

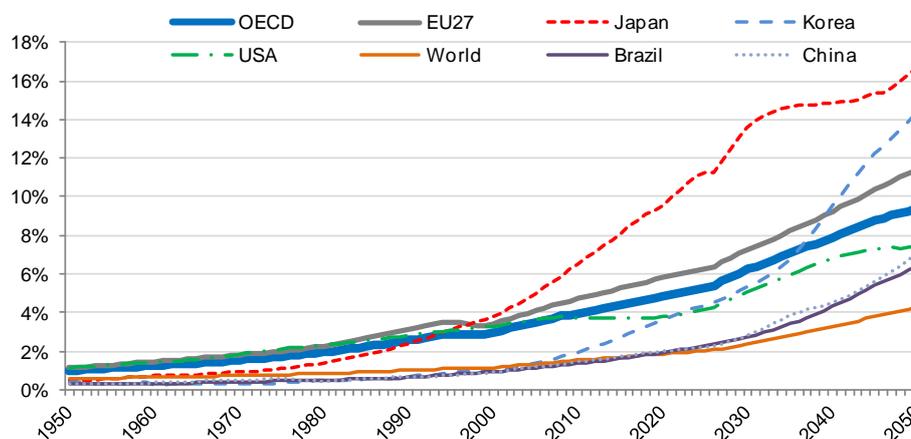
## Highlights from *Help Wanted? Providing and Paying for Long-Term Care*, OECD Publishing, 2011.

- Despite a comprehensive system, Japan has succeeded in containing long-term care (LTC) expenditure to levels below that of other comprehensive LTC systems such as those in Nordic countries. However Japan public spending on long-term care is projected to more than double from 1.4% in 2007, and could even reach 4.4% of GDP in 2050. Japan's real public LTC spending is expected to grow at a faster rate between 2006 and 2025.



- Japan has implemented several policies to attract and retain care workers. In 2009, a fund was set up to assist providers in offering higher salaries. There are various subsidies available to attract young people in the LTC sector and for training for job leavers or for those who are currently working in other sectors.
- By 2050, the demand for LTC workers is expected to about double in Japan, as in the United-States and Canada. However, the total workforce in the economy is set to decline in Japan, and the need for care will grow in line with the number of people aged over 80 years in the population. In light of the limited inflow of care workers from other countries, the ability to recruit enough domestic workers to the sector will be of utmost importance in the future.
- Japan covers LTC through mandatory social LTC insurance, similar to the system of Germany, the Netherlands, Luxembourg, and, more recently Korea (2008). The source of funding is mixed: 45% of the funding comes from taxes, 45% from social contributions, and 10% from cost-sharing. Social insurance contributions are paid for by people aged over 40 years, allowing funding from a broad pool.
- Reducing potential dependency in later life through lifelong health promotion will help to mitigate growth in LTC expenditure. In 2006, the Japanese government introduced a community-based, prevention-oriented LTC benefit in their long-term care insurance system. The aim was to prevent seniors in need of low levels of care from becoming dependent, by providing services targeted at improving the individual's physical strength, mental health, oral function and nutritional status

### Japan has the highest projected share of the population aged over 80 years



Source: *Help Wanted? Providing and Paying for Long-term Care* © OECD 2011

### Key Facts

- About 23% (OECD average 15%) of the Japanese population is aged over 65 and approximately 6.2% (OECD average 4%) over 80 in 2009.
- According to the OECD Health Data (2010), Japan spent 1.2% of its GDP on long-term nursing care in 2007, of which 1.1% was spent on public care and 0.1% was spent on private care.
- For 2006, approximately 9.8% of Japan's population over the age of 65 received LTC at home and 3% received care in an institution.
- In 2007, Japan was estimated to have 5.4 formal long-term care workers per 1000 population over the age of 65.
- Additionally, in 2008 there were approximately 26.3 long-term care beds in an institutional setting per 1000 population over the age of 65 (OECD Health Data, 2010).

### Background

Japan's population of 65 and older is one of the fastest growing of all OECD countries. In response to the needs of this population, Japan introduced a Long-Term Care Insurance (LTCI) program in addition to the mandatory national health care system in April 2000. LTCI was created in an effort to alleviate familial responsibility, make the relation between the cost burden and benefit clear and support the user's independence based on their choice. A further goal was to reduce long-term admission to general hospitals due to long-term care needs (so-called social admissions). The Long-Term Care Insurance programme is legislated by the central government and managed by individual municipalities. Eligibility criteria are uniform standards across Japan. One major component of LTCI was the introduction of for-profit in addition to non-profit homecare service providers, while institutional care remains mainly non-profit.

### Benefits and Eligibility Criteria

Long-term care (LTC) services are available to all Japanese citizens aged 65 years and older, identified as a "1<sup>st</sup> category insured persons". Additionally, LTC coverage is available for people between the ages of 40 to 64 for care due to an age-related illness such as Parkinson's disease, pre-senile dementia or stroke. These individuals are classified as 2<sup>nd</sup> category insured persons. Once a person is certified as needing care, coverage is determined according to certified need into one of five categories (one being the least amount of care needed and five being the most). Once placed in a category, the insuree receives services based on a long-term care service plan. The plan is reviewed regularly to ensure that all care needs are being met. LTC Insurance covers 90% of costs, provided that services are rendered by a certified provider either institutionally, community-based or in the home. Community comprehensive support centers are provided by and organised through individual municipalities.

### Funding and Coverage

The majority of long-term care services in Japan are provided by the formal Long-Term Care Insurance programme. Private insurance (critical illness insurance) is available but has a minor role. Recipients of LTCI are required to pay 10% of the total cost of the services they receive. The remaining 90% is divided evenly between different governmental divisions (50%) and public contribution (50%) paid by those over 40 years. The government expenditures are as follows: 50% from the national government, 25% from the prefectural government and 25% from the municipality. Public contributions vary by category of insured persons and income level. Based on the estimated cost of services and economic trends, each municipality determines the ratio of the fee collected from insured persons of different categories. The contribution by the public is reviewed every three years.

In order to receive LTCI payments, providers must be certified by the prefectural government (municipal government for community-based services) and must follow the plan organized by the "care manager". Under the LTCI programme, recipients pay out-of-pocket and the service providers submit for reimbursement for up to 90% of the cost of care. Occasionally, the service provider will receive the benefit directly from the insurer (i.e., the municipality). Certain expenses, such as board and lodging costs of the

Special Nursing Homes for the Elderly, are covered to a large extent by the out-of pocket payment of the user.

### **Workforce Issues**

Currently, there is no legal definition for informal care, nor are there any subsidies available for informal caregivers. On the other hand, formal caregivers are protected under the provisions of the Labour Standards Act., which arranges nationally set benefits, such as annual paid leave, child care leave, maternity leave and workers' accident compensation. In addition, municipalities offer formal LTC workers benefits such as counselling, training and post-care employment assistance.

In order to become a certified LTC caregiver, all workers must obtain minimum training qualifications, depending on the service provided. Due to the rising demand for long-term care workers, the central government has arranged a rewards programme which subsidises providers who employ, educate and retain caregivers who are new to the field. Despite the incentives created through the central and municipal governments, there continues to be an overwhelming demand for long-term care in response to the opportunity for public financing of LTC services.

### **References**

OECD 2009-2010 Questionnaire on Long-Term Care Workforce and Financing

OECD (2010) *Health Data 2010*, Paris

OECD Social and Labour Demographics Database 2010