decades. In fiscal 2004 it reached ¥85.6 trillion, up 1.6% over the previous year and a 24-fold increase from fiscal 1970.

During the 1990s, a new social security system was established in response to fewer children, the aging of the population, women's entry into the workforce, and other changes in society. The government in fiscal 1990 implemented the Gold Plan, a 10-year health and welfare promotion strategy for the aged, which was upgraded into the New Gold Plan in 1994. In 1999 the government announced the Gold Plan 21, which set such targets as increasing the number of home helpers to 350,000, home-visit nursing-care stations to 9,900, and day-care centers to 26,000 by fiscal 2004. In April 2000 the long-term nursing-care insurance system was also launched to provide elderly people unable to support themselves with nursing-care services.

The Basic Law on Measures for the Society with Fewer Children was enacted in 2003, and the cabinet decided on policy guidelines on this issue in June 2004. Following these general outlines, the government in December 2004 also decided on a concrete policy measure, the Children and Child-care Support Plan, which is being implemented during the five years from fiscal 2005. The new plan urges companies to review their work rules and create a better environment for childcare, including lowering the unused portion of paid vacations and increasing the number of employees who take parental leave.

As a relief-of-the-poor measure, the government extends public assistance to those who are below the government-set living standard. The number of recipient households in fiscal 2005 topped 1 million for the first time, a jump of 38.6% from fiscal 2000 caused, among other things, by an increase in aging households.

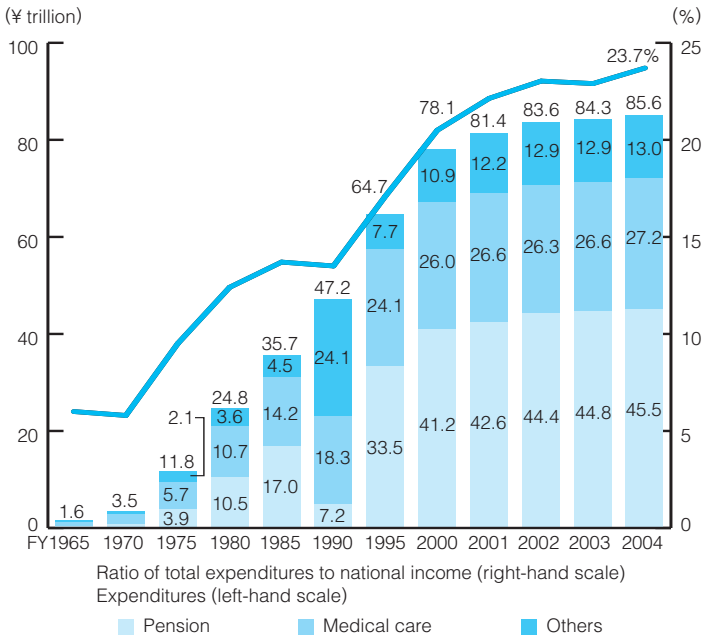
## Composition of Social Security Revenues and Expenditures



Source: National Institute of Population and Social Security Research, *Shakai hoshō kyūfūhi* (Social Security Expenditures), 2004.

Note: Figures are for FY 2004.

## Social Security Expenditures



Source: National Institute of Population and Social Security Research, *Shakai hoshō kyūfūhi* (Social Security Expenditures), 2004.

## Social Security Expenditures for the Elderly

FY	Amount (¥ trillion)	Share of total expenditures (%)
1975	3.9	32.9
1980	10.8	43.4
1985	18.8	52.8
1990	27.9	59.1
1995	40.7	62.9
2000	53.2	68.1
2001	56.0	68.7
2002	58.4	69.9
2003	59.3	70.4
2004	60.7	70.8

Source: National Institute of Population and Social Security Research, *Shakai hoshō kyūfūhi* (Social Security Expenditures), 2004.

Note: Includes pension, medical-care, and welfare expenditures and expenditures for elderly workers.

## Pension System

The public pension system in Japan has two tiers. All persons from the age of 20 to 59 years are obliged to participate in the national pension (basic pension) program. In addition, private-sector employees join the employees' pension scheme. There are also mutual-aid pension programs for public-service employees, school teachers, and others. In April 2006 the government decided on a basic plan to unify the premium rate of employees' and mutual pension programs in 2018 to redress the imbalance in pension payment between company employees and public servants.

