Overview of the Long-Term Care Insurance System

October. 2008
## International Comparison of Life Expectancy

The average life expectancy is 79 years for men and 86 years for women, which are the longest in the world.

<table>
<thead>
<tr>
<th>Country</th>
<th>Life expectancy (age)</th>
<th>Country</th>
<th>Life expectancy (age)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Rank</td>
<td>Women</td>
</tr>
<tr>
<td>Brazil</td>
<td>67</td>
<td>21</td>
<td>74</td>
</tr>
<tr>
<td>Canada</td>
<td>78</td>
<td>2</td>
<td>83</td>
</tr>
<tr>
<td>The United States</td>
<td>75</td>
<td>15</td>
<td>80</td>
</tr>
<tr>
<td>China</td>
<td>70</td>
<td>19</td>
<td>74</td>
</tr>
<tr>
<td>India</td>
<td>61</td>
<td>23</td>
<td>63</td>
</tr>
<tr>
<td>Israel</td>
<td>78</td>
<td>2</td>
<td>82</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td><strong>79</strong></td>
<td><strong>1</strong></td>
<td><strong>86</strong></td>
</tr>
<tr>
<td>Korea</td>
<td>73</td>
<td>18</td>
<td>80</td>
</tr>
<tr>
<td>Malaysia</td>
<td>69</td>
<td>20</td>
<td>74</td>
</tr>
<tr>
<td>Singapore</td>
<td>77</td>
<td>8</td>
<td>82</td>
</tr>
<tr>
<td>Pakistan</td>
<td>62</td>
<td>22</td>
<td>63</td>
</tr>
<tr>
<td>Finland</td>
<td>75</td>
<td>15</td>
<td>82</td>
</tr>
</tbody>
</table>

Countries are ranked in the order of longest life expectancy among 24 countries above.
Increase in the elderly population by generation

Up to 2005: Population Census, Statistics Bureau, Ministry of Internal Affairs and Communications
In and after 2010: Population Projection for Japan (estimated in December, 2006), National Institute of Population and Social Security Research
<table>
<thead>
<tr>
<th>Time</th>
<th>Ratio of the elderly population</th>
<th>Major policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>5.7% (1960)</td>
<td>1963 Enactment of the Welfare Law for the Aged  ◇ Setting up of special nursing homes for the elderly  ◇ Legislation of home helper system</td>
</tr>
<tr>
<td>1970s</td>
<td>7.1% (1970)</td>
<td>1973 Free medical care for the elderly</td>
</tr>
<tr>
<td>1996</td>
<td>Policy agreement of three ruling coalition parties  Ruling Parties Agreement as to the establishment of the Long-Term Care Insurance System</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>Enactment of the Long-Term Care Insurance Law</td>
<td></td>
</tr>
<tr>
<td>2000s</td>
<td>17.3% (2000)</td>
<td>2000 Enforcement of the Long-Term Care Insurance Law  2005 Partial revision of the same law</td>
</tr>
</tbody>
</table>
### Problems of the previous system for elderly care

#### Welfare for the elderly

**Relevant services**
- Special nursing home for the elderly, etc.
- Home help service, day service, etc.

**Problems**
- Users cannot choose services they want since municipal governments decide the type and provider of services.
- Use of services involves psychological reluctance since it requires an earnings test.
- Services tend to be uniform since they are provided by municipal governments directly or through outsourcing and thus fail to be driven by the principle of competition.
- Middle and high income brackets have to bear a heavy burden since users have to pay their copayment according to the income of themselves and their supporter(s) under duty (according to their ability to pay).

#### Medical care for the elderly

**Relevant services**
- Health service facilities for the elderly, group of beds for long-term care, general hospitals, etc.
- Home-visit nursing, day care, etc.

**Problems**
- Many elderly persons chose long-term hospitalization at a general hospital for the purpose of receiving long-term care since copayment for medical care services was lower for middle and high income brackets than that for welfare services and the infrastructure of welfare services was insufficient.
  - Medical expenses increased since care at general hospitals involves higher costs than that at special nursing homes for the elderly and health service facilities for the elderly.
  - Hospitals focusing on treatment have an insufficient system for the long-term rehabilitation of elderly persons requiring long-term care in terms of care staff and a living environment (e.g. small rooms, and lack of a dining hall and bath).

The conventional system for welfare and medical care for the elderly cannot handle elderly care any longer.
**Difference between the Previous System and Long-Term Care Insurance System from the Users’ Point of View**

**Previous system**

(1) Apply at the administrative office window, and municipalities determine the service.

(2) Apply separately for medical care and welfare services.

(3) Services provided mainly by municipalities and public organizations (Council of Social Welfare, etc.).

(4) For middle and high income earners, services are hard to use due to an expensive cost to bear.

  e.g. In the case where the householder’s annual employment income is 8 million yen, and his or her elderly parent receives a pension of 200,000 yen per month:

  - Special nursing home for the elderly will cost 190,000 yen per month
  - Home helper service will cost 950 yen per hour.

**Long-term care insurance system (at a time of revision)**

Users can choose the type of service and facilities they use.

Users will make a long-term care service usage plan (care plan) and use medical care and welfare services comprehensively.

Services provided by various organizations such as private companies, agricultural cooperatives, consumers’ cooperatives, and NPO, etc.

