Long-term Care System in Japan - Implications to Taiwan Policy

Katsuhisa KOJIMA
National Institute of Population and Social Security Research (IPSS)
Senior Researcher
katsu@ipss.go.jp

Conflict of Interest (COI) of the Presenter: No potential COI to disclose
1. Background to introduce Long-term Care Insurance

**Population Aging**

<table>
<thead>
<tr>
<th>Year</th>
<th>Elderly Population</th>
<th>Percentage of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>7.4 million</td>
<td>7.1%</td>
</tr>
<tr>
<td>1990</td>
<td>14.9 million</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

**Projected Numbers of frail Elderly (Projection in 1990s)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Elderly Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>About 2 million</td>
</tr>
<tr>
<td>2025</td>
<td>About 5.2 million</td>
</tr>
</tbody>
</table>

**Elderly Living Arrangement and Family Caregiving**

- **Increase of the elderly living alone or couples only**
  - 1970: 22.5% → 1990: 36.9%
- **Many family caregivers are female or elderly**
  - In 1992: 85.3% is female, 49.0% is aged 60+

**LTC Service for the Elderly (Before LTCI Implementation)**

- Developed since 1960s, but targeted to mainly low-income elderly
- LTC Services are divided in Welfare and Health Care
- LTC Services has developed since 1980s
  - For the future, Stable Scheme of LTC cost finance was needed
    → Discussion of new LTC scheme from mid 1990s
    → “Long-term Care Insurance Act” (Legislated in 1997)

Source: By Katsuhsa KOJIMA (IPSS) with Annual report of Health and Welfare 2000 etc.
## 2. Development of Welfare for the Elderly in Japan

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before 1945</strong></td>
<td>Poor Relief Policy (Targeted persons were severely limited)</td>
</tr>
<tr>
<td>From 1945 to 1950s (After WWII)</td>
<td>Elderly Welfare was as a part of Public Assistance (Care home for the poor and lone elderly).</td>
</tr>
<tr>
<td>1960s (Rapid Economic Growth and Change in Person’s life)</td>
<td>“Act on Social Welfare for the Elderly” (1963) -&gt; Start of Elderly Welfare Policy</td>
</tr>
<tr>
<td></td>
<td>Service provision: Targeted to the elderly with low income.</td>
</tr>
<tr>
<td></td>
<td>Procedure: Needs and Means test were required.</td>
</tr>
<tr>
<td>1970s (End of Rapid Growth Economy with Oil Crisis)</td>
<td>Development of Facility for the Elderly Care, Increase of Elderly Health Care Cost</td>
</tr>
<tr>
<td>1980s (Stable Growth Economy with the Bubble Economy)</td>
<td>Development of Home and Community Care Services, Reform of Health Care for the elderly</td>
</tr>
<tr>
<td>1990s (Global Economy After the Bubble)</td>
<td>Further Development of LTC service provision under National Plan</td>
</tr>
<tr>
<td></td>
<td>Planning of Long-term Care Insurance</td>
</tr>
</tbody>
</table>

Source: By Katsuhisa KOJIMA (IPSS)
3. Development of Welfare for the Elderly in Japan

Numbers of Facility, Home and Community Care

Development of Facility Care from 1960s to 1990s

- Intensive care Home for the Elderly
- Moderate-fee Home for the Elderly
- Nursing Home for the Elderly
- Fee-based Home for the Elderly
- Short Stay Facility

Figure: The capacity of Elderly Welfare Facilities

Development of Home and Community Care from last 1980s to last 1990s

- Day Care Service
- Home Care Service
- Short Stay Service

Figure: The total numbers of Home and Community Care Service Users (Persons)

4. Long term care Insurance

1. Insured and Insures
   (1) 2 Categories
       Persons 65+, Persons 40 to 64
   (2) All insured have to pay premium.
   (3) Insures: Municipalities
       with support from Prefectures and Central government

2. Benefit
   (Procedure) Care-needs assessment -> Care-plan -> Service use
   (Type of Service) Home care, Community care, Facility care etc.
   No Cash benefit
   (Co-Payment) 10% (High Income 20%)

3. Long term care service provider
   (1) Organizations: Public or private
   (2) Human Resources: Care workers, Care managers, Doctors, nurses etc.

