

LONG TERM CARE FINANCING IN JAPAN

Catherine Wan
Service Coordinator

Hong Kong Sheng Kung Hui
Welfare Council



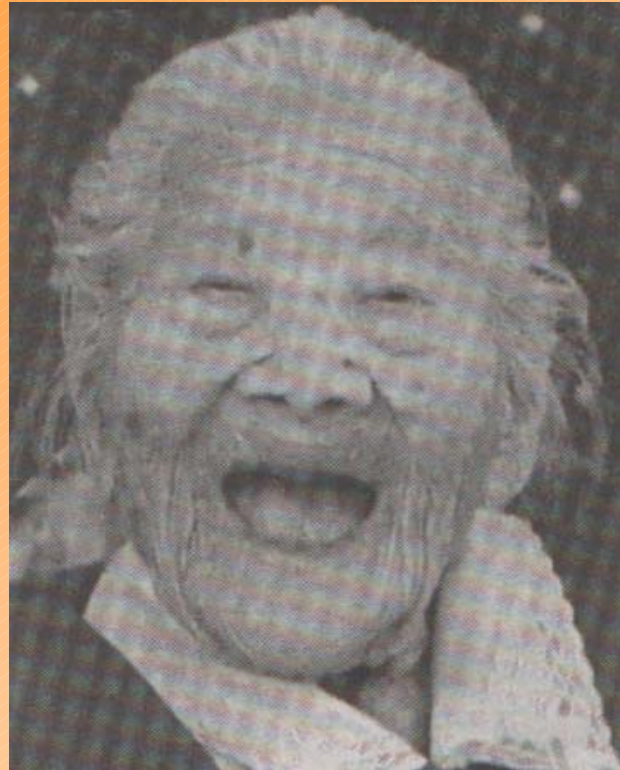
- **Background of Japan's Long Term Care Insurance System**
- **Outline of the System and its implementation**
- **Implication to Hong Kong's Long Term Care System**

Background

Q1 : Why Japan developed the Long Term Care Insurance System (LTCI)?

Q2 : How was the LTCI developed?

全球最年長人瑞



長壽 日本九州鹿兒島的Kamato Hongo 婆婆是目前全球最年長的女人瑞。她生於1887年9月16日，家人剛為她慶祝115歲生日。據婆婆家人說，她的作息時間很特別，她一睡便兩日兩夜，跟著就兩日不眠不休。

A 1: 1. Aging population in Japan

- **2000 17.2% above age 65
2.8 million bedridden and dementia**
- **2025 27.4% above age 65
5.2 million bedridden and dementia**

2. Weakening of family care

3. Great financial burden on the medical system due to social hospitalization

4. The business circle strongly against high-rate taxes to finance the public service

A 2 :

- 1986 - Policy Statement on the national long-term program to cope with the society of longevity
- 1990 - Ten-Year Gold Plan for the Development of Health and Welfare Services for the Elderly
- 1994 - Public long-term care insurance program
- 1995 - Fundamental law on Policies for Aging Society
- 1997 - The draft of LTCI was approved by the National Diet
- 1 April 2000 - Implementation of Public LTCI

Aims of LTCI

- Facilitate a system to support those with LTC need
- A user-oriented system in which respect for the choice of the elderly
- Integration of the welfare system and health system
- Encourage private sector to provide LTC service
- Establish the care management system
- Decrease cases of social hospitalisation
- First step towards restructuring the social security system, and to provide stable fund for increasing expenditure

OUTLINE OF THE LTICI STSTEM

The Japanese Public LTICI is
a mixture of insurance and
tax-supported system

Welfare System (Financed from tax revenue)

- Skilled nursing homes
- Home-care aid
- Respite care
- Day-care service

Health Service System (Financed from premiums+ tax)

- Geriatric hospitals
- Health service facilities for the elderly
- Nurse visits

Financed from
Premiums
+
tax

Long –Term Care Insurance

- | |
|---|
| Institutions |
| • Skilled nursing homes |
| • Geriatric hospitals |
| • Health service facilities for the elderly |
| Home |
| • Home-care aid |
| • Respite care |
| • Day-care service |
| • Nurse visits |

1. Insurer : Municipality

**i.e. City, Township,
Village, and Ku**

**Insuree : Permanent residents of
the municipality, aged 40
and over**

2. Insured, Beneficiaries and Premium

	Type I	Type II
Eligible Persons	Aged 65 or above	Aged 40 to 64 who are insured by health care insurance
Beneficiaries	Requiring long term institutional or home care service or domiciliary support	Cover the care service needs caused by age-related diseases
Eligibility to use LTCI	Assessed by the municipality	Assessed by the municipality
Premium	Depended on the level of service available and the income of the elderly (5 levels) *	Depended on the income, and kind of public medical care insurance held. The payment is to be shared between the employer and the employee (1:1)
Collection	Deducted from pension or collected by municipality	Collected with premiums for health care insurance by health care insurers and paid in lump sums.

