

Hong Kong Workshop on 26th August, 2005

Overview of Personal Social Services in Japan: Current and Future Perspectives

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Summary

• Turning Point

- Fundamental Structural Reform of Social Welfare in 2000

• Reform in Personal Social Services

- Long-term care insurance (LTCI)
- Services for the disabled people
- Child care services

• Prospective

- Increasing demand and spending
- Who is burdened with it? Solution with Asian Value is needed!
- Who provides services? is needed!

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Fundamental Structural Reform of Social Welfare in 2000

• Before

- Based on SOCHI system: Legally forced services
- Public Sector First
- Provision of Services by the Public sector
- Limit by budget
- Principle of ability to pay

• After

- Based on Contract between Consumer and Provider
- Consumer Rights
- Provision of Services by Welfare-Mix
- Market oriented
- Beneficiary-payment Principle

**Those have applied to Personal Social Services step by step.
Now Under the process.**

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Long-term Care Insurance (LTCI)

- **For the elderly people. Started in 2000.**
- **Provision of Services by Welfare-Mix**
 - Private, Profit providers can access the market.
 - Some restriction remains in certain institutional care services.
- **Consumer Rights**
 - Based on Contract free to choose.
 - Upper limit by the need levels.
- **Finance**
 - Beneficiary should pay 10% of the service charge.
 - All the people who are 40 years old and over should pay the insurance premium.
 - Menu of Care Services is determined by Government.

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LTCI Finance Perspectives

- **Expenditure**

- Current Status: JPY 5.5 trillions / FY2004
- Future: JPY 20 trillions / FY2025

- **Revenue**

- Funding by tax and insurance premium
- Contribution ratio by age group
- Adjusting fund among assurer

- **Problems**

- Lack of revenue
- Wasteful spending

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Social Security Expenditure by category

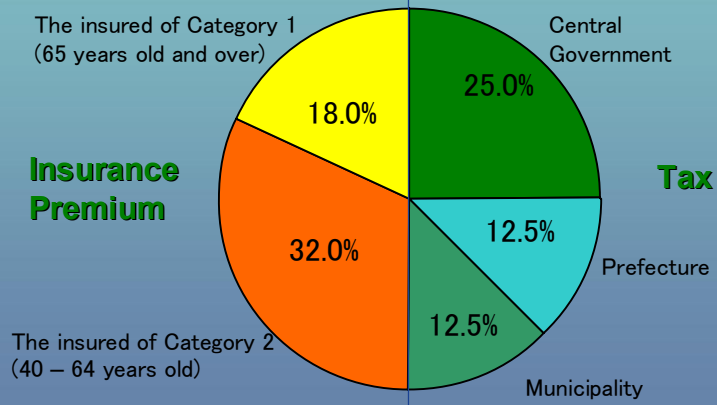
Social Security Expenditure	2000	2001	Compared with the previous year	
			Amount of increase	Rate of increase
	Hundreds of millions of yen	Hundreds of millions of yen	Hundreds of millions of yen	%
Total	781,272 (100.0)	814,007 (100.0)	32,735	4.2
Medical care	260,062 (33.3)	266,415 (32.7)	6,353	2.4
Pensions	412,012 (52.7)	425,714 (52.3)	13,702	3.3
Welfare & Others	109,198 (14.0)	121,878 (15.0)	12,680	11.6
of which Long-term care	32,635 (4.2)	41,462 (5.1)	8,827	27.0

Note: () Ratio to the total as a percentage.

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Funding by tax and insurance premium

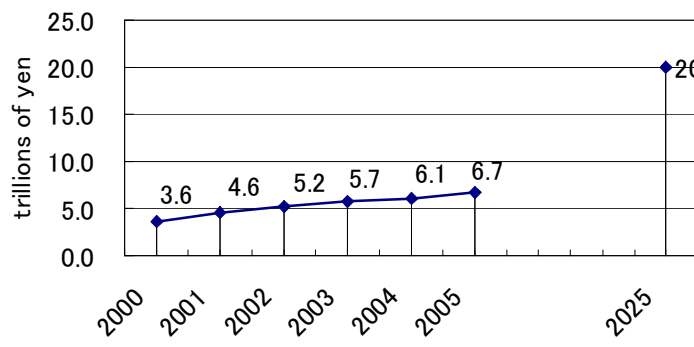
Contribution ratio to total amount of LTCI expenditure



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LTCI Expenditure

Current status on LTCI expenditure



Note: figures from budget plan(FY2004-2005)

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Services for the disabled people

- Fundamental Structural Reform applied to this area in 2003 partially.
- The next reform is now under law-making process.

The next reform is stopping because of political confusion about Japan Postal Reform.

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The Disabled People Support since 2003

- **For the disabled people**
 - Individual Means test excluded their family.
 - Upper Limit of fee of services.
 - Provision of Services by Welfare-Mix
- **Budget overrun**
 - Residential services are increasing.
 - The excess continues from the time when the system started in 2003.

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Possible reform of The Disabled People Support

- **Almost Fundamental Structural Reform applies to the Disabled people support.**
 - Possible reform is determined in 2005.
 - Upper Limit applies the disabled people with some exemptions.
 - This is not a finance resolution.
- **Big reform is planed in 2009.**
 - The integration of the disabled people support and the LTCI is planned in 2009.

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Child care services

- **Service for children in special needs**
 - Child abuse is caused by lack of community support.
- **Child daycare (nursery) service**
 - Gender equality for working mother
 - Place where children acquire sociality
 - Waiting list exists only in big cities.
- **Both services are under SOCHI system.**



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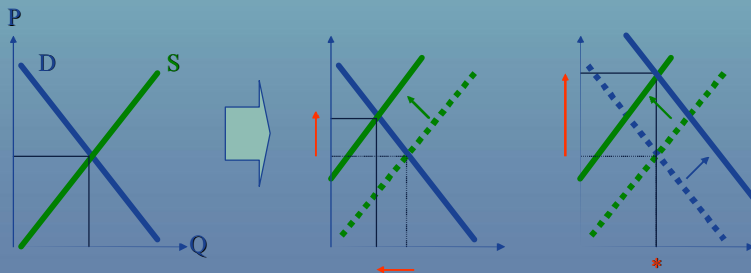
Future Prospective (1)

- **Who is burdened with it?**
 - Demographic composition is shaped upside-down triangle.
 - The other burdens like a pension premium, a health insurance premium and etc., is charged for the younger generations, too.
- **Who provides services?**
 - Demographic change causes a lack of human resource in charge of Services.
 - Does it open labor market to a migrant worker?

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Future Prospective (2)

- **In future, does the market principle function?**
 - Actual Needs for Services are there.



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Conclusion: New Community?

- **The baby boomer generation**
 - They can become a precious human resource in a community.
- **To shuffle the local resources in a community**
 - Traditional communities have been corrupted.
 - There is a necessity to reorganize a new community all over Japan.
 - Possible reconstruction of Personal Social Services
- **Return to the Vision of Asian value by Prof. Hiroi and the Social Quality debate by Dr. Ogawa.**