

Chapter 18

Health Insurance Systems as Models for Managing the Increasing Elderly Populations of Japan and Korea

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ABSTRACT

This chapter looks into the systems and institutions for the elderly population covered by long-term care insurance in Japan and the Republic of Korea (hereafter Korea). It shall discuss the historical changes in policies in these two nations. The Health Care and Welfare Complex elements that make up a single business model for the Health Care and Social Services of the aged in Japan and Korea will also be discussed in this paper. The management environment for medical facilities greatly changed with adjustments in the population structure and the social environment, and this resulted in serious competition between medical facilities for patients. Medical facilities in Japan and Korea showed a rapid increase in comprehensive medical and welfare management. Consequently, there were provisions in both health care and social services through affiliation, chain affiliation and multiplication, before and after the enforcement of long-term care insurance.

THE AGEING SOCIETIES OF JAPAN AND KOREA

In 2008, the ageing ratio in Japan was 22%, the highest in the world. The ratio surpassed 21% in 2007, marking the advent of the super ageing society. In Japan, compared to most other countries,

the ageing of society is progressing at a particularly rapid pace. For example, the time taken to change from an ageing to an aged society was 115 years in France, 85 years in Sweden, 47 years in the United Kingdom, and 40 years in Germany compared to 24 years in Japan (National Institute of Population and Social Security Research, 2003; OECD Health Data, 2004; UN, 2008). This rapid increase in the

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ageing rate is due to a longer lifespan resulting from factors such as an increased standard of living and advances in health care, as well as a falling birthrate. In 2006, the total fertility rate in Japan was 1.32. Japanese society will continue to age rapidly, with the ageing ratio projected to reach 29.2% in 2020 and 31.8% in 2030.

The population is also ageing quite rapidly in Korea with the ageing ratio at 10.3% in 2008. Korea became an ageing society in 2000, is predicted to become an aged society in 2018, and a super aged society in 2026 (Statistics Korea, 2009). Compared to the time taken for the ageing society in Japan to become an aged society, the time is shorter in Korea, taking just 18 years, and then taking just 8 more years to become a super aged society. The most notable factor behind this is the problem of a falling birthrate, with a total fertility rate of 1.13 recorded in 2006, the lowest among OECD member countries. However, technology has been a big contributor to the prolonged life span in both countries, and ongoing advances in technology look set to extend people's lives even further.

The use and availability of medical technology in Japan and Korea is one of the highest in the world. Technology in these countries is often used for diagnostic and treatment purposes on a larger and wider scale than in most developed countries in the world. This technology is also extensively used in Japan and Korea during the annual medical assessment provided for most of their citizens. It is very much focused on the use of technology. Medical assessment is adopted in Japan and Korea as an important medical practice. As a result, the early detection of diseases has been made possible which, in turn, has increased the effectiveness of treatment methods. Long (2000, p. 124) observes that "the rapid increase in new types of technology and their rapid diffusion into the clinical setting, combined with the rapidly growing elderly population, have led to the common use of advanced life-prolonging treatments in Japan...". Technology is now doing what it is

supposed to in these instances: helping to prolong life. However, it has now resulted in an aged population, which, in turn, is costing the country millions of dollars in healthcare and retirement expenses (Pacific Health Summit, 2006).

With the above considerations in mind, this chapter shall assess the systems and institutions for the aged, which are covered by long-term care insurance, and changes in policies in Japan and Korea. In recent years the increase in the aged population has led to changes in the management of long-term care in Japan and Korea. An assessment of the existing elderly healthcare system in these countries implies a clear focus towards adequately serving the needs of the population despite limited resources. Aspects of long-term insurance shall be assessed and evaluated with a view to determining its effectiveness in addressing the problems associated with the elderly health care services of Japan and Korea. The discussions that will follow will help address the question of how the government and private institutions in both countries have managed to come up with solutions to the delivery of health care services. It shall also discuss different healthcare delivery models which have been used and which will be considered in establishing solutions for the challenges posed by an increasingly ageing population.

Long-Term Care Insurance

An ageing population leads to an increased demand for people capable of providing medical treatment and care. When there is a limited availability of such individuals, problems in health care delivery result. In response to the problems of caring for the aged, long-term care insurance has now been introduced in both Japan and Korea.

The Japanese Long-Term Care Insurance System

In Japan, the Long-term care insurance system started in 2000. It is a social insurance system

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