Users will pay 10% charge for the service regardless of their income.

  e.g. In the case where the householder’s annual employment income is 8 million yen, and his or her elderly parent receives a pension of 200,000 yen per month:

  - Special nursing home for the elderly will cost 50,000 yen per month
  - Home helper service will cost 400 yen every 30 to 60 minutes.
Needs for long-term care are increasing more than ever due to an increasing number of the elderly who need long-term care and prolonged periods of nursing care for each person as the population ages.

On the other hand, a change is also occurring in families who had supported the elderly who need long-term care due to an increase in the number of nuclear family and aging of family members who care for the elderly.

To establish a system where long-term care for the elderly is supported by the society as a whole (long-term care insurance system)

Independence support: To aim at supporting the independence of elderly persons, more than just looking after those requiring long-term care

User-friendly: A system where users can receive comprehensively health care and welfare services from various entities of their own choice

Social insurance system: To build a system where the relationship between benefits and costs is clear
### Structure of Long-Term Care Insurance System

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>50%</td>
</tr>
<tr>
<td>Premiums</td>
<td>50%</td>
</tr>
<tr>
<td>Finance Stabilizing Fund</td>
<td>Premiums withheld from pensions, in principle</td>
</tr>
<tr>
<td>Municipalities (Insurer)</td>
<td>Pay 90% of costs</td>
</tr>
<tr>
<td></td>
<td>Service providers</td>
</tr>
<tr>
<td></td>
<td>- In-home service</td>
</tr>
<tr>
<td></td>
<td>- Day service care, etc.</td>
</tr>
<tr>
<td></td>
<td>- In-facilities service</td>
</tr>
<tr>
<td></td>
<td>- Welfare facilities for the elderly</td>
</tr>
<tr>
<td></td>
<td>- Health facilities for the elderly, etc.</td>
</tr>
<tr>
<td>Service providers</td>
<td>10% copayment</td>
</tr>
<tr>
<td>Use of service</td>
<td>Housing and food expenses</td>
</tr>
<tr>
<td>Application</td>
<td>Individual municipality</td>
</tr>
<tr>
<td>National pool of money</td>
<td>National Health Insurance, Health Insurance Society, etc.</td>
</tr>
<tr>
<td>Year</td>
<td>(FY2006-2008)</td>
</tr>
</tbody>
</table>

### Insured persons

- **Category 1 Insured Persons** - aged 65 or over (27.27 million people)
- **Category 2 Insured Persons** - aged 40-64 (42.76 million people)

### Note

The number of Category 1 insured persons is from Report on Long-Term Care Insurance Operation (provisional) (December, 2007), Ministry of Health, Labour and Welfare. The number of Category 2 insured persons is a monthly average for FY2005, 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.
Long-term care expenses (all expenses minus copayment) are financed one-half by taxes and one-half by premiums.

As for premiums, 19% of them is paid by Category 1 insured persons and 31% by Category 2 insured persons.

As for taxes, the state bears 25%, and prefectures and municipalities bear 12.5% respectively. (As for facilities expenses, however, the state bears 20%, and prefectures and municipalities bear 17.5%.)

Of 25% of expenses borne by the state, 5% is provided as adjustment grants which aim at adjusting insurance finance of municipalities.
### Role of Adjustment Grants

1. **Difference between a certification rate of long-term care need for the elderly of their early stage and that for the elderly of their late stage**
   - The elderly of their early stage (aged 65-74): certification rate (about 5%)
   - The elderly of their late stage (aged 75 or over): certification rate (about 29%)
   - 6 times difference

   **The old-old account for a large fraction of the insured under the Long-Term Care Insurance system.**
   - Long-term care expenses inevitably increases.
   - Without adjustment, burden for premiums would be heavier.

2. **Difference in income levels among the insured**

   **An insured person with an annual income of 3 million yen (named as A)**
   (in the case where no adjustment is made)
   - If all the insured but A were wealthy with premium level 5,
     → a premium paid by A would be small.
   - If all the insured but A were recipients of Old-Age Welfare Pension with premium level 1,
     → a premium paid by A would be high.

[Role of adjustment grants]
- When a long-term care expense for specific insured persons is almost the same,
- and their income is almost the same,
  premiums paid by them should be adjusted to become the same.
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 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 and rheumatoid arthritis, and thereby come to require care or support.

<table>
<thead>
<tr>
<th>Eligible persons</th>
<th>Category 1 insured persons</th>
<th>Category 2 insured persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons aged 65 or over</td>
<td>Persons aged 40-64 covered by health insurance program</td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>26.82 million (as of the end of April, 2007)</td>
<td>42.85 million (estimation for FY2006)</td>
</tr>
<tr>
<td>Requirement for service provision</td>
<td>- Persons requiring long-term care (bedridden, dementia, etc.)</td>
<td>Limited to cases where a condition requiring care or support results from age-related diseases (specified diseases), such as terminal cancer and rheumatoid arthritis</td>
</tr>
<tr>
<td>- Persons requiring support (daily activities requires support)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums collection</td>
<td>Collected by municipalities (in principle withheld from pension benefits)</td>
<td>Collected together with medical care premiums by medical care insurers</td>
</tr>
</tbody>
</table>
The Long-term Care Insurance Scheme is operated in three-year cycles.