As of April 2007, the monthly premium for the national pension was ¥14,100, while the contribution to the employees' pension was 14.64% of the standard annual salary, which was equally shared by workers and employers. In fiscal 2007 monthly standard benefits for the national pension and the employees' pension per couple are ¥132,016 (old-age basic pension) and ¥232,592, respectively.

Recently Japan has seen a rapid decline of the insurance-contributing population and a sharp increase of pension-receiving retirees, mainly due to the declining birthrate and the aging of the population, and this has led to major revisions of the system. The monthly premium for the national pension is being raised by ¥280 every year from April 2005 to a maximum of ¥16,900 in fiscal 2017 and after. The premium for the employees' pension is also being raised by 0.354 percentage point every year, starting October 2004, and eventually will be fixed at the ceiling rate of 18.3% from fiscal 2017.

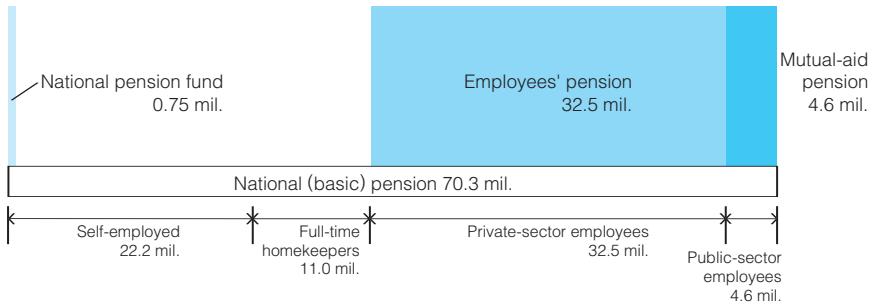
The National Pension Law was also revised in 1994 to raise the age of national pension eligibility from 60 to 65. In the case of the employees' pension, the eligible age will be raised gradually to 65 by 2025 for men and by 2030 for women.

The employees' pension fund is a defined benefit plan that determines the amount of benefits in advance. Management of fund reserves was sluggish in the 1990s and

early 2000s, making it difficult for corporations to cover the deficiency. Against this background, a Japanese version of the 401(k) defined-contribution plan, which pays benefits based on investment returns, was introduced in October 2001.

## Structure of Pension Schemes

(number of subscribers, as of March 2005)



Source: Ministry of Health, Labor and Welfare, *Kosei rodo hakusho* (White Paper on Health, Labor and Welfare), 2006.

## Medical Care and Insurance

A system was introduced in 1961 under which every Japanese citizen must be covered by some kind of health insurance. National medical-care expenditures began rising rapidly in the early 1970s, and in fiscal 1999 they exceeded ¥30 trillion for the first time to reach ¥30.70 trillion, leading to sizable deficits for the various insurance systems. In fiscal 2004 the figure reached ¥32.11 trillion, up 1.8% from the previous year (¥251,500 per capita). Pressured to reform the debt-generating health insurance system, the government raised the portion of medical costs to be borne by insured workers from 10% to 20% in September 1997 and further to 30% in April 2003.

As a result of the rapidly aging society, the number of elderly people requiring care has been growing, and the burden imposed on the family has been increasing accordingly. Against this background, a long-term public nursing-care system was introduced in April 2000. Under the insurance system, which is operated by each municipal government, people aged 40 or older pay premiums, and nursing-care services are provided for the elderly who meet certain criteria. Ninety percent of the cost is covered by the insurance. In the year ending March 2006, there were 4.40 million beneficiaries of this insurance. According to the Ministry of Health, Labor and Welfare, the average premium for fiscal 2007 is estimated to be ¥49,476 per year, up 4.0% from the previous year.

