Long-Term Care Insurance System of Japan
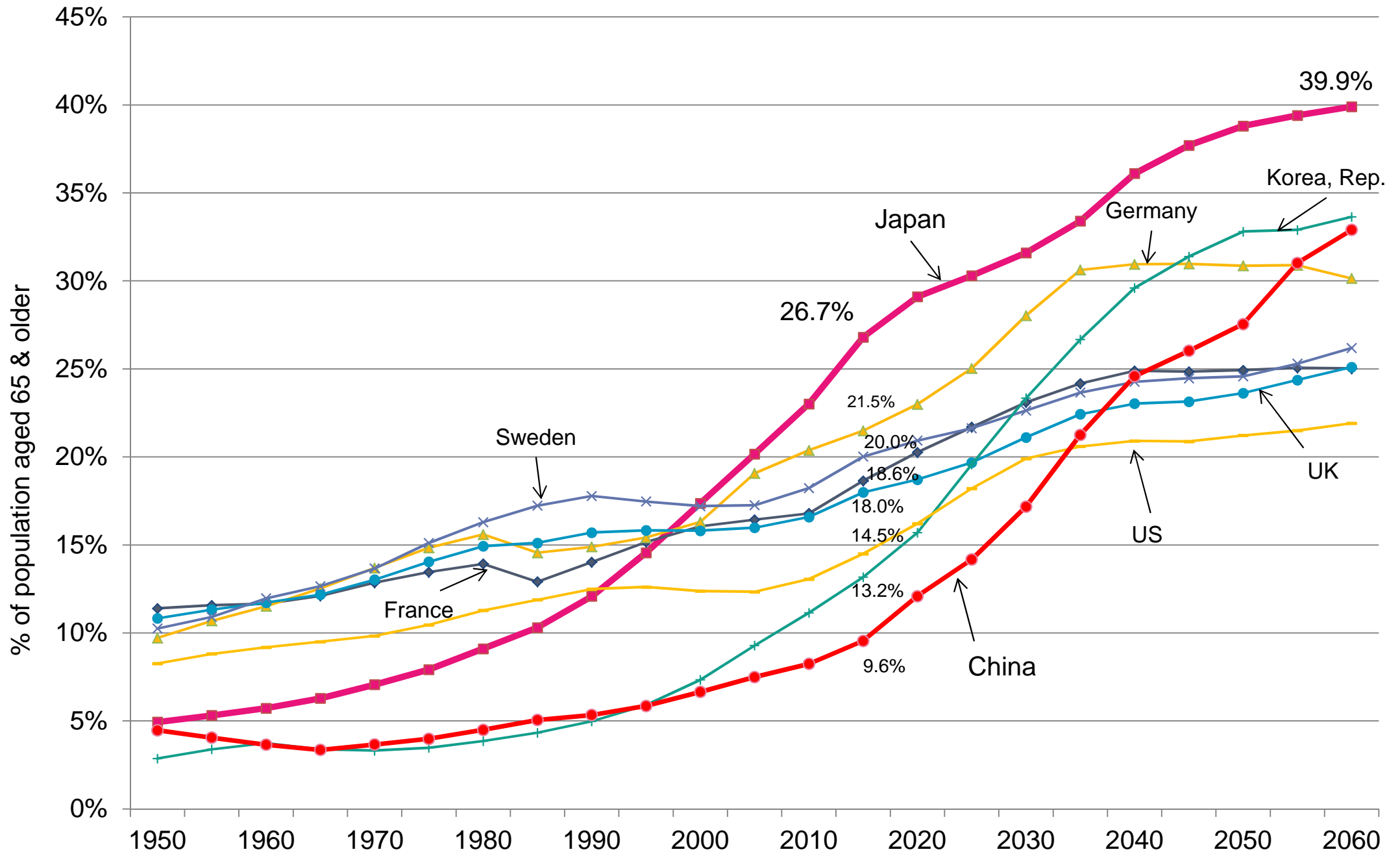
November 2016

Health and Welfare Bureau for the Elderly

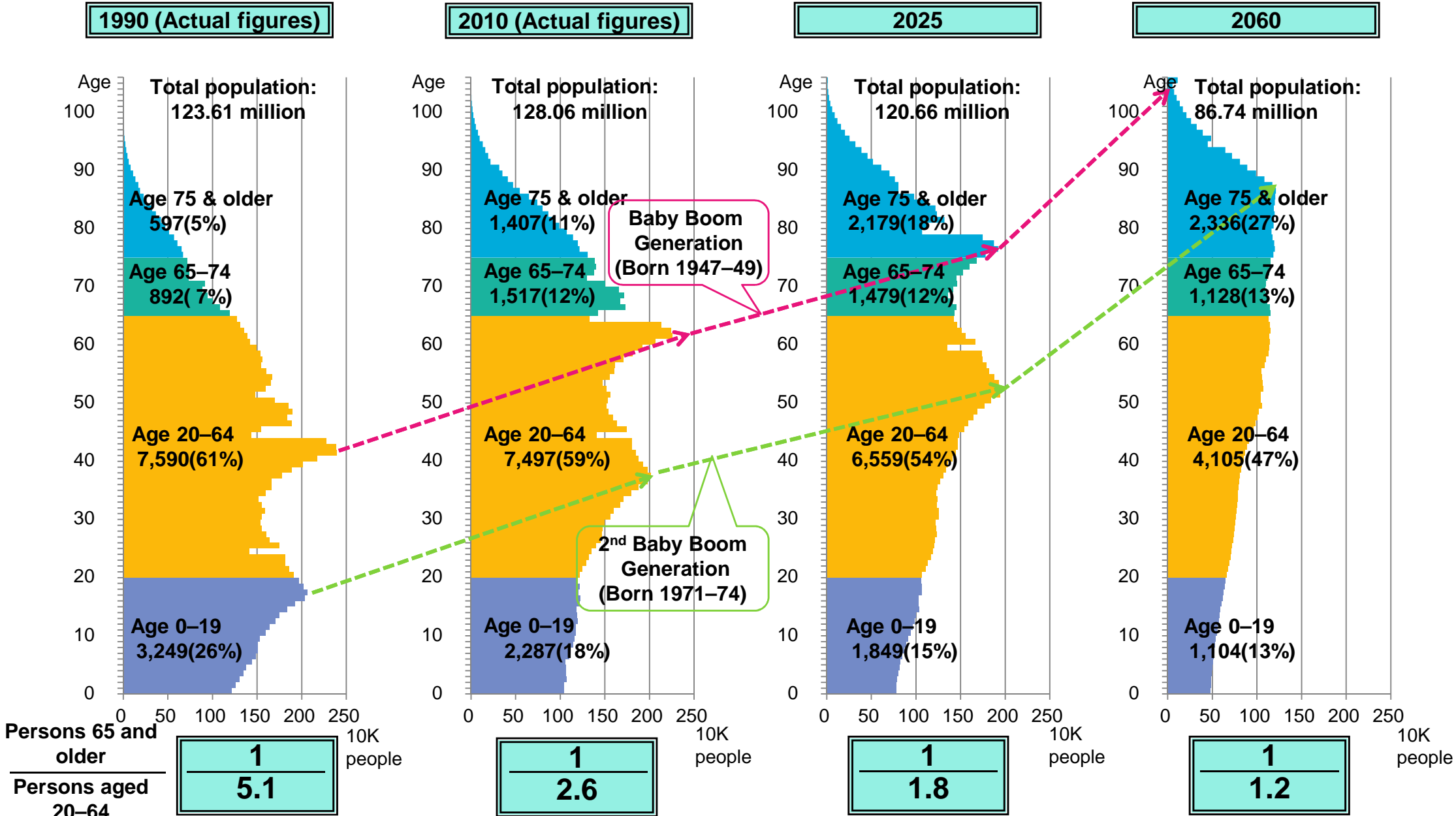**Ministry of Health, Labour and Welfare**

