to be confirmed

Overview of the Long-Term Care Insurance System

October. 2008

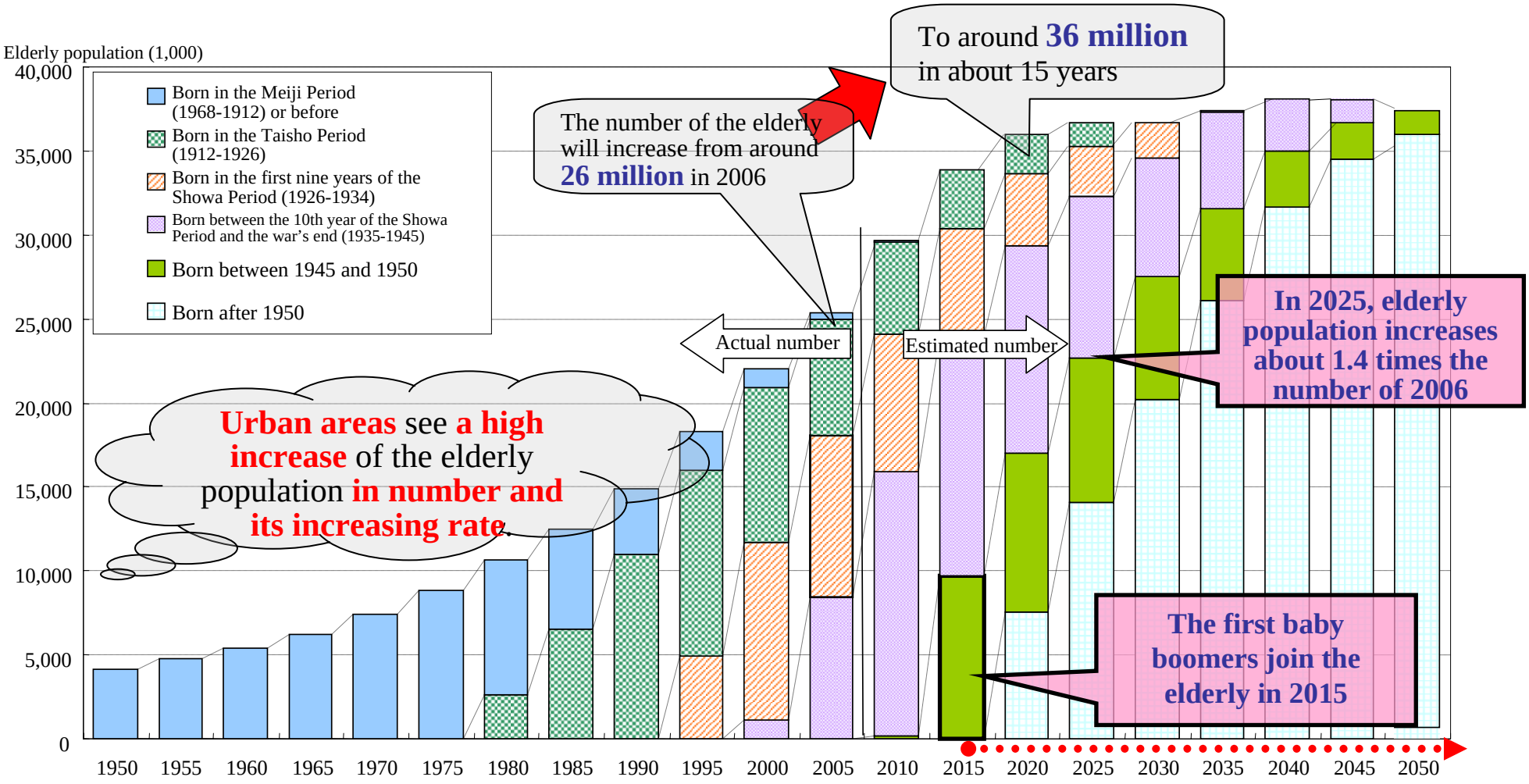
International Comparison of Life Expectancy

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

Country	Life expectancy (age)				Country	Life expectancy (age)			
	Men	Rank	Women	Rank		Men	Rank	Women	Rank
Brazil	67	21	74	19	France	76	12	83	3
Canada	78	2	83	3	Germany	76	12	82	9
The United States	75	15	80	17	Italy	78	2	84	2
China	70	19	74	19	The Netherlands	77	8	81	14
India	61	23	63	23	Norway	77	8	82	9
Israel	78	2	82	9	Portugal	74	17	81	14
Japan	79	1	86	1	Russia	59	24	72	22
Korea	73	18	80	17	Spain	77	8	83	3
Malaysia	69	20	74	19	Sweden	78	2	83	3
Singapore	77	8	82	9	Swiss	78	2	83	3
Pakistan	62	22	63	23	The United Kingdom	76	12	81	14
Finland	75	15	82	9	Australia	78	2	83	3

Source: The World Health Report 2006, WHO
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

History of Health and Welfare Policies for the Elderly

Time	Ratio of the elderly population	Major policies
1960s Start of welfare policies for the elderly	5.7% (1960)	1963 Enactment of the Welfare Law for the Aged ◇ Setting up of special nursing homes for the elderly ◇ Legislation of home helper system
1970s Increase in medical costs for the elderly	7.1% (1970)	1973 Free medical care for the elderly
1980s Recognition of the elderly's hospitalization for non-medical reasons and bed-ridden elderly as social problems	9.1% (1980)	1982 Enactment of the Health and Medical Service Law for the Elderly ◇ Introduction of partial payment of medical expenses for the elderly 1989 Formulation of the Gold Plan (The Ten-Year Strategy to Promote Health Care and Welfare for the Elderly) ◇ Urgent development of facilities and promotion of in-home welfare
1990s Promotion of the Gold Plan	12.0% (1990)	1994 Formulation of the New Gold Plan (The New Ten-Year Strategy to Promote Health Care and Welfare for the Elderly) ◇ Improvement of in-home welfare
Preparation for introduction of the Long-Term Care Insurance System	14.5% (1995)	1996 Policy agreement of three ruling coalition parties Ruling Parties Agreement as to the establishment of the Long-Term Care Insurance System 1997 Enactment of the Long-Term Care Insurance Law
2000s Implementation of the Long-Term Care Insurance System	17.3% (2000)	2000 Enforcement of the Long-Term Care Insurance Law 2005 Partial revision of the same law

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.

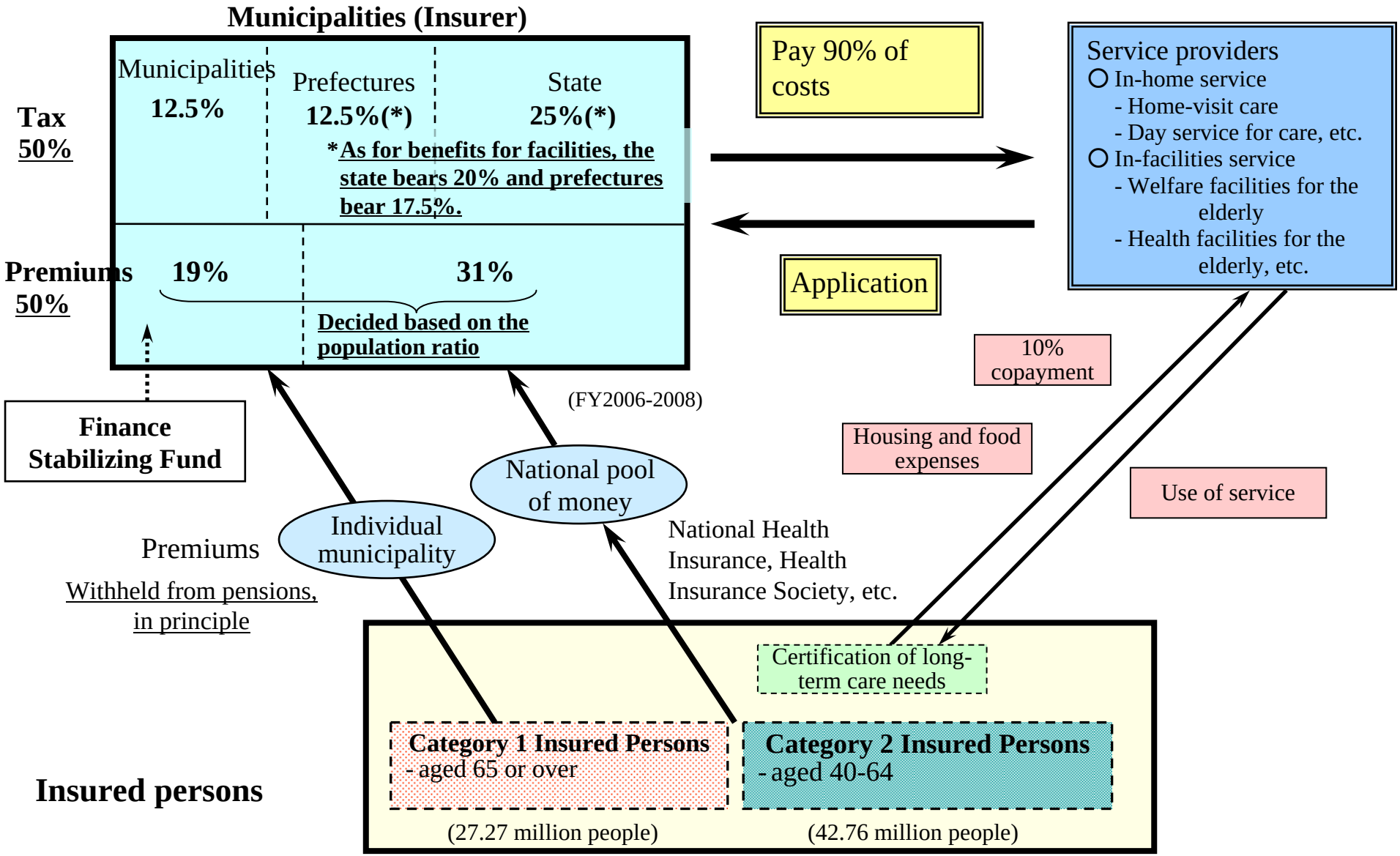
Background and Significance of Introduction of the Long-Term Care Insurance System

