What is the future of senior housings in Japan? Super-aged Japan is the mirror of other countries' future.
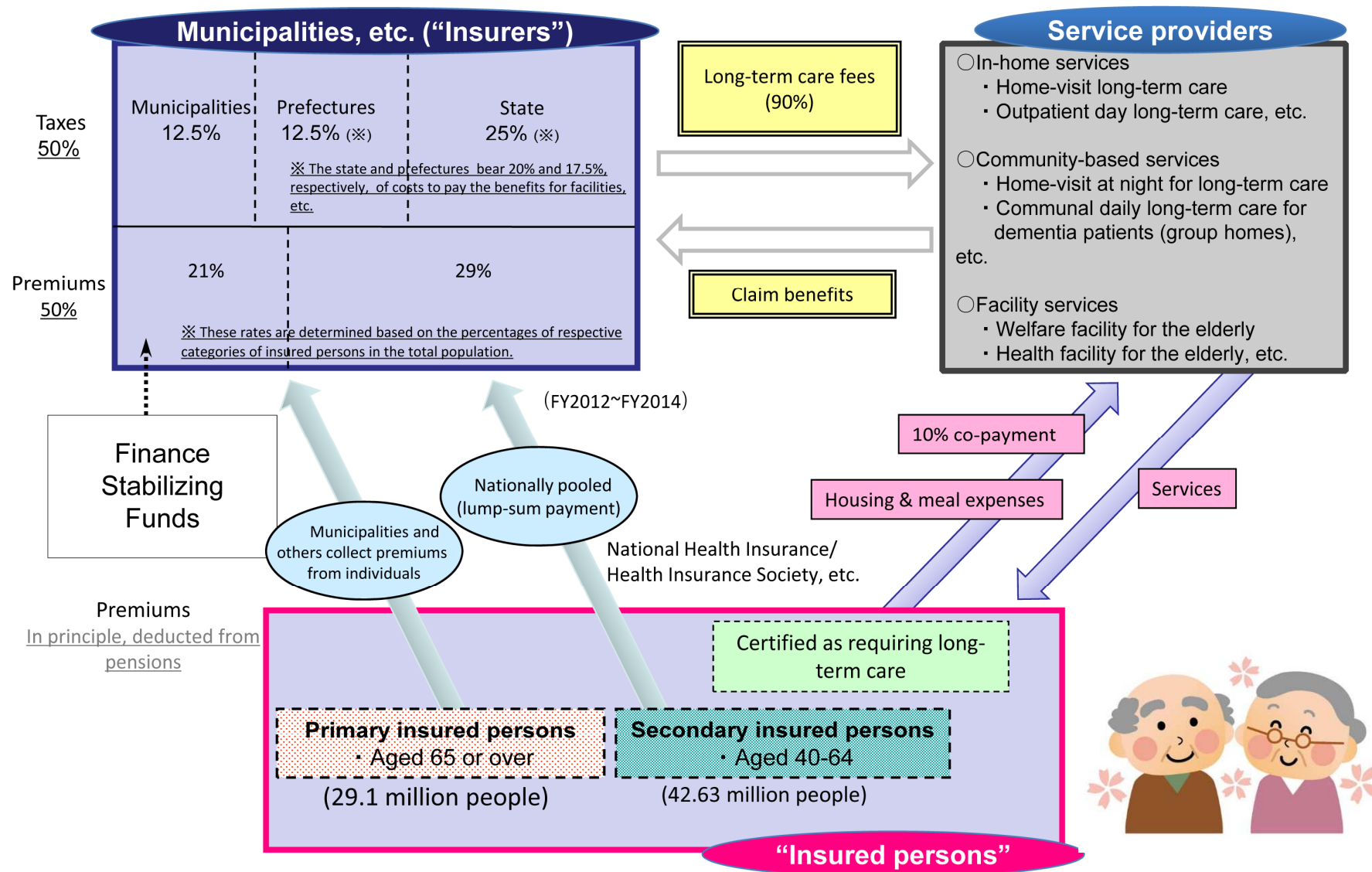
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What is the Long-term Care Insurance System?

