

Chapter 11

Improvement of the Administrative System

Section 1. Appropriate Management of the Pension System

1. Further Reform of the Social Insurance Agency

(1) Structural Reform

The “Japan Pension Organization Law” was approved in June 2007 as part of structural reform of the Social Insurance Agency. According to this law, the government is responsible for the finance and financial management of public pensions while the business management will be executed in a new public non-public officer type corporation.

Regarding Government-managed Health Insurance, the Japan Health Insurance Association, a public non-public officer type corporation, will be established in October 2008 and its financial management executed at prefectural bases to promote improved insurance functions through self-sufficient management and measures according to the situation of individual regions.

In addition, the public non-public officer type corporation of the Japan Pension Organization will be established in January 2010 to work with public pensions. Efforts to be made in this Organization include ①consciousness reformation of staff through introducing human resource management based on abilities and achievements, ② further improvement of services through proper business management according to people’s needs, and ③ appropriate and efficient business execution including entrustments.

Toward establishment of the Organization, an organizing committee appointed by the Minister of Health, Labour and Welfare will start concrete discussions that will include ① making a decision on working conditions and employment standards for the staff, ② employing the staff, ③ formulating a statement of operational procedures in accordance with the “Basic Plans for the Present Business Management of the Organization” formulated through hearing opinions from the “Conference on Reform of Pension Business/Organization” held under the Cabinet Office so that their business duties can smoothly succeeded to the Organization and their business then executed appropriately and efficiently.

(2) Business Reform

In order to restore people’s trust in the social security systems, it is indispensable to carry out thorough business reformations in addition to structural reform.

In consideration of this, the “Urgent Response Program” (formulated in November 2004) providing reform menus that the Social Insurance Agency need to urgently implement and the

“Business Reform Program” (formulated in September 2005) clarifying all the measures taken by the Social Insurance Agency and business reform goals to be achieved were formulated, and are being successively revised. At present, business reform measures centre around 6 points: ① responding to pension record issues, ② improving services, ③ improving premium collection, ④ efficiently conducting business affairs and eliminating wasteful spending of the budget, ⑤ complying and protecting personal information, and ⑥ complete consciousness reformation and human resource policies focusing on abilities.

2. Efforts for Restoring People’s Trusts in Pension Business Practices

With regard to the so-called pension record issues where 50 million records were not integrated into the Basic Pension Numbers recorded on computers, responding efforts are being made steadily according to the “Restoring Trust in Pension Records and Establishment of New Pension Record Management System” compiled by the government and ruling parties at a meeting regarding pension business reformation held on July 5, 2007, the “Future Response to the Pension Record Problems” decided at a related cabinet members meeting on January 24, 2008, the “Work Schedule of Future Response to Pension Record Problems” approved at the said meeting on March 14, 2008, and the “Future Course of Response to Pension Record Problems” approved at the said meeting on June 27, 2008.

More concretely, measures are being taken mainly with the following.

- ① In order to correct pension records it is important that people verify their own individual records to check if there are any “omissions” or “mistakes”. In consideration of this, “Special Pension Mail” has been sent since December 2007 to people to verify their pension records. The “Special Pension Mail” is the most important core measure in responding to the pension record issue.
 - a. “Special Pension Mails” had been sent to 10.3 million people by the end of March 2008 who have the record that can possibly match as the result of matching the “50 million un-integrated records” and “100 million records of all pension recipients and subscribers” using their names, dates of birth, and sex (name matching) on computers.
 - b. Since April 2008, “Special Pension Mails” have been sent to all pension recipients and subscribers other than those which mails had already been sent to. In April and May 2008, mail was sent to all 33.96 million pension recipients and mails are also to be sent to 62 million subscribers from June to October, 2008.
 - c. Careful follow-ups are being provided to those who have not answered the “Special Pension Mails” or answered as “No Correction” through mail, telephone calls, or visiting. In cooperation with municipalities and nursing care/welfare professionals,

- Focused efforts, in principle, to receive answers from all pension recipients
- Efforts to receive answers from as many subscribers as possible leading up to the measures of “Special Pension Mails” in FY 2009 will be made.

d. In order to cope with the expected increase in number of consultations as a result of sending the “Special Pension Mails”, systems for consultations over the telephone and through visits will be improved. In addition, dissemination/publicity on the “Special Pension Mails” is being made through newspapers, television, the radio, and websites. These measures are being promoted at the national level in cooperation with municipalities, enterprises, labour unions, and public social and labor insurance consultants.

- ② In parallel with these measures for verifying pension records, efforts are being made to solve/integrate un-integrated records through various method utilizing the Basic Resident Register Network System and maiden names reported in response to “Special Pension Mails” in cases where the names did not match because their former names were on the records.
- ③ In addition, to enable people to easily verify their own pension records, such measures as
 - a. Sending “Special Pension Mails” using the subscription history to all subscribers,
 - b. Enabling pension recipients to refer to their own records over the internet (in FY 2008) that is currently possible only for subscribers, and
 - c. Establishing a system in which name lists of Employees' Pension Insurance and municipal name lists of National Pensions are put in the form of electronic image files to enable their retrieval (preparation started in FY 2008 and will be established in FY 2009) will be implemented.
- ④ Name matching of 800 million pension records on paper copies with those on computers will be implemented systematically taking into consideration analysis of the sample examinations being conducted.

With the cases of missing pension records in which premiums of Employees' Pensions have been deducted but no notifications or payments were made by business operators, the “Law concerning Exceptional Cases of Benefit and Premium Payments of Employees' Pensions” was presented at the 168th extraordinary Diet session in November 2007, approved on December 12, 2007, and has been enforced since December 19, 2007. According to this act payments will be made with regard to the importance of the fact that insured persons have had premiums deducted so that complaints submitted to a Third-Party Committee to Check Pension Records can be resolved promptly.

The Inspection Committee on the Pension Record Problems within the Ministry of Internal Affairs and Communications has conducted inspections and verification of the details, causes, and

roles of responsibilities with the pension record issues and submitted a report on October 31, 2007. The report pointed out the root cause of this problem being that the organization as a whole decisively lacks the sense of mission of having to accurately record, store, and maintain people's pension records and be responsible for carrying out its duties with the people's trust. The report also pointed out the responsibilities of the Ministry of Health, Labour and Welfare and successive executives of the Social Insurance Agency. These harsh criticisms will be taken seriously and sincere efforts will be made to properly execute the pension records duties.

With regard to the pension record issues, sincere remorse needs to be expressed and the best possible effort persistently made in every possible way to restore the people's trust.

Column

About "50 Million Un-integrated Records"

Under the public pension system, until 1996, pension records were managed based on the numbering of respective pension systems. And therefore many people had multiple pension numbers, including National Pensions and Employees' Pensions, resulting from changing their jobs, for example from being employed by a company to becoming self-employed.

In January 1997, the Basic Pension Number system was introduced so that pension records could be managed using one number per person. Multiple number holders had their pension records integrated into Basic Pension Numbers. However, as of June 2006, there remained 50.95 million records that had not been integrated into the Basic Pension Numbers (of 50.95 million records, some multiple records belong to the same person, thus it does not mean that the pension records of 50.95 million people are all un-integrated).

The Social Insurance Agency has been making efforts to solve these 50.95 million un-integrated records one by one. According to the aggregate report on un-integrated records published on June 27, 2008, 6.19 million records have been integrated since June 2006 and 15.15 million records solved to a certain extent, including those belonging to people who have already died, and 16.18 million records remain to be solved. Further efforts will be made in the future to solve/integrate these records.