- 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



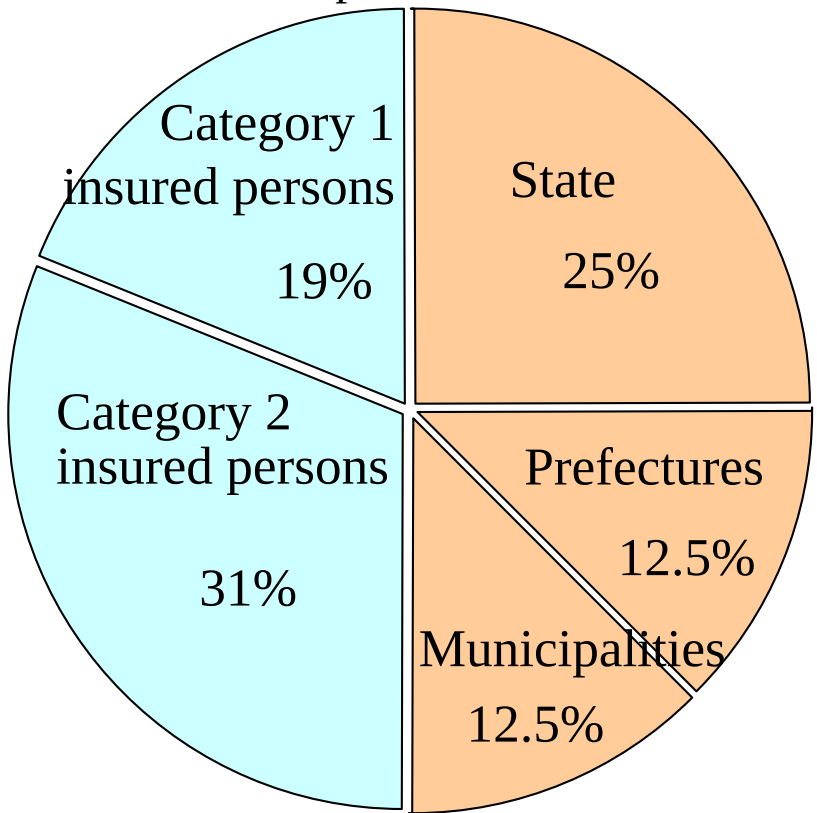
Note: The number of Category 1 insured persons is from Report on Long-Term Care Insurance Operation (provisional) (December, 2007), Ministry of Health, Labour and Welfare
The number of Category 2 insured persons is a monthly average for FY2005, calculated from medical insurers' reports used by the Social Insurance Medical Fee Payment Fund in order to determine the amount of long-term care expenses.

Composition of financial resources for 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.

Premiums

50%



Taxes

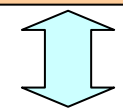
50%

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%)



<u>The old-old account for a large fraction of the insured under the Long-Term Care Insurance system.</u>

→Long-term care expenses inevitably increases.

→Without adjustment, burden for premiums would be heavier.

2. Difference in income levels among the insured

<u>An insured person with an annual income of 3 million yen (named as A)</u>

(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

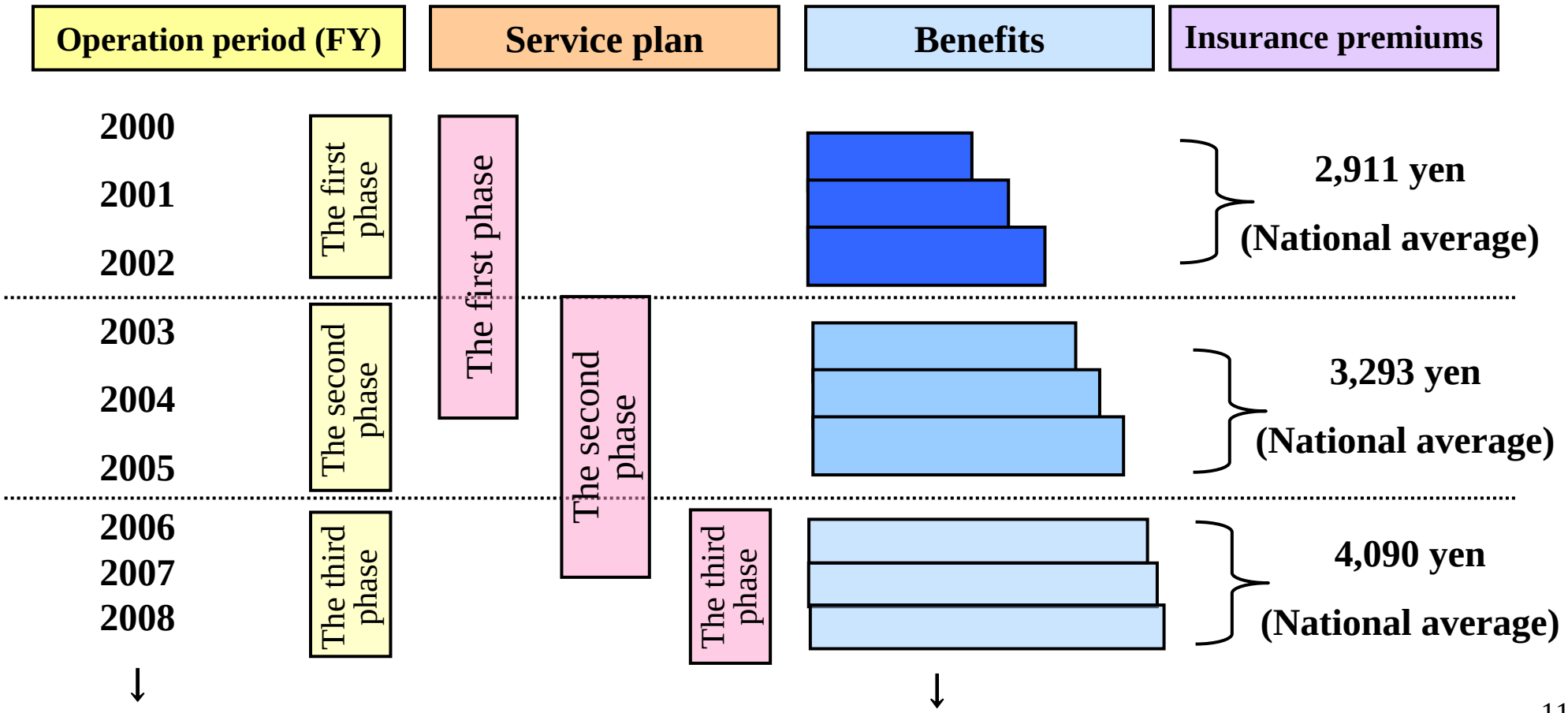
- The insured under the Long-Term Care Insurance system are (1) people aged 65 or over (Category 1 insured persons) and (2) people aged 40-64 covered by health insurance program (Category 2 insured persons).
- Long-term care insurance services are provided when people aged 65 or over come to require 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.

	Category 1 insured persons	Category 2 insured persons
Eligible persons	Persons aged 65 or over	Persons aged 40-64 covered by health insurance program
Number	26.82 million (as of the end of April, 2007)	42.85 million (estimation for FY2006)
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
Premiums collection	Collected by municipalities (in principle withheld from pension benefits)	Collected together with medical care premiums by medical care insurers

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.

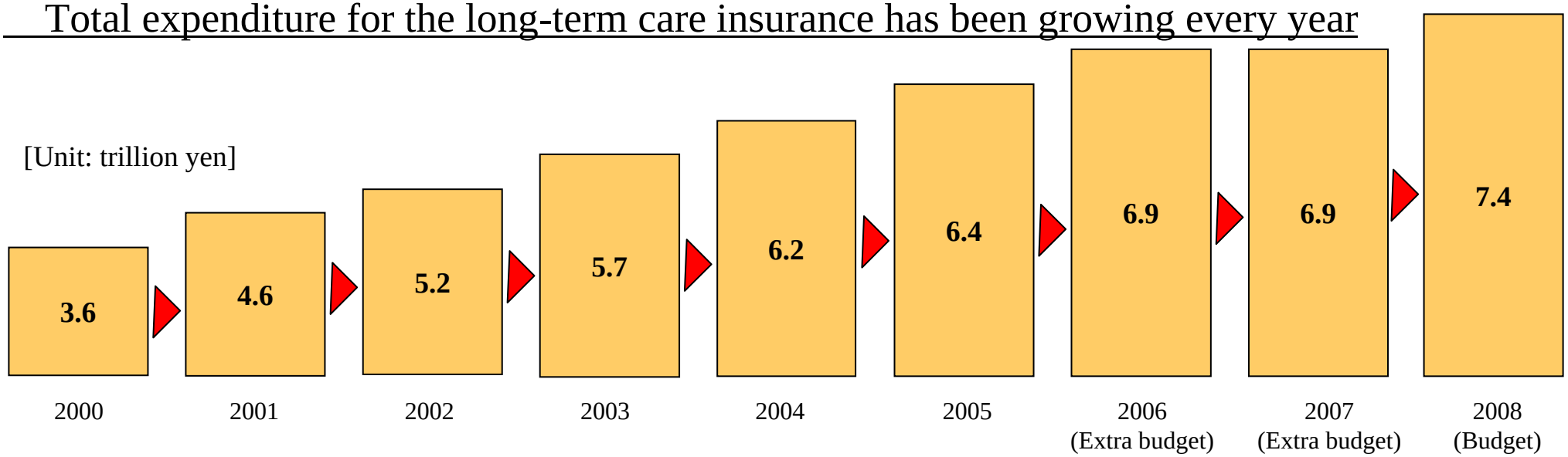
○ Insurance premiums are set every three years based on projected service costs specified in a service plan so that financial conditions can be balanced throughout the next three years. (Insurance premiums are not changed during such three years.)