- Municipal governments formulate a long-term care insurance service plan where three years are regarded as one phase (however, one phase is five years until FY2005) and review it every three years.
- Insurance premiums are set every three years based on projected service costs specified in a service plan so that financial conditions can be balanced throughout the next three years. (Insurance premiums are not changed during such three years.)
Increase in total expenditure

Total expenditure for the long-term care insurance has been growing every year.

[Unit: trillion yen]

Category 1 Premium (Weighted average)

The Category 1 premiums increased by about 40% between the first phase (2000-2002) and the third phase (2006-2008).


2,911 yen  3,293 yen (+13%)  4,090 yen (+24%)
Half of the long-term care insurance expenses is divided according to the population ratio of those aged 65 or over and those aged 40-64. Accordingly, municipalities (insurers) cover 19% of half the total expenses by premiums imposed individually on the elderly.

From the standpoint of having people bear the cost in response to their ability to pay and giving special consideration to low-income earners, the Category 1 premium, in principle, shall be determined 6 levels according to municipal inhabitant tax, etc., imposed on each insured person.
Procedures for the Use of Service

1. Users
   - Municipality’s window for application
   - Investigation for certification
   - Doctor’s opinion

2. Certification of long-term care need
   - Care level 1-5
   - Long-term care utilization plan (care plan)

3. Support level 1 and 2
   - Support level 1 and 2
   - Care plan for care prevention

4. Not applicable
   - Not applicable

5. Persons who might be in need of daily living support or long-term care

6. Persons who might be in need of long-term care services

7. Bedridden or demented persons requiring long-term care services

8. Long-term care utilization plan
   - Long-term care service
   - Long-term care prevention service
   - Community-based long-term care prevention service
   - Care plan for care prevention

9. In-facility service
   - Special nursing home for the elderly
   - Health care facilities for the elderly requiring long-term care
   - Sanatorium type medical care facilities for the elderly requiring care

10. In-home service
    - Home-visit care
    - Home-visit nursing
    - Day service
    - Short-stay service, etc.

11. Community-based service
    - Small-scale multifunctional in-home care
    - Nighttime home-visit long-term care
    - Daily-life group care for the elderly with dementia, etc.

12. Community-based long-term care prevention service
    - Small-scale multifunctional in-home care for care prevention
    - Daily-life group care for the elderly with dementia for care prevention, etc.

13. Long-term care prevention projects
    - Services which cope with municipalities’ needs

14. Care benefits

Preventive benefits

Community support program
Characteristic of Physical Abilities by Care Level

Support level 2 and care level 1 are classified based on the stability of conditions or the possibility of improvement.

- Standing up
- Sitting up
- Standing on one leg

- Walking
- Body washing
- Money management
- Nail clipping

- Putting on and taking off pants, etc.
- Moving around
- Decision making involved in daily life

- Facial washing
- Hair dressing
- Mouth cleaning
- Urination and defecation
- Transfer from/to bed

- Dietary intake
- Communication

- Swallowing
- Memorizing and understanding
## Types of long-term care services

<table>
<thead>
<tr>
<th>Services designated and supervised by municipal governments</th>
<th>Services designated and supervised by prefectoral governments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community-based services</strong></td>
<td><strong>In-home service</strong></td>
</tr>
<tr>
<td>✓ Nighttime home-visit long-term care</td>
<td>✓ In-home service [Home-visit service]</td>
</tr>
<tr>
<td>✓ Day service for the elderly with dementia</td>
<td>✓ Home-visit long-term care (Home help service)</td>
</tr>
<tr>
<td>✓ Small-scale multifunctional in-home care</td>
<td>✓ Home-visit bathing service</td>
</tr>
<tr>
<td>✓ Daily-life group care for the elderly with dementia (Group homes)</td>
<td>✓ Home-visit nursing</td>
</tr>
<tr>
<td>✓ Community-based daily-life care in specified facilities</td>
<td>✓ Home-visit rehabilitation</td>
</tr>
<tr>
<td>✓ Community-based daily-life care in welfare facilities for the elderly requiring long-term care</td>
<td>✓ Management guidance for in-home care</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community-based long-term care prevention services</strong></td>
<td><strong>Day service</strong></td>
</tr>
<tr>
<td>✓ Day service for the elderly with dementia for care prevention</td>
<td>✓ Day service</td>
</tr>
<tr>
<td>✓ Small-scale multifunctional in-home care for care prevention</td>
<td>✓ Day rehabilitation service</td>
</tr>
<tr>
<td>✓ Daily-life group care for the elderly with dementia (Group homes)</td>
<td></td>
</tr>
<tr>
<td><strong>Support for care prevention</strong></td>
<td><strong>In-facility service</strong></td>
</tr>
<tr>
<td>✓ Welfare facilities for the elderly requiring long-term care</td>
<td>✓ Welfare facilities for the elderly requiring long-term care</td>
</tr>
<tr>
<td>✓ Health care facilities for the elderly requiring long-term care</td>
<td></td>
</tr>
<tr>
<td>✓ Sanatorium type medical care facilities for the elderly requiring long-term care</td>
<td></td>
</tr>
<tr>
<td><strong>Services providing long-term care benefits</strong></td>
<td><strong>Short-stay service</strong></td>
</tr>
<tr>
<td>✓ Long-term care prevention services</td>
<td>✓ Short-stay daily-life service (Short stay)</td>
</tr>
<tr>
<td>✓ [Home-visit service]</td>
<td>✓ Short-stay daily-life service (Short stay)</td>
</tr>
<tr>
<td>✓ Home-visit long-term care for care prevention (Home help service)</td>
<td>✓ Short-stay medical service</td>
</tr>
<tr>
<td>✓ Home-visit bathing service</td>
<td>✓ Rental service for welfare equipment</td>
</tr>
<tr>
<td>✓ Home-visit nursing for care prevention</td>
<td></td>
</tr>
<tr>
<td>✓ Home-visit rehabilitation for care prevention</td>
<td></td>
</tr>
<tr>
<td>✓ Management guidance for in-home care for care prevention</td>
<td></td>
</tr>
<tr>
<td>✓ Daily-life care in specified facilities for care prevention</td>
<td></td>
</tr>
<tr>
<td>✓ Sales of specified welfare equipment for care prevention</td>
<td></td>
</tr>
<tr>
<td><strong>Services providing long-term care prevention benefits</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Support for in-home care</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Services providing long-term care prevention benefits</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Services providing long-term care prevention benefits</strong></td>
<td></td>
</tr>
</tbody>
</table>
Matrix of Long-Term Care Insurance Services