The Overview of Long term care insurance in Japan

LTC Expenditure in 2015 (Budget)
10.1 trillion JPY
LTC Insurance Premium for Elderly
Monthly 5,514 JPY (Average)

LTC Insurance Benefits
Approved as “Care-needs”: 5,859 thousands in 2014
Numbers of LTC users: 4,927 thousands in 2014
(about 74% is home care service)

Source: By Katsuhisa KOJIMA (IPSS), Figure is cited from IPSS “Social Security in Japan 2014”.

The Overview of Long term care insurance in Japan

Source of financing

<table>
<thead>
<tr>
<th>Premium</th>
<th>Subsidy</th>
<th>Co-payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary insured</td>
<td></td>
<td>Subsidy</td>
</tr>
<tr>
<td>Aged 65+</td>
<td></td>
<td>Municipal</td>
</tr>
<tr>
<td>Secondary insured</td>
<td></td>
<td>Central government</td>
</tr>
<tr>
<td>Aged 40-64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Insurer and Operator
Municipalities (Shi-Ku-Cho-Son 市区町村)

Care-needs assessment and Care-Plan elaboration by Care-manager

Operation

In-home services
Facility services
Community-based care services
Preventive services
Community-based preventive services

No Cash benefit

Co-payment

10% (High Income 20%)
## 5. Before and After LTCI Implementation in Japan

<table>
<thead>
<tr>
<th>Before 2000</th>
<th>After 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service Use</strong></td>
<td><strong>Service Use</strong></td>
</tr>
<tr>
<td>(1) Apply to Local Government</td>
<td>(1) Apply for Care-needs assessment</td>
</tr>
<tr>
<td>(2) Needs Assessment and Means test are required</td>
<td>(2) The assessment relates only to care needs</td>
</tr>
<tr>
<td>(3) Service use was decided by Local Government (without any choices by users)</td>
<td>(3) LTC Service use plan (ケアプラン) is based on the care-assessment and users' choices made by care-manager (ケアマネジャー)</td>
</tr>
<tr>
<td>(4) Health care is provided from Health insurance</td>
<td>(4) Uses can be mixed with Welfare and Health related LTC services.</td>
</tr>
<tr>
<td><strong>Service Provider</strong></td>
<td><strong>Service Provider</strong></td>
</tr>
<tr>
<td>(1) LTC Service Provider was limited to Local Government and Social Welfare Organization (Limited to non-profit sector).</td>
<td>(1) Public and Private (for-profit and non-profit) Organizations can provide LTC services.</td>
</tr>
<tr>
<td>(2) Home and Community care services has increased dramatically.</td>
<td>(2) Home and Community care services has increased dramatically.</td>
</tr>
<tr>
<td><strong>Cost Sharing</strong></td>
<td><strong>Cost Sharing</strong></td>
</tr>
<tr>
<td>(1) Tax funded</td>
<td>(1) All insureds have to pay LTCI premium based on the income.</td>
</tr>
<tr>
<td>(2) Low income persons were exempted from co-payment.</td>
<td>(2) Tax subsidies to LTCI are also available.</td>
</tr>
<tr>
<td>(3) Some other persons paid co-payment too much.</td>
<td>(3) <strong>Co-payment is 10%</strong> for all services (with the ceiling). <em>High Income Elderly: 20%</em></td>
</tr>
<tr>
<td><strong>Relation to Health Care</strong></td>
<td><strong>Relation to Health Care</strong></td>
</tr>
<tr>
<td>(1) Welfare and Health Care Scheme had been divided</td>
<td>(1) In LTC service use, we can mix welfare and health related LTC services in care-plan.</td>
</tr>
</tbody>
</table>

Source: By Katsuhisa KOJIMA (IPSS)
# 6. Revisions of Act on LTCI

## April 2000 Act on Long-term Care Insurance implemented

<table>
<thead>
<tr>
<th>Year</th>
<th>Revision</th>
<th>Changes</th>
</tr>
</thead>
</table>
| 2005 | Revision | (1) Care prevention benefits have started to provide to care support level persons  
(2) Facility benefits have been adjusted.  
Housing and meal costs are excluded from facility benefits.  
Supplemental support to low income residents in the LTC facility provided  
(3) Community-based Care service, Information of LTC service |
| 2008 | Revision | (1) To empower the management LTC service provider by local governments  
(2) In advance report by LTC providers that want to stop service provision  
(They must provide users alternative LTC services) |
| 2011 | Revision | (1) Promotion of “Integrated Community Care System”  
24 hours visit home care service, multi function care service facility etc.  
(2) Aspiration of sputum is allowed to LTC personnel. Consumer protection about deposit refund of fee-based elderly homes  
(3) Reversal of LTC finance stability fund |
| 2015 | Revision | (1) Promotion of home care and home medicine  
Care prevention benefits will be moved from LTCI to local governments welfare service  
Intensive care home for the elderly users are basically limited to LTC grade 3+ persons  
(2) More premium subsidy(to low income persons) 20% co-payment(high income persons) |