Financial Trends of the Long-Term Care Insurance

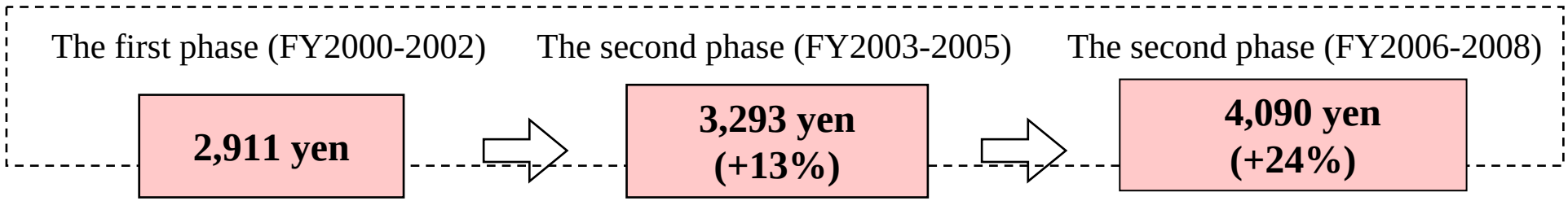
○ Increase in total expenditure

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



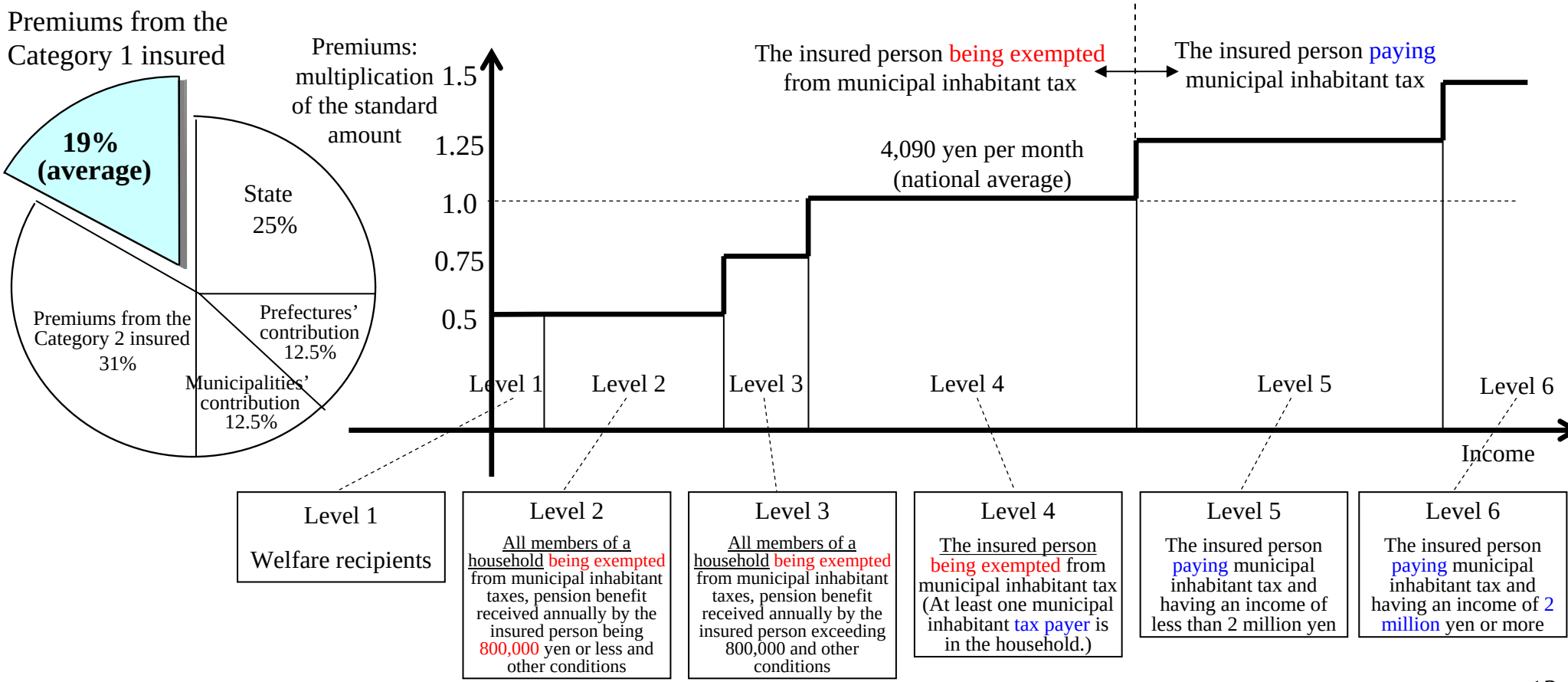
○ Category 1 Premium (Weighted average)

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



Premiums from the Elderly (Category 1 Premium)

- 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

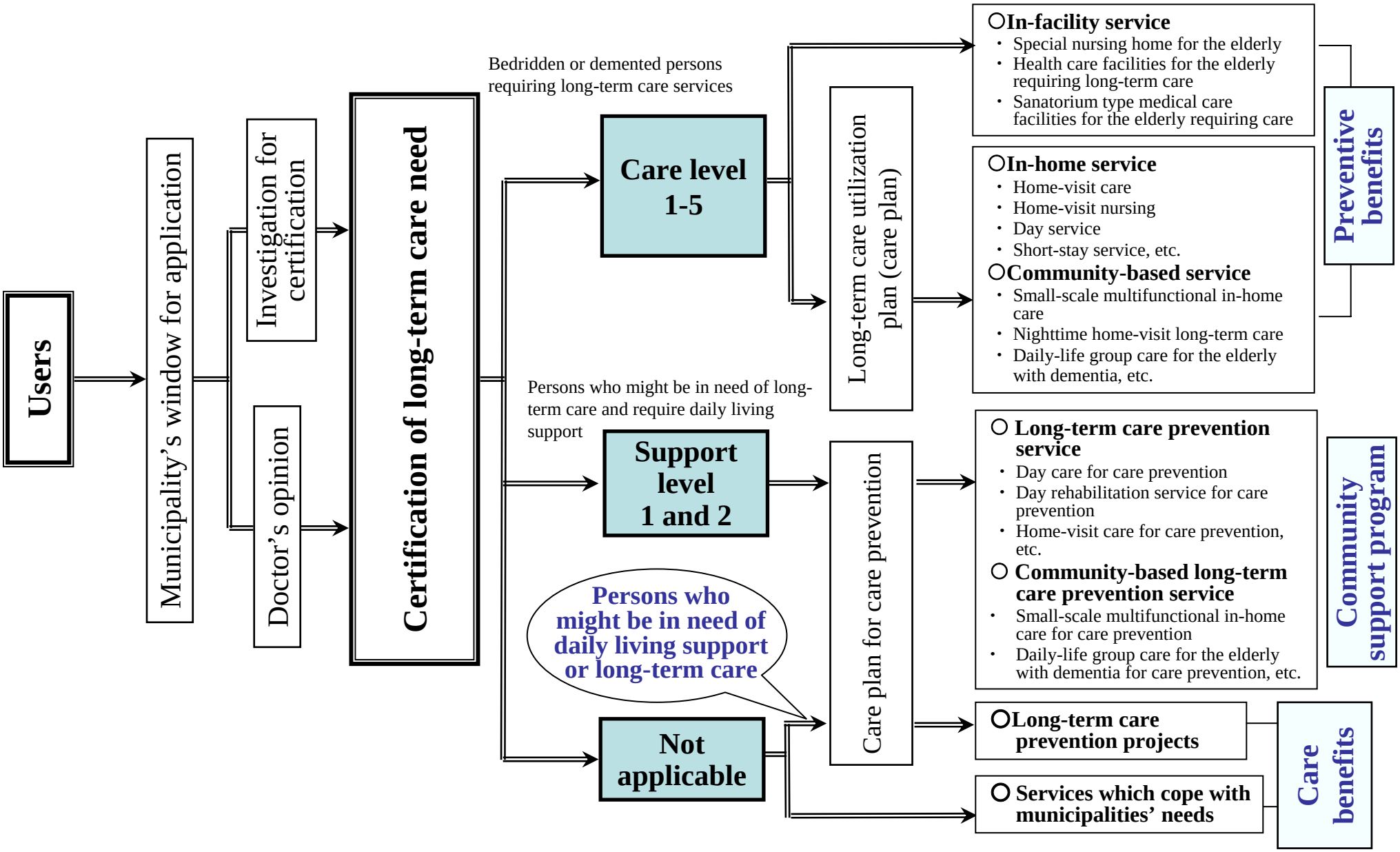
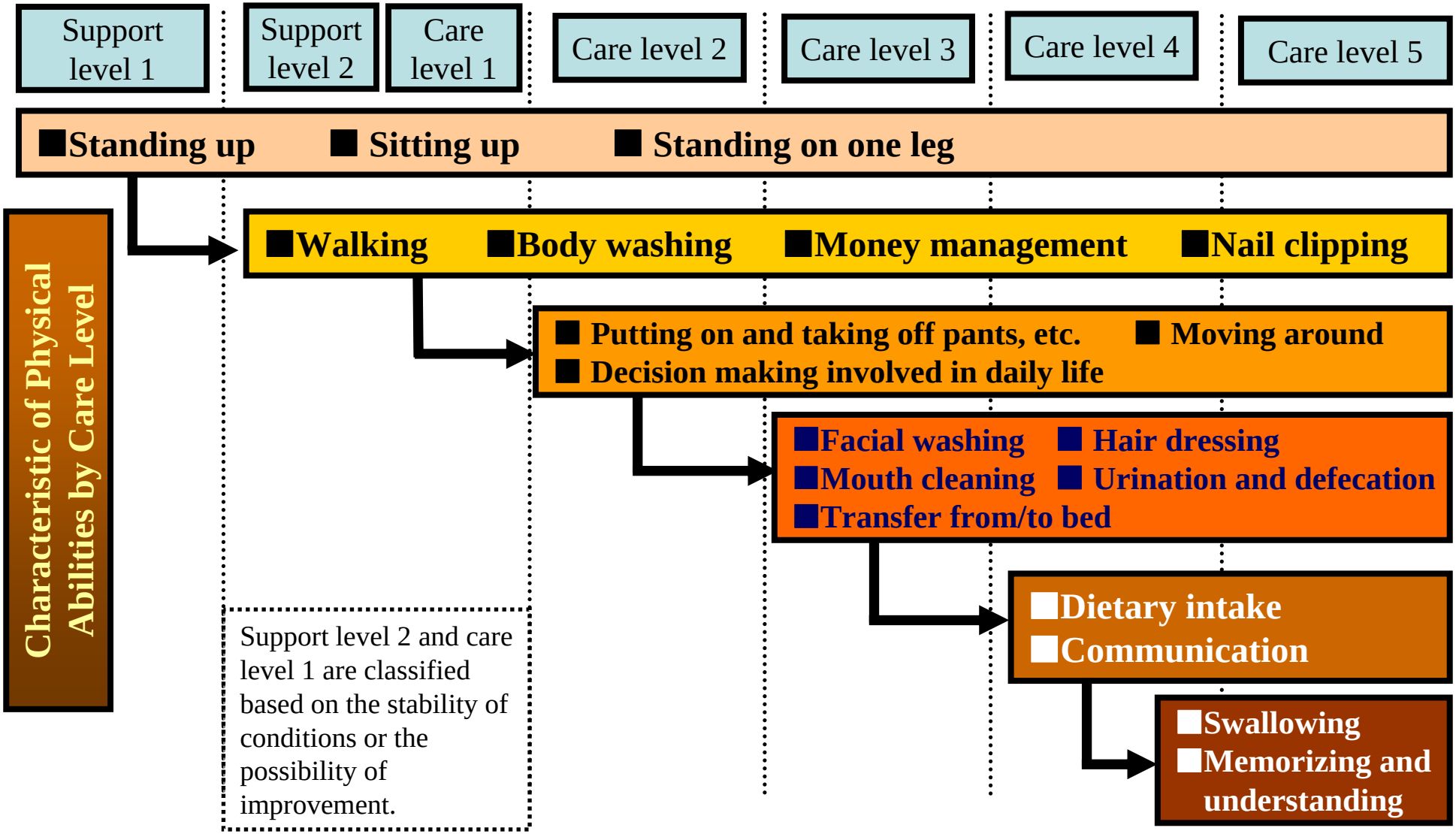


