Institute of Gerontology

KING'S College LONDON

Care for an ageing population: Lessons from Japan?

HMT Autumn 2013 Seminar Series

Ageing in historical and comparative perspective

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Why Japan?

- Facing the greatest challenge in caring for older people:
  - has the world's most rapidly ageing society
  - has the world's highest proportion of people 65+ (24% in 2013 and 40% by 2050)
- Introduction of universal public care in 2000, despite economic difficulties & strong family care (cf. means-tested care in England)

Outline

- Before 2000 -
  - ‘Care-giving hell’
  - ‘Social hospitalisation’
- The Long Term Care Insurance system (LTCI)
- Initial impact (2000-05 expansion phase)
- Adjustments (Post-2005 reforms)
- Achievements
- Challenges
- Lessons for England?

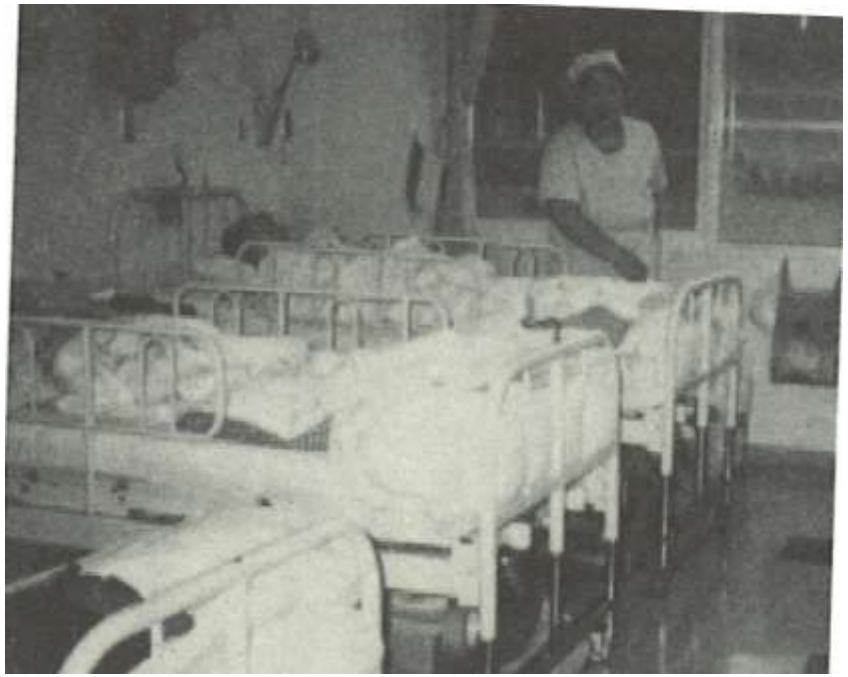
Myth of Japanese family 'care'

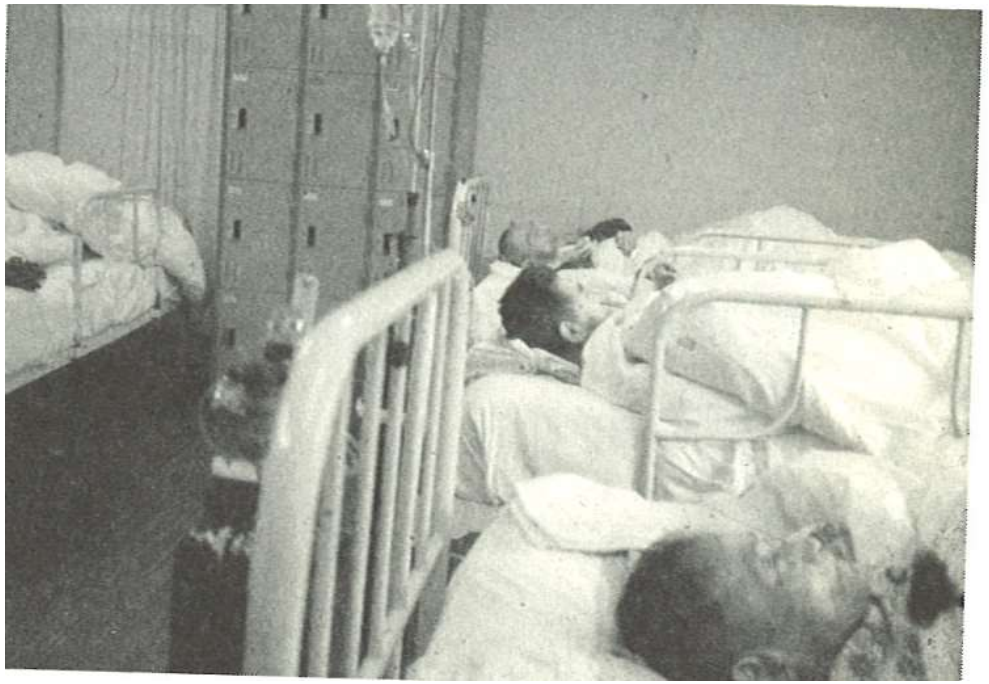
- Confucian tradition - 'Filial piety'
- Limited care within the family
- Changing family structure (rise of nuclear family and female labour participation)
- Changing nature of family care (intensive)
- Scope for abuse within the family