Changes in the Percentage of the Population Over Age 65

Sources: For Japan – Ministry of Internal Affairs and Communications, Population Census; National Institute of Population and Social Security Research – "Population Projections for Japan (January 2012 estimate): Medium-Fertility & Medium-Mortality Assumption" (Figures as of Oct. 1 of each year)
For other countries – United Nations, World Population Prospects 2010

1

Changes in Japan's Population Pyramid (1990–2060)

○ By examining changes in Japan's demographic makeup , it can be seen that the current social structure consists of 2.6 persons supporting each elderly person. In 2060, with the progression of the aging population and decreasing birthrate, it is estimated that 1.2 person will be supporting one senior citizen.

1990 (Actual figures)

Total population: 123.61 million

Age 75 & older
597(5%)

Age 65–74
892(7%)

Age 20–64
7,590(61%)

Age 0–19
3,249(26%)

2010 (Actual figures)

Total population: 128.06 million

Age 75 & older
1,407(11%)

Baby Boom Generation (Born 1947–49)

Age 65–74
1,517(12%)

Age 20–64
7,497(59%)

2nd Baby Boom Generation (Born 1971–74)

Age 0–19
2,287(18%)

2025

Total population: 120.66 million

Age 75 & older
2,179(18%)

Age 65–74
1,479(12%)

Age 20–64
6,559(54%)

Age 0–19
1,849(15%)

2060

Total population: 86.74 million

Age 75 & older
2,336(27%)

Age 65–74
1,128(13%)

Age 20–64
4,105(47%)

Age 0–19
1,104(13%)

10K people

Persons 65 and older	1	1	1	1
Persons aged 20–64	5.1	2.6	1.8	1.2

（1）Outline of Long-Term Care Insurance System

Development of welfare policies for the elderly

	Aging rate (year)	Major policies
1960s **Beginning of welfare policies for the elderly**	**5.7%** **(1960)**	**1963 Enactment of the Act on Social Welfare Services for the Elderly** ◇ **Intensive care homes for the elderly created** ◇ **Legislation on home helpers for the elderly**
1970s **Expansion of healthcare expenditures for the elderly**	**7.1%** **(1970)**	**1973 Free healthcare for the elderly**
1980s **"Social hospitalization" and "bedridden elderly people" as social problems**	**9.1%** **(1980)**	**1982 Enactment of the Health and Medical Services Act for the Aged** ◇ **Adoption of the payment of co-payments for elderly healthcare, etc.** **1989 Establishment of the Gold Plan (10-year strategy for the promotion of health and welfare for the elderly)** ◇ **Promotion of the urgent preparation of facilities and in-home welfare services**
1990s **Promotion of the Gold Plan**	**12.0%** **(1990)**	**1994 Establishment of the New Gold Plan (new 10-year strategy for the promotion of health and welfare for the elderly)** ◇ **Improvement of in-home long-term care**
Preparation for adoption of the Long-Term Care Insurance System	**14.5%** **(1995)**	**1997 Enactment of the Long-Term Care Insurance Act**
2000s **Introduction of the Long-Term Care Insurance System**	**17.3%** **(2000)**	**2000 Enforcement of the Long-Term Care Insurance System**

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Problems before introducing the Long-Term Care Insurance System

Welfare system for the elderly

Services provided:
・Intensive Care Home for the Elderly, etc.
・Home-help service, Day service, etc.

（**Problems**）
○Users could not choose services :
Municipal governments decided services and service providers.
○Psychological resistance :
Means test was required when applying services.
○Services tended to be unvarying without competition:

Services were basically provided by municipalities or organizations entrusted.

○ Service fee could be heavy burden for the middle/upper income group:

The principle of ability to pay according to income of the person/Supporter under Duty.

Medical system for the elderly

Services provided:
・ Health center for the elderly,
Sanatorium medical facility, general hospital, etc.
・Home-visit nursing, day care, etc.

（ **Problems** ）
○Long-term hospitalization to be cared in hospitals ("social hospitalization") increased:

hospitalization fee is less expensive than welfare services for middle/upper income group, as well as basic maintenance of the welfare service was insufficient.

→Medical cost increased:

Hospitalization fee was more expensive comparing with Intensive Care Home for the Elderly and Health center for the elderly.

→Facilitation of hospital was not sufficient enough for long-term care with staff and living environment:

Hospitals are expected to provide "cure" (e.g. Limited room area for care, dining hall or bathrooms)

These systems had limitations for solving problems.

Background of the introduction of the Long-Term Care Insurance System

○ As society ages, needs for long-term care have been increasing because of <u>more elderly persons requiring long-term care and lengthening of care period</u>, etc.

○ Meanwhile, due to factors such as <u>the trend towards nuclear families</u> and <u>the aging of caregivers in families</u>, environment surrounding families has been changed.

⬇
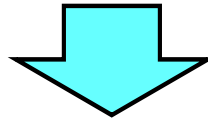
Introduction of the Long-Term Care Insurance System
(a mechanism to enable society to provide long-term care to the elderly)

【Basic Concepts】

○ Support for independence:　The idea of Long-Term Care Insurance System is <u>to support the independence of elderly people</u>, rather than simply providing personal care.

○ User oriented:　A system in which users can receive integrated services of health, medicine, and welfare from diverse agents <u>based on their own choice</u>.

○ Social insurance system:　Adoption of a social insurance system where the relation between benefits and burdens is clear.

Outline of difference between previous systems and present

Previous Systems

the Long-Term Care Insurance System

① Municipal governments decided services, after users' application.

→ Users themselves can choose services and service providers.

② Separated applications were required for each service of medical and welfare systems.

→ By making use plans of care service (Care Plan), integrated medical and welfare services can be utilized.

③ Services were provided mainly by municipal governments and other public organizations (e.g. Council of Social Welfare).

→ Services are provided by various associations such as private companies and NPOs, etc..

④ Co-payment was heavy burden for the middle/upper income group, which kept them from applying to services.

→ Regardless of income, co-payment is set as 10% (20% for persons with income above certain level, after August 2015) .