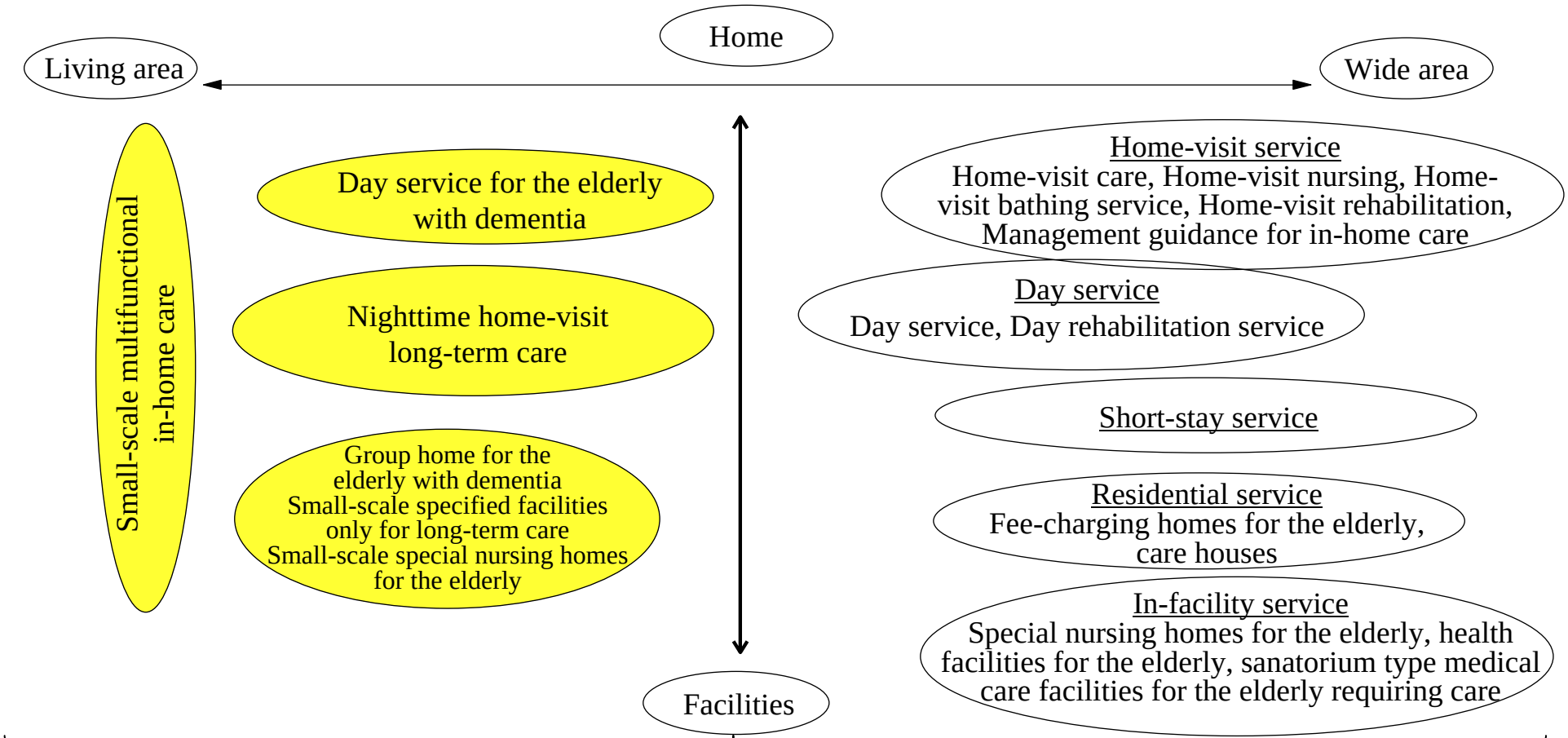
Image of Physical Abilities by Care Level (Image diagram)



Types of long-term care services

Services designated and supervised by municipal governments	Services designated and supervised by prefectural governments	
⊙ Community-based services ○ Nighttime home-visit long-term care ○ Day service for the elderly with dementia ○ Small-scale multifunctional in-home care ○ Daily-life group care for the elderly with dementia (Group homes) ○ Community-based daily-life care in specified facilities ○ Community-based daily-life care in welfare facilities for the elderly requiring long-term care	**⊙ In-home service** **[Home-visit service]** ○ Home-visit long-term care (Home help service) ○ Home-visit bathing service ○ Home-visit nursing ○ Home-visit rehabilitation ○ Management guidance for in-home care **[Day service]** ○ Day service ○ Day rehabilitation service **[Short-stay service]** ○ Short-stay daily-life service (Short stay) ○ Short-stay medical service ○ Daily-life care in specified facilities ○ Sales of specified welfare equipment ○ Rental service for welfare equipment **⊙ Support for in-home care** **⊙ In-facility service** ○ Welfare facilities for the elderly requiring long-term care ○ Health care facilities for the elderly requiring long-term care ○ Sanatorium type medical care facilities for the elderly requiring long-term care	Services providing long-term care benefits
⊙ Community-based long-term care prevention services ○ Day service for the elderly with dementia for care prevention ○ Small-scale multifunctional in-home care for care prevention ○ Daily-life group care for the elderly with dementia for care prevention (Group homes) **⊙Support for care prevention**	**⊙ Long-term care prevention services** **[Home-visit service]** ○ Home-visit long-term care for care prevention (Home help service) ○ Home-visit bathing service for care prevention ○ Home-visit nursing for care prevention ○ Home-visit rehabilitation for care prevention ○ Management guidance for in-home care for care prevention **[Day service]** ○ Day service for care prevention (Day service) ○ Day rehabilitation service for care prevention **[Short-stay service]** ○ Short-stay daily-life service for care prevention (Short stay) ○ Short-stay medical service for care prevention ○ Daily-life care in specified facilities for care prevention ○ Sales of specified welfare equipment for care prevention ○ Rental service for welfare equipment for care prevention	Services providing long-term care prevention benefits

Matrix of Long-Term Care Insurance Services



Community-based service

Mayor

(Designation and supervision of service providers)

General services

Governor

Examples of Long-Term Care Services (1)

In-home service

Home-visit care	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.
Day service	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.
Short-stay daily life service	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.
Rental service of welfare equipment	Welfare equipment such as a wheelchair and special bed are rent to a user.

Limit of Benefits to be paid for In-home Services

- 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.

Level	Limit of benefits to be provided a month
Support level 1	4,970 units
Support level 2	10,400 units
Care level 1	16,580 units
Care level 2	19,480 units
Care level 3	26,750 units
Care level 4	30,600 units
Care level 5	35,830 units

* 1 unit: 10-10.72 yen

Examples of Long-Term Care Services (2)

[In-facility service]

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

	1997	December	Enactment of the Long-Term Care Insurance Law
1st phase	2000	April	Enforcement of the Long-Term Care Insurance Law
2nd phase	2003	April	Revision of the Category 1 Premium, Revision of long-term care fees
		May	Establishment of the Long-term Insurance Subcommittee in the Social Security Council – a start of the "Revision in five years after the enforcement"
	2005	June	Enactment of the law to revise a part of the Long-term Care Insurance Law
		October	A review of facility benefits
3rd phase	2006	April	Full-scale enforcement of the revised law Revision of Category 1 Premium, Revision of long-term care fees (as for those enforced in April)
	2008	May	Enactment of the law to revise a part of the Long-term Care Insurance Law and the Welfare Law for the Aged

Fundamental Standpoint and Content of a Reform of Long-Term Care Insurance System

○ **Establishment of a bright and active super-aging society**

○ **Sustainability of the system**

○ **Comprehensive social security**

• Substantial increase in those in a slight care-need condition • The services for those in a slight condition fail to improve conditions of such users	• Fairness in the burden between users at home and facilities	• An increase in the elderly who live alone or suffer from dementia • Enhanced in-home care support • Coordination between nursing care and medical care	• Improvement of the quality of service driven by users' selection	• Special consideration to low-income persons • Reducing clerical work of municipal governments
Shift to a prevention-oriented system	**Review of benefits for facilities**	**Establishment of a new service system**	**Securing and improvement of the quality of service**	**Review of burden sharing and system management**
○ Creation of new prevention benefits ○ Creation of community support projects	○ Review of housing and food expenses ○ Special consideration to low-income persons	○ Creation of community-based services ○ Creation of a community comprehensive support center ○ Improvement of residential services	○ Disclosure of information of long-term care services ○ Review of care management	○ Review of Category 1 premiums ○ Strengthening of the function of insurers

Overview of Prevention-Oriented System

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.

