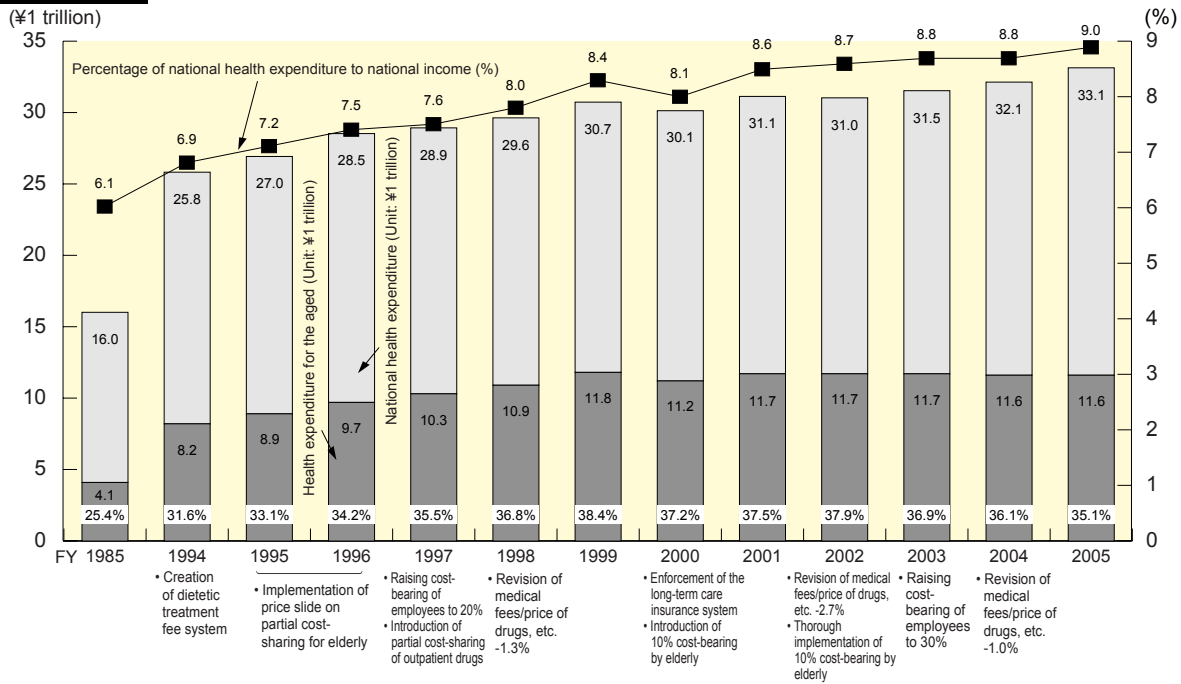


Health Expenditure

Overview

Changes in Health Expenditure

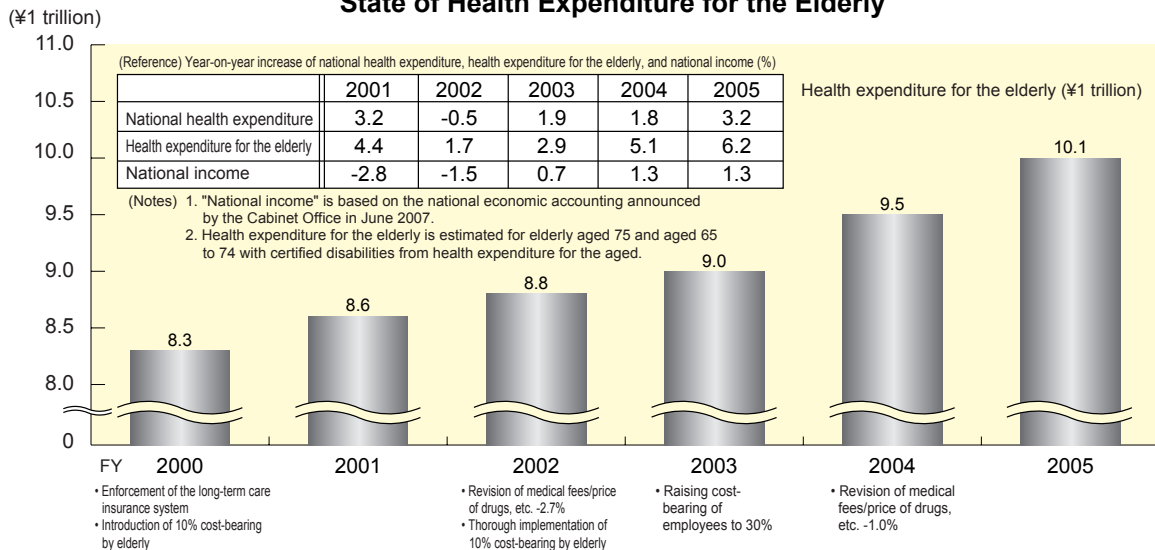


Year-on-Year Increase of National Health Expenditure (%)

| | 1985 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| National health expenditure | 6.1 | 5.9 | 4.5 | 5.6 | 1.6 | 2.3 | 3.8 | -1.8 | 3.2 | -0.5 | 1.9 | 1.8 | 3.2 |
| Health expenditure for the elderly | 12.7 | 9.5 | 9.3 | 9.1 | 5.7 | 6.0 | 8.4 | -5.1 | 4.1 | 0.6 | -0.7 | -0.7 | 0.6 |
| National income | 7.4 | 1.4 | 0.1 | 1.7 | 0.4 | -3.4 | -1.2 | 2.0 | -2.8 | -1.5 | 0.7 | 1.3 | 1.3 |

- (Notes)
1. Figures in the column "health expenditure for the aged" represent the percentage of the health expenditure for the aged to the national health expenditure.
 2. A part of national health expenditure has been transferred to the long-term care expenditure due to the creation of the long-term care insurance system in 2000.
 3. "National income" is based on the national economic accounting announced by the Cabinet Office in June 2007.
 4. Since the system revision in 2002, subject age of health expenditure for the aged has been gradually raised from 70 years old to 73 years old in October 2005.

State of Health Expenditure for the Elderly



- (Notes)
1. "National income" is based on the national economic accounting announced by the Cabinet Office in June 2007.
 2. Health expenditure for the elderly is estimated for elderly aged 75 and aged 65 to 74 with certified disabilities from health expenditure for the aged.
- Enforcement of the long-term care insurance system
 - Introduction of 10% cost-bearing by elderly
 - Revision of medical fees/price of drugs, etc. -2.7%
 - Thorough implementation of 10% cost-bearing by elderly
 - Raising cost-bearing of employees to 30%
 - Revision of medical fees/price of drugs, etc. -1.0%

Detailed Data 1 National Health Expenditure for OECD Countries (2005)