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Age ratio & welfare policies for the elderly

	Age ratio (year)	Major policies
1960s Beginning of welfare policies for the elderly	**5.7%** **(1960)**	1963 Enactment of the Act on Social Welfare Services for the Elderly ◇ Intensive care homes for the elderly created ◇ Legislation on home helpers for the elderly
1970s Expansion of healthcare expenditures for the elderly	**7.1%** **(1970)**	1973 Free healthcare for the elderly
1980s "Social hospitalization" and "bedridden elderly people" as social problems	**9.1%** **(1980)**	1982 Enactment of the Health and Medical Services Act for the Aged ◇ Adoption of the payment of co-payments for elderly healthcare, etc. 1989 Establishment of the Gold Plan (10-year strategy for the promotion of health and welfare for the elderly) ◇ Promotion of the urgent preparation of facilities and in-home welfare services
1990s Promotion of the Gold Plan	**12.0%** **(1990)**	1994 Establishment of the New Gold Plan (new 10-year strategy for the promotion of health and welfare for the elderly) ◇ Improvement of in-home long-term care
Preparation for adoption of the Long-Term Care Insurance System	**14.5%** **(1995)**	1997 Enactment of the Long-Term Care Insurance Act
2000s Introduction of the Long-Term Care Insurance System	**17.3%** **(2000)**	2000 Enforcement of the Long-Term Care Insurance System

Source: MHWL
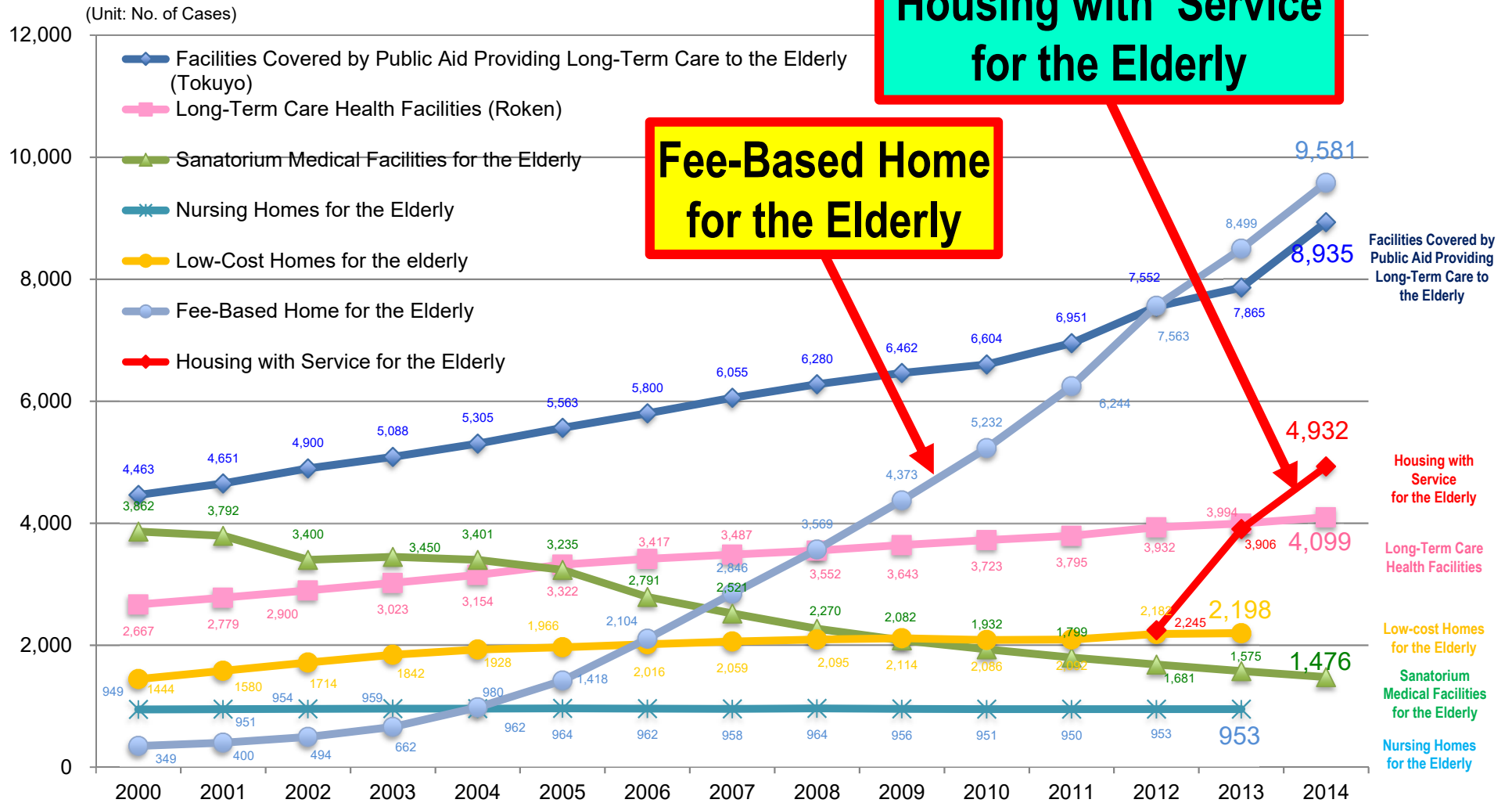
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Structure of the LTCI System

