

## 2. Health and Medical Services

### (1) Health Care Insurance

#### Health Care Insurance System

##### Overview

##### Outline of Health Care Insurance System

(As of April 2008)

System		Insurer (as of the end of March 2007)	Number of subscribers (as of the end of March 2007) [ Insured Dependents 1,000 people ]	Insurance benefits				Financial sources					
				Medical care benefits				Cash benefits	Premium rate	Government subsidy			
			Partial cost-sharing	High-cost medical care benefit system, high-cost medical care/long-term care unitary system	Inpatient dietetic treatment fee	Inpatient resident treatment fee							
Health Insurance	Government-managed	National	35,938 [ 19,501 16,437 ]	<p>After entering school age to 69 years old 30%</p> <p>Before entering school age 20%</p> <p>People aged 70 to 74 20% (*) (30% for those earning full salaries)</p> <p>(*) For those aged 70 to 74, partial cost-sharing remain 10% for 1 year from April 2008</p>	<p>(High-cost medical care benefit system)</p> <ul style="list-style-type: none"> <li>• Cost-bearing limit (People aged 69 or younger) (High-income) ¥150,000 + (medical expense - ¥500,000) x 1% (General) ¥80,100 + (medical expense - ¥267,000) x 1% (Low-income) ¥35,400 (People aged 70 to 74) (Earning full salaries) ¥80,100 + (medical expense - ¥267,000) x 1% (Low-income) ¥24,600 (Especially low-income) ¥15,000 (People aged 69 or younger) ¥44,400 (General) ¥82,100 (Low-income) ¥24,600 (Especially low-income) ¥15,000 (People aged 69 or younger) ¥44,400 (General) ¥82,100 (Low-income) ¥24,600 (Especially low-income) ¥15,000</li> </ul>	<p>(Standard payment amount for dietetic treatment)</p> <ul style="list-style-type: none"> <li>• General people ¥260/meal</li> <li>• Low-income people up to 90 days ¥210/meal after 90 days ¥160/meal</li> <li>• People with especially low-income ¥100/meal</li> </ul>	<p>(Standard payment amount for resident treatment)</p> <ul style="list-style-type: none"> <li>• General people (I) ¥460/meal + ¥320/day</li> <li>• General people (II) ¥420/meal + ¥320/day</li> <li>• Low-income people ¥210/meal + ¥320/day</li> <li>• People with especially low-income ¥130/meal + ¥320/day</li> <li>• Subjects are people aged 65 or older who are hospitalized in long-term care beds</li> <li>• For patients with intractable diseases who are likely to require hospitalization, amount of payment is same as standard payment amount for dietetic treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Sicknes and injury allowance</li> <li>• Maternity and childcare lump sum allowance, etc.</li> </ul>	8.2%	13.0% of benefit costs (16.4% as support coverage of medical care system for elderly in the latter stage of life)			
	Society-managed	Health Insurance Societies 1,541	30,474 [ 15,456 15,018 ]								<p>Same as above (with additional benefits)</p>	-	Fixed amount (subsidy from budget)
	The insured under Article 3-2 of the Health Insurance Law	National	22 [ 13 8 ]								<p>Same as above</p>	<p>Class 1: ¥150/day Class 13: ¥3,010</p>	<p>13.0% of benefit costs (16.4% as support coverage of medical care system for elderly in the latter stage of life)</p>
Seamen's Insurance		National	161 [ 63 98 ]	<p>Same as above</p>	<p>9.1%</p>	Fixed amount							
Mutual aid associations	National public employees	21 mutual aid associations	9,437 [ 4,399 5,038 ]	<p>Same as above (with additional benefits)</p>	-	None							
	Local public employees, etc.	54 mutual aid associations											
	Private school teachers and staff members	1 corporation											
National Health Insurance (NHI)	Farmers, self-employed, etc	Municipalities 1,818 NHI associations 165	51,268 47,380 3,888	<p>Same as above</p>	<p>Health insurance premiums comprise 1) fixed amount portion and 2) variable amount portion depending on ability to pay.</p> <p>Premium rate calculation formula is slightly different depending on insurers.</p>	<p>43% of benefit costs, etc.</p> <p>32-55% of benefit costs, etc.</p> <p>None</p>							
	Retirees formerly under Employees' Health Insurance	Municipalities 1,818											
Long life medical care system (medical care system for elderly in the latter stage of life)	[Implementing bodies]  Long life medical care partial-affairs association	Approximately 13,000 (FY 2008 estimate)	10% (30% for those earning full salaries)	<p>Same as above</p>	<p>Same as above, except for recipients of Old-age Welfare Pension ¥130/meal + ¥40/day</p>	<p>Funeral expenses, etc.</p>	<ul style="list-style-type: none"> <li>• Premium 10%</li> <li>• Support coverage approximately 40%</li> <li>• Public fund approximately 50%</li> </ul> <p>(Breakdown of public fund) National : Prefecture : Municipality 4 : 1 : 1</p>						