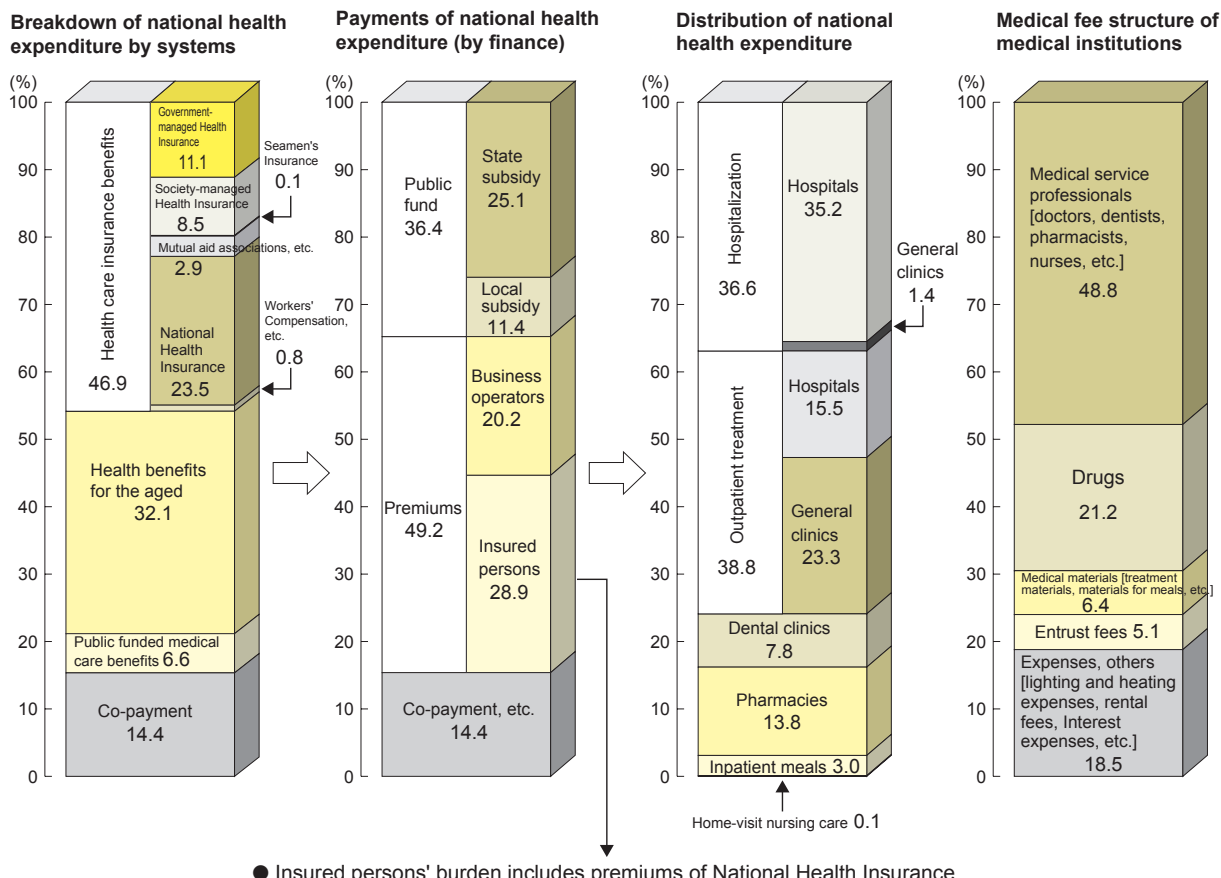
| Country | Ratio of the total health expenditure to GDP (%) | | Per capita health expenditure (dollars) | | Remarks |
|-------------|--|------|---|------|---------|
| | | Rank | | Rank | |
| U.S. | 15.3 | 1 | 6,401 | 1 | |
| Switzerland | 11.6 | 2 | 4,177 | 4 | |
| France | 11.1 | 3 | 3,374 | 8 | |
| Germany | 10.7 | 4 | 3,287 | 10 | |
| Belgium | 10.3 | 5 | 3,389 | 7 | |
| Portugal | 10.2 | 6 | 2,033 | 23 | |
| Austria | 10.2 | 7 | 3,519 | 5 | |
| Greece | 10.1 | 8 | 2,981 | 14 | |
| Canada | 9.8 | 9 | 3,326 | 9 | |
| Iceland | 9.5 | 10 | 3,443 | 6 | |
| Australia | 9.5 | 11 | 3,128 | 11 | * |
| Netherlands | 9.2 | 12 | 3,094 | 13 | * |
| Sweden | 9.1 | 13 | 2,918 | 16 | |
| Norway | 9.1 | 14 | 4,364 | 3 | |
| Denmark | 9.1 | 15 | 3,108 | 12 | |
| New Zealand | 9.0 | 16 | 2,343 | 20 | |
| Italy | 8.9 | 17 | 2,532 | 18 | |
| U.K. | 8.3 | 18 | 2,724 | 17 | |
| Luxembourg | 8.3 | 19 | 5,352 | 2 | * |
| Spain | 8.2 | 20 | 2,255 | 22 | |
| Hungary | 8.1 | 21 | 1,337 | 25 | * |
| Japan | 8.0 | 22 | 2,358 | 19 | * |
| Turkey | 7.6 | 23 | 586 | 30 | |
| Ireland | 7.5 | 24 | 2,926 | 15 | |
| Finland | 7.5 | 25 | 2,331 | 21 | |
| Czech | 7.2 | 26 | 1,479 | 24 | |
| Slovakia | 7.1 | 27 | 1,137 | 27 | |
| Mexico | 6.4 | 28 | 675 | 29 | |
| Poland | 6.2 | 29 | 867 | 28 | |
| Korea | 6.0 | 30 | 1,318 | 26 | |

Source: "Health Data 2007", OECD

- (Notes) 1. The rank in this table indicates the rank among OECD member countries.
 2. The figures with the remark * are the data in 2004.