## Number of Medical Institutions

	1984		1993		1996		2005	
	Facilities	Beds	Facilities	Beds	Facilities	Beds	Facilities	Beds
Hospital	9,574 (8.0)	1,467,050 (1,220.2)	9,844 (7.9)	1,680,952 (1,347.3)	9,490 (7.5)	1,664,629 (1,322.6)	9,026 (7.1)	1,631,473 (1,276.9)
Mental hospital	1,015 (0.8)	331,099 (275.4)	1,059 (0.8)	362,436 (290.5)	1,057 (0.8)	360,896 (286.7)	1,073 (0.8)	354,296 (277.3)
TB sanitarium	31 (0.0)	60,067 (50.0)	11 (0.0)	37,043 (29.7)	7 (0.0)	31,179 (24.8)	1 (0.0)	11,949 (9.4)
General hospital	8,516 (7.1)	1,060,842 (882.3)	8,767 (7.0)	1,267,589 (1,016.0)	8,421 (6.7)	1,224,966 (973.2)	7,952 (6.2)	904,199 (707.7)
Clinic	78,332 (65.1)	283,445 (235.7)	84,128 (67.4)	265,083 (212.5)	87,909 (69.8)	246,779 (196.1)	97,442 (76.3)	167,000 (130.7)
Dental clinic	43,926 (36.5)	273 (0.2)	55,906 (44.8)	220 (0.2)	59,357 (47.2)	187 (0.1)	66,732 (52.2)	164 (0.1)
<b>Total</b>	<b>131,832</b> <b>(109.6)</b>	<b>1,750,768</b> <b>(1,456.1)</b>	<b>149,878</b> <b>(120.1)</b>	<b>1,946,255</b> <b>(1,559.9)</b>	<b>156,756</b> <b>(124.5)</b>	<b>1,911,595</b> <b>(1,518.8)</b>	<b>173,200</b> <b>(135.6)</b>	<b>1,798,637</b> <b>(1,407.7)</b>

Source: Ministry of Health, Labor and Welfare, *Iryo shisetsu chosa* (Survey on Medical Institutions), 2005.

Note: Figures in parentheses are per 100,000 population.

## Number of Doctors, Dentists, and Pharmacists

	1965	1975	1984	1992	2000	2004
Doctors	109,369 (111.3)	132,479 (118.4)	181,101 (150.6)	219,704 (176.5)	255,792 (201.5)	270,371 (211.7)
Dentists	35,558 (36.2)	43,586 (38.9)	63,145 (52.5)	77,416 (62.2)	90,857 (71.6)	95,197 (74.6)
Pharmacists	68,674 (69.9)	94,362 (84.3)	129,700 (107.9)	162,021 (130.2)	217,477 (171.3)	241,369 (189.0)

Source: Ministry of Health, Labor and Welfare, *Ishi, shikaishi, yakuzaishi chosa* (Survey on Doctors, Dentists, and Pharmacists), 2004.

Note: Figures in parentheses are per 100,000 population.

Updates every two years.

## Number of Nurses and Assistant Nurses

	1988	1990	1995	2000	2004
Clinics					
Nurses	44,530	49,904	65,269	87,493	115,766
Assistant nurses	113,220	121,377	139,651	153,287	159,678
Hospitals					
Nurses	328,741	353,382	439,982	524,578	588,085
Assistant nurses	224,905	232,715	244,289	223,633	202,934
Total					
Nurses	387,316	420,844	533,682	679,955	797,233
Assistant nurses	342,952	362,037	400,480	418,352	423,296
<b>Grand total</b>	<b>730,268</b>	<b>782,881</b>	<b>934,162</b>	<b>1,098,307</b>	<b>1,220,529</b>

Source: Japanese Nursing Association, *Kango kankei tokei shiryoshu* (Statistical Data on Nursing Service in Japan), 2006.

Note: Updates every two years.

## Number of Nurses and Beds in Major Countries

		Registered nurses	Beds in hospitals	Ratio per 1,000 population	
				Nurses	Beds
Japan	2004	811,538	1,631,553	6.4	12.8
Canada	2003	309,576	94,458	9.8	3.0
USA	2002	2,274,080	822,531	7.9	2.9
Denmark	2003	37,799	17,692	7.0	3.3
France	2004	453,659	226,803	7.5	3.8
Germany	2004	800,000	531,333	9.7	6.4
Sweden	2003	92,101	19,985	10.3	2.2
UK	2004	550,000	218,000	9.2	3.6

Source: Japanese Nursing Association, *Kango kankei tokei shiryoshu* (Statistical Data on Nursing Service in Japan), 2006.

