

Outline of Public Incorporation of Government-Managed Health Insurance

1. Public Incorporation of Government-Managed Health Insurance

- Establish National Health Insurance Association (hereinafter referred to as "association") as an insurer that operates health insurance program for employees who do not subscribe in Health Insurance Societies. (October 2008)
Application and collection business are done by pension agency.
- Organization
 - Establish operation committee (3 operators, 3 insured persons, and 3 persons with relevant knowledge and experience, total of 9 people are appointed by Minister). Budget, operation plan, change in insurance premium rate, etc, need to go through discussion of operation committee.
 - Minister appoints President, listening to opinions from operation committee.
 - Directors (5 or less) are appointed by President. Auditors (2 people) are appointed by Minister of Health, Labour, and Welfare.
 - Establish branch for each prefecture, and set up council (councilors are delegated from councilor business operators, the insured persons, or person with relevant knowledge and experience, by branch general manager) and listen to opinions on operation of each branch.
 - Workers are appointed by President.
- Dissolution, etc
 - With regard to the dissolution of association, it is specified separately by an act.
 - Association succeeds rights and obligations of Health Insurance Societies that are extinct due to dissolution.

2. Financial Operation by Each Prefecture

- After coordinating differences in age structure and income level, establish insurance premium rate reflecting local health expenditure for each prefecture.
(And with transfer to insurance premium rate by each prefecture, in the case where insurance premium rate rises dramatically, sudden change alleviation measure is taken.)
- Insurance premium rate for each prefecture is determined, after listening to opinions of councils from each branch, with discussion of operation committee.
- Insurance premium rate for each prefecture is to be determined within one year after establishment of association, and until then, insurance premium rate of government-managed health insurance is applied.

3. Stabilization of Financial Operation, etc.

- Budget, operation plan, and financial statement, etc, are approved by Minister.
- Association receives audit from auditors every fiscal year and also achievement assessment from Minister of Health, Labour and Welfare.
- Change in insurance premium rate is to be approved by Minister, and order of insurance premium rate change and rights to change authority are given to Minister.
- Higher and lower limit of insurance premium rate (currently 6.1% to 9.1%) are, like as health insurance union, revised to 3.0% to 10.0%.
- Creation of scope of revenues and expenditure for next 5 years in every 2 year is obliged.
- Reserve fund is obliged.
- Borrowings are regulated with rules such as Minister Approval, etc, and borrowings can be given government guarantee.

4. Measures needed for Establishment, etc

- Minister of Health, Labour and Welfare order Establishment Committee members to conduct administrative work regarding establishment such as making of articles of incorporation, making of operation plan, etc.
- Establishment committee members make Labour conditions for association workers and employment standard.
For employment of workers from Social Insurance Agency, recruitment is conducted through Commissioner of Social Insurance Agency
- In the event of establishment of Association, assets and debts with regards to health insurance programs that the State possesses are, except for those specified in Cabinet order, succeeded by Association.
- In addition to what is listed above, any necessary transitional measures are to be taken.

5. Effective Date

- Effective date is October 1, 2008. However, those related with establishment committee members are effective from October 1, 2006.