Structure of the Long-Term Care Insurance System

Municipalities (Insurer)

	Municipalities	Prefectures	State
Tax 50%	12.5%	12.5%(*)	25%(*)

*As for benefits for facilities, the state bears 20% and prefectures bear 17.5%.

Premiums 50%	22%	28%

Determined based on the population ratio

(JFY2015-2017)

Pay 90% (80%) of the costs

Application

Service providers
- O In-home services
  - Home-visit care
  - Outpatient Day Long-Term Care, etc.
- O Community-based services
  - Home-Visits at Night for Long-Term Care
  - Communal Daily Long-Term Care for Dementia Patients, etc.
- O Facility Services
  - Welfare facilities for the elderly
  - Health facilities for the elderly, etc.

Users pay 10%(20%) of long-term care services in principle, but must pay the actual costs for residence and meals additionally.

Use of the services

Fiscal Stability Funds

National pool of money

Individual municipality

Premiums

Withheld from pensions, in principle

National Health Insurance, Health Insurance Society, etc.

Certification of Needed Long-Term Care

Insured persons

Primary Insured Persons - aged 65 or over

(32.02 million people)

Secondary Insured Persons - aged 40-64
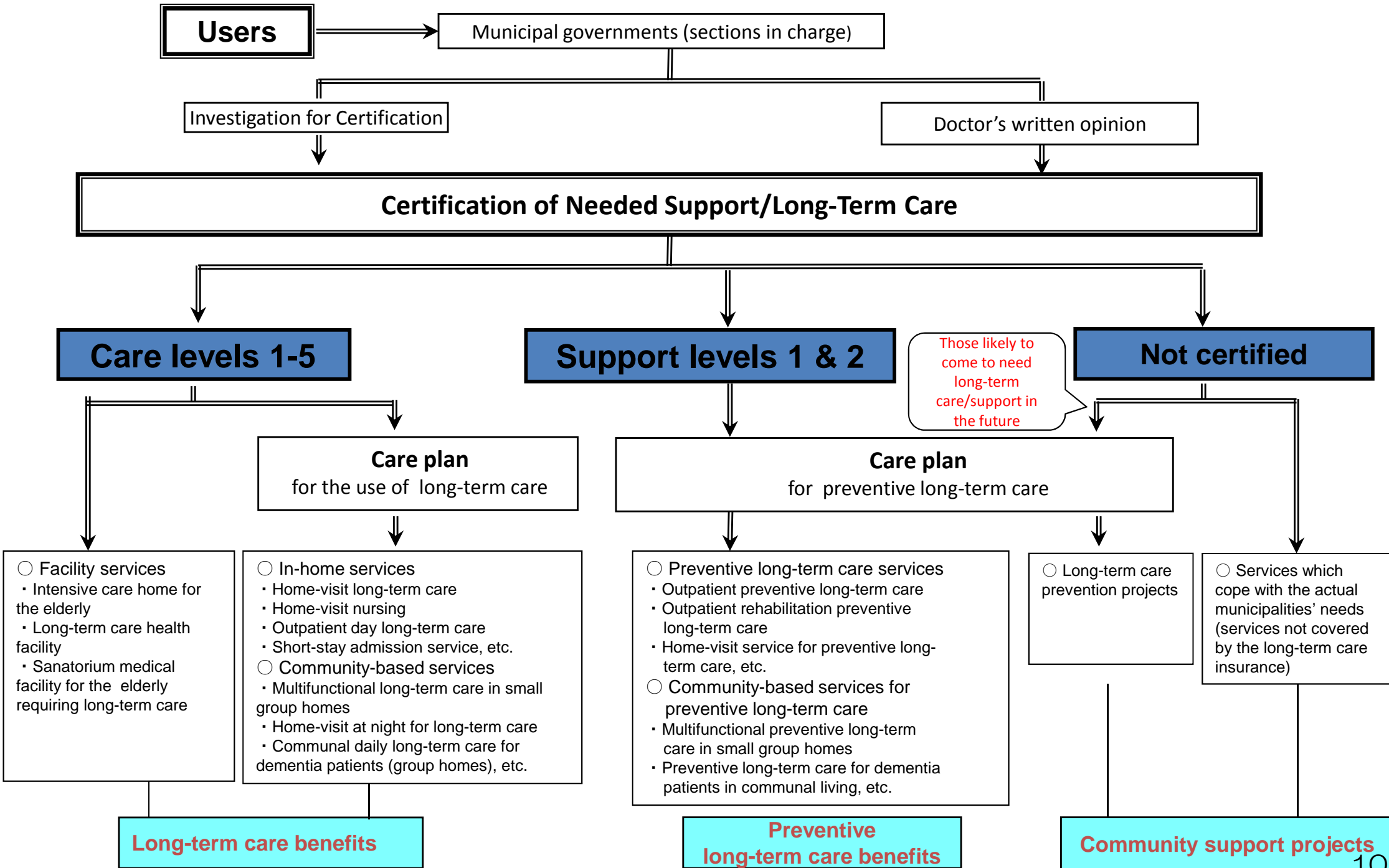
(42.47 million people)

Note: The figure for Primary Insured Persons is from the Report on Long-Term Care Insurance Operation (provisional) (April, 2009), Ministry of Health, Labour and Welfare and that for Secondary Insured Person is the monthly average for JFY2008, calculated from medical insurers' reports used by the Social Insurance Medical Fee Payment Fund in order to determine the amount of long-term care expenses. Burden ratio for persons with income above certain level is 20:80, after Aug 2015.

The insured

○ The insured under the Long-Term Care Insurance System are (1) people aged 65 or over (Category 1 insured persons) and (2) people aged 40-64 covered by a health insurance program (Category 2 insured persons).

○ Long-term care insurance services are provided when people aged 65 or over come to require care or support for whatever reason, and when people aged 40-64 develop aging-related diseases, such as terminal cancer or rheumatoid arthritis, and thereby come to require care or support.

|	Primary insured persons	Secondary insured persons
Eligible persons	Persons aged 65 or over	Persons aged 40-64 covered by a health insurance program
Number	32.02 million aged 65-74:15.74 million	42.47 million
Requirement for service provision	- Persons requiring long-term care (bedridden, dementia, etc.) - Persons requiring support (daily activities requires support)	Limited to cases where a condition requiring care or support results from age-related diseases (specified diseases), such as terminal cancer and rheumatoid arthritis
Percentage and number of persons who are eligible for services	5.69million（17.8%） aged 65～74：　0.72million（4.4%） aged 75～：　4.97million（32.1%）	0.15million（0.4%）
Premiums collection	Collected by municipalities (in principle withheld from pension benefits)	Collected together with medical care premiums by medical care insurers

Procedure for Use of Long-term Care Services

Users → Municipal governments (sections in charge)

Investigation for Certification

Doctor's written opinion

Certification of Needed Support/Long-Term Care

Care levels 1-5

Support levels 1 & 2

Those likely to come to need long-term care/support in the future

Not certified

Care plan
for the use of long-term care

Care plan
for preventive long-term care

○ Facility services
・Intensive care home for the elderly
・Long-term care health facility
・Sanatorium medical facility for the elderly requiring long-term care

○ In-home services
・Home-visit long-term care
・Home-visit nursing
・Outpatient day long-term care
・Short-stay admission service, etc.
○ Community-based services
・Multifunctional long-term care in small group homes
・Home-visit at night for long-term care
・Communal daily long-term care for dementia patients (group homes), etc.