Source: By Katsuhsisa KOJIMA (IPSS) with documents of Ministry of Health, Labour and Welfare
### 7. LTC System in Japan and Taiwan (Comparison)

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Japan</th>
<th>Taiwan</th>
<th>LTCI (Draft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Scheme</td>
<td>Long-term Care Insurance</td>
<td>Long-term Care Ten Years</td>
<td>Long-term Care Insurance</td>
</tr>
<tr>
<td></td>
<td>(From 2000)</td>
<td>(From 2008)</td>
<td>(Now Planning)</td>
</tr>
<tr>
<td>Insurer</td>
<td>Municipality (Region Insurance)</td>
<td>Prefecture</td>
<td>National Health Insurance Bureau (Insurer of NHI)</td>
</tr>
<tr>
<td>Targeted Persons</td>
<td>(1) Aged 65+</td>
<td>Aged 65+ etc.</td>
<td>All Persons living in Taiwan (NHI joined persons)</td>
</tr>
<tr>
<td></td>
<td>(2) Aged 40-64 years old</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Beneficiaries are mainly the elderly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>Home, Community, Facility Care Services etc.</td>
<td>Home, Community, Facility Care Services etc.</td>
<td>Home, Community, Facility Care Services etc.</td>
</tr>
<tr>
<td>Procedure</td>
<td>Care Needs Certification → Care Plan Needs Support level 1,2 Care Needs 1~5</td>
<td>Care Needs Certification Heavy, Intermediate, Light 4 Degrees?</td>
<td>Care Needs Certification</td>
</tr>
<tr>
<td>Co-Payment</td>
<td>10% (High Income Elderly : 20%)</td>
<td>30% (Low income persons are exempted)</td>
<td>15% (Exemption will be available)</td>
</tr>
<tr>
<td>Cash benefit</td>
<td>Not Available</td>
<td>Elderly Care Special Allowance (Independent Scheme)</td>
<td>Care Allowance</td>
</tr>
<tr>
<td>Funding</td>
<td>LTCI Premium, Tax and Co-Payment</td>
<td>Tax and Co-Payment</td>
<td>LTCI Premium, Tax and Co-Payment</td>
</tr>
</tbody>
</table>

Source: By Katsuhisa KOJIMA (IPSS) based on Japan and Taiwan documents
8. Challenges of Japan LTC system and Implications to Taiwan (1)

Japan LTC System Challenges

1. Increased Cost of Long-term care
   The cost of LTCI has increased
   \[3.6T \text{ JPY (FY2000)} \rightarrow 10.6T \text{ JPY (FY2016)} \rightarrow 18-21T \text{ (FY2025)}\]

   How to Control the cost?
   To Increase Revenue or To Cut Expenditure

2. LTC Service Provider
   LTC service providers have increased.
   ex. Home visit care
   \[9,833 (2000) \rightarrow 34,992 (2014)\]
   Private (for-profit) company has entered into mainly home visit care.
   % of Private (for-profit) company
   \[30.3\% \text{ (2000)} \rightarrow 64.4\% \text{ (2014)}\]

   Our Challenge includes Quality of care, Compliance.

Implications to Taiwan

1. To secure LTC cost finance and Cost Control
   (1) Premium Collection
      From Who, How much, How to do
   (2) Government Subsidy
   (3) Co-Payment
   (4) Effective Service Provision without waste

2. To increase LTC service
   Entry by Private organizations is necessary to increase LTC service.

   We can expect efficiency and creativity in service provision.
   But....
   How to secure Quality of Care, User Protection, Compliance etc.
   Relation with non-profit service providers
   (Service Entry, Public Subsidy etc.)

Source: By Katsuhisa KOJIMA (IPSS)
9. Challenges of Japan LTC system and Implications to Taiwan (2)

3. Long-term Care Workers
LTC workers have increased.
Turnover rate is higher than Japan average.
16.6% ↔ All industry 15.6% (2013)
Our Challenge includes Working Condition, Education and Training, Quality of Worker.
New issue: Attract Foreign-born Care Workers

4. Elderly with Dementia
The numbers of elderly with dementia will increase.
2.8 millions (2010) → 4.7 millions (2025)
Our Challenge includes those below.
(1) Prevention (2) Early Diagnosis
(3) Care and Treatment (4) Support Family
(5) To cope with Mild Cognitive Impairment
We should respect dignity of elderly with dementia.