(Notes)

1. People covered by the long life medical care system (medical care system for elderly in the latter stage of life) are those aged 75 or older and also those aged 65 to 74 with disabilities certified by partial-affairs associations.
2. People earning full salaries are those with taxable income of ¥1.45million or more (monthly income ¥280,000 or more), those in households of two or more elderly with taxable income ¥5.20 million, and those in households of single elderly with taxable income ¥3.83 million. High-income people are those with monthly income of ¥530,000 or more (For NHI, annual income of more than ¥6 million). Low-income people are those who belong to municipal-tax exempt household. People with especially low-income are those with pension income of 800,000 or less.
3. Fixed-rate state subsidy for National Health Insurance associations for the people and their dependents newly joining the system on September 1, 1997 or later should be the same as that for Government-managed Health Insurance.
4. The numbers of subscribers (as of the end of March 2007) are preliminary figures. Numbers are rounded off so that they may not add up to the total value.

## Overview of the Law to Amend the Health Insurance Law (Revised in 2006)

### Purpose

In order to maintain an universal health care insurance system that is sustainable in the future, required measures are implemented in accordance with the "General Policies of Medical Care System Reform" (decided by the governmental and ruling party meeting on medical care system reform on December 1, 2005) including promotion of comprehensive medical expenditure control, creation of new medical care system for elderly, integration and reorganization of health care insurers.

### Main Points

#### 1. Promotion of Comprehensive Medical Expenditure Control

- (1) Formulation of medical expenditure control plan for medium- and long-term medical expenditure control including measures against lifestyle diseases and limiting long-term hospitalization [since April 2008]
- (2) Review of contents/scope of insurance benefits, etc.
  - Review of payments by elderly patients earning full salaries (from 20% to 30%), review of diet/residence costs of long-term care beds [since October 2006]
  - Review of payments by elderly patients aged 70 to 74 (from 10% to 20%), expanding scope of reduced payment (20%) for infants (from under 3 years old to before entering school age) [since April 2008]
- (3) Discontinuation of sanatorium type medical care facilities for the elderly requiring care [by April 2012]

#### 2. Creation of a New Medical Care System for Elderly [since April 2008]

- (1) Creation of the long life medical care system (medical care system for elderly in the latter stage of life) for elderly aged 75 or older
- (2) Creation of a finance adjustment system of medical care expenditure for elderly aged 65 to 74

#### 3. Prefectural Integration and Reorganization of Health Care Insurers

- (1) Continuous Improvement of the financial basis of National Health Insurance [since October 2006], health care insurance financial joint stabilization programs [since October 2006]
- (2) The Government-managed Health Insurance to become a public cooperation [since October 2008]
- (3) Creation of community-based Health Insurance Society [since October 2008]

#### 4. Others

Review of members of the Central Social Insurance Medical Council, discontinuation of provision for recommendation by organization [March 2007], etc.

## Detailed Information 1 Revision of Insurance Benefits (revised in 2006)

### 1. Review of payments by elderly (at present: 30% for people aged 69 or younger, 10% for people aged 70 or older (except for people earning full salaries: 20%))

- 30% for people aged 70 or older earning full salaries (from October 2006)
- Review of payments by elderly in consideration of creation of a new medical care system for elderly (since April 2008) 20% for people aged 70 to 74, 10% for people aged 75 or older (same as present)

### 2. Reducing diet/residence costs for elderly hospitalized in long-term care beds (since October 2006)

### 3. Raising the cost-bearing limit of high-cost medical care

Raising the cost-bearing limit of high-cost medical care to the level that is proportionate to total income including bonus with respect being paid to low-income people. (since October 2006)  
In addition, review in consideration of creation of medical care system for elderly (since April 2008)

### 4. Review of cash benefits

- Review of maternity and childcare lump sum allowance (from ¥300,000 to ¥350,000) (since October 2006)
- Raising payment standards of sickness and injury allowance and maternity allowance and review of scope of payment (since April 2007)
- Making funeral expenses of employee insurance be fixed amount (¥50,000) (since October 2006)

### 5. Expanding reduced payment for infants (since April 2008)

Expanding the subject age of reduced payment for infants (20% payment) from under 3 years old to before entering school age in consideration of creation of a new medical care system for elderly