Detailed Data 2 Structure of National Health Expenditure (FY 2005)

National health expenditure ¥33.1289 trillion
 Per capita health expenditure ¥259,300



Source: Estimated by the Health Insurance Bureau of the MHLW based on national health expenditure in FY 2005 and the results of the Medical Economics Survey (June 2005)

Detailed Data 3 Changes in National Health Expenditure and Component Ratio

| Types of treatment | 1962 | 1965 | 19'70 | 19'75 | 1980 | 1985 | 1990 | 1995 | 2000 | 2002 | 2003 | 2004 | 2005 |
|---|---------------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Estimated amount (¥100 billion) | | | | | | | | | | | | |
| National health expenditure | 6,132 | 11,224 | 24,962 | 64,779 | 119,805 | 160,159 | 206,074 | 269,577 | 301,418 | 309,507 | 315,375 | 321,111 | 331,289 |
| General treatment medical fees | 5,372 | 10,082 | 22,513 | 59,102 | 105,349 | 140,287 | 179,764 | 218,683 | 237,960 | 238,160 | 240,931 | 243,627 | 249,677 |
| Hospitals | 2,948 | 5,499 | 12,121 | 32,996 | 62,970 | 92,091 | 123,256 | 148,543 | 161,670 | 162,569 | 164,077 | 164,764 | 167,955 |
| General clinics | 2,424 | 4,583 | 10,392 | 26,106 | 42,379 | 48,195 | 56,507 | 70,140 | 76,290 | 75,591 | 76,854 | 78,863 | 81,722 |
| Hospitalization medical fee | 2,344 | 4,104 | 8,799 | 25,427 | 48,341 | 70,833 | 85,553 | 99,229 | 113,019 | 115,537 | 117,231 | 118,464 | 121,178 |
| Hospitals | 2,072 | 3,635 | 7,801 | 22,640 | 43,334 | 65,054 | 80,470 | 94,545 | 108,642 | 111,180 | 112,942 | 114,047 | 116,624 |
| General clinics | 272 | 469 | 998 | 2,787 | 5,007 | 5,778 | 5,082 | 4,684 | 4,376 | 4,357 | 4,289 | 4,417 | 4,555 |
| Non-hospitalization medical fee | 3,028 | 5,978 | 13,714 | 33,675 | 57,008 | 69,454 | 94,211 | 119,454 | 124,941 | 122,623 | 123,700 | 125,163 | 128,499 |
| Hospitals | 875 | 1,864 | 4,320 | 10,356 | 19,636 | 27,037 | 42,786 | 53,997 | 53,028 | 51,389 | 51,135 | 50,717 | 51,331 |
| General clinics | 2,153 | 4,113 | 9,394 | 23,319 | 37,372 | 42,417 | 51,425 | 65,456 | 71,913 | 71,234 | 72,565 | 74,446 | 77,167 |
| Dental medical fees | 759 | 1,143 | 2,448 | 5,677 | 12,807 | 16,778 | 20,354 | 23,837 | 25,569 | 25,875 | 25,375 | 25,377 | 25,766 |