3. Estimated Average Amount of Insurance Fee

Type I : 2885 yen (HK\$188) per month
range from 1409 yen (HK\$92) to
6204 yen (HK\$403)

Type II : roughly 1% of income
(0.5% from employee,
0.5% from employer)



Level	Eligible Persons	Premium	(Ref.) Estimated percentage of eligible persons
1	<ul style="list-style-type: none">• Public assistance recipients• Municipal tax-exempted households and Old-Age Welfare Pension recipients	Basic amount X 0.5	Approx.2%
2	Municipal tax-exempted households	Basic amount X 0.75	Approx.29%
3	Municipal tax-exempted persons	Basic amount X 1	Approx.43%
4	Municipal tax payer (The insured person's total amount of income is less than 2,500,000 yen.)	Basic amount X 1.25	Approx.16%
5	Municipal tax payer (The insured person's total amount of income is 2,500,000 yen or more.)	Basic amount X 1.5	Approx.10%

4. Beneficiary

* Exchange rate : Yen100 : HK\$6.5

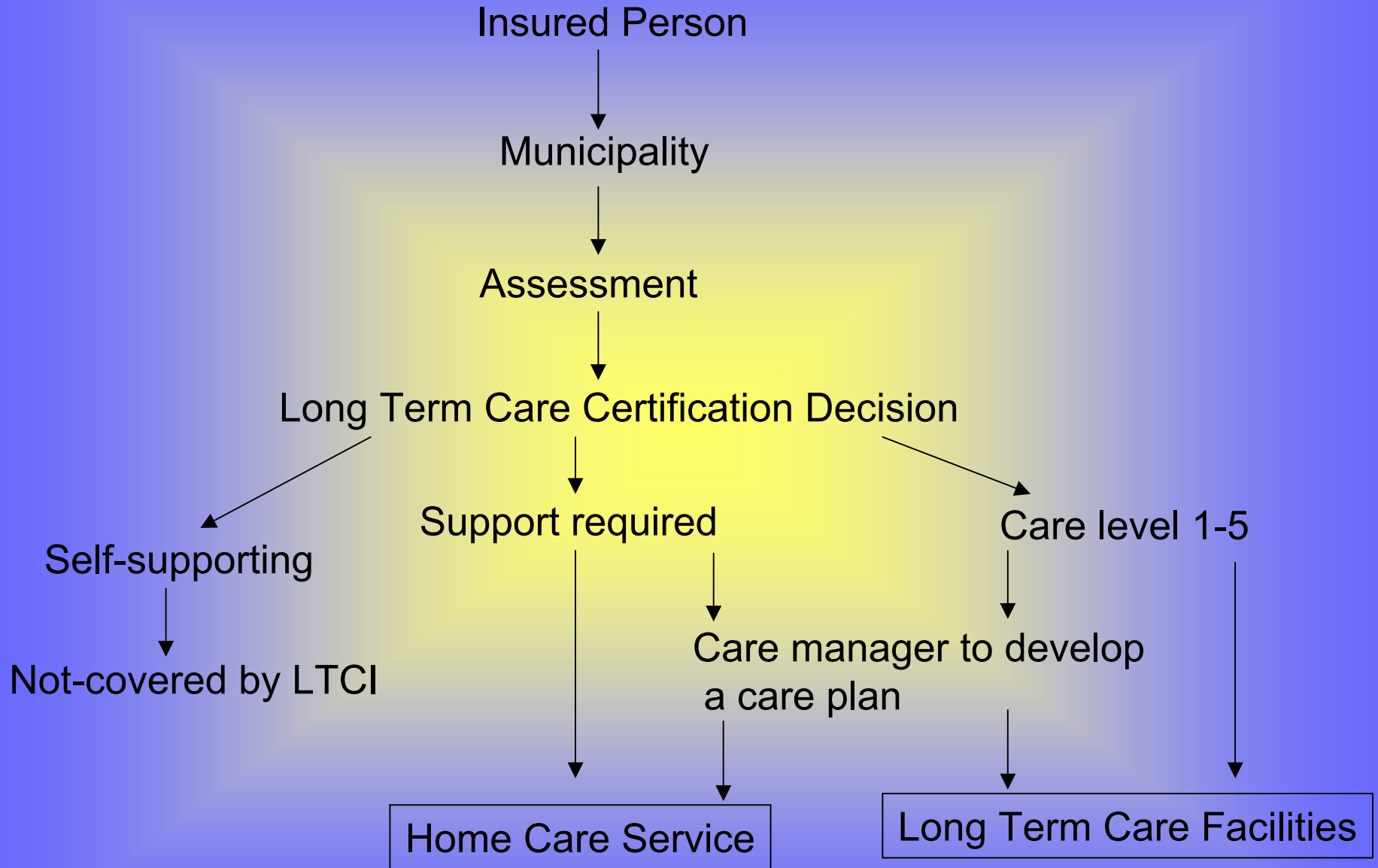
Care Level	In Home Service (HK\$) per month	LTC facilities (HK\$) per month
Supported required	4 000	---
Care Level 1	10 777	13 084 – 23 263
Care Level 2	12 662	13 825 – 24 160
Care Level 3	17 387	14 547 – 25 057
Care Level 4	19 890	15 288 – 25 954
Care Level 5	23 289	16 009 – 26 851