Expanded health care

- ‘Social hospitalization’
- Soaring health care expenditure
- Abuse in hospitals
- Cost-cutting aggravated the problem

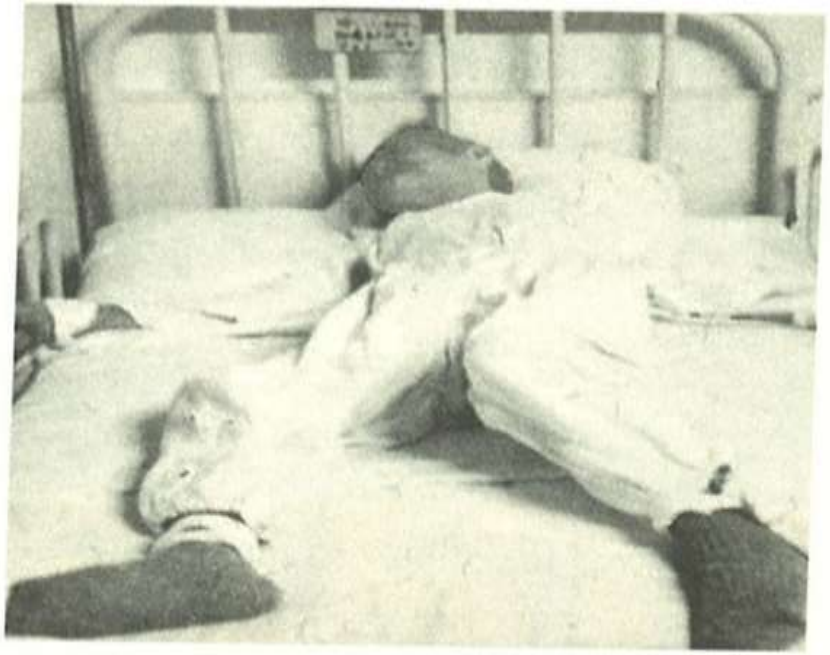
‘Residents’ in hospitals

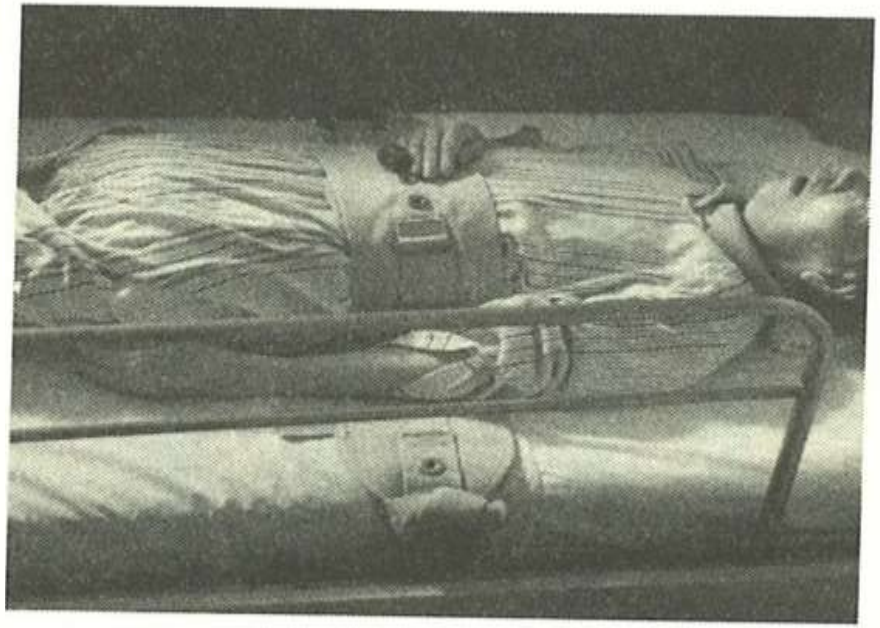




‘Socially hospitalized’, bedridden patients, looked after by unqualified carers

‘Residents’ in hospitals





‘Socially hospitalized’, bedridden patients, restrained with strings and belts

Pressure for reform

- Delays due to recession
- Popular expectations
- Government commitment to **comprehensive** long-term care as a **universal** and **explicit** right for **every** older person

Long-term care insurance (LTCI)

- 'From Care by the Family to Care by Society' (and to the **State**)
- **Unrealistic expectations?** - LTCI might replace family care
- **Ambitious** - public care a **universal** and **explicit** right for **every** older person in need

Why an insurance approach?