Living area

- Day service for the elderly with dementia
- Nighttime home-visit long-term care
- Group home for the elderly with dementia
  - Small-scale specified facilities only for long-term care
  - Small-scale special nursing homes for the elderly

Home

- Home-visit service
  - Home-visit care, Home-visit nursing, Home-visit bathing service, Home-visit rehabilitation, Management guidance for in-home care
  - Day service
    - Day service, Day rehabilitation service

Wide area

- Short-stay service
- Residential service
  - Fee-charging homes for the elderly, care houses
- In-facility service
  - Special nursing homes for the elderly, health facilities for the elderly, sanatorium type medical care facilities for the elderly requiring care

Facilities

Community-based service

- Mayor
  - (Designation and supervision of service providers)

General services

- Governor
### Examples of Long-Term Care Services (1)

#### In-home service

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home-visit care</td>
<td>A home helper, etc., visits a user’s home in order to provide personal care for bathing, toileting and eating, and support for other daily-life activities.</td>
</tr>
<tr>
<td>Day service</td>
<td>A user commutes to a day service center for the elderly and other facilities, where he/she is provided with personal care for bathing, toileting and eating, support for other daily-life activities, and physical exercises.</td>
</tr>
<tr>
<td>Short-stay daily life service</td>
<td>A user is admitted for a short term to a special nursing home for the elderly and other facilities, where he/she is provided with personal care for bathing, toileting and eating, support for other daily-life activities, and physical exercises.</td>
</tr>
<tr>
<td>Rental service of welfare equipment</td>
<td>Welfare equipment such as a wheelchair and special bed are rent to a user.</td>
</tr>
</tbody>
</table>
A limit is fixed on in-home service to be used a month, which the insurance system covers.

When service costs exceed the limit, users have to pay the excess.

<table>
<thead>
<tr>
<th>Level</th>
<th>Limit of benefits to be provided a month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support level 1</td>
<td>4,970 units</td>
</tr>
<tr>
<td>Support level 2</td>
<td>10,400 units</td>
</tr>
<tr>
<td>Care level 1</td>
<td>16,580 units</td>
</tr>
<tr>
<td>Care level 2</td>
<td>19,480 units</td>
</tr>
<tr>
<td>Care level 3</td>
<td>26,750 units</td>
</tr>
<tr>
<td>Care level 4</td>
<td>30,600 units</td>
</tr>
<tr>
<td>Care level 5</td>
<td>35,830 units</td>
</tr>
</tbody>
</table>

* 1 unit: 10-10.72 yen
### Examples of Long-Term Care Services (2)

#### [In-facility service]

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Special nursing home for the elderly** | A user is admitted to a special nursing home for the elderly, where he/she is provided with personal care for bathing, toileting and eating, support for other daily-life activities, physical exercises, and assistance for health management and recuperation.  
(If a user certified as care level 5 uses a room with multiple beds, benefit is approximately 28,000 units per month.) |
| **Health care facilities for the elderly requiring long-term care** | A user is admitted to health care facilities for the elderly requiring long-term care, where he/she is provided with nursing care, personal care and physical exercises under medical management, and other necessary assistance for medical treatment and daily-life activities.  
(If a user certified as care level 5 uses a room with multiple beds, benefit is approximately 30,100 units per month.) |
### History of Long-Term Care Insurance System

