



Health Care in Japan

Who provides health care in Japan?

Japan has a system of universal health coverage, although individuals may receive coverage quite differently. It can be divided into two broad categories: National Health Insurance and Employees' Health Insurance. Membership in either program is compulsory. According to the Organization for Economic Cooperation and Development, private health insurance is rarely utilized in Japan.¹

Employee Health Insurance covers people who are working for medium to large companies; national or local government; or private schools.² There is also a government-managed program within this plan for employees of small businesses.³ Premiums are based on monthly salary (excluding bonuses) and half is paid by the employer, half by the employee. The average contribution is around 4% of the person's salary. Those covered under Employee Health Insurance pay 20% of their medical costs when hospitalized and 30% of the costs for out-patient care. Co-payments may also be required for prescription drugs. Costs are shared by the patients up to a certain ceiling, after which they receive full coverage. In case of long-term illness, the patients or the patients' spouse receive an allowance based on their salary; in case of death, an allowance for the funeral is also paid.⁴

National Health Insurance covers workers in agriculture, forestry, or fisheries, those that are self-employed, and those not employed (including expectant mothers, students, retirees, etc). "A working mother, for example, would withdraw from her company's insurance and join the National scheme in her local ward or city. The local office provides a lump sum towards childbirth costs (on average around 300,000 yen) and a small monthly allowance afterwards."⁵ Under this plan the insured pay 30% of in- or out-patient costs, as well as co-payments for prescription drugs. Similarly to the Employee Health Insurance program, patients share costs up to a certain ceiling, after which point they receive full coverage. Premiums are based on salary, property, and

¹ Elizabeth Docteur and Howard Oxley, "Health-Care Systems: Lessons from the Reform Experience," OECD Health Working Papers 9, Organization for Economic Cooperation and Development, 5 December 2003.

² "Health and Welfare," <http://www.japan-zone.com/new/welfare.shtml>

³ "Health care System," Japanese Pharmaceutical Manufacturers Association, [http://www.jpma.or.jp/12english/guide_industry/health care/health care.html](http://www.jpma.or.jp/12english/guide_industry/health%20care/health%20care.html)

⁴ "Health and Welfare," Ibid.

⁵ Ibid.

dependents; on average, the premiums are about 4% of salary. Coverage includes sickness, injury, necessary dental work, childbirth, and death of the insured or their dependents. Conditions and treatments not covered by this insurance plan include orthodontic work, cosmetic surgery, vaccinations, abortions, injuries incurred while drunk or fighting, and treatment outside of Japan.⁶

There is also a national health program for the Elderly. People over 70 qualify for this program, which is funded by contributions from the two main plans.

Who qualifies for health care in Japan?

In a recent court case, the judge noted that “‘in general’ foreigners must have legal status to receive national health coverage. Yet ‘Supreme Court Justice Niro Shimada also allowed that ‘each case should be judged according to individual circumstances and how they have been living in Japan.’” In the case that prompted this judgment, the plaintiff, a Taiwanese citizen who had overstayed his visa since 1971, had filed for compensation for 18 million yen paid in medicals bills for his son, who was born in Japan. At the time of his son’s illness, the plaintiff did not qualify for national health coverage because he did not have the proper residential status. Likewise, in March 1992, the former health ministry declared that “foreigners whose status permits them to stay a year or more in the country are eligible for national health insurance.”⁷

What does health care cost in Japan?

“Fees for medical services are standardized nationwide by the Medical Fee Table and those for drugs by the National Health Insurance price list.”⁸ Costs covered in part or in full by health insurance include in- and out-patient care, home care, and dental care; prescription drugs; long-term care expenses; home nursing expenses for the elderly; prosthetics; and cash benefits for childbirth. Costs that are **not** paid include additional fees for hospital care (such as for a private room); routine physical examinations; some dental treatments; over-the-counter drugs; daily expenses (such as for food) incurred in health facilities for the elderly; and some prosthetics, including eyeglasses.⁹ The Japanese health care system has utilized cost controls for both primary and secondary care.¹⁰

What are the primary issues in Japan regarding health care?

The Japanese social system as a whole is expected to struggle in the future, as its population of young working citizens will increasingly be outnumbered by elderly

⁶ Ibid.

⁷ “A health break for illegals,” *Asahi Shimbun* English-language edition, 16 January 2004, <http://www.asahi.com/english/nation/TKY200401160171.html>

⁸ “Health care System,” Ibid.

⁹ Ibid.

¹⁰ Elizabeth Docteur and Howard Oxley, “Health-Care Systems: Lessons from the Reform Experience,” OECD Health Working Papers 9, Organization for Economic Cooperation and Development, 5 December 2003.

retirees. “By 2050 Japan is projected to lose 35 million workers, with 35 percent of the population in retirement.... The median age of Japanese population will have risen by 12 years to 53.... One question being asked is how a shrinking workforce – expected to be 50 million in 2050 – can support such a large number of retirees.”¹¹ To offset current and future deficits in the nation’s health and pension funds, the government recently asked employers to pay more for their employee’s pension contributions, which already total 14% of the employee’s annual income, shared between the employer and the employee. Employers are staunchly opposed to this idea.¹²

More specific problems can also be found within the Japanese medical system; in addition to the strain posed by the aging of Japan’s population, the style of its medical system also tends to make it highly expensive. For example, “Western countries have about the same number of doctors and nurses as Japan, in proportion to the size of the population, but they have about one-third or one-half fewer hospital beds. In Japan, hospital stays are two to three times longer than in the West, so the number of beds is consequently larger.”¹³ Due in part to such practices, in FY1999 the national health expenditure exceeded 30 million yen for the first time, equaling 8% of the national GDP. The Ministry of Health, Labor, and Welfare wrote that “it is urgent to implement a radical reform of the medical care insurance system to minimize the growth of inflating medical expenditure, while allowing all people to receive quality medical care.”¹⁴

¹¹ Booyeon Lee, “New Imports: Help wanted: Is immigration the answer to the shrinking labor force?” *Asahi Shimbun* English-language edition, 23 December 2003, <http://ashai.com/english/business/TKY200312230157.html>

¹² “Employers vent over planned pension hike,” *Asahi Shimbun* English-language edition, 11 December 2003, <http://www.asahi.com/english/business/TKY200312110164.html>

¹³ “Editorial: Reforming medical fees,” *Asahi Shimbun* English-language edition, 23 December 2003, <http://www.asahi.com/english/opinion/TKY200312230129.html>

¹⁴ “Health Insurance Bureau,” <http://www.mhlw.go.jp/english/org/policy/p34-35.html>