The elderly

Screening for long-term care prevention

Those who seem to require support or long-term care

Non-certified persons

Care need certification
Investigation of how much labor is required for long-term care
+
Investigation of possibility of keeping or improving the life functions

Those who might be in need of support or long-term care

Persons requiring support

Persons requiring long-term care

Community comprehensive support center
(Care management for long-term care prevention)

In-home care support establishment
(Care management)

Community support projects
(Long-term care prevention measures for specified elderly individuals)

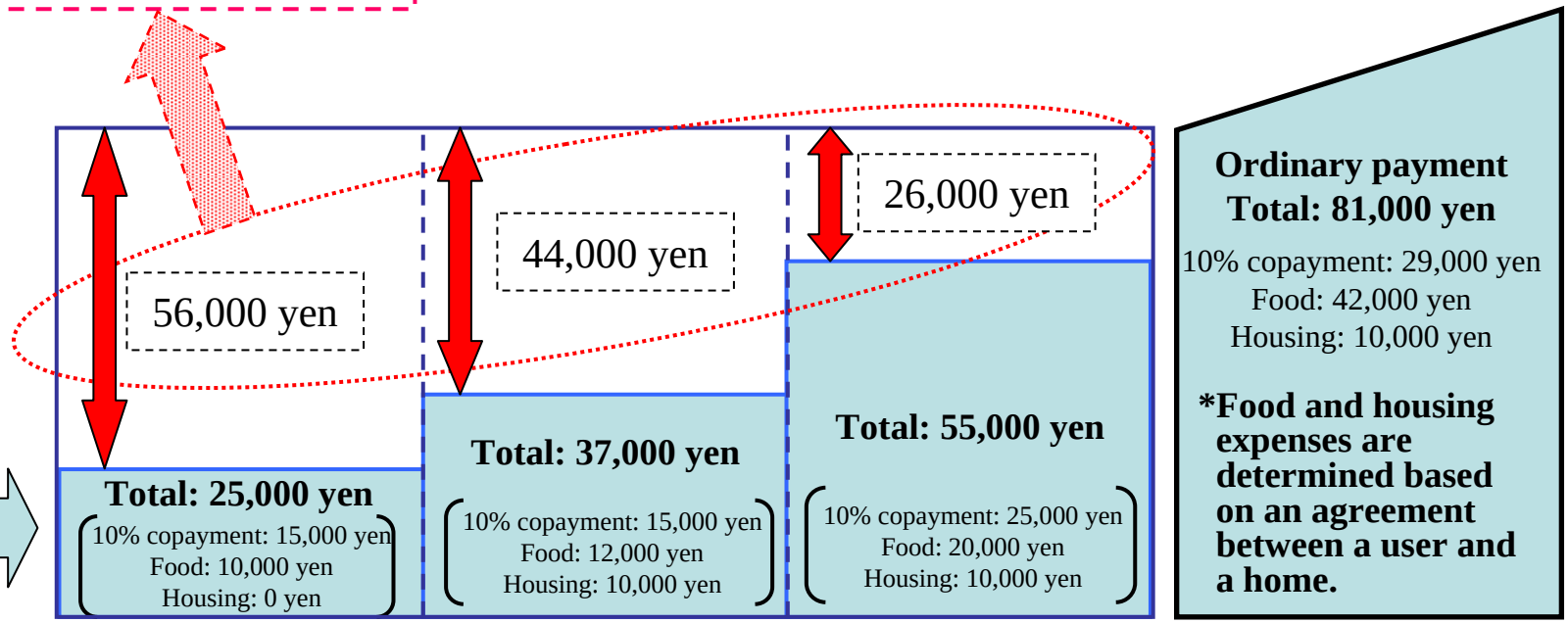
New preventive benefits

Long-term care benefits

Non-certified persons | **Prevention of aggravation** | **Persons requiring support** | **Prevention of aggravation** | **Persons requiring long-term care**

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	Level 2	Level 3	Level 4
Welfare recipients, etc.	Pension benefit is 800,000 yen or less a year	Pension benefit exceeds 800,000 yen but does not exceed 2.11 million yen a year	Pension exceeds 2.11 million yen a year, or the insured person is exempted from tax but at least one tax payer is in the household.

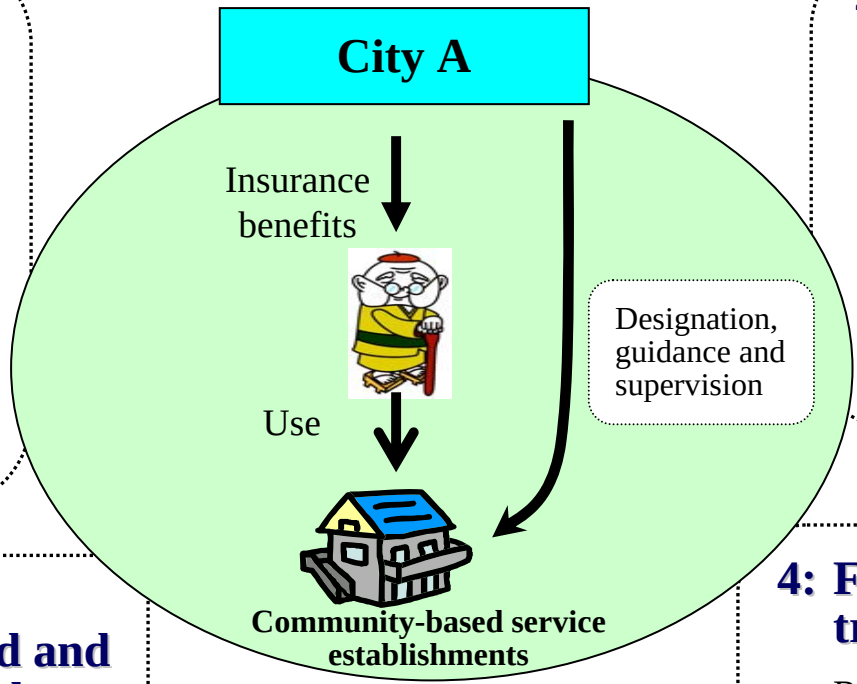
In case of Area Category 1 under the public assistance system

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.

Development of Community Comprehensive Care System

Concept of community comprehensive care

- With an aim of enabling the elderly to continue to live satisfactorily with peace of mind in a community where they have lived for a long time, a system is to be developed, which provides necessary services continuously for them according to needs and changes of them.

Role of a community comprehensive support center

- 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)

Long-lasting care management

The insured

Comprehensive consultation and support projects

Prevention and early detection of abuse, advocacy

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

Abuse prevention | Long-term care services | Volunteers

Medical service | Health service | Guardianship system for adults

Long-term care counselors | Regional advocacy | Social workers

Comprehensive and continued care management support projects

- Individual guidance and consultation on a daily basis
- Guidance and advice for cases where support is difficult
- Establishment of a community network of care managers

Support for realization of cooperation and collaboration among various occupations

Care team

Collaboration

Family doctor | Care managers

Certified social workers, etc.

Chief care managers, etc.

Team approach

Public health nurses, etc.

Care management projects for long-term care prevention

- Assessment
- Planning
- Implementation by providers
- Re-assessment

In-home care support establishment

Family doctors

New preventive benefits and long-term care prevention projects

- Support for and evaluation of management of a center
- Networking of regional resources

- Securing of the neutrality
- Support for recruiting staff

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

⇒Established in each municipality
(Each municipal government serves as an executive office.)

Selected based on regional needs from a viewpoint of smooth implementation of comprehensive of support projects, and securing neutrality and equitability of centers