○ Preventive long-term care services
・Outpatient preventive long-term care
・Outpatient rehabilitation preventive long-term care
・Home-visit service for preventive long-term care, etc.
○ Community-based services for preventive long-term care
・Multifunctional preventive long-term care in small group homes
・Preventive long-term care for dementia patients in communal living, etc.

○ Long-term care prevention projects

○ Services which cope with the actual municipalities' needs (services not covered by the long-term care insurance)

Long-term care benefits

Preventive long-term care benefits

Community support projects

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Varieties of Long-term Care Insurance Services

Private Home

Home-visit Services

Home-visit Care, Home-visit Nursing, Home-Visit Bathing Long-Term Care, In-Home Long-Term Care Support, etc.
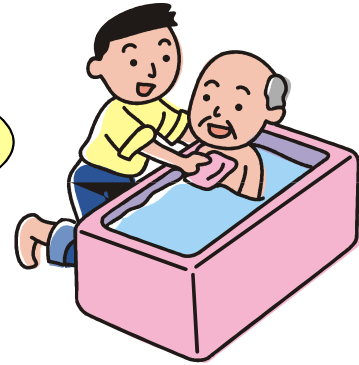
Day Services

Outpatient Day Long-Term Care, Outpatient Rehabilitation, etc.

Short-stay Services

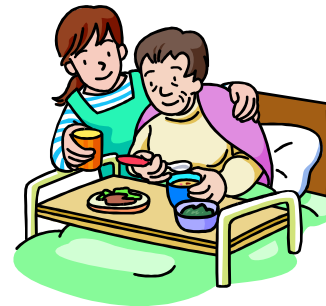Short-Term Admission for Daily Life Long-Term Care, etc.

Residential Services

Daily Life Long-Term Care Admitted to a Specified Facility and People with Dementia etc.

In-facility Services

Facility Covered by Public Aid Providing Long-Term Care to the Elderly, Long-Term Care Health Facility, etc.

Long-term Care Facility

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（2）Present condition and future prediction of Long-Term Care Insurance System

Increase in number of persons who are eligible for LTC insurance and users

○While the number of insured persons aged 65 or older has increased by approximately 1.5 times over 15 years since 2000, when the Long-term Care Insurance System was established, that of care service users has increased by approximately 3 times over the same period. The surge in the number of in-home care users accounts for the threefold increase of the care service users.

①Increase in number of insured persons aged 65 and older

	End of April,2000		End of April,2015	
Number of first insured persons	21.65 million	⇒	33.08 million	1.53 times

②Increase in number of persons with care needs & support needs certification

	End of April,2000		End of April,2015	
Number of persons with care needs & support needs certification	2.18 million	⇒	6.08 million	2.79 times

③Increase in number of service users

	End of April,2000		End of April,2015	
Number of users of in-home care	0.97 million	⇒	3.82 million	3.94 times
Number of users of facility care	0.52 million	⇒	0.90 million	1.73 times
Number of users of community-based care	—		39 million	
Total	1.49 million	⇒	5.11 million	3.43 times

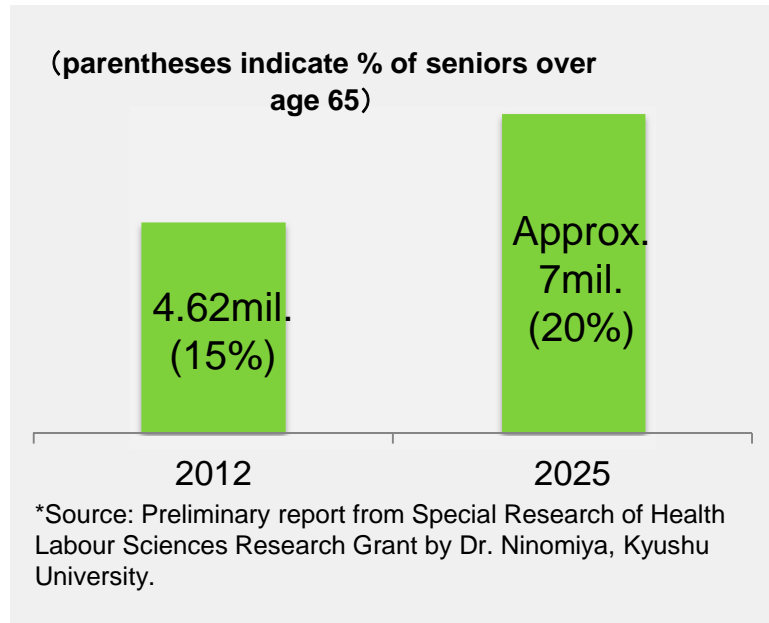（Source: Report on Long –Term Care Insurance Service）

State of Affairs Regarding Long-Term Care Insurance in the Future

1. The no. of seniors over age 65 is predicted to reach 36.57 million by 2025 and reach a peak of 38.78 million in 2042. Additionally, the percentage of seniors over age 75 is expected to grow, surpassing 25% by 2055.
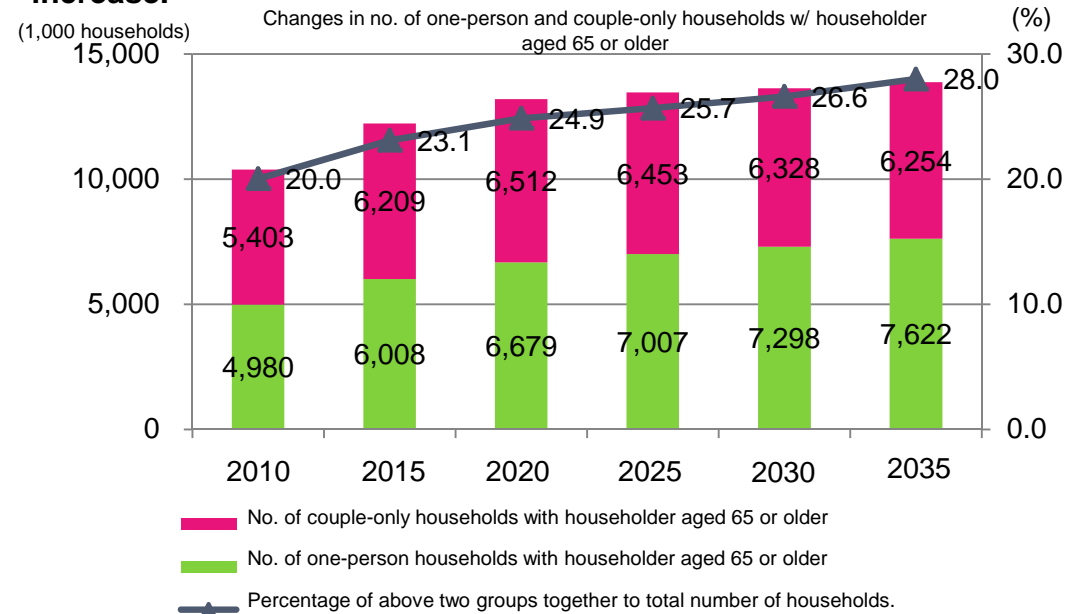
	2010	2015	2025	2055
No. of seniors 65 & older (ratio)	29.48 million (23.0%)	33.95 million (26.8%)	36.57 million (30.3%)	36.26 million (39.4%)
No. of seniors 75 & older (ratio)	14.19 million (11.1%)	16.46 million (13.0%)	21.79 million (18.1%)	24.01 million (26.1%)