5. Co-payment

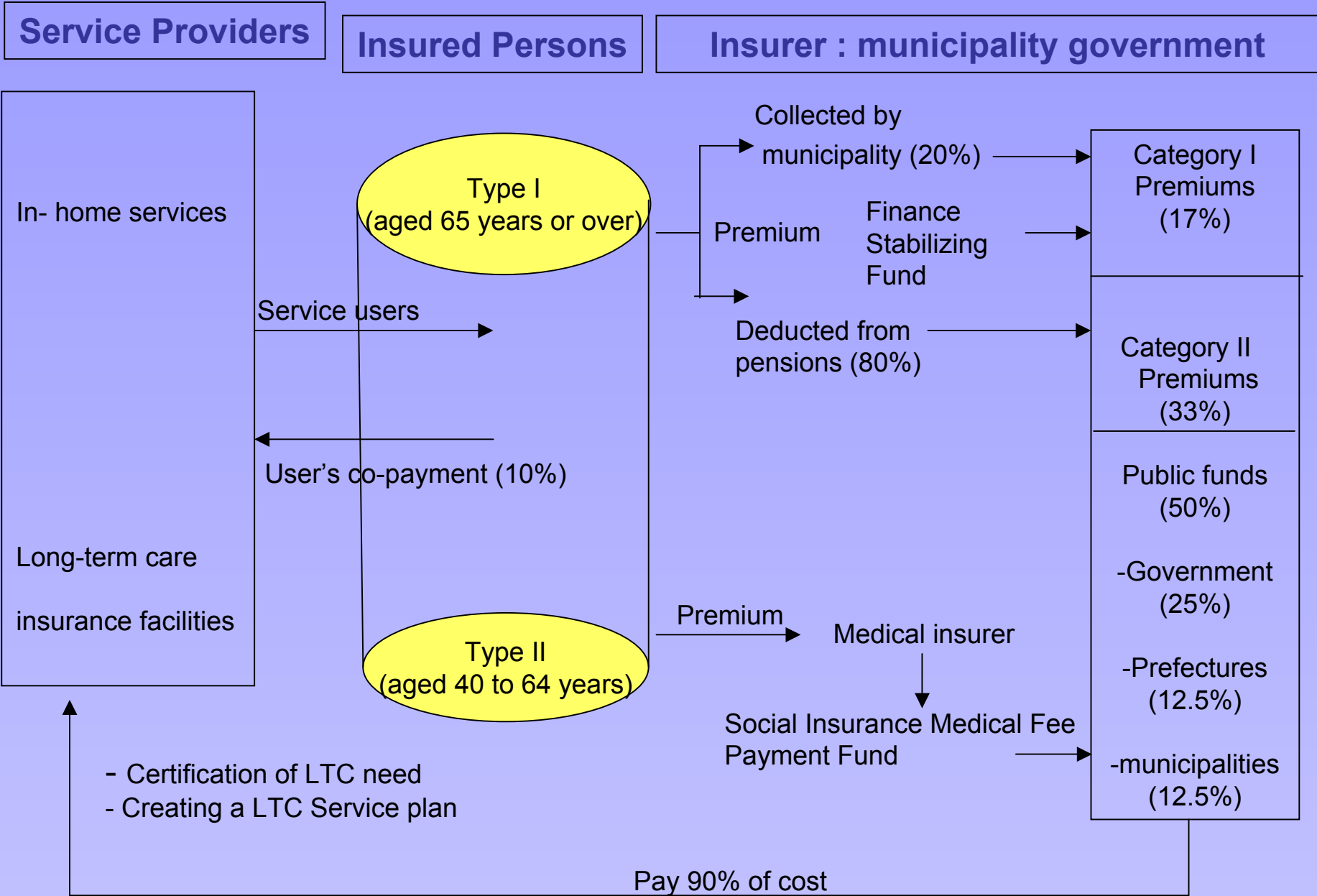
The insurance is required to pay 10% of the service and the meals. For the low-income group, the amount of co-payment will be reduced or covered by the public assistance.