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

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

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

Home visit

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

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

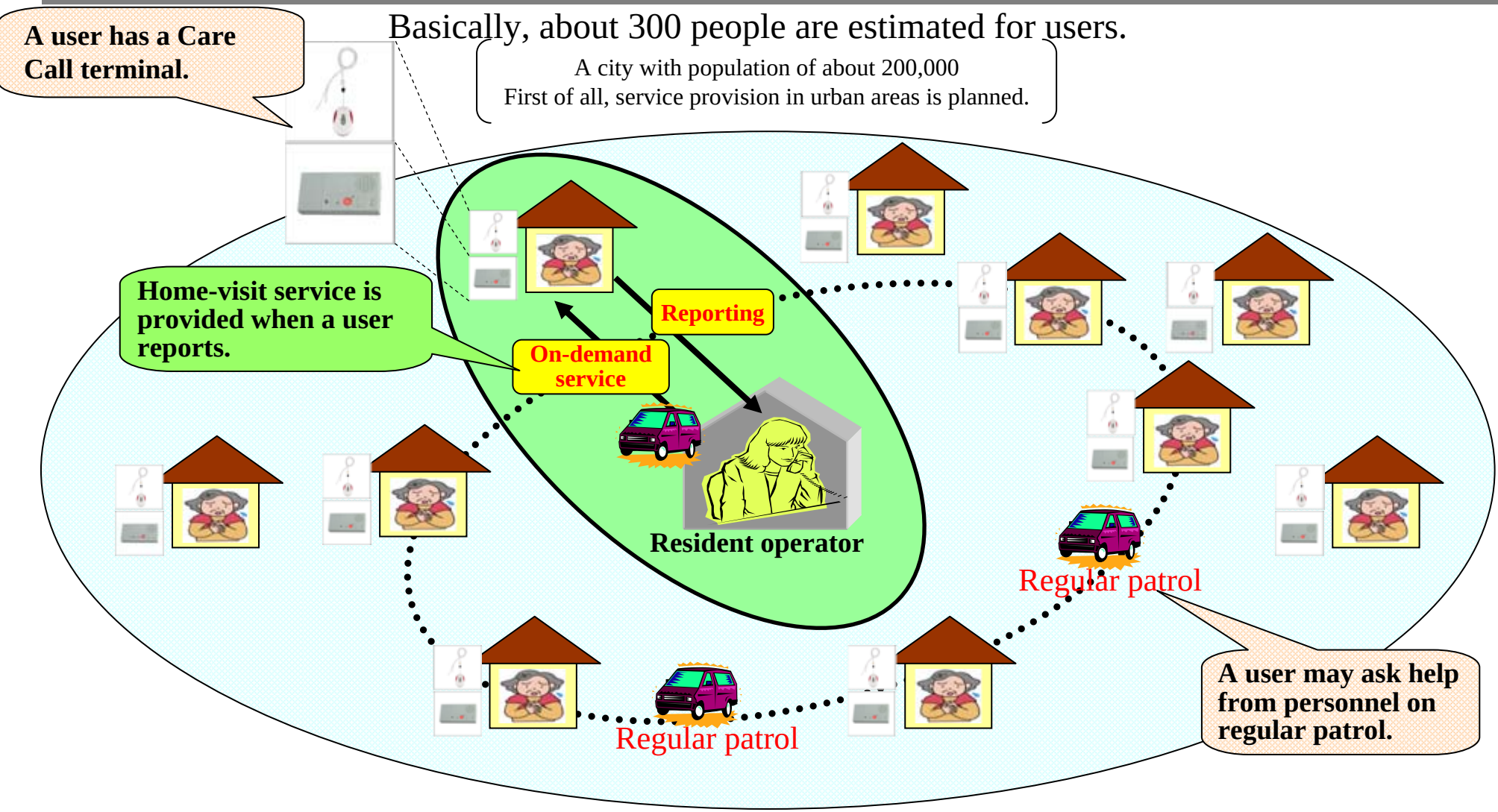
- Providing continued and comprehensive services together with a small-scale multifunctional in-home care
- Enabling staff to hold two posts

Image of Nighttime Home-Visit Long-Term Care

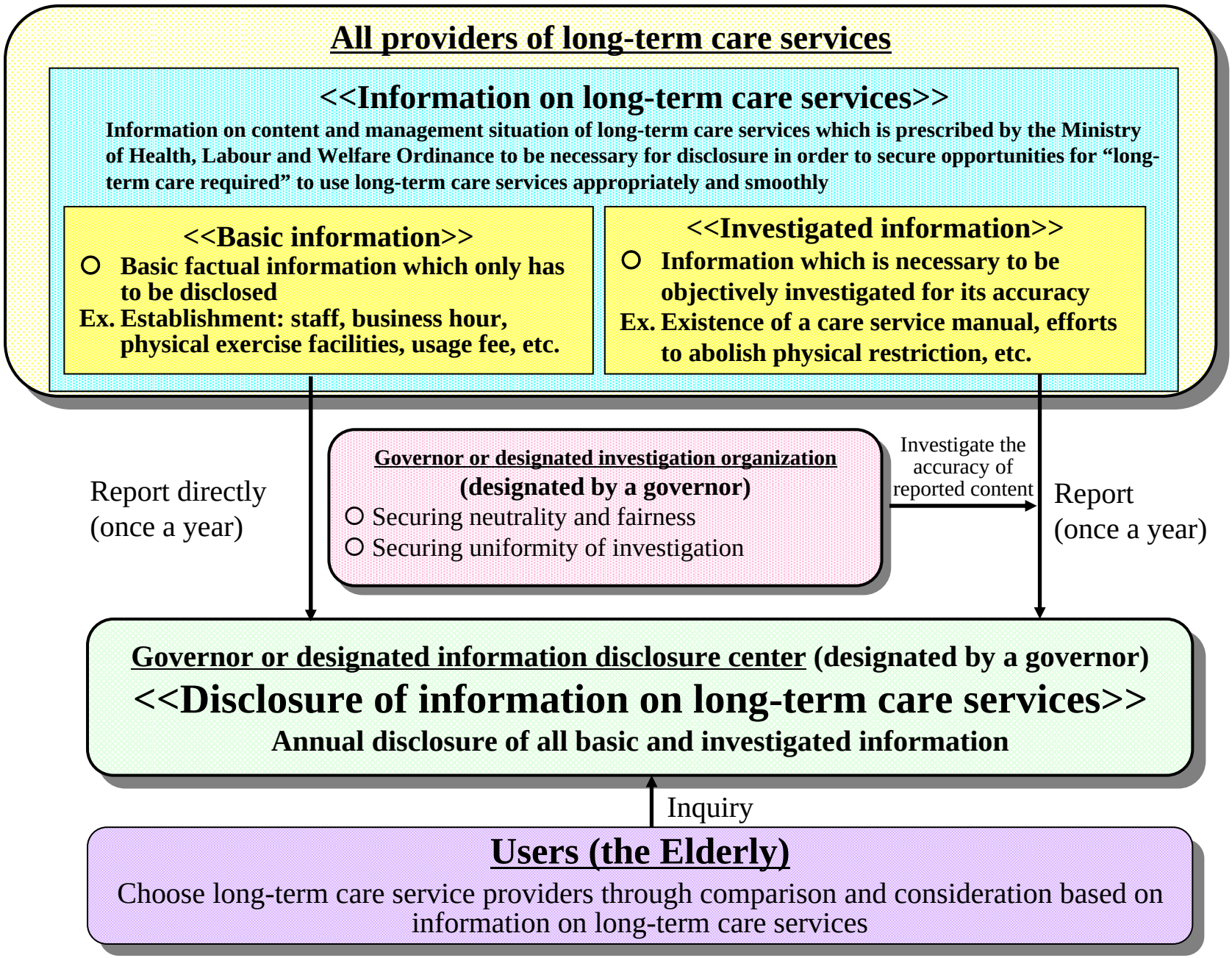
Basic concept: It is necessary to establish a system that users can live at home with peace of mind all day even at night.
→ Creation of nighttime home-visit long-term care which provides on-demand services based on regular patrol and users' reporting

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.



Disclosure of Information on Long-Term Care Services



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)

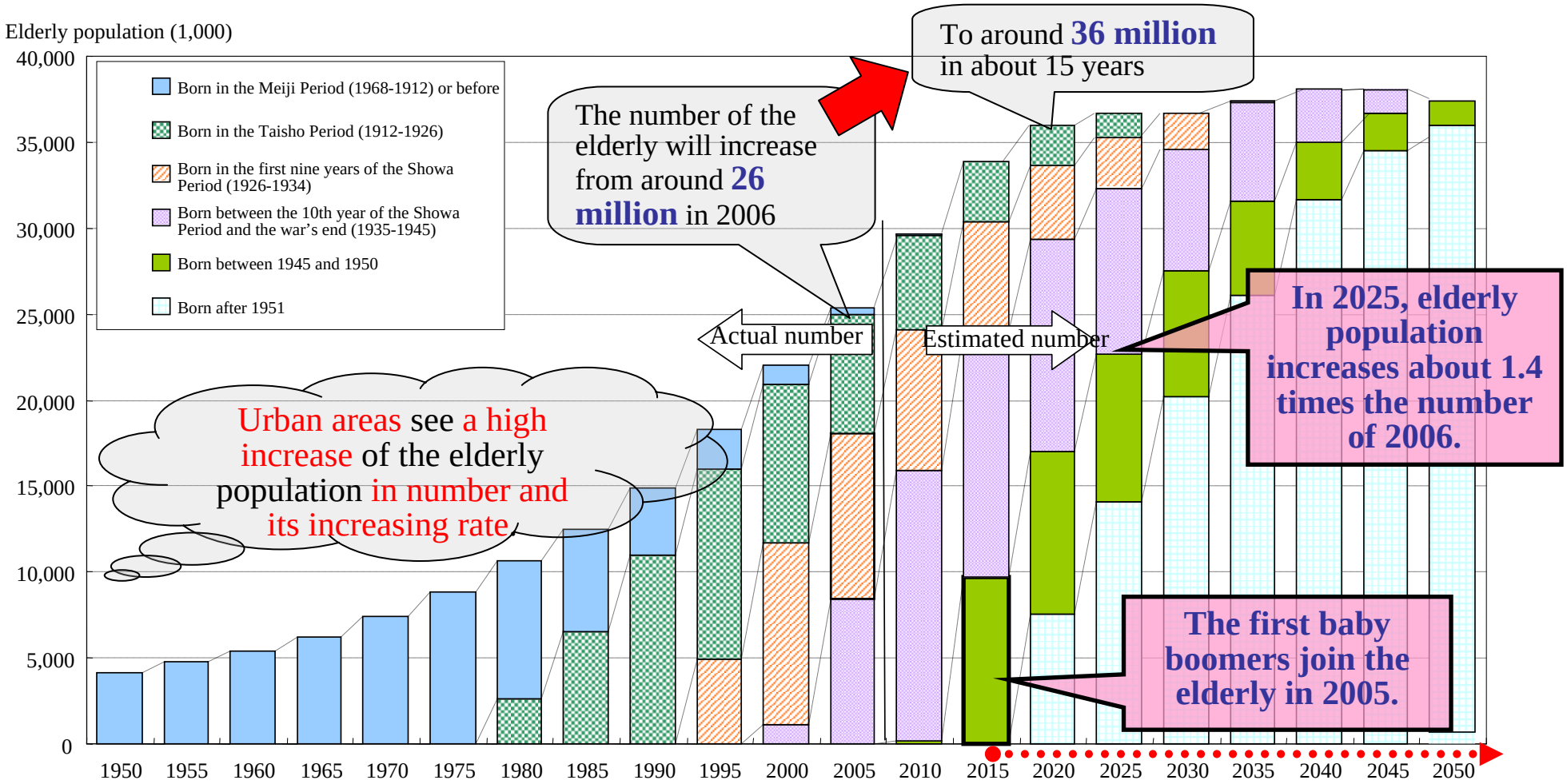
Providers' inadequate compliance with laws and regulations	**No right to inspect a head office of a provider** ○ Inability to confirm an organized involvement in malpractices	**Punishment evasion of illegal providers** ○ Inability to give punishment because of submission of a closure notification during an audit ○ No limit to a business transfer to another company within the same corporate group	**Problems of applying guilt-by-complicity system to every case** ○ Uniformly blaming all the establishments of a provider regardless of an organized involvement in malpractices ○ Excessive restriction on municipalities' designation of establishments due to cancelation of designation by another municipality	**Inadequate measures to secure services for users at a time of business closure**
Improvement of business management system	**On-site inspection, etc. for a head office**	**Measures for punishment evasion**	**Review of disqualification causes for designation and renewal**	**Improvement of measures to secure services**
○ 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	○ 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.	○ 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.	○ 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.	○ 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