Municipalities, etc. ("Insurers")

Municipalities 12.5%	Prefectures 12.5% (※)	State 25% (※)

Taxes 50%

※ The state and prefectures bear 20% and 17.5%, respectively, of costs to pay the benefits for facilities, etc.

Premiums 50%

21%	29%

※ These rates are determined based on the percentages of respective categories of insured persons in the total population.

（FY2012~FY2014）

Long-term care fees (90%)

Service providers

○In-home services
　・Home-visit long-term care
　・Outpatient day long-term care, etc.

○Community-based services
　・Home-visit at night for long-term care
　・Communal daily long-term care for dementia patients (group homes), etc.

○Facility services
　・Welfare facility for the elderly
　・Health facility for the elderly, etc.

Claim benefits

Finance Stabilizing Funds

Municipalities and others collect premiums from individuals

Nationally pooled (lump-sum payment)

National Health Insurance/ Health Insurance Society, etc.

10% co-payment

Housing & meal expenses

Services

Premiums
In principle, deducted from pensions

Certified as requiring long-term care

Primary insured persons
・Aged 65 or over

(29.1 million people)

Secondary insured persons
・Aged 40-64

(42.63 million people)

"Insured persons"

Source: Ministry of Health, Labor and Welfare

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What are benefits of LTCI?