*Source: "Projection of the number of households for Japan (nationwide projection) "compiled in Jan. 2013, National Institute of Population and Social Security Research (1&3)

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2. Among seniors over age 65, seniors with dementia will increase.

（parentheses indicate % of seniors over age 65）

4.62mil. (15%) — 2012
Approx. 7mil. (20%) — 2025

*Source: Preliminary report from Special Research of Health Labour Sciences Research Grant by Dr. Ninomiya, Kyushu University.

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3. Individual/ couple-only households with householders over age 65 will increase.

Changes in no. of one-person and couple-only households w/ householder aged 65 or older

(1,000 households)

Year	2010	2015	2020	2025	2030	2035
Couple-only households	5,403	6,209	6,512	6,453	6,328	6,254
One-person households	4,980	6,008	6,679	7,007	7,298	7,622
Percentage (%)	20.0	23.1	24.9	25.7	26.6	28.0

No. of couple-only households with householder aged 65 or older
No. of one-person households with householder aged 65 or older
Percentage of above two groups together to total number of households.

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4. The no. of seniors over age75 will rapidly grow in cities and gradually grow in rural areas with originally high senior population. Tailored response according to regions is necessary as aging circumstances differ according to region.
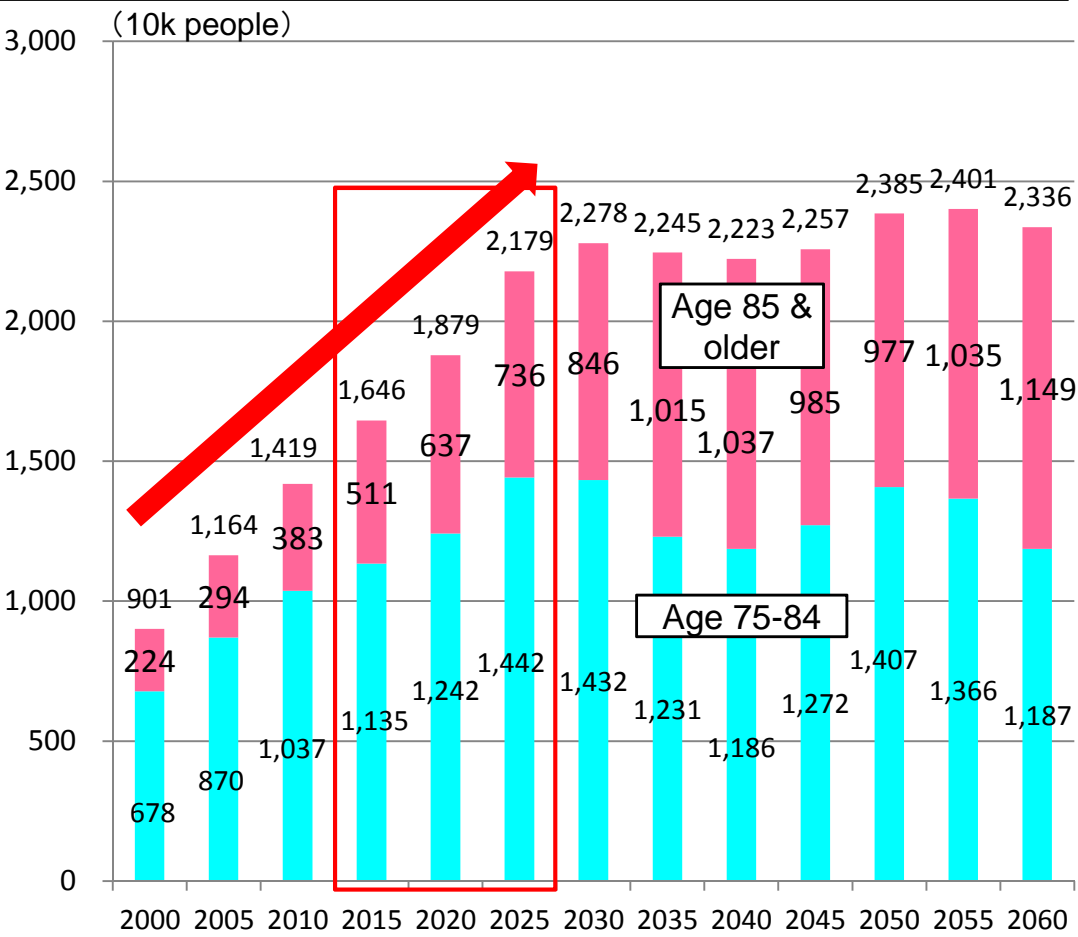
	Saitama Pref.	Chiba Pref.	Kanagawa Pref.	Aichi Pref.	Osaka Pref.	--	Tokyo	--	Kagoshima Pref.	Akita Pref.	Yamagata Pref.	Nationwide
2015 < > = Ratio	0.765 mil. people <10.6%>	0.717 mil. people <11.6%>	1.016 mil. people <11.1%>	0.817 mil. people <10.9%>	1.070 mil. people <12.1%>		1.473 mil. people <11.0%>		0.267mil. people <16.2%>	0.188mil. people <18.4%>	0.190mil. people <17.0%>	16.458 mil. people <13.0%>
2025 < > = Ratio ( ) = Factor of Increase	1.177 mil. <16.8%> (1.58×)	1.082 mil <18.1%> (1.51×)	1.485 mil. <16.5%> (1.46×)	1.166 mil. <15.9%> (1.43×)	1.528 mil. <18.2%> (1.43×)		1.977 mil. <15.0%> (1.34×)		0.295mil. <19.4%> (1.10×)	0.205mil. <23.0%> (1.09×)	0.207mil. <20.6%> (1.09×)	21.786 mil. <18.1%> (1.32×)

*Source: "Regional Population Projection for Japan" compiled in Mar. 2013, National Institute of Population and Social Security Research