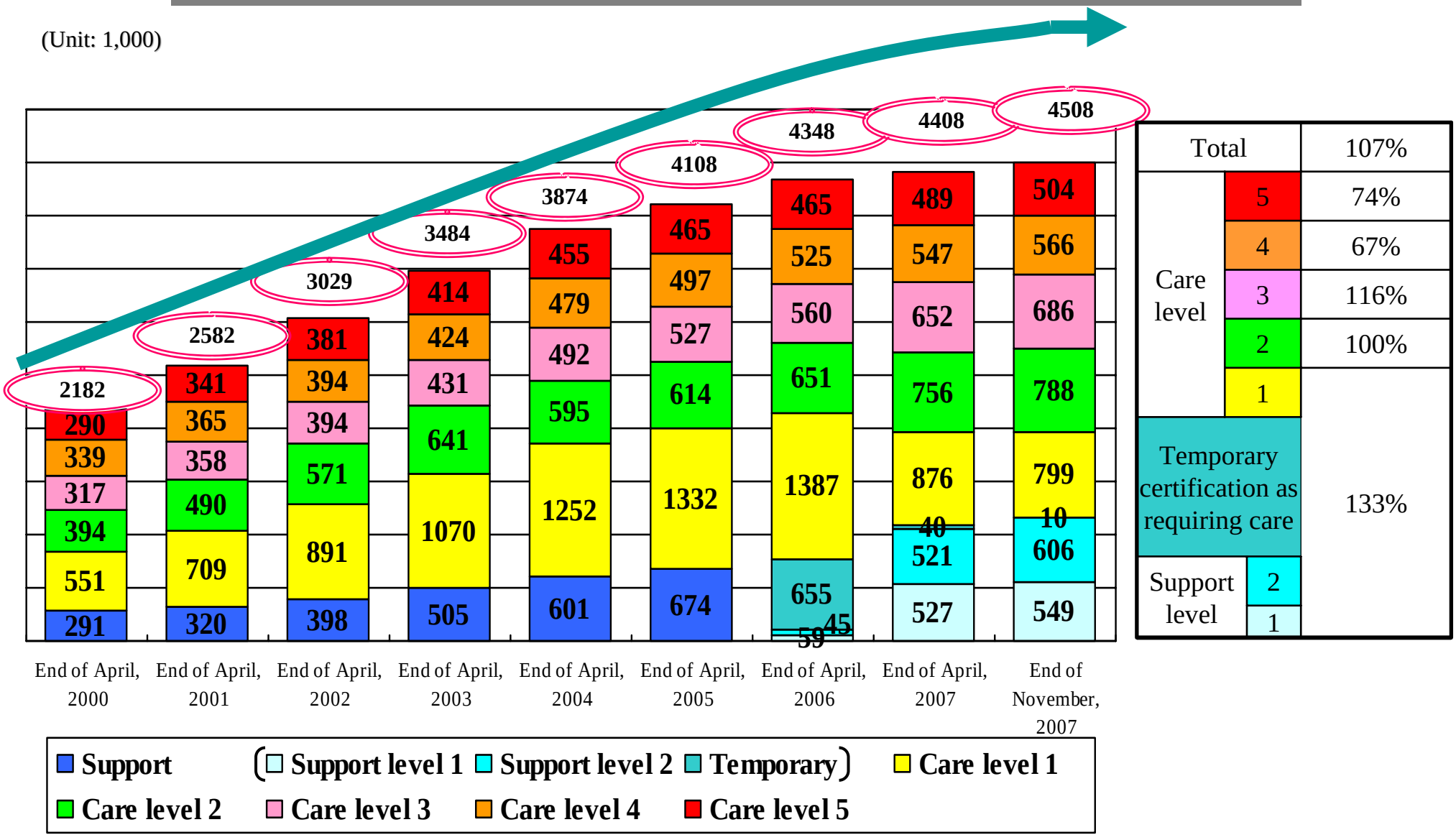


Up to 2005: Population Census, Statistics Bureau, Ministry of Internal Affairs and Communications
In and after 2010: Population Projection for Japan (estimated in December, 2006), National Institute of Population and Social Security Research

"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)



Total		107%
Care level	5	74%
	4	67%
	3	116%
	2	100%
	1	133%
Temporary certification as requiring care		
Support level	2	
	1	

(Source: Report on the Situation of Long-term Care Insurance Service, etc.)

Increase in the Number of the Elderly with Dementia

End of September, 2002		Long-term care required Support required	Whereabouts at a time of application unit: 10,000 people				
			In home	Special nursing homes for the elderly	Health services facility for the elderly	Sanatorium type medical care facilities for the elderly requiring care	Other facilities
Total		314	210	32	25	12	34
Level	Daily life dependence level II or over	149	73	27	20	10	19
	Daily life dependence level III or over	79 (25)	28 (15)	20 (4)	13 (4)	8 (1)	11 (2)

Future estimation	2002	2005	2010	2015	2020	2025	2030	2035	2040	2045
Daily life dependence level II or over	149	169	208	250	289	323	353	376	385	378
	6.3	6.7	7.2	7.6	8.4	9.3	10.2	10.7	10.6	10.4
Daily life dependence level III or over	79	90	111	135	157	176	192	205	212	208
	3.4	3.6	3.9	4.1	4.5	5.1	5.5	5.8	5.8	5.7

*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

Urban Areas where the Population Ages Rapidly in the Future

○ 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

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

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

(10,000 households)

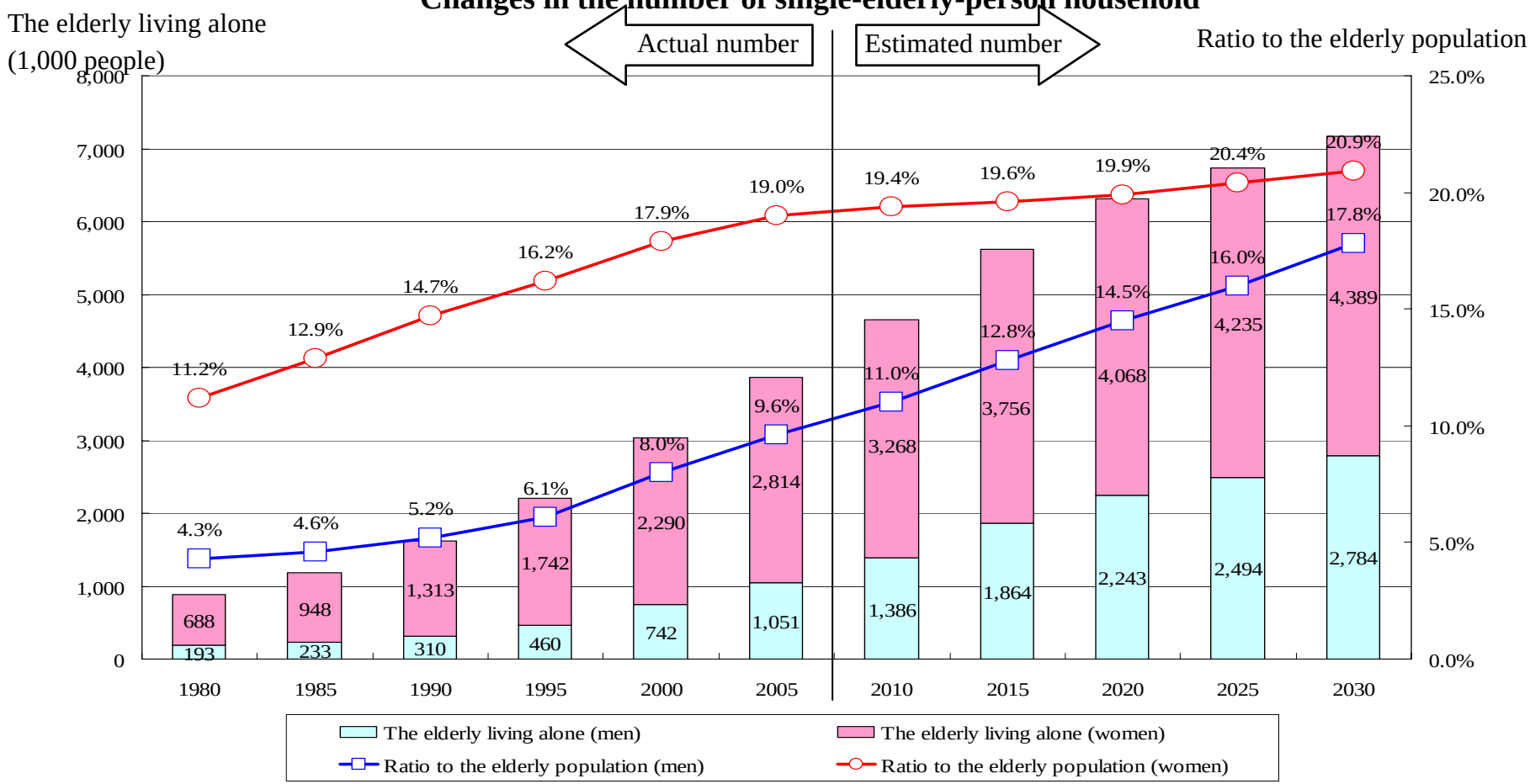
			2005	2010	2015	2020	2025
General			4,904	5,014	5,048	5,027	4,964
	Householder aged 65 or over		1,338	1,541	1,762	1,847	1,843
		Single (percentage)	386 28.9%	471 30.6%	566 32.2%	635 34.4%	680 36.9%
		Couple only (percentage)	470 35.1%	542 35.2%	614 34.8%	631 34.2%	609 33.1%

