

Current Status and Issues related to Long-Term care in Japan

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Executive Summary

Japan has a long-term care insurance system based on the social insurance system. All elderly people can receive the services they need based on their condition when they need long-term care. Since its establishment in 2000, the long-term care insurance system has been steadily rooted in the public and has operated stably. On the other hand, the aging of the population since its establishment has raised concerns about the sustainability of the system. In particular, how to bear the costs and how to secure human resources for the provision of long-term care services are pressing issues, and various initiatives are being considered.

1. Overview of the Japan's Long-Term Care Insurance System

Japan has a long-term care insurance system. Long-term care insurance exists under the social insurance system, which supports people's life. All citizens can receive a variety of long-term care services, depending on the degree of need, if they are found to be in need.

Long-term care insurance was introduced in 2000. The background for the establishment of the system is as follows: (1) the number of elderly people in need of care has increased due to the aging of the population, (2) care has been supported by family members, but the nuclear family has weakened the foundation of long-term care, (3) the welfare system does not allow you to choose services and procedures take a long time, and (4) the need to secure new financial resources due to the increase in long-term care costs.

Expenses are covered by tax contributions from the national and prefectural governments, premium paid by primary insured person(aged 64 and over) and secondary insured persons (aged 40~64).

If the user needs nursing care, he should contact the municipal government. After obtaining the opinion of the attending physician and the necessary examinations, the "degree of care required" will be certified according to the condition, and the necessary long-term care services can be obtained within the upper limit according to the degree of care required.

2. Demographic changes

Japan is experiencing a rapidly declining birthrate and an aging population. The proportion of the population over the age of 65, which was about 15% in 2000 when the long-term care insurance system was established, will reach 30% by 2025. In addition, while the total population has already started to decline, the proportion of people aged 75 and over will continue to increase and is expected to exceed 25% by 2055. In addition, the working-age population will start to decline from 2025 onwards.

3. Long-term care insurance issues and the direction of consideration

At present, we are able to provide high-quality and stable services to those in need of long-term care. More than 20 years have passed since the establishment of the long-term care insurance system, the number of users has tripled since the time of its establishment, and the number of long-term care service institutions has been steadily increasing, becoming more and more popular and developing. On the other hand, we are facing some challenges to maintain this system. The increase of the elderly population and the decline in the working generation could be an important issue. With the aging of the population, the total cost of long-term care has increased to about 3.7 since the system was established. Besides, there has been a significant decrease in the number of people of working age that supports the system, we need to address these challenges to ensure the sustainability of the system. Therefore, cost sharing and securing human resources could be the key issues for sustainability of the system.

(1) Cost Sharing

As mentioned above, Japan's long-term care insurance system consists of an appropriate combination of insurance premiums, public expenditures, and user charges. There are various discussions on the issue of adequacy based on burden and fairness based on burden capacity. Among them, we will introduce some of the most common issues.

a. Reviewing the burden according to the ability of the elderly to bear the burden

The primary premiums are premiums paid by policyholders aged 65 and above. Since the establishment of the system, premiums have been set for each income level, including pensions, so that the burden on low-income earners is reduced and the burden on high-income earners is increased. From 2024, the monthly premium will be 6,000 JPY.

In the future, as the number of elderly people increases, the number of users of long-term care insurance services is expected to increase, and the premium is expected to increase, and the premium is expected to be about 9,000 JPY in the future.

In view of this situation, in order to ensure the sustainability of the long-term care

insurance system, it is necessary to control the increase in insurance premiums for low-income people. On the other hand, from the point of view of burden sharing, the standard multiplier of high-income earners will be examined.

b. Self-payment

In the long-term care insurance system, when the system was established, the user contribution rate was uniformly set at 10% regardless of income. In the revision of the Long-Term Care Insurance Law in 2017, in order to ensure fairness in the burden of the working generation while suppressing the increase in insurance premiums as much as possible, the burden ratio of the elderly with a certain income or higher was set at 20%. Furthermore, in the revision of the law in 2017, in order to further enhance the sustainability of the long-term care insurance system, the contribution rate for those with incomes equivalent to those of active workers was raised from 20% to 30% from the viewpoint of seeking fairness in the burden within and between generations and the burden according to the ability to bear the burden.

Based on the history and the balance of other medical services, the review of the criteria for judging income equivalent to that of active workers and income above a certain level is being discussed. There is a positive and cautious position in the review, and consideration will be conducted while grasping the actual living conditions of the elderly and the impact on their lives.

(2) Securing the nursing workforce

In addition to securing financial resources, securing human resources to provide services to meet the growing demand for care is also a major issue. Currently, there are about 2.2 million caregivers in Japan, but it is estimated that 2.8 million caregivers will be needed by 2040, and securing caregivers is an urgent issue.

Various measures have been taken to secure human resources. Examples include efforts to secure and develop diverse human resources and to accept foreign human resources. Among these, improving the treatment of caregivers is one of the important initiatives.

As the average salary of caregivers is lower than the average for all industries, various efforts have been made to improve their working conditions.

Since the revision of caregiver compensation in 2009, various improvements have been made through compensation revisions and subsidies. As a result, the average salary of caregivers is improving and the gap with the average for all industries is narrowing. The need to improve treatment has been strongly emphasized by various stakeholders, and it is desirable to respond as one of the measures to secure human resources in the future.