| Drug dispensation medical fee 3) | ... | ... | ... | ... | 1,649 | 3,094 | 5,290 | 12,662 | 27,605 | 35,297 | 38,907 | 41,935 | 45,608 |
| Inpatient dietetic medical fee | . | . | . | . | . | . | . | 10,801 | 10,003 | 9,835 | 9,815 | 9,780 | 9,807 |
| Treatment fee of health services facility for the aged 4) | . | . | . | . | . | . | 666 | 3,385 | . | . | . | . | . |
| Home-visit nursing care medical fee | . | . | . | . | . | . | . | 210 | 282 | 339 | 348 | 392 | 431 |
| | Component ratio (%) | | | | | | | | | | | | |
| National health expenditure | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| General treatment medical fees | 87.6 | 89.8 | 90.2 | 91.2 | 87.9 | 87.6 | 87.2 | 81.1 | 78.9 | 76.9 | 76.4 | 75.9 | 75.4 |
| Hospitals | 48.1 | 49.0 | 48.6 | 50.9 | 52.6 | 57.5 | 59.8 | 55.1 | 53.6 | 52.5 | 52.0 | 51.3 | 50.7 |
| General clinics | 39.5 | 40.8 | 41.6 | 40.3 | 35.4 | 30.1 | 27.4 | 26.0 | 25.3 | 24.4 | 24.4 | 24.6 | 24.7 |
| Hospitalization medical fee | 38.2 | 36.6 | 35.2 | 39.3 | 40.3 | 44.2 | 41.5 | 36.8 | 37.5 | 37.3 | 37.2 | 36.9 | 36.6 |
| Hospitals | 33.8 | 32.4 | 31.3 | 34.9 | 36.2 | 40.6 | 39.0 | 35.1 | 36.0 | 35.9 | 35.8 | 35.5 | 35.2 |
| General clinics | 4.4 | 4.2 | 4.0 | 4.3 | 4.2 | 3.6 | 2.5 | 1.7 | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 |
| Non-hospitalization medical fee | 49.4 | 53.3 | 54.9 | 52.0 | 47.6 | 43.4 | 45.7 | 44.3 | 41.5 | 39.6 | 39.2 | 39.0 | 38.8 |
| Hospitals | 14.3 | 16.6 | 17.3 | 16.0 | 16.4 | 16.9 | 20.8 | 20.0 | 17.6 | 16.6 | 16.2 | 15.8 | 15.5 |
| General clinics | 35.1 | 36.6 | 37.6 | 36.0 | 31.2 | 26.5 | 25.0 | 24.3 | 23.9 | 23.0 | 23.0 | 23.2 | 23.3 |
| Dental medical fees | 12.4 | 10.2 | 9.8 | 8.8 | 10.7 | 10.5 | 9.9 | 8.8 | 8.5 | 8.4 | 8.0 | 7.9 | 7.8 |
| Drug dispensation medical fee 3) | ... | ... | ... | ... | 1.4 | 1.9 | 2.6 | 4.7 | 9.2 | 11.4 | 12.3 | 13.1 | 13.8 |
| Inpatient dietetic medical fee | . | . | . | . | . | . | . | 4.0 | 3.3 | 3.2 | 3.1 | 3.0 | 3.0 |
| Treatment fee of health services facility for the aged 4) | . | . | . | . | . | . | 0.3 | 1.3 | . | . | . | . | . |
| Home-visit nursing care medical fee | . | . | . | . | . | . | . | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