	Upper limit of 10% charge per month (HK\$)	Standard Charges for meal per month (HK\$)
Non- low income persons	2418	1521
Municipal tax-exempted households	1599	975
Old-Age Welfare Pension recipients	975	585

6. Procedure of LTCI



Outline of the LTCI System



IMPLEMENTATION

1. Uniform administrative structure

- administered by municipal governments
- possible for municipal governments to draw a long range plan to cope with LTC

2. LTCI Law

- LTCI law is intended for disability caused by aging
- limited to people aged 40 years or over

3. Financing mode

- half of the finance comes from tax and the half come from premium contribution

4. Cash benefit

- no provision of cash benefit to family caregivers

5. Difference between the previous system and LTCI system (*)

6. Service usage (**)

* Difference between the previous system and LTCI system from the users' point of view

	Previous System	LTCI System
1	Apply at the administrative office, municipalities determine the service	Users can choose the type of service and facilities they want to use
2	Apply separately for medical care and welfare	Users will make a care plan and use medical care and welfare services comprehensively
3	Service provided mainly by municipalities and public organizations	Services provided by various organizations and private sectors
4	For middle and high income persons, services are hard to use due to expensive cost to bear	Users will pay 10% charge for the service regardless of their income

() Comparison of service usage before and after the
implementation of the LTCI
(survey conducted by 108 insurers)**

	Monthly average in 1999	Nov/ 2000	May/ 2001
Home-visit LTC	3,550,000	5,390,000 (52% over)	6,450,000 (82% over)
Commuting LTC	2,500,000	3,400,000 (36% over)	3,840,000 (54% over)
Short stay	918,000 days	849,000 days (7% decrease)	1,092,000 days (19% over)

IMPLICATION TO HONG KONG'S LTC SYSTEM

1. Liberalizing the LTC Service industry

(Japan's case)

	Apr/2000	Apr/2002
Home-visit LTC facilities	9,185	15,008 (63% increased)
Residence LTC assistance facilities	19,466	23,321 (19% increased)

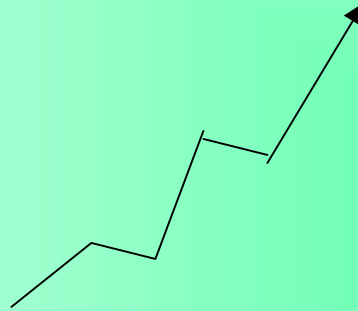
2. Quality Assurance System to check with the LTC service quality

3. A valid and reliable system for rating and approving LTC recipients

4. Consideration of the ability of family caregivers to deliver service on their own (cash benefit ??)
5. The contractual relationship between insured and service providers is new to Japanese (Hong Kong?) culture
6. Financial implications to different parties
 - HK government (the insurer)
 - elderly people, carer, working generation (the insured)
 - service operators
7. Interfacing of entire health and welfare system (LTCI not solely the social insurance system)

Future aging population in Hong Kong

- Year 2031, 24.3% 65 years or above
 - life expectancy of man 82.3 years old
 - life expectancy of woman 87.8 years old
- Implies cost of medical care and long term care increase
- Who pay for whom?



Perhaps, Japan's LTC model will be able to give various lessons in the world wide aging societies.

START PLANNING NOW !!

THANK YOU !