### 6. Creation of "high-cost medical care/long-term care unitary system" (since April 2008)

### 7. Review of premium levy

- Expanding the upper/lower limits of standard daily remuneration (since April 2007)
- Review of scope of standard daily remuneration (since April 2007)

**Detailed Information 2 High-cost Medical Care/Long-Term Care Unitary System (April 2008)**

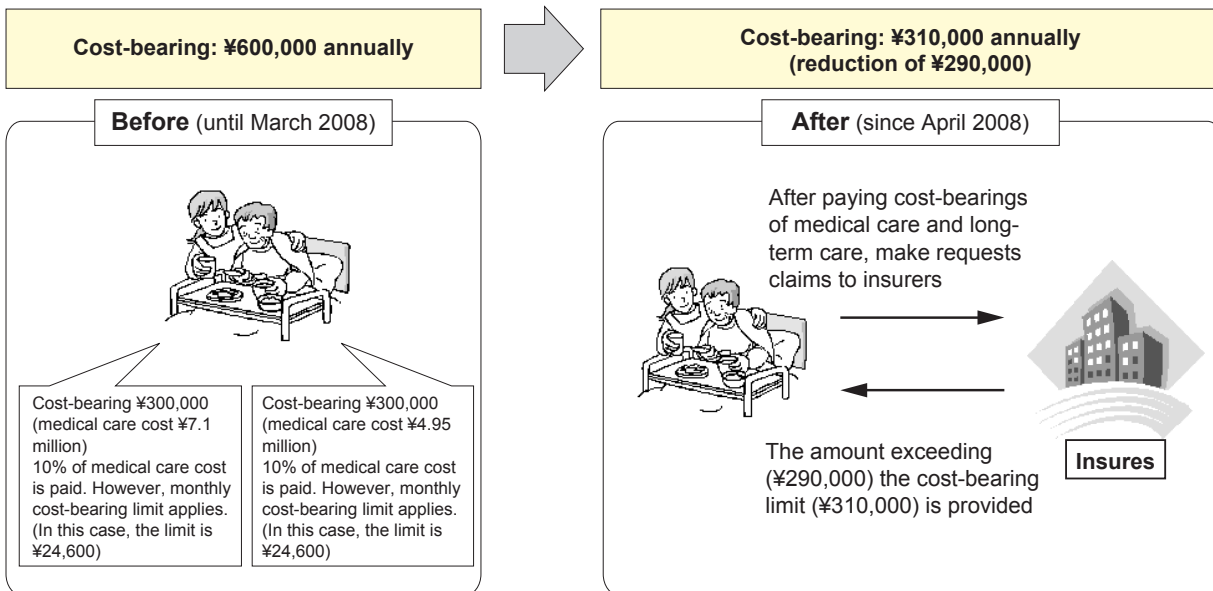
**<Reduced payments for households receiving both medical care and long-term care>**

- Conventional monthly cost-bearing limit is set for health care insurance and long-term care insurance individually
- In addition, new cost-bearing limit is set for the total annual cost of both systems

- \* Cost-bearing limits are set carefully according to age and income levels.
- \* Diet/residence costs need to be paid separately.

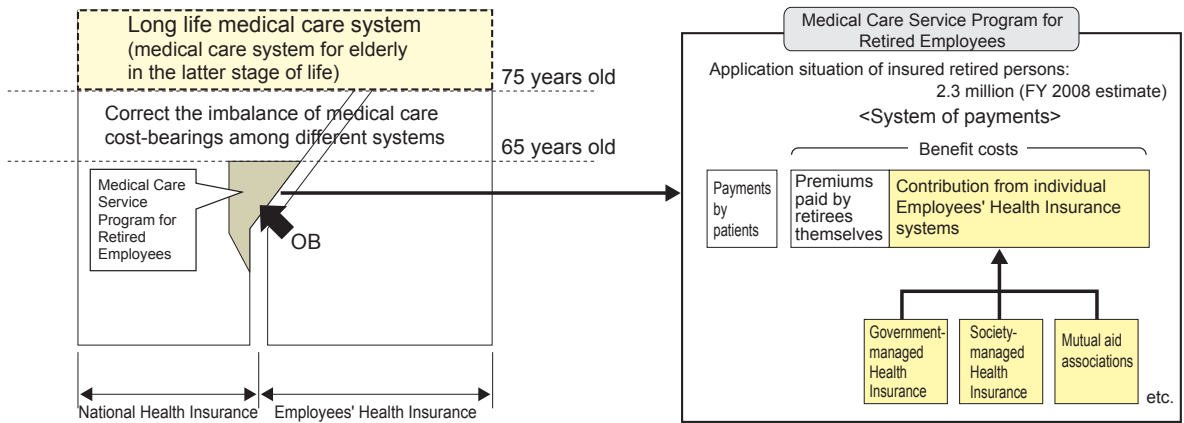
**Example: A household in which a husband is receiving medical care services and a wife is receiving long-term care both aged 75 or older (exempted from residence taxes)**