## Number of Patients by Type of Hospital

	1984		1993		2000		2005	
	Inpatients	Outpatients	Inpatients	Outpatients	Inpatients	Outpatients	Inpatients	Outpatients
Mental hospital	252,598	23,695	254,739	32,752	244,215	42,358	242,461	50,482
TB sanitarium	2,321	575	670	226	161	12	75	4
General hospital	994,373	1,323,284	1,134,408	1,701,870	1,157,023	1,768,619	1,139,653	1,529,154
<b>Total</b>	<b>1,249,292</b>	<b>1,347,554</b>	<b>1,389,817</b>	<b>1,734,848</b>	<b>1,401,399</b>	<b>1,810,990</b>	<b>1,382,190</b>	<b>1,579,640</b>

Source: Ministry of Health, Labor and Welfare, *Iryo shisetsu chosa, byoin hokoku* (Report on Hospitals), 2005.

## Estimated Number of Inpatients by Injury and Disease

(as of October 2005)

Classification	Estimated number of patients (1,000 persons)	Composition (%)
Total	1,462.8	100.0
I Infectious and parasitic diseases	27.2	1.9
Tuberculosis	6.1	0.4
II Cancer	169.8	11.6
Stomach cancer	18.8	1.3
Colon cancer	19.4	1.3
III Endocrine, nutritional, and metabolic diseases	39.7	2.7
Diabetes	30.3	2.1
IV Mental disorders	326.2	22.3
Schizophrenia, schizophrenic and delusional disorders	198.9	13.6
V Diseases of the nervous system	97.3	6.7
VI Disorders of the eye and adnexa	12.7	0.9
VII Diseases of the circulatory system	318.7	21.8
Hypertension	11.6	0.8
Heart disease	60.2	4.1
Cerebrovascular diseases	233.6	16.0
VIII Diseases of the respiratory system	78.7	5.4
Asthma	8.7	0.6
IX Diseases of the digestive system	72.0	4.9
Gastric ulcer and duodenal ulcer	11.7	0.8
Liver disease	12.7	0.9
X Diseases of the musculoskeletal system and connective tissue	68.8	4.7
XI Diseases of the genitourinary system	46.2	3.2
XII Others	205.5	14.0

Source: Ministry of Health, Labor and Welfare, *Kanja chosa* (Patient Statistics), 2005.

Note: Updates every three years.

## Estimated Number of Outpatients by Injury and Disease (as of October 2005)

Classification	Estimated number of patients (1,000 persons)	Composition (%)
Total	7,092.4	100.0
I Infectious and parasitic diseases	227.5	3.2
Tuberculosis	3.1	0.0
Viral hepatitis	79.4	1.1
II Cancer	204.6	2.9
Stomach cancer	19.3	0.3
Colon cancer	20.3	0.3
III Endocrine, nutritional, and metabolic diseases	381.5	5.4
Diabetes	202.4	2.9
IV Mental disorders	224.5	3.2
V Diseases of the nervous system	143.2	2.0
VI Disorders of the eye and adnexa	333.7	4.7
VII Diseases of the ear and mastoid process	114.6	1.6
VIII Diseases of the circulatory system	949.5	13.4
Hypertension	644.2	9.1
Heart disease	142.6	2.0
Cerebrovascular disease	122.9	1.7
IX Diseases of the respiratory system	757.7	10.7
Asthma	147.1	2.1
X Diseases of the digestive system	1,301.4	18.3
Disease of the teeth and supporting structures	985.9	13.9
Gastric ulcer and duodenal ulcer	166.4	2.3
XI Diseases of the skin and subcutaneous tissue	266.6	3.8
XII Diseases of the musculoskeletal system and connective tissue	983.1	13.9
XIII Diseases of the genitourinary system	252.0	3.6
XIV Others	952.5	13.4

Source: Ministry of Health, Labor and Welfare, *Kanja chosa* (Patient Statistics), 2005.