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5. Changes in the Population Over Age 75
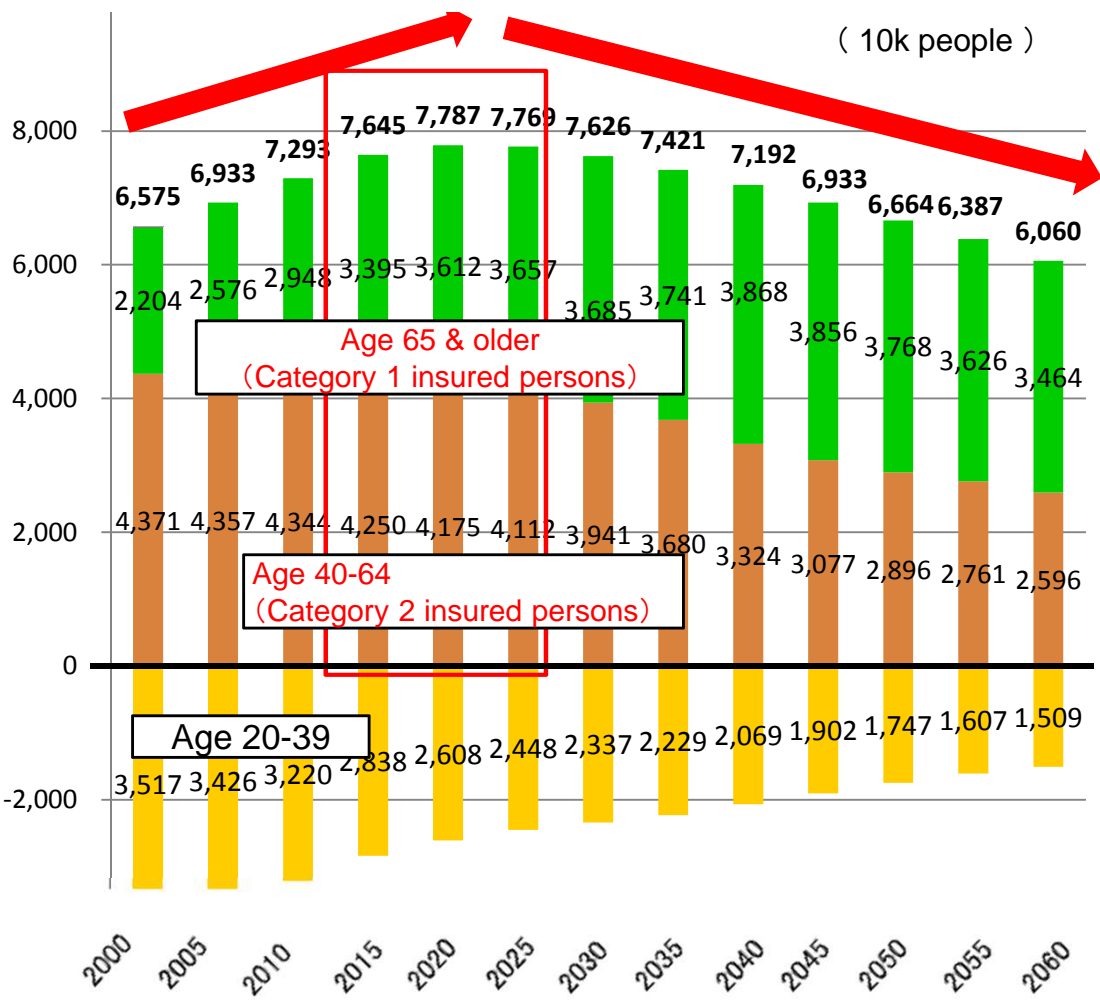## (Age group with high percentage of persons requiring care)

○ Since the establishment of the long-term care insurance system in 2000, the population over age 75 has increased rapidly and such increase will continue for 2025.

○ From around 2030, the rapid growth of the population over age 75 will level off but the population over age 85 will continue to increase for another 10 years.

（10k people）

Year	Age 75-84	Age 85 & older	Total
2000	678	224	901
2005	870	294	1,164
2010	1,037	383	1,419
2015	1,135	511	1,646
2020	1,242	637	1,879
2025	1,442	736	2,179
2030	1,432	846	2,278
2035	1,231	1,015	2,245
2040	1,186	1,037	2,223
2045	1,272	985	2,257
2050	1,407	977	2,385
2055	1,366	1,035	2,401
2060	1,187	1,149	2,336

6. Changes in the Population Over Age 40
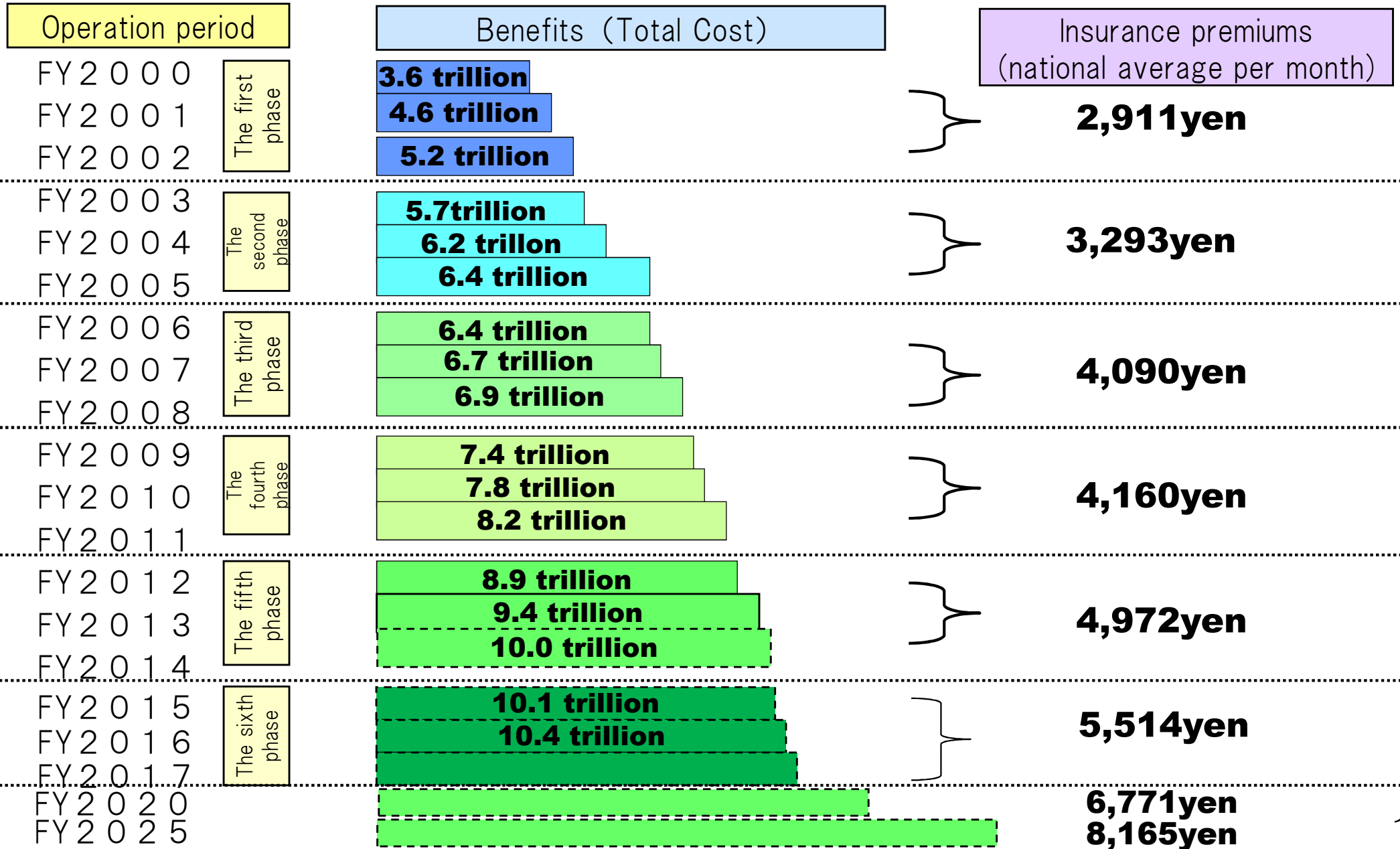## (Age group paying for long-term care insurance system)

