Future of long-term care financing in Japan & The Netherlands

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Japan & The Netherlands
Presentation

• Introduction
• Demography
• Long-term care system in Japan
• Long-term care system in The Netherlands
• Reform of medical and long-term care
• Future of long-term care in both countries
Introduction

Post second world war: baby boom
  → The baby boomers are retiring now

Increasing life expectancy
  → Population above 65 years old is increasing

Low fertility rate
  → Both countries: ageing population
Demography

*Trends in life expectancies at birth from 1950 onwards*

Source: Human Mortality Database
Trends in life expectancies at birth from 1950 onwards

Source: Human Mortality Database
### Percentage of elderly over 65, 75 and 80 years old

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Netherlands</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 65</td>
<td>15 %</td>
<td>23 %</td>
<td>30 %</td>
<td>36 %</td>
<td>13 %</td>
<td>15 %</td>
</tr>
<tr>
<td>Over 75</td>
<td>6 %</td>
<td>11 %</td>
<td>18 %</td>
<td>21 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 80</td>
<td>3 %</td>
<td>6 %</td>
<td>11 %</td>
<td>15 %</td>
<td>3 %</td>
<td>4 %</td>
</tr>
</tbody>
</table>
Long-term care system Japan

In the past: - tax funded
- municipality level
- service mainly low income

Since 2000: insurance scheme
• Insurance for citizens 40 years and older
• Premium based
• Municipalities arrange the care
Outline of Long-term Care Insurance System

<table>
<thead>
<tr>
<th>Tax</th>
<th>Municipalities (Insurer)</th>
<th>In-home services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nation</td>
<td>25%</td>
<td>Community-based services</td>
</tr>
<tr>
<td>Prefectures</td>
<td>12.5%</td>
<td>Facility services</td>
</tr>
<tr>
<td>Municipalities</td>
<td>12.5%</td>
<td>Care prevention services</td>
</tr>
<tr>
<td>Premium</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td><strong>Pay 90% of the expenses</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Service use</strong></td>
</tr>
<tr>
<td>The Insured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People 65 or older</td>
<td></td>
<td><strong>10% payment</strong></td>
</tr>
<tr>
<td>People aged 40 - 64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Changes in the system in Japan

Increasing expenditure on pension, medical insurance and welfare (incl LTC):

- 1990: 47,2 trillion yen (488 billion US$)
- 2012: 109,5 trillion yen (1133 billion US$)

Welfare expenditure: 10% (1990) to 18,8% (2012)
Tax and premium funded
Changes in the system in Japan

2012: 109.5 trillion costs
• Tax revenue 42.3 trillion (437 billion US$)
• Expenditure 90.3 trillion (934 billion US$)
• Shortfall compensated by bond (debenture)
→ National debt increased to 230% of GDP (highest in the world)
Changes in the system in Japan

National Government: tax reform
- Consumer tax: 5 % to 8% (2014) to 10% (2015)
- Increase of insurance premium is expected
The system in Netherlands

- Health Insurance Act (ZVW)
- Exceptional Medical Expenses Act (AWBZ)
  → Budget: 87 billion € (115 billion US$)
  → Average costs: 5.243 €/citizen (6.949 US$)
  → Approx: 3.000,- cure; 2.000,- LTC

- Social Support Act (WMO): municipalities
  → cleaning, aiding tools
The LTC system in Netherlands

Costs LTC 1972 till 2012 (billion Euro)
Users of Long-term care

Japan:
1.84 million (2000)
4.13 million (2013) = approx 1.9 % of citizens
6.41 million (2025) = approx. 5.1% of citizens

Netherlands:
333,000 (2000)
600,000 (2010) = approx 3.7 % of citizens
In 2010 340,000 people receive care at home
Reform of medical and long-term care

Reform of the system is issue in both countries
• Mind set, finance, law

Japan:
• Decrease of hospital stay (32,5 days)
• Integrated community care system
• Rehabilitation
• Home-visit nurses
Reform concept Japan

- Intensive input of medical care resources into highly acute phase
- Improve home medical care and build an integrated community care system

Close Collaboration of Hospitals

- Acute-phase hospital
- Subacute-/recovery-phase rehabilitation hospital
- Local partner hospital
- Family doctor

Total Management

- Home medical care coordination center
- Community General Support Center
- Care manager

Integrated community care system

Medical Care

- Home medical Care
- Home visit nursing

Long-term Care

- Home visit Long-term and Nursing care

Visiting

Home

Living support and preventive care (Old people’s clubs, etc.)
Reform of medical and long-term care

Netherlands:

• Decrease the hospital costs
• More focus on rehabilitation
• LTC at home
• Change of criteria to get access to nursing home
• Higher co-payments service
8.8.1 Long-term care public expenditure (health and social components), as share of GDP, 2009 (or nearest year)

Source: OECD Health Data 2011.
Future of Long-term care

- The demand will increase
- More money is needed
- Promote efficiency
- Expensive care shift to less expensive care
- Healthy workforce
Thank you!

ILC Japan