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1997</td>
<td>December</td>
<td>Enactment of the Long-Term Care Insurance Law</td>
</tr>
<tr>
<td>2nd</td>
<td>2000</td>
<td>April</td>
<td>Enforcement of the Long-Term Care Insurance Law</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>April</td>
<td></td>
<td>Revision of the Category 1 Premium, Revision of long-term care fees</td>
</tr>
<tr>
<td></td>
<td>May</td>
<td></td>
<td>Establishment of the Long-term Insurance Subcommittee in the Social Security Council – a start of the “Revision in five years after the enforcement”</td>
</tr>
<tr>
<td>2005</td>
<td>June</td>
<td></td>
<td>Enactment of the law to revise a part of the Long-term Care Insurance Law</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td></td>
<td>A review of facility benefits</td>
</tr>
<tr>
<td>3rd</td>
<td>2006</td>
<td>April</td>
<td>Full-scale enforcement of the revised law</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Revision of Category 1 Premium, Revision of long-term care fees (as for those enforced in April)</td>
</tr>
<tr>
<td>2008</td>
<td>May</td>
<td></td>
<td>Enactment of the law to revise a part of the Long-term Care Insurance Law and the Welfare Law for the Aged</td>
</tr>
</tbody>
</table>
# Fundamental Standpoint and Content of a Reform of Long-Term Care Insurance System

<table>
<thead>
<tr>
<th>Establishment of a bright and active super-aging society</th>
<th>Sustainability of the system</th>
<th>Comprehensive social security</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Substantial increase in those in a slight care-need condition</td>
<td>- Fairness in the burden between users at home and facilities</td>
<td>- Improvement of the quality of service driven by users’ selection</td>
</tr>
<tr>
<td>- The services for those in a slight condition fail to improve conditions of such users</td>
<td>- An increase in the elderly who live alone or suffer from dementia</td>
<td>- Special consideration to low-income persons</td>
</tr>
<tr>
<td></td>
<td>- Enhanced in-home care support</td>
<td>- Reducing clerical work of municipal governments</td>
</tr>
<tr>
<td></td>
<td>- Coordination between nursing care and medical care</td>
<td></td>
</tr>
</tbody>
</table>

### Shift to a prevention-oriented system
- Creation of new prevention benefits
- Creation of community support projects

### Review of benefits for facilities
- Review of housing and food expenses
- Special consideration to low-income persons

### Establishment of a new service system
- Creation of community-based services
- Creation of a community comprehensive support center
- Improvement of residential services

### Securing and improvement of the quality of service
- Disclosure of information of long-term care services
- Review of care management

### Review of burden sharing and system management
- Review of Category 1 premiums
- Strengthening of the function of insurers
The purpose is to establish the prevention-oriented system where the elderly in a slight condition can be prevented from getting into the support or care need condition as much as possible, or from getting aggravated.
Special Consideration to Low-Income Persons
(A case where a user of care level 5 uses a room with multiple beds
in a special nursing home for the elderly)

Users’ burden is relieved by supplementary benefits and high-cost care service benefits.

Users’ burden (10% copayment, food and housing expenses)

Level 1
Welfare recipients, etc.
Total: 25,000 yen
10% copayment: 15,000 yen
Food: 10,000 yen
Housing: 0 yen

Level 2
Pension benefit is 800,000 yen or less a year
Total: 37,000 yen
10% copayment: 15,000 yen
Food: 12,000 yen
Housing: 10,000 yen

Level 3
Pension benefit exceeds 800,000 yen but does not exceed 2.11 million yen a year
Total: 55,000 yen
10% copayment: 25,000 yen
Food: 20,000 yen
Housing: 10,000 yen

Level 4
Pension exceeds 2.11 million yen a year, or the insured person is exempted from tax but at least one taxpayer is in the household.

Ordinary payment
Total: 81,000 yen
10% copayment: 29,000 yen
Food: 42,000 yen
Housing: 10,000 yen

*Food and housing expenses are determined based on an agreement between a user and a home.

In case of Area Category 1 under the public assistance system
Creation of Community-Based Services

With a view to supporting lives of those who require long-term care in communities where they have lived for a long time, a new type of service (community-based service) is created, which is appropriate to be provided in nearby municipalities.

1: Only available to citizens of City A
- Transfer of authority over the designation to municipalities
- Services are only available to citizens of such municipalities. (When other municipalities designate the establishment in City A upon obtaining the consent of the City, citizens of such municipalities can also use them.)

2: Development of proper service infrastructure on a community basis
By setting the volume of development necessary for each municipality (or further divided areas), well-balanced development which satisfies community needs can be promoted.

3: Setting the designation standard and long-term care fees that meet regional needs

4: Fair, equitable and transparent system
Residents, the elderly, operators, and health, medical and welfare workers are involved in designating (or rejecting) establishments, and deciding a designation standard and long-term care fees.
A community comprehensive support center is established, as an all-around organization which supports the elderly’s lives.

A core organization that supports “community comprehensive care” and “prevention-centered system”
**Image of a Community Comprehensive Support Center**

(Community Comprehensive Care System)

---

**The insured**

- Comprehensive consultation and support projects
  - National and regional consultation and support centers
  - Support for regional consultation and support centers

- Prevention and early detection of abuse, advocacy
  - National and regional legal advocacy centers
  - Support for regional legal advocacy centers

---

**Care management projects for long-term care prevention**

- Support for and evaluation of management of a center
  - Networking of regional resources
  - Securing of the neutrality
  - Support for recruiting staff

- Establishment of in-home care support establishment
  - Established in each municipality
  - (Each municipal government serves as an executive office.)