Note: Updates every three years.

## National Medical-Care Expenditures

FY	Total (¥ trillion)	Per capita (¥1,000)	Share of national income (%)
1970	2.5	24.1	4.1
1975	6.5	57.9	5.2
1980	12.0	102.3	6.0
1985	16.0	132.3	6.1
1990	20.6	166.7	5.9
1995	27.0	214.7	7.2
2000	30.1	237.5	8.1
2004	32.1	251.5	8.9

Source: Ministry of Health, Labor and Welfare.

## Outline of Health Insurance Systems, April 2006

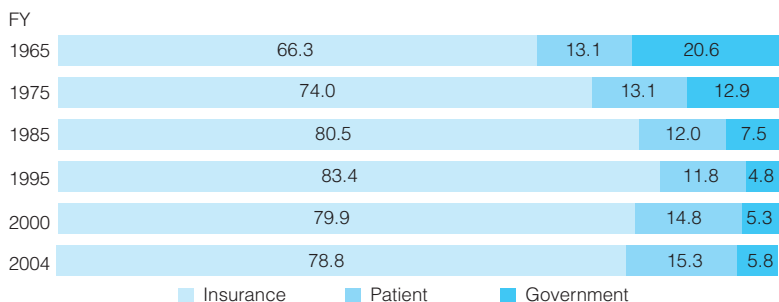
Type of system	Insurer	Persons covered <sup>a</sup> (million)	Benefits
Government-managed health insurance (for employees of small businesses)	Government	35.6	70% of costs for subscribers
Association-managed health insurance (for employees of large businesses)	Health insurance associations	30.0	
National health insurance (for the self-employed and others)	Municipalities	47.6	
	National health insurance associations	4.0	

Source: Ministry of Health, Labor and Welfare, *Kosei rodo hakusho* (White Paper on Health, Labor and Welfare), 2006.

a. Subscribers plus dependents.

## Distribution of Medical-Care Expenditures Burden

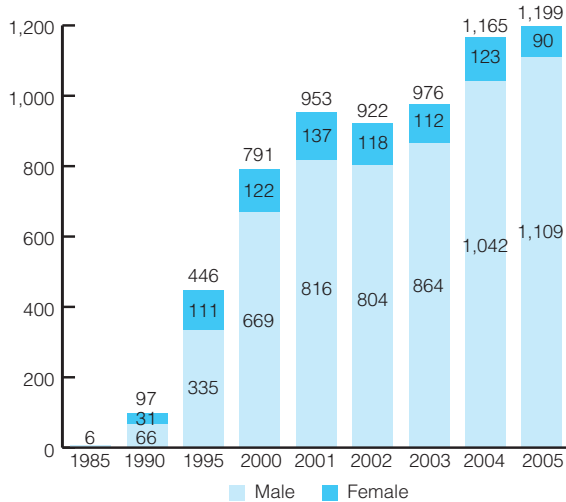
(%)



Source: Ministry of Health, Labor and Welfare.

## People with HIV/AIDS

(newly reported cases)



Source: Ministry of Health, Labor and Welfare.

## Organ Transplantation

The Organ Transplant Law came into effect in October 1997, legalizing the transplantation of the heart, lung, liver, kidney, and small intestine from brain-dead donors. Organ donation from a brain-dead donor is permitted only when the person (15 years old or over) has already made a written declaration that he or she is willing to accept the brain-death diagnosis and to donate organs for organ transplantation, provided also that his/her family agrees to both wishes. After the law came into force, there had been only 50 cases of organ transplantation from brain-dead donors in Japan by the end of 2006.

Amid mounting calls for allowing organ transplantation from brain-dead donors aged under 15, the ruling Liberal Democratic Party and the New Komeito separately submitted bills to revise the Organ Transplantation Law to the National Diet in April 2006, proposing to lower or abolish the age limit of donors.

The shocking news in late 2006 that a doctor in Ehime Prefecture had conducted 42 transplants using kidneys from patients who were suffering from kidney cancer and other diseases has highlighted the shortage of kidneys available for transplant, and the ruling parties have shown a strong intention to revise the current law during the ordinary Diet session in 2007.