(Contents of medical care services) hospitalized in long-term care beds (class 3)  
 (Contents of long-term care services) hospitalized in sanatorium type medical care facilities (unit-type single room) (required care level 5)  
 (Pension income) less than ¥2.12 million by husband and wife



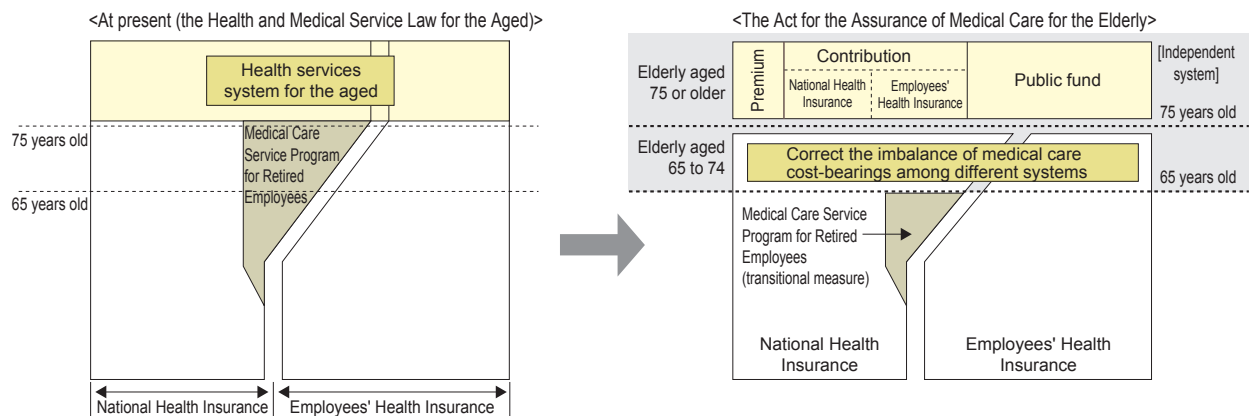
**Detailed Information 3 System of Medical Care Service Program for Retired Employees (continues after FY 2008 as a transitional measure)**

1. People who have retired from enterprises subscribe National Health Insurance
2. Hence medical care benefits for people aged 64 or younger who subscribe National Health Insurance and their contribution periods of Employees' Pension are 20 years or longer (insured retired persons) excluding the premiums paid by retirees themselves are paid by individual Employees' Health Insurances according to their financial potential. (Proportionally divided by standard daily remuneration)
3. After FY 2015, only those who are already covered (those aged 64 or younger) will be the subjects.



**Detailed Information 4 Creation of a New Medical Care System for Elderly (April 2008) <revised in 2006>**

1. Create an independent medical care system for elderly in FY 2008 reflecting their physical/mental characteristics and situations of life.
2. In addition, for elderly aged 65 to 74, create a system to correct the imbalance of medical care cost-bearings among insurers resulting from many retirees participating in National Health Insurance.
3. Discontinue the current Medical Care Service Program for Retired Employees. In order to facilitate smooth transfer from the current system, however, the current Medical Care Service Program for Retired Employees will continue for retirees aged 64 or younger until FY 2014 as a transitional measure.