---

**Development of multilateral (cross-system) support**

- Linking to necessary services provided by administrative organizations, public health centers, medical institutions, child guidance centers and other organs

---

**Support for realization of cooperation and collaboration among various occupations**

- Support for and evaluation of management of a center
- Networking of regional resources
- Securing of the neutrality
- Support for recruiting staff

---

**Responsibilities**

- Workers of long-term care insurance services
- Users and insured persons (clubs for the elderly, etc.)
- A medical association of the area, welfare-related organizations and professional organizations of care managers, etc.
- Administrative Council for Community Comprehensive Support Centers
- Workers of community services, such as NPOs
- Workers in charge of advocacy and consultation
- Family doctors

---

**Image of a Community Comprehensive Support Center**

(Community Comprehensive Care System)
Outline of Small-Scale Multifunctional In-Home Care

Basic concept: For people who require long-term care, support is provided so that they can continue to live at home even if they get aggravated by mainly providing day services combined with home-visit and stay-over services as needed according to a condition or request of them.

Home of a user

Small-scale multifunctional in-home care establishment

- Unfixed personnel distribution for flexible operation
- Whichever service is used, people can get service from familiar personnel.

Home-visit according to a condition or request of a user

Day-Service-centered use

Stay Over according to a condition or request of a user

<<Users>>
- 25 or fewer users are registered for an establishment.
- Limit for day-service users is half of the registered users, and 15 at maximum.
- Limit for stay-over users is one third of the limit for day-service users, and 9 at maximum. Stay-over services are available only to day-service users.

<<Personnel distribution>>
- Care: nursing staff
  - Daytime: one personnel for three day-service users + one personnel for home-visit service
  - Nighttime: two personnel for stay-over users and home-visit service (one on night duty)
- Care manager (one)

<<Facilities>>
- Three square meter or over for one day-service user
- Four or five tatami mats for a stay-over user accommodations which secure privacy

Fixed remuneration per month by care level

Support for living at home

Securing of transparent management open to a community, certain level of services and qualified staff

Establishment of Management Promotion Conference

Setting a place where people concerned in a community can examine and evaluate how an establishment works

Training of administrators, etc. External evaluation and information disclosure

Annexed establishment – Residence

(Annex)
- Residence
  - Group homes
  - Small-scale specified facilities only for long-term care
  - Small-scale welfare facilities for the elderly requiring long-term care (satellite special nursing homes for the elderly, etc.)
  - Sanatorium type medical care facilities for the elderly requiring care at clinics equipped with beds

- Providing continued and comprehensive services together with a small-scale multifunctional in-home care
- Enabling staff to hold two posts
Basic concept: It is necessary to establish a system that users can live at home with peace of mind all day even at night.

→ Creation of nighttime home-visit long-term care which provides on-demand services based on regular patrol and users’ reporting

Basically, about 300 people are estimated for users.

A city with population of about 200,000
First of all, service provision in urban areas is planned.

A user has a Care Call terminal.

Home-visit service is provided when a user reports.

On-demand service

Reporting

Resident operator

Regular patrol

A user may ask help from personnel on regular patrol.
**Disclosure of Information on Long-Term Care Services**

**All providers of long-term care services**

<<<Information on long-term care services>>>

Information on content and management situation of long-term care services which is prescribed by the Ministry of Health, Labour and Welfare Ordinance to be necessary for disclosure in order to secure opportunities for “long-term care required” to use long-term care services appropriately and smoothly.

<<<Basic information>>>

- Basic factual information which only has to be disclosed
  - Ex. Establishment: staff, business hour, physical exercise facilities, usage fee, etc.

<<<Investigated information>>>

- Information which is necessary to be objectively investigated for its accuracy
  - Ex. Existence of a care service manual, efforts to abolish physical restriction, etc.

Governor or designated investigation organization (designated by a governor)

- Securing neutrality and fairness
- Securing uniformity of investigation

Governor or designated information disclosure center (designated by a governor)

<<<Disclosure of information on long-term care services>>>

Annual disclosure of all basic and investigated information

Inquiry

Users (the Elderly)

Choose long-term care service providers through comparison and consideration based on information on long-term care services

Report directly (once a year)

Investigate the accuracy of reported content

Report (once a year)
Overview of the law to revise a part of the Long-term Care Insurance Law and the Welfare Law for the Aged

With a view of preventing recurrence of frauds of long-term care service providers and promoting appropriate management of long-term care business, necessary revisions are made to oblige providers to develop a management system which ensures compliance with laws and regulations, to establish a right to enter and inspect a head office, etc. of the providers, to take measures against providers’ illegal evasion of punishment and to do other actions.

(Management system in operation) → (Guidance and supervision) → (Business closure during an audit) → (Designation and renewal) → (Securing of services at a time of closure)

**Providers’ inadequate compliance with laws and regulations**
- Improvement of business management system
  - Obligation of development of business management system that ensures compliance with laws and regulations, which is imposed on each provider as a new rule
  - Such an obligation depends on a scale of a provider

**No right to inspect a head office of a provider**
- On-site inspection, etc. for a head office
  - Granting the state, prefectures and municipalities a right to inspect a head office of a provider when an organized involvement in malpractices is suspected.
  - Granting the state, prefectures and municipalities a right to recommend correction to providers or order it when there are problems about business management system.

**Punishment evasion of illegal providers**
- Measures for punishment evasion
  - As for closure of an establishment, changing after-the-fact notification to prior notification. The case of notifying a closure during on-site inspection is added to disqualification causes for designation and renewal.
  - When a provider whose designation is canceled is going to transfer the business to other closely-connected providers, such a case is added to disqualification causes for designation and renewal.

