

An International Comparison of Medical Expenses for the Aged

Akiko TAKEUCHI*

(Accepted May 20, 1998)

Key words : national medical treatment expense, elderly person medical treatment expense, international comparison

Abstract

Japan is urgently seeking to restructure the national medical insurance and treatment system because of recent, rapid and unacceptable increases in the cost of the program. Medical care provided by the Japanese national health insurance system has been well regarded in the international community for its highly developed medical practice and low cost, about \$2 billion a year (1991). A study of medical costs shows that the United States ranks highest, with Greece last and Japan in the 18th place among 22 OECD countries (Organization For Economic Cooperation & Development) (1987-1990). However, the number of elderly has risen in Japan to 18.5% of the population and the normal reasons for hospitalization have been changed to include "social hospitalization", causing a rapid escalation in costs. This study compared factors related to the average medical expenses within the national medical treatment system and their relationship with added costs due to the increase in elderly persons. These comparisons were contrasted with medical systems in Europe and America to clarify factors characteristic of the Japanese model.

Introduction

Since 1961, Japan has achieved and enjoyed a universal medical treatment plan which has been highly regarded worldwide because of its low patient load. Japan has led the world in life expectancy due to a high standard of living as the result of post-war economic growth, better medicines and the control of intractable diseases such as tuberculosis. However, medical costs have risen sharply due to over investment during the bubble economy and a rise in the cost of living, as well as the 1992 revision of the national health plan due to the huge increase in

* Master's Program in Medical Informatics, Graduate School of Medical Professions
Kawasaki University of Medical Welfare
Kurashiki, Okayama, 701-0193, Japan

medical care costs for the aged. The increase in the cost of medical care now exceeds the rate of economic growth as the post-bubble depression drags on. Can this continue? This thesis reviews factors in the cost increase for medical care for the aged in Japan. These factors were then compared with those of other nations in order to find which factors were unique to the Japanese medical system.

Materials

A 1996 "White Paper" on public welfare stated that the national cost for medical care in 1995 was 26,710,000,000,000 yen or 210,000 yen per person in Japan. This cost is double what it was ten years earlier, due mainly to the cost of care for the aged. The medical insurance system is in serious deficit and a new "common sense" approach is needed. The Japanese medical plan was compared with those in advanced countries such as Europe and the United States.

Methods

Two approaches were used:

- 1) Costs for medical care were compared in terms of GNP internationally.
- 2) Costs for medical care for the aged were compared internationally according to demographics.

Results

Among the 22 members of the OECD countries, Japan placed 18th while the United States was first in terms of the cost of health care per capita, according to a 1970-1990 study. Moreover, a relation between income level and medical treatment expense was confirmed by an international comparison research study. A comparison of health care cost as a percentage of GDP among OECD countries is shown in Figure 1(*1). Viewed on an international level, the cost of medical care in Japan is inexpensive. The aging of Japan's population appears to be the principal factor in the rise of costs. A study showed that, in 1983, the aged accounted for 22.8% of the national budget, while in 1993, that figure was 30.6%. Even so, an international comparison (Figure 1(*2)), shows that the number of people in Japan over age 65 is just 9.1%, compared to 16% in Sweden, for example. Comparing the escalation of medical costs by age groups revealed an important hidden factor. Medical care costs for persons between the ages of 65-85 are much higher than those for persons from 0 to 14 years old (Figure 2). The average length of hospital stay in Japan for an aged patient is 35.13 days (Figure 3). Social hospitalization deviates from the original intent of medical care and accounts for the higher cost in Japan. Other countries have decreased costs of this kind by using cheaper home care, day care and nursing homes.

	* 1	* 2
United States	14.0	11.3
United Kingdom	7.1	14.9
Sweden	7.9	16.3
Netherlands	8.6	11.5
Japan	6.9	9.1
Italy	8.5	13.5
Germany	8.7	15.5
France	9.4	14.0
Canada	10.2	9.5

Fig. 1 (*1) International comparison: Total expenditure on health care as a percentage of GDP, 1992
 (*2) International comparison: Percentage of population aged 65 and over, 1980

Japan(yen)		United States(dollars)	United Kingdom(pond)
0 ~ 14	67		
15 ~ 44	73		
45 ~ 64	199		
65++	540	65~84 5360	75++ 1438
70++	640	85++ 9178	85++ 1875

Fig. 2 Expense of medical treatment by age group

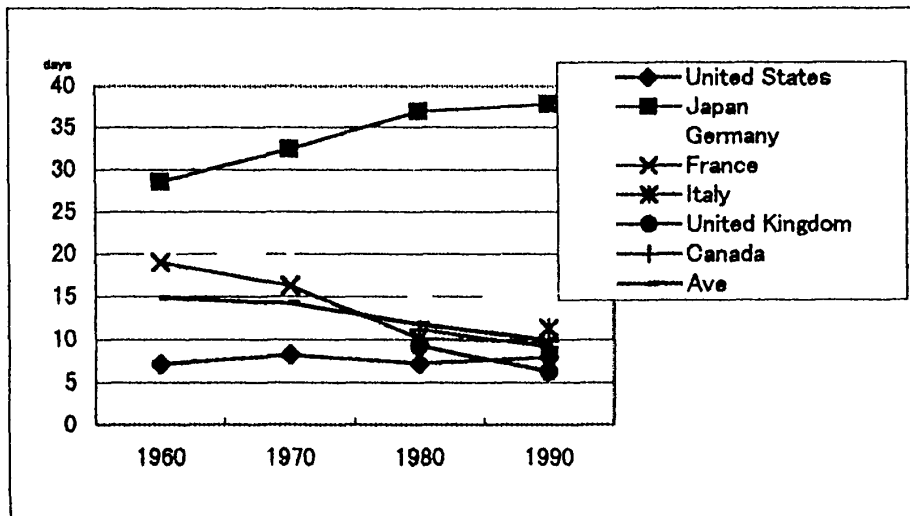


Fig. 3 Average length of stay in the hospital for the aged

Discussion

Attention to the above factors in developing the Japanese program for medical treatment for the aged could cut costs by encouraging the development of cheaper regional care centers. Improved efficiency is also need in diagnosis and treatment to avoid costly repetition of paperwork.

Acknowledgements

I wish to express my gratitude to Prof. Satoshi Ueda, M.D. and Prof. Rosemary Wright for their guidance in the preparation of this report.

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