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

Increase in the Number of Households Consisting of a Single Elderly Person

○ **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



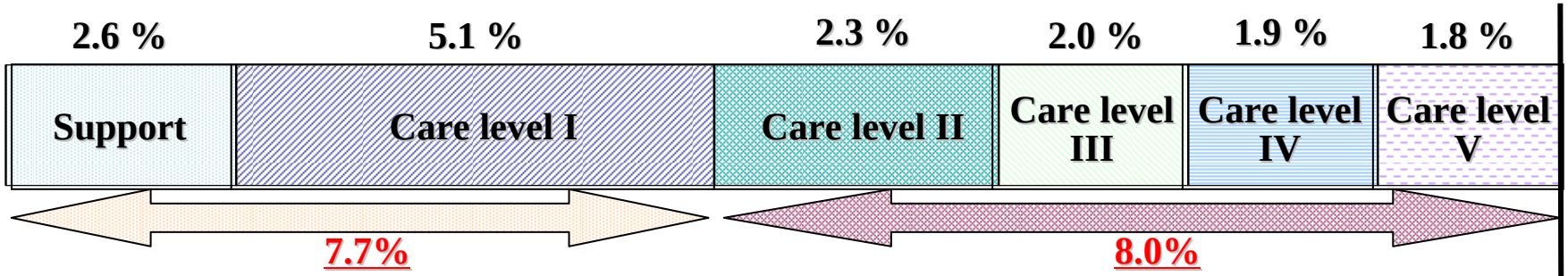
Source: Population Census, Ministry of Internal Affairs and Communications; Estimation of the number of households in Japan, Population Projection for Japan, National Institute of Population and Social Security Research

“Living together” model → “Living together + Living alone” model

Ratio of the certified to the elderly population over 65 years of age, Ratio of long-term care facilities and housing for the elderly with care in the world

○Ratio of certified persons by care level

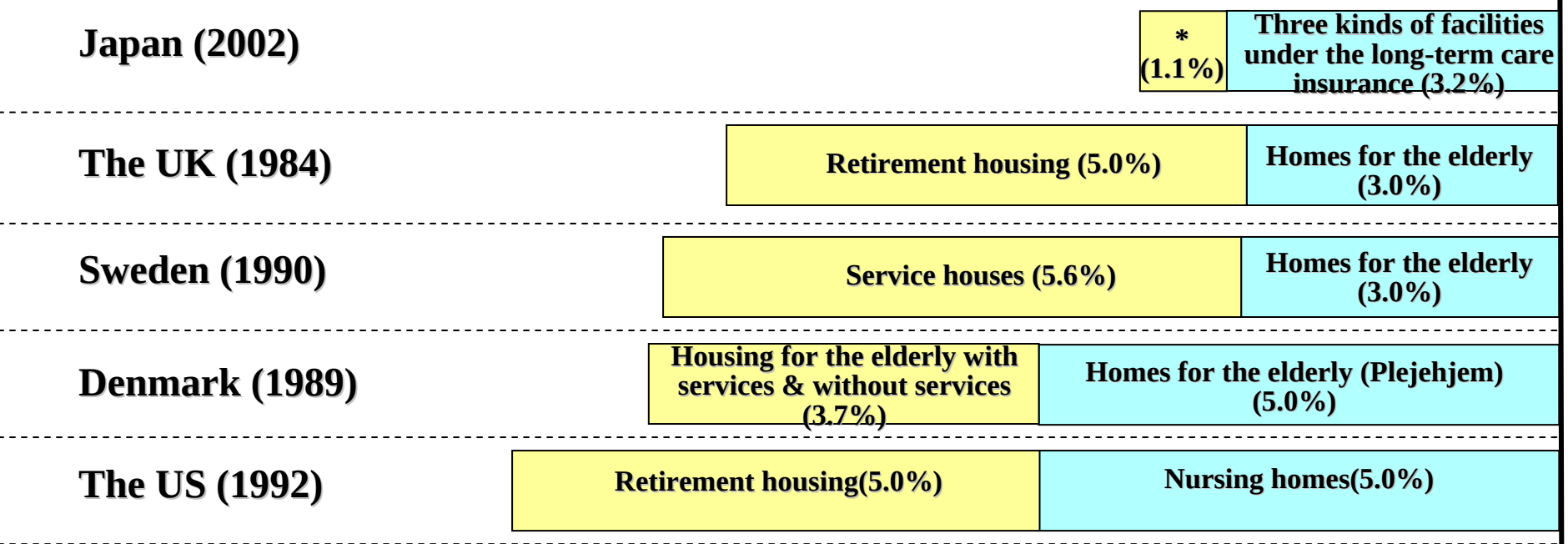
Source: Report on the Situation of Long-term Care Insurance Service, September 2004



Total 15.7 %

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

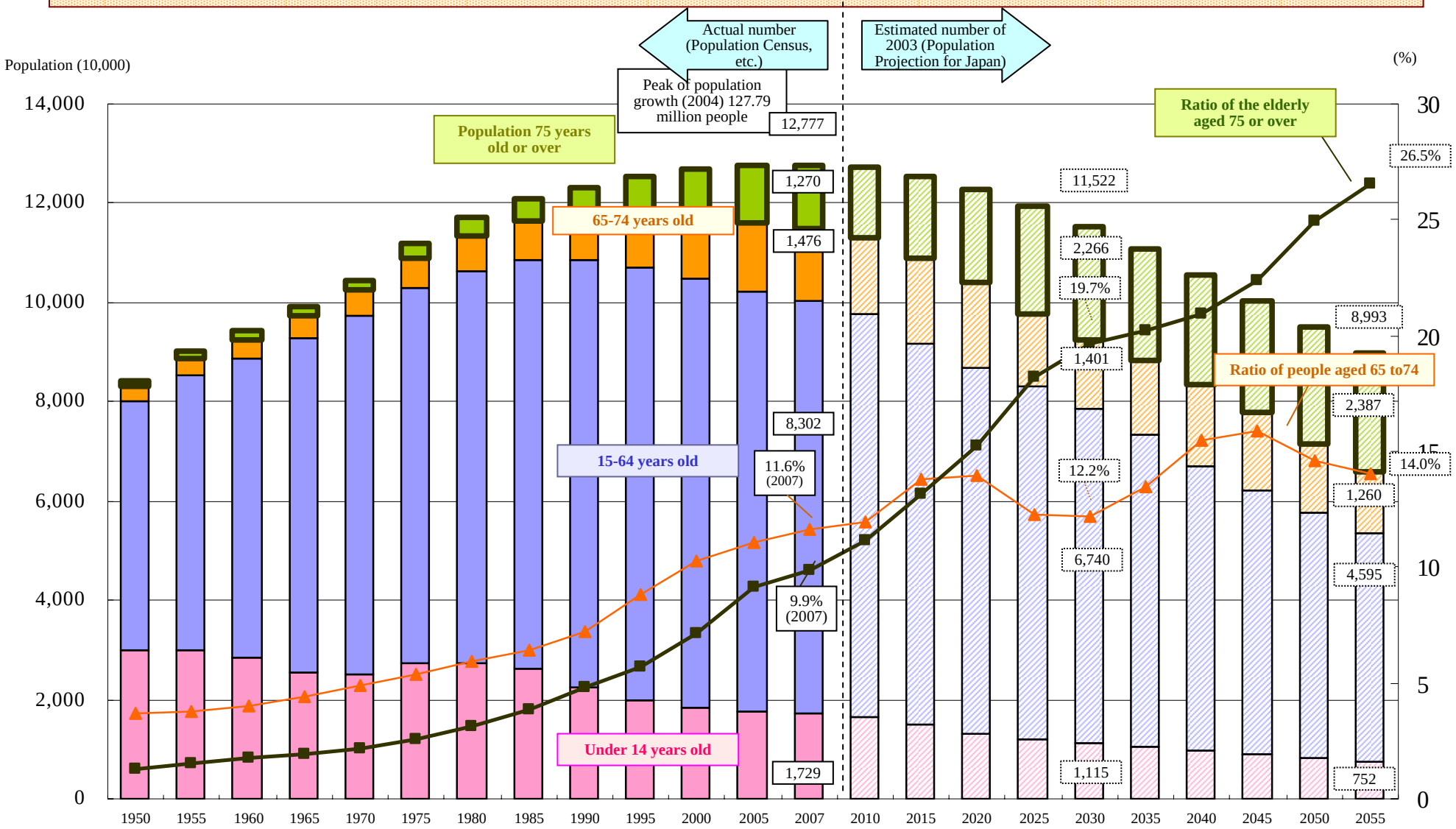
*Aging rate (2005)



*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"

Increase in the Number of the Elderly Aged 75 or over

○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.



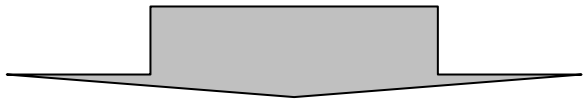
Source: Up to 2005: Population Census, Statistics Bureau, Ministry of Internal Affairs and Communications; In 2007: Population Estimates (annual report), Statistics Bureau, Ministry of Internal Affairs and Communications; In and after 2010: Population Projection for Japan (estimated in December, 2006) (Moderate projection), National Institute of Population and Social Security Research

Future Prospects of Long-Term Care Insurance System

◉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.