○ The population over age 40, who pay for the long-term care insurance, has increased since the establishment of the long-term insurance system in 2000 but will start to decrease after 2021.

（10k people）

Age 65 & older (Category 1 insured persons)
Age 40-64 (Category 2 insured persons)
Age 20-39

Year	Age 20-39	Age 40-64	Age 65 & older	Total
2000	3,517	4,371	2,204	6,575
2005	3,426	4,357	2,576	6,933
2010	3,220	4,344	2,948	7,293
2015	2,838	4,250	3,395	7,645
2020	2,608	4,175	3,612	7,787
2025	2,448	4,112	3,657	7,769
2030	2,337	3,941	3,685	7,626
2035	2,229	3,680	3,741	7,421
2040	2,069	3,324	3,868	7,192
2045	1,902	3,077	3,856	6,933
2050	1,747	2,896	3,768	6,664
2055	1,607	2,761	3,626	6,387
2060	1,509	2,596	3,464	6,060

Trends and the Future Prospects of Long-Term Care Benefits and Premiums

○ The municipal governments formulate Long-term Care Insurance Service Plan which designates 3 years as one term and is reviewed in every 3 years.
○ As ageing proceeds, premiums estimated to rise to 6,771 yen in 2020 and 8,165 yen in 2025. In order to maintain sustainability of the Long-Term Care Insurance System, it would be necessary to establish the Community-based Integrated Care System, and to make services more focused and efficient.

Operation period		Benefits（Total Cost）	Insurance premiums (national average per month)
FY2000	The first phase	3.6 trillion	
FY2001		4.6 trillion	2,911yen
FY2002		5.2 trillion	
FY2003	The second phase	5.7trillion	
FY2004		6.2 trillon	3,293yen
FY2005		6.4 trillion	
FY2006	The third phase	6.4 trillion	
FY2007		6.7 trillion	4,090yen
FY2008		6.9 trillion	
FY2009	The fourth phase	7.4 trillion	
FY2010		7.8 trillion	4,160yen
FY2011		8.2 trillion	
FY2012	The fifth phase	8.9 trillion	
FY2013		9.4 trillion	4,972yen
FY2014		10.0 trillion	
FY2015	The sixth phase	10.1 trillion	
FY2016		10.4 trillion	5,514yen
FY2017			
FY2020			6,771yen
FY2025			8,165yen

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（3）Revision of Long-term Care Insurance System

Major Contents of Revision of Long-term Care Insurance (2014 revision)

(1) Establishing the Community-based Integrated Care System

Enriching long-term care, healthcare, support and preventive services in order for elderly people to continue their lives in their accustomed areas.

Enriching Services

Enriching Community Support Projects towards establishing the Community-based Integrated Care System:

①Enhancing coordination between In-home Medical Care and In-home Long-term Care

②promoting measures against dementia

③Enhancing Community Care Meetings

④Improving the Livelihood Support Services

Making Services More Focused and Efficient

①Transferring nationally-unified Preventive benefits (Home-visit Care and Out-patient Long-tem Care) to Community Support Projects of municipalities, and diversifying them.

②Restricting users of in-facility services of Special Long-term Care Health Facilities to people whose care level is 3 or higher in principle.

(2) Making Contribution Equitable

Expanding reduction of premiums of people with low-income, and reviewing co-payments of those who have certain income or assets in order to suppress increase of premiums.

Expanding Reduction of Premiums of People with Low-income

Expanding the reduction rate of premiums of people with low-income:
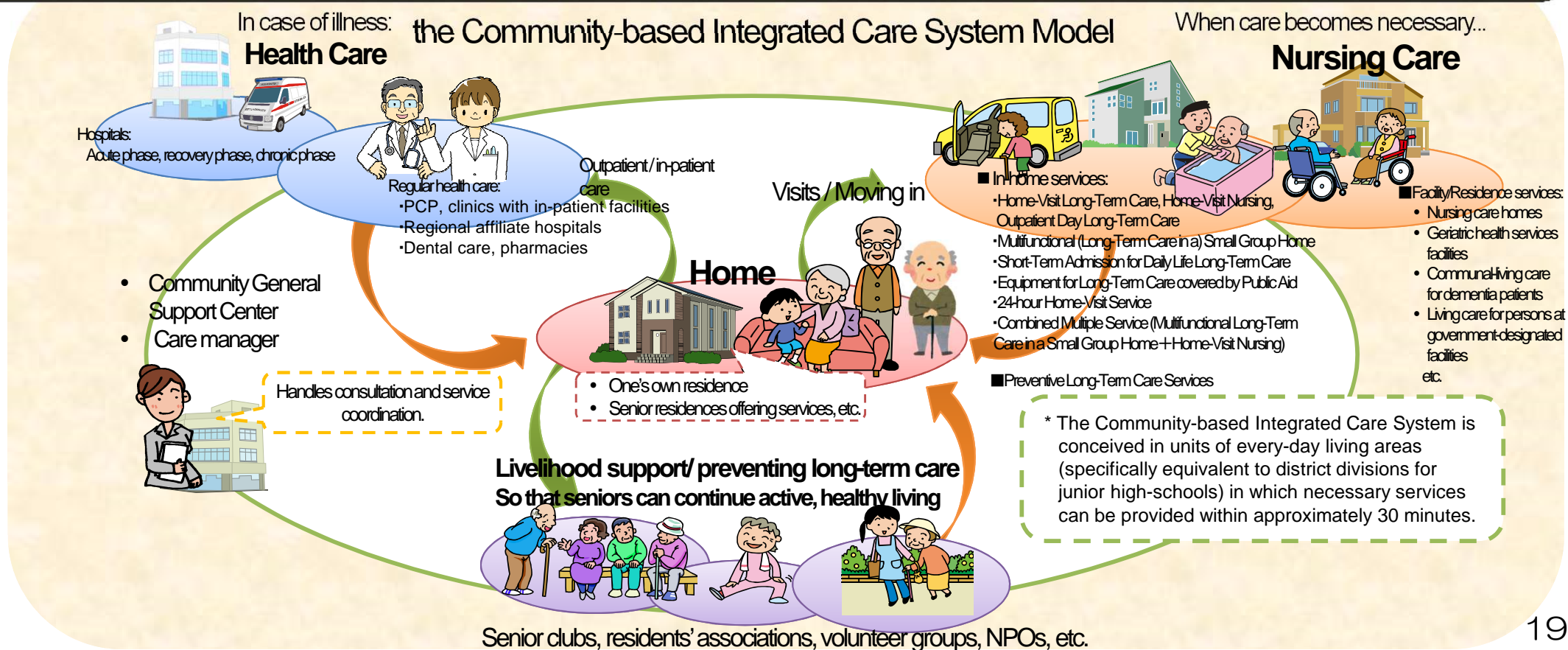
  (An example of reduction of premiums)