**Problems of applying guilt-by-complicity system to every case**
- Review of disqualification causes for designation and renewal
  - While so-called guilt-by-complicity system is maintained, municipalities are to decide on designation and renewal by confirming whether the provider is involved in malpractices in an organized way.
  - As for a provider which operates in a wide area, the state, prefectures and municipalities are to share enough information and cooperate closely in coping with the case.

**Inadequate measures to secure services for users at a time of business closure**
- Improvement of measures to secure services
  - Clarification of the obligation of providers to secure services for users at a time of business closure.
  - The case where the provider fails to fulfill the obligation of securing services is added to causes of the recommendation and order.
  - Administrative assistance for measures taken by providers as needed

*Effective date: the day specified by Cabinet Order within a period not exceeding one year from the date of promulgation*
Problems and Countermeasures based on a Future Image of the Elderly (from a viewpoint of the Long-Term Care Insurance Law)

- Increase in the elderly population (the first baby boomers join the elderly)
  ⇒ Increase in medical care cost for the elderly
  ⇒ Enhancement of measures for preventing the elderly from becoming in need of long-term care (or support) in addition to long-term care services
  ⇒ Promotion of individual care
- Increase in the number of the elderly suffering from dementia
  ⇒ Promotion of care and long-term care for the demented elderly
- Increase in the number of elderly couple household and single-elderly-person household
  ⇒ Securing housing for the elderly
  ⇒ Establishment of “Living-alone model” that family members are not counted on to provide long-term care
- Advancement of super-aging society in urban areas
  ⇒ Securing housing for the elderly in urban areas
  ⇒ Countermeasures for increasing demand for services based on a future image of the elderly
- Shortage of housing for the elderly
  ⇒ Development of housing for the elderly and medical care environment (medical treatment and long-term care services)
Increase in the elderly population by generation

Urban areas see a high increase of the elderly population in number and its increasing rate.

The number of the elderly will increase from around 26 million in 2006 to around 36 million in about 15 years.

In 2025, elderly population increases about 1.4 times the number of 2006.

The first baby boomers join the elderly in 2005.

Up to 2005: Population Census, Statistics Bureau, Ministry of Internal Affairs and Communications
In and after 2010: Population Projection for Japan (estimated in December, 2006), National Institute of Population and Social Security Research

“Long-Term Care” Model → “Long-Term Care + Prevention” Model, Promotion of Individual Care
Change in Certified Persons Requiring Long-Term Care or Support by Care Level

(Unit: 1,000)

(Source: Report on the Situation of Long-term Care Insurance Service, etc.)
### Increase in the Number of the Elderly with Dementia

<table>
<thead>
<tr>
<th>End of September, 2002</th>
<th>Long-term care required</th>
<th>Whereabouts at a time of application (unit: 10,000 people)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Support required</td>
<td>In home</td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
<td>210</td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily life dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>level II or over</td>
<td>149</td>
<td>73</td>
</tr>
<tr>
<td>Daily life dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>level III or over</td>
<td>79 (25)</td>
<td>28 (15)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily life dependence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>level II or over</td>
<td>149</td>
<td>169</td>
<td>208</td>
<td>250</td>
<td>289</td>
<td>323</td>
<td>353</td>
<td>376</td>
<td>385</td>
<td>378</td>
</tr>
<tr>
<td></td>
<td>6.3</td>
<td>6.7</td>
<td>7.2</td>
<td>7.6</td>
<td>8.4</td>
<td>9.3</td>
<td>10.2</td>
<td>10.7</td>
<td>10.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Daily life dependence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>level III or over</td>
<td>79</td>
<td>90</td>
<td>111</td>
<td>135</td>
<td>157</td>
<td>176</td>
<td>192</td>
<td>205</td>
<td>212</td>
<td>208</td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>3.6</td>
<td>3.9</td>
<td>4.1</td>
<td>4.5</td>
<td>5.1</td>
<td>5.5</td>
<td>5.8</td>
<td>5.8</td>
<td>5.7</td>
</tr>
</tbody>
</table>

*1 Figures in the lower columns shows a ratio to the population aged 65 or over (%)
*2 Figures are the estimated ones for the elderly judged as II or over with “Daily life dependency level of the elderly with dementia” used for certification of long-term care needs. They are not diagnosed as dementia definitely.

Source: Report of long-term care research group, June 2003
The population ages rapidly especially in the metropolitan area or other urban areas. Housing for the elderly becomes a big issue in such areas.