1. Care service <u>infrastructure was established</u> by <u>privates companies</u>' active involvement.

2. Care services <u>quality has been drastically improved.</u>

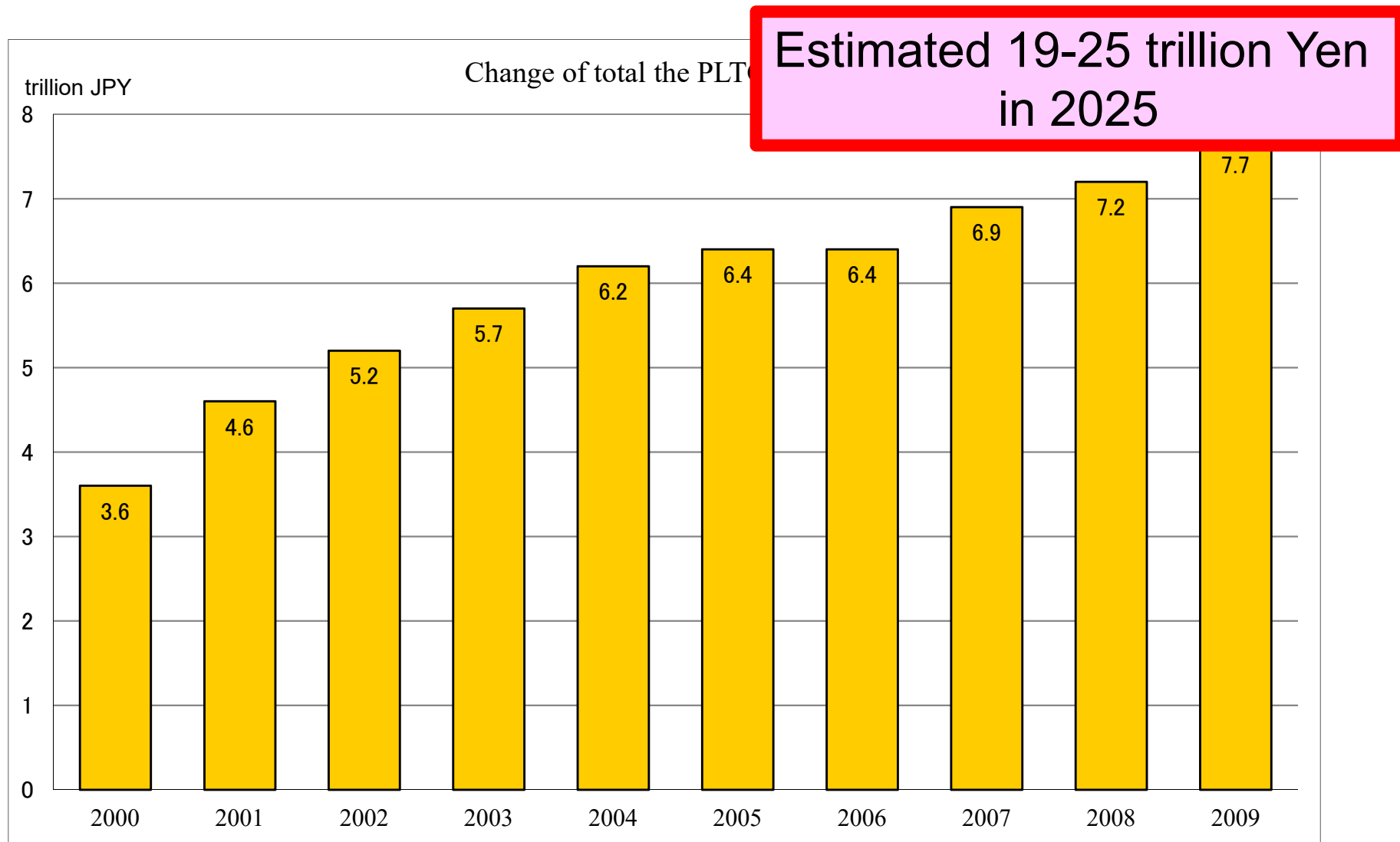3. <u>Public recognition</u> of care services has been increased

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Number of facilities for the elderly

(Unit: No. of Cases)

Legend:
- Facilities Covered by Public Aid Providing Long-Term Care to the Elderly (Tokuyo)
- Long-Term Care Health Facilities (Roken)
- Sanatorium Medical Facilities for the Elderly
- Nursing Homes for the Elderly
- Low-Cost Homes for the elderly
- Fee-Based Home for the Elderly
- Housing with Service for the Elderly

Housing with Service for the Elderly

Fee-Based Home for the Elderly

Facilities Covered by Public Aid Providing Long-Term Care to the Elderly:
4,463 / 4,651 / 4,900 / 5,088 / 5,305 / 5,563 / 5,800 / 6,055 / 6,280 / 6,462 / 6,604 / 6,951 / 7,552 / 7,865 / 8,935

Fee-Based Home for the Elderly:
349 / 400 / 494 / 662 / 980 / 1,418 / 2,104 / 2,846 / 3,569 / 4,373 / 5,232 / 6,244 / 7,563 / 8,499 / 9,581