  For people with pension income lower than 800,000 yen per year, the reduction rate will expanded from 50% to 70%.

Review of Co-payments etc.

①Increasing co-payments of users with income more than a certain level.

②Adding assets to the check list of requirement for "Supplementary Benefits," which provides money for food and residence to in-facility users with low income.

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Establishing 'the Community-based Integrated Care System'

○By 2025 when the baby boomers will become age 75 and above, a structure called 'the Community-based Integrated Care System' will be established that comprehensively ensures the provision of health care, nursing care, prevention, housing, and livelihood support. By this, the elderly could live the rest of their lives in their own ways in environments familiar to them, even if they become heavily in need for long-term care.

○As the number of elderly people with dementia is estimated to increase, establishment of the Community-based Integrated Care System is important to support community life of the elderly with dementia.

○The progression status varies place to place; large cities with stable total population and rapidly growing population of over 75, and towns and villages with decrease of total population but gradual increase of population over 75.

○It is necessary for municipalities as insurers of the Long-term Care Insurance System as well as prefectures to establish the Community-based Integrated Care System based on regional autonomy and independence.

the Community-based Integrated Care System Model

In case of illness:
Health Care

Hospitals:
Acute phase, recovery phase, chronic phase

Regular health care:
・PCP, clinics with in-patient facilities
・Regional affiliate hospitals
・Dental care, pharmacies

Outpatient / in-patient care

When care becomes necessary...
Nursing Care

Visits / Moving in

■In-home services:
・Home-Visit Long-Term Care, Home-Visit Nursing, Outpatient Day Long-Term Care
・Multifunctional (Long-Term Care in a) Small Group Home
・Short-Term Admission for Daily Life Long-Term Care
・Equipment for Long-Term Care covered by Public Aid
・24-hour Home-Visit Service
・Combined Multiple Service (Multifunctional Long-Term Care in a Small Group Home + Home-Visit Nursing)

■Preventive Long-Term Care Services

■Facility/Residence services:
・Nursing care homes
・Geriatric health services facilities
・Communal-living care for dementia patients
・Living care for persons at government-designated facilities etc.

• Community General Support Center
• Care manager

Handles consultation and service coordination.

Home
• One's own residence
• Senior residences offering services, etc.

Livelihood support/ preventing long-term care
So that seniors can continue active, healthy living

* The Community-based Integrated Care System is conceived in units of every-day living areas (specifically equivalent to district divisions for junior high-schools) in which necessary services can be provided within approximately 30 minutes.

Senior clubs, residents' associations, volunteer groups, NPOs, etc.

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Comprehensive Strategy to Accelerate Dementia Measures（New Orange Plan）
~To Realize Age and Dementia-Friendly Community~

Basic Concept Realization of a society where persons with dementia can live with dignity in a pleasant and familiar environment as how they hope to be as long as possible.

・Formulated by MHLW in collaboration with Cabinet Secretariat, Cabinet Office, NPA, FSA, CAA, MIC, MOJ, MEXT, MAFF, METI, and MLIT
・Targets at 2025 when the baby boomers turn 75 years and older
・Prioritizing the standpoint of persons with dementia and their families

Seven Pillars of New Orange Plan

1 RAISING AWARENESS

Raising awareness and promoting understanding of dementia

2 INTEGRATED SERVICES

Providing health care and long-term care services in a timely and appropriate manner as the stages of dementia progress

3 EARLY ONSET DEMENTIA

Strengthening the measures for early onset dementia

4 CARER SUPPORT

Supporting those looking after people with dementia

5 COMMUNITY

Creating age and dementia-friendly community

6 RESEARCH & DEVELOPMENT

Promoting research and development and disseminating the results of prevention, diagnosis, cure, rehabilitation model, and care model for dementia

7 VIEWPOINT OF PERSONS WITH DEMENTIA

Prioritizing the standpoint of persons with dementia and their families

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New Orange Plan

"Comprehensive Strategy to Accelerate Dementia Measures"

Coordination of Medical Care and Long-term Care

① Early Support
  (Initial Phase Intensive Support Team, etc.)
② Improving Ability of Care Providers
  (Training Programs)
③ Coordination of Medical Care and Long-term Care
  (Dementia Coordinator)

Research for Prevention and Cure

④ Risk Reduction
  (Nationwide Prospective Dementia Cohort)
⑤ Cure
  (Project for Psychiatric and Neurological Disorders)

Age and Dementia-Friendly Community

⑥ "Dementia Supporters"
  already 6.34 million ⇒ 8 million
⑦ Safety   (Cross-ministerial support: watching system in the community, etc.)

Initial-Phase Intensive Support Team (IPIST)

consultation

Community General Support Center

IPIST

① Visit（assessment）
② Conference (planning)
③ Visit（guidance）
④ Visit（Intensive support）

+

Medical Care and Long-term Care specialists

Certified doctor

Long-term care

Long-Term Care Support Specialists

Home-Visit

Awareness

Person suspected to be with dementia

consultation

Team Conference

Seamless Coordination

collaboration

collaboration

Medical Center for Dementia

collaboration

Medical care

Primary Care Doctors

Primary Care Doctors

Differential Diagnosis
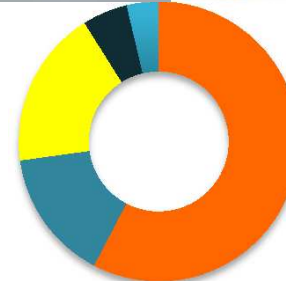
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"Dementia Supporters" Training Program

people of every generation, every occupation are becoming "Dementia Supporters"

Over 8 million supporters have been trained as of September 2016.

Dementia Supporters Program

✓ **Voluntarily**

✓ **with proper knowledge and understanding**

✓ **in communities and work places**

- Community
- Office
- School
- Public office
- LTC Service Providers