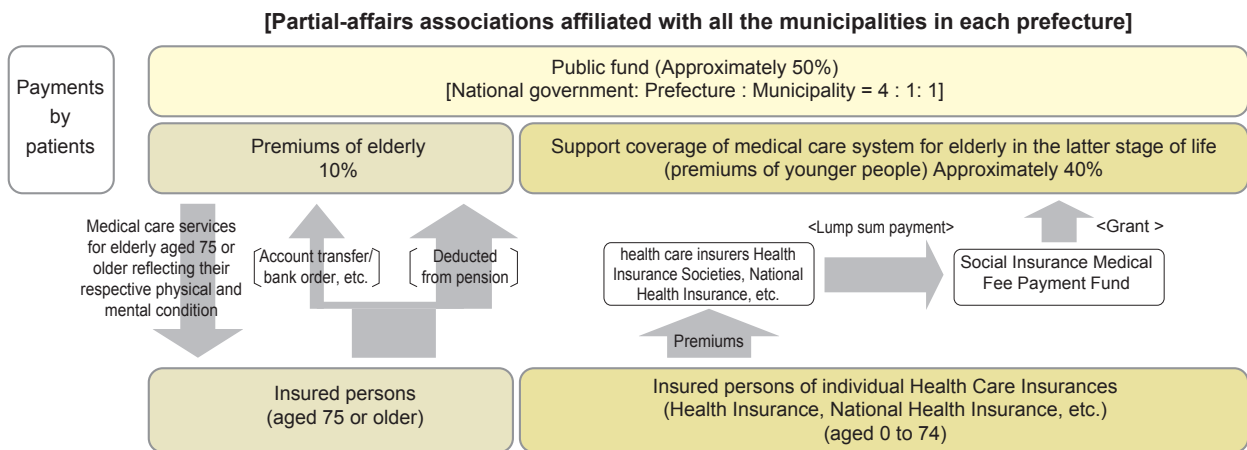


**Detailed Information 5 Operation of long life medical care system (medical care system for elderly in the latter stage of life) (FY 2008) <revised in 2006>**

- <Characteristics of the system>
1. Clarify that prefectural partial-affairs associations are responsible for financial management and establish strict responsibility system in which partial-affairs associations take care of premiums collected from elderly.
  2. Premiums are shared fairly by all the elderly according to the level of medical care costs in respective prefectures.
  2. Clarify the rules of cost-sharing between young people and elderly so that both elderly and young people satisfactorily pay the premiums.
  4. This will be the first step toward municipalities' desire of unifying National Health Insurance finance in individual prefecture.

<Number of subjects> Elderly aged 75 or older, About 13 million

<Medical care expenditure for the elderly aged 75 or older> ¥11.9 trillion (based on FY 2008 budget: full year)  
 Benefits expenditure ¥10.8 trillion Payments by patients ¥1.1 trillion



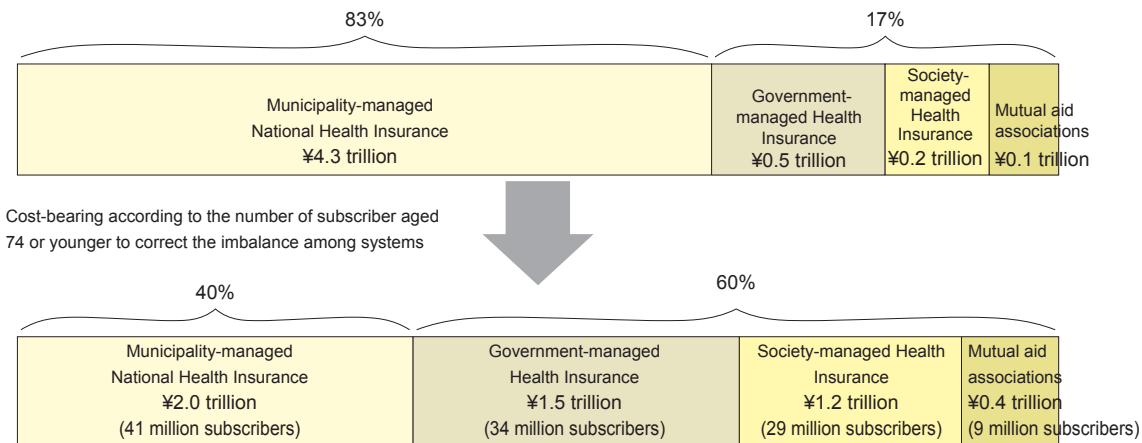
\* Support coverage bearings for insured persons of individual Health Care Insurances are determined according to the number of subscribers.

**Detailed Information 6 Finance Adjustment of Medical Care Expenditure for the Elderly aged 65 to 74 (FY 2008) <revised in 2006>**

Creating a system to adjust financial imbalance of medical care expenditure caused by maldistribution of insured elderly aged 65 to 74 according to the number of subscribers of each health care insurers. Elderly aged 65 to 74 remain to subscribe the existing system of National Health Insurance and Employees' Health Insurance.

<Number of subjects> Elderly aged 65 to 74 Approximately 14 million

<Medical care expenditure for the elderly aged 65 to 74>  
 ¥5.1 trillion (based on FY 2008 budget: full year: excluding ¥120 million compensation for withholding payments by elderly)



(Note) Similar correction is made to support coverage of medical care system for elderly in the latter stage of life (¥0.6 trillion) for elderly aged 65 to 74.

**Detailed Information 7 Integration and Reorganization of Health Care Insurers (revised in 2006)**

Integration and reorganization of health care insurers in respective prefectures is promoted for controlling the scale of financial management of health care insurance and establishing premium levels reflecting the levels of regional medical care costs.