Housing with Service for the Elderly:
2,182 / 3,906 / 4,932

Long-Term Care Health Facilities:
2,667 / 2,779 / 2,900 / 3,023 / 3,154 / 3,322 / 3,417 / 3,487 / 3,552 / 3,643 / 3,723 / 3,795 / 3,932 / 3,994 / 4,099

Low-cost Homes for the Elderly:
949 / 1444 / 1580 / 1714 / 1842 / 1928 / 1966 / 2,016 / 2,059 / 2,095 / 2,114 / 2,086 / 2,092 / 2,245 / 2,198

Sanatorium Medical Facilities for the Elderly:
3,862 / 3,792 / 3,400 / 3,450 / 3,401 / 3,235 / 2,791 / 2,521 / 2,270 / 2,082 / 1,932 / 1,799 / 1,681 / 1,575 / 1,476

Nursing Homes for the Elderly:
954 / 951 / 954 / 959 / 962 / 964 / 962 / 958 / 964 / 956 / 951 / 950 / 953 / 953

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

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What are challenges of LTCI?

1. Lack of budget became serious due to the increase of LTCI users

2. Lack of care staff became serious due to the lower wages, lower reputation

3. Spoiled care service providers were increased due to the regulation-oriented industry

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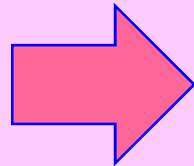# Long-term Care Insurance cost is increasing

Estimated 19-25 trillion Yen in 2025

Change of total the PLTC

trillion JPY

Year	Value
2000	3.6
2001	4.6
2002	5.2
2003	5.7
2004	6.2
2005	6.4
2006	6.4
2007	6.9
2008	7.2
2009	7.7

Source: Ministry of Health, Labor and Welfare

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Senior citizens and Working population

Senior citizens aged 75 and over

2013
15,600,000

→

2025
21,786,000

500,000 people every year

Increase

Working population aged 15 ~ 64

2013
79,000,000

→
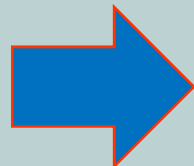
2025
70,850,000

700,000 people every year
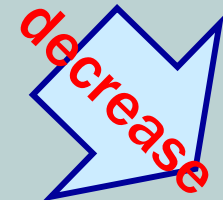
decrease

What will happen to care industry when the LTCI budget is reduced furthermore?

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The trends are already seen…

1. Some providers such as operators of "Housing with Service for the Elderly" must increase monthly rental fee due to the reduction of pay-off from LTCI in 2018.

2. Selection & bankruptcy will be increased
   - More than 100 service providers went out of business in FY2016 which is the maximum in the past.

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Bankruptcy of care service providers

老人福祉・介護事業の倒産　年次推移

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What are the ways to make the LTCI sustainable from the government's viewpoint?

"Carrot and Stick"

1. Creating "Financial incentive" to the insurers (municipalities) who can improve the average care level of LTCI users.

2. Users' cost burden increase

    - From 20% to 30% cost burden to higher income persons from August, 2018.

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Some insurers could decrease the "Average Required Care Level"