- Preference for insurance premiums - **familiar**
- New 'social contract' – **everyone** contributes
- Emphasis on inter-generational **equity** and **collective risk-sharing**
- Strengthens sense of **entitlement**
- Erodes **stigma** of means-tested public care
- Reinforces **popular approval**

LTCI mixed funding

- 50% from **taxation** (national and local)
- 30% from **insurance premiums** from those 40-64
- 20% from **premiums** from those aged 65+
- Service users pay a flat-rate 10% **user fee**

❖ Funding structure:

Open-ended and pay-as-you-go with **3-year planning cycle**

LTCI entitlement

- **Explicit**, nationally **standardized** and **generous**
- All aged 65+ (**full** entitlement)
- Minority aged 40-65 (**restricted** entitlement)
- Eligibility assessment: on **clinical needs-only**

LTCI benefits

- Generous, intended to cover **full costs** of LTCI services
- No **cash alternative** (cf. Germany and England)
- Aim is to **replace** family care, not complement it (let alone to further **encourage** it).

LTCI providers

- Adoption of **market principles**
- Promotes diversification of **care providers** from all sectors
- Intended to improve **quality** and **efficiency**

LTCI governance

Central government

- Contributes 25% of LTCI funding
- Regulates fees & services

Local government

- Insures LTCI
- Contributes 25% of LTCI funding
- Plans and administers services

2000-05: Expansion phase

Achievements:

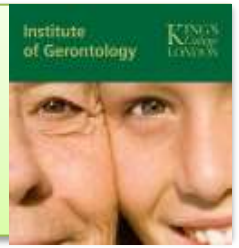
- Expansion in service use
- Reduced burden on many family carers
- Shed stigma of public care
- Growing sense of entitlement
- Enhancing service quality
- Increased support for LTCI and willingness to pay premiums

2000-05: Expansion phase

Concerns:

- Soaring **expenditure** requiring increased **funding** (i.e. taxes & insurance premiums)
- Extent of **latent demand** revealed
- **Abuse** of services (e.g. home care by less needy)

After 2005: Reforms

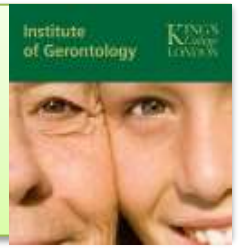


- Government measures to ensure **sustainability**
  - Means-tested fees in **nursing homes**
  - **Clarified** and **reduced** services for less needy, emphasizing ‘no-frills’, rehabilitation-led services
- Slowed growth of users and of service use, permitting **stabilized** expenditure

Comprehensive, prevention-led approach

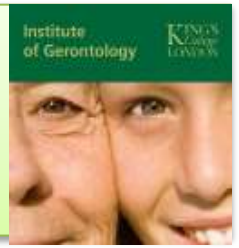
- Local authorities responsible for low-level, preventative support for **enlarged** clientele
- Older people encouraged to volunteer, promoting healthy, active lives and earning credits towards their **own** insurance premiums
- A cost-effective alternative to support by paid workers?

LTCI's achievements



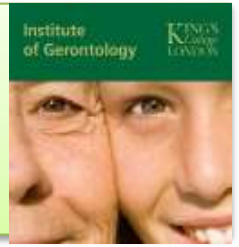
- **Financial sustainability** within controlled increases in expenditure
- Universal coverage fosters higher service **quality** (and **user expectations**)
- Promotes **prevention** and **active ageing**
- 'Revolution' in thinking - care a **collective** responsibility (**realities of family care** acknowledged)
- Offers **peace of mind** and **security**

Remaining challenges



- Maintaining **financial sustainability** – requires higher premiums/taxes/user-fees **or** cutting services (popular?)
- Unequal **service distribution** - shortages of nursing homes, continuing burden on **family carers**
- Shortages of **care workers**

The lessons from Japan?



- Cost control requires **negotiation** and **consensus**
- **Equity** and **transparency** important
- **Universal entitlement** reinforces **quality** and '**consumerism**'
- Clear definitions of **eligibility** and **service content** necessary
- Need for **realism** about role of **family**
- Clear roles for **central government** and **local authorities** needed