3. The points of LTC Worker Policy
(1) Education, and Training
(2) Certification (Licensee)
(3) Working Conditions
(4) Image of Care Workers among Persons
Foreign-born Care Workers (外籍看護工)
What kinds of Policies does Taiwan take?
→ Japan can learn from Taiwan.

4. Dementia Policy in Taiwan
Taiwan also has basic policy measures for dementia (失智症防治照護政策綱領).
Main Points in Taiwan Policy
(1) Education and Training
(2) Construct Service Provision ex Group Home（團體家屋）
(3) Support Family (4) Enlightenment
(5) Cooperation with Society

Source: By Katsuhisa KOJIMA (IPSS)
10. Challenges of Japan LTC system and Implications to Taiwan (3)

5. LTC Service based on Community

World Trends: “Aging in place” (在地老化)
In Japan: 95% Elderly lives in their own house.
Facility care needs high cost

Per Beneficiary LTCI expenditure
Nursing Home: 250 thousands JPY
Home visit care: 49 thousands JPY

To Continue the life in their house, LTC, health care and other social services should be provided based on elderly needs with continuity

Construction of “Integrated Community Care System” (地域包括ケアシステム) for 2025

Continuous service from health care, long term care, other welfare services in the region where the elderly live (Junior high school district area)

There is No single solution, because of regional diversity

5. Recent Policy in Taiwan

Taiwan has various policy measures. 「長照十年計画」、「長期照顧服務網計画」、「長照2.0」 (Now planning) etc.

Main Points in Taiwan Policy
(1) Promote Increase LTC Service
(2) Promote Reduction of Regional Inequality in LTC Service
(3) Consideration to Diversity of the Elderly (Urban vs. Rural, Between Ethnicity etc.)
(4) Cooperation with Health care and other sectors
(5) Cooperation with Society Persons, NPO, Company etc.

Source: By Katsuhisa KOJIMA (IPSS)
11. The Image of “Integrated Community Care System”

1. Background
   (1) Population Aging
   75 years old + population would increase
   In 2020 “Baby Boom Generation” would reach at the age 75.
   In the Metropolitan area, population aging would proceed rapidly.

   (2) Health care and Long term care needs would increase dramatically.

2. Direction of Policy
   To construct the system of continuous service provision based on needs of the elderly
   The elderly can use various kinds of welfare services from health care, long term care, housing, other welfare services in the region where they live.

3. Image of “Integrated Community Care System”
   Main Player: Integrated Community Care Support Centers
   Services needed (example): 24-hour home visit care

Source: By Katsuhisa KOJIMA (IPSS)
12. Where do the elderly live in the Integrated Community Care System?

Elderly Population (30,793,233, in 2012)

Degree of Long Term Care Needs

Independent

Basic Characters
“Housing for the elderly”

Long Term Care Insurance

Specified Facility Service

Home and Community Care Service

Fee-based home for the elderly (221,907)

Elderly housing with care service (154,292 Houses 2014.6)

Nursing home for the elderly (56,860)
Moderate-fee home for the elderly (care house) (80,561)

Legal Base
"Act for Welfare of the Aged"

Hospital (More than 3 months About 407 thousands, 2011)

Legal Base
"Act for Welfare of the Aged, Long-Term Care Insurance Act"

Long-term care health Facility (301,539)

Group home for the elderly with dementia (149,599)

General House (About 29 million)

Sanatorium type medical care facilities (67,531)

Intensive care home for the elderly (429,415)

Fee-based home for the elderly (221,907)

Hospital (More than 3 months About 407 thousands, 2011)

Legal Base
"Act for Welfare of the Aged, Long-Term Care Insurance Act"


Note: Data are 2012 (except for Elderly housing with care service and “Patient Survey”). “Patient Survey” does not cover Ishinomaki and Kesennuma area in Miyagi prefecture and Fukushima prefecture.
13. Conclusion

1. Japan Experience (Background of LTCI, History of LTC Policy)
2. Japan Long-term care insurance
3. The situation of LTCI in Japan
4. Challenges of Japan LTCI and Implications to Taiwan

Taiwan has a plan of Long-term Care Insurance (長期照顧保険), and new policy plan to develop LTC services (長照2.0).

Taiwan could make good LTC systems, Japan will be able to learn from Taiwan. We can study from each other policy experience.