## Change in elderly population aged 65 or over by prefecture

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Elderly population as of 2005 (10,000)</th>
<th>Elderly population as of 2015 (10,000)</th>
<th>Increase in number</th>
<th>Increasing rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saitama</td>
<td>116</td>
<td>179</td>
<td>63</td>
<td>+55%</td>
<td>1</td>
</tr>
<tr>
<td>Chiba</td>
<td>106</td>
<td>160</td>
<td>53</td>
<td>+50%</td>
<td>2</td>
</tr>
<tr>
<td>Kanagawa</td>
<td>149</td>
<td>218</td>
<td>70</td>
<td>+47%</td>
<td>3</td>
</tr>
<tr>
<td>Aichi</td>
<td>125</td>
<td>177</td>
<td>52</td>
<td>+42%</td>
<td>4</td>
</tr>
<tr>
<td>Osaka</td>
<td>165</td>
<td>232</td>
<td>68</td>
<td>+41%</td>
<td>5</td>
</tr>
<tr>
<td>(Tokyo)</td>
<td>233</td>
<td>316</td>
<td>83</td>
<td>+36%</td>
<td>(7)</td>
</tr>
<tr>
<td>Iwate</td>
<td>34</td>
<td>39</td>
<td>5</td>
<td>+15%</td>
<td>43</td>
</tr>
<tr>
<td>Shimane</td>
<td>20</td>
<td>22</td>
<td>2</td>
<td>+11%</td>
<td>44</td>
</tr>
<tr>
<td>Akita</td>
<td>31</td>
<td>34</td>
<td>4</td>
<td>+11%</td>
<td>45</td>
</tr>
<tr>
<td>Yamagata</td>
<td>31</td>
<td>34</td>
<td>3</td>
<td>+10%</td>
<td>46</td>
</tr>
<tr>
<td>Kagoshima</td>
<td>44</td>
<td>48</td>
<td>4</td>
<td>+10%</td>
<td>47</td>
</tr>
<tr>
<td>Whole</td>
<td>2,576</td>
<td>3,378</td>
<td>802</td>
<td>+31%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Estimated population of Japan by prefecture (estimated in May 2007), National Institute of Population and Social Security Research
## Estimation of Future Forms of the Elderly Households

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td>4,904</td>
<td>5,014</td>
<td>5,048</td>
<td>5,027</td>
<td>4,964</td>
</tr>
<tr>
<td><strong>Householder aged 65 or over</strong></td>
<td>1,338</td>
<td>1,541</td>
<td>1,762</td>
<td>1,847</td>
<td>1,843</td>
</tr>
<tr>
<td><strong>Single</strong></td>
<td>386</td>
<td>471</td>
<td>566</td>
<td>635</td>
<td>680</td>
</tr>
<tr>
<td>(percentage)</td>
<td>28.9%</td>
<td>30.6%</td>
<td>32.2%</td>
<td>34.4%</td>
<td>36.9%</td>
</tr>
<tr>
<td><strong>Couple only</strong></td>
<td>470</td>
<td>542</td>
<td>614</td>
<td>631</td>
<td>609</td>
</tr>
<tr>
<td>(percentage)</td>
<td>35.1%</td>
<td>35.2%</td>
<td>34.8%</td>
<td>34.2%</td>
<td>33.1%</td>
</tr>
</tbody>
</table>

Note: Percentages show the ratio to the households of which a householder is 65 or over
Source: Estimation of the number of households in Japan (estimation in October 2003), National Institute of Population and Social Security Research
The number of single-elderly-person household rapidly increases as fewer elderly live together with children or grandchildren.

Changes in the number of single-elderly-person household

The elderly living alone
(1,000 people)

Actual number

Estimated number

Ratio to the elderly population

Source: Population Census, Ministry of Internal Affairs and Communications; Estimation of the number of households in Japan, Population Projection for Japan, National Institute of Population and Social Security Research

“Living together” model → “Living together + Living alone” model
Ratio of the certified persons by care level

<table>
<thead>
<tr>
<th>Care Level</th>
<th>Support (2.6%)</th>
<th>Care Level I (5.1%)</th>
<th>Care Level II (2.3%)</th>
<th>Care Level III (2.0%)</th>
<th>Care Level IV (1.9%)</th>
<th>Care Level V (1.8%)</th>
<th>Total</th>
</tr>
</thead>
</table>

Residential situation of the elderly in some countries (ratio of capacity)

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Facilities</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>2002</td>
<td>Homes for the elderly</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement housing</td>
<td>5.0%</td>
</tr>
<tr>
<td>The UK</td>
<td>1984</td>
<td>Retirement housing</td>
<td>5.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Homes for the elderly</td>
<td>3.0%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1990</td>
<td>Service houses</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Homes for the elderly</td>
<td>3.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>1989</td>
<td>Housing for the elderly with services &amp; without services</td>
<td>3.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Homes for the elderly (Plejehjem)</td>
<td>5.0%</td>
</tr>
<tr>
<td>The US</td>
<td>1992</td>
<td>Retirement housing</td>
<td>5.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nursing homes</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

*Silver housing, High-quality apartment for the elderly, Fee-charging homes for the elderly, Old-age home with moderate fee and Group homes

Source: Housing for the Elderly in the World, Mariko Sonoda (Building Center of Japan)

*Aging rates are from “UN, World Population Prospects. The 2006 Revision”
Although the ratio of population over 75 years of age in Japan is now one to ten, it is estimated the ratio will be one to five in 2030 and one to four in 2055.
Increase in long-term care expenses due to changes in population composition
Declining birth rate and expanding life span brings about changes in population composition. Specifically, an age group to support Japan shrinks and the elderly especially those aged 75 or over increase in number, which means the number of certified persons requiring long-term care or support increases and long-term care expenses expand.

The long-term care insurance system is supported by premiums (50%) paid by people aged 40 or over and taxes (50%). In future fewer supporters have to bear a burden of increasing long-term care costs.

For the purpose of sustaining long-term care insurance system in future, burdens and benefits need to be reviewed.