2015

2011

%

18.0

17.3

19.6

18.6

9.6

9.3

Japan

Wako City

Ohita Prefecture

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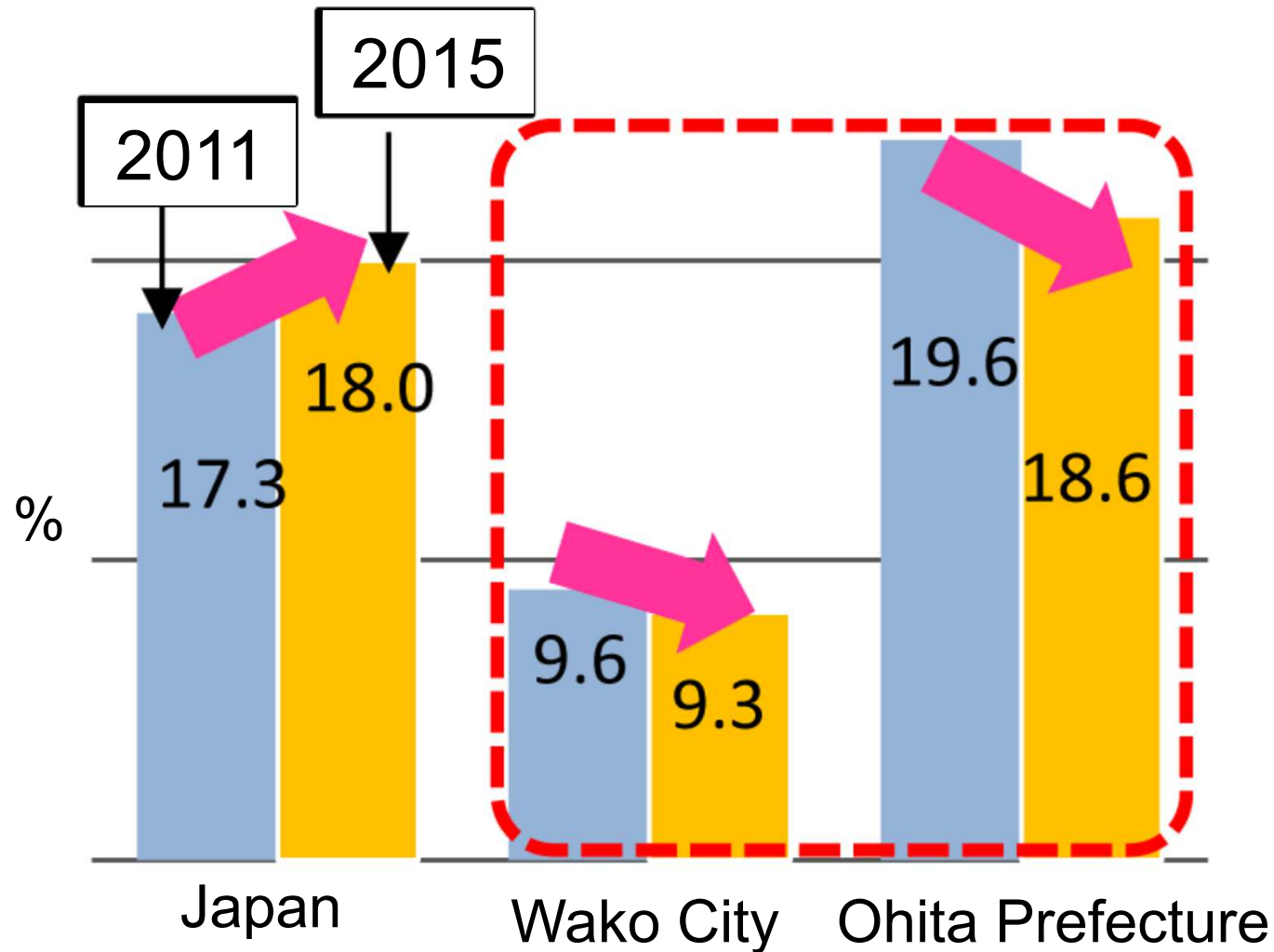
What are the ways to make the LTCI sustainable from the care service provider's viewpoint?

Care service providers must focus:

1. Making the use of ICT & robots

2. Making the use of foreign workers

3. Making the management innovative

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How can we LTCI be affordable?

Next steps in short term

1. Developing new housing models to meet the demand for aged Baby Boomers from the price and quality point of view.

2. Developing new business models not depending on revenue from the LTCI.

3. Realizing High-touch by High-Tech

   - The role of the care robots does not mean replacing human power, but does mean releasing human ability for higher level work robots cannot do.

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Next steps in long term

1. Realizing the same level of staff salary as average industry by improving productivity

2. Realizing the care service industry is the best opportunity for people's human growth

    ① In Hong Kong and Singapore, care work is the job for foreigners.

    ② In China, care workers are disfavored by relatives and cannot get marry.

    ③ We need to change the care industry from labor-intensive to "creative-intensive" industry.

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Thank you!
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