(Notes)

1. With enforcement of the long-term care insurance system in April 2000, some of the medical fees that were subject to national health expenditure have been transferred to long-term care insurance fees. They are not included in national health expenditure since FY 2000.
2. Estimation of this table has been made since FY 1962.
3. Drug dispensation medical fee has been established as a separate item since FY 1977. It was included in Non-hospitalization medical fees until FY 1976.
4. Since subjects of health services facility for the aged treatment fee are people who are certification for long-term care need, treatment fee of health services facility for the aged is not included in national health expenditure since FY 2000.
5. Estimated amounts of co-payment from FY 1996 to FY 2002 have been corrected. Hence figures here are different from those in annual reports.

Source: "National Health Expenditure", Statistics and Information Department, Minister's Secretariat, MHLW

Detailed Data 4 Changes in Health Expenditure for the Aged

| | FY | Total | Medical fee | | | Supplying Drugs | Dietetic treatment | Treatment of health service facility for the aged | Home-visit nursing care for the aged | Supplying medical fee, etc | |
|---------------------------------|---------|---------|-----------------|---------------------|--------|-----------------|--------------------|---|--------------------------------------|----------------------------|-------|
| | | | Hospitalization | Non-hospitalization | Dental | | | | | | |
| Actual amount (¥100 million) | 1983 | 33,185 | 31,966 | 17,785 | 13,405 | 776 | 640 | . | . | . | 579 |
| | 1983 | 36,098 | 34,645 | 19,725 | 14,025 | 895 | 689 | . | . | . | 764 |
| | 1985 | 40,673 | 38,986 | 22,519 | 15,433 | 1,034 | 785 | . | . | . | 902 |
| | 1986 | 44,377 | 42,445 | 24,343 | 16,924 | 1,178 | 902 | . | . | . | 1,030 |
| | 1987 | 48,309 | 46,104 | 26,247 | 18,605 | 1,252 | 1,037 | . | . | . | 1,168 |
| | 1988 | 51,593 | 49,138 | 27,798 | 19,975 | 1,365 | 1,133 | . | 26 | . | 1,296 |
| | 1989 | 55,578 | 52,573 | 29,400 | 21,743 | 1,430 | 1,312 | . | 253 | . | 1,441 |
| | 1990 | 59,269 | 55,669 | 30,724 | 23,315 | 1,630 | 1,457 | . | 619 | . | 1,523 |
| | 1991 | 64,095 | 59,804 | 32,325 | 25,705 | 1,773 | 1,689 | . | 970 | . | 1,633 |
| | 1992 | 69,372 | 64,307 | 35,009 | 27,249 | 2,049 | 1,992 | . | 1,442 | 5 | 1,626 |
| | 1993 | 74,511 | 68,530 | 36,766 | 29,536 | 2,228 | 2,529 | . | 1,888 | 29 | 1,535 |
| | 1994 | 81,596 | 72,501 | 38,235 | 31,790 | 2,476 | 3,133 | 1,855 | 2,582 | 86 | 1,439 |
| | 1995 | 89,152 | 75,910 | 38,883 | 34,319 | 2,708 | 3,909 | 4,678 | 3,259 | 174 | 1,224 |
| | 1996 | 97,232 | 82,181 | 42,314 | 36,789 | 3,078 | 4,620 | 4,816 | 4,198 | 323 | 1,094 |
| | 1997 | 102,786 | 85,475 | 44,205 | 37,965 | 3,305 | 5,606 | 4,869 | 5,285 | 479 | 1,073 |
| | 1998 | 108,932 | 88,881 | 46,787 | 38,584 | 3,511 | 6,900 | 4,967 | 6,426 | 657 | 1,101 |
| | 1999 | 118,040 | 94,653 | 49,558 | 41,181 | 3,915 | 8,809 | 5,115 | 7,436 | 858 | 1,169 |
| 2000 | 111,997 | 94,640 | 48,568 | 41,871 | 4,200 | 10,569 | 4,612 | 670 | 235 | 1,271 | |
| 2001 | 116,560 | 97,954 | 50,296 | 43,243 | 4,416 | 12,462 | 4,677 | -2 | 191 | 1,277 | |
| 2002 | 117,300 | 97,155 | 51,198 | 41,434 | 4,522 | 13,913 | 4,689 | -1 | 192 | 1,352 | |
| 2003 | 116,523 | 95,653 | 51,828 | 39,609 | 4,216 | 14,711 | 4,645 | -1 | 174 | 1,342 | |
| 2004 | 115,763 | 94,429 | 52,048 | 38,371 | 4,010 | 15,143 | 4,654 | 0 | 190 | 1,347 | |
| 2005 | 116,443 | 94,441 | 52,867 | 37,726 | 3,848 | 15,777 | 4,679 | 0 | 205 | 1,342 | |

(Note) Terms are as follows.

- (a) Medical fee: Expenses to be paid in case of receiving medical care at insurance medical care facility, etc. (excluding insurance pharmacy). (Benefit in kind)
- (b) Drug supply: Expenses to be paid in case drugs are supplied at insurance pharmacies, etc. (Benefit in kind)
- (c) Dietetic treatment: Expenses for meals during hospitalization. (Benefit in kind)
- (d) Treatment of health services facility for the aged: Expenses to be paid in case of receiving facility treatment at health services facility for the aged, etc. (Benefit in kind) (Subject to health services system for the aged until March 2000)
- (e) Home-visit nursing care for the aged: Expenses to be paid in case of receiving home-visit nursing care for the aged provided by the office of home-visit nursing care for the elderly of the specified service providers. (Benefit in kind)
- (f) Medical fee allowance, etc.: Expenses to be paid in case supportive devices are supplied or receiving treatment from judo therapists in accordance with Article 32 of the Health and Medical Service Law for the Aged. (Benefit in cash)
- (g) Expenses include partial cost-sharing, standard cost-bearing amount of dietetic treatment, and basic fee of home-visit nursing care for the aged.

Source: "Annual Report on Medical Care Service Programs for the Aged", Health Insurance Bureau, MHLW