Japan launches nursing insurance scheme for the elderly

Japan took a major step towards caring for the world’s fastest ageing population in April with the introduction of an ambitious new nursing insurance scheme. Modelled on a similar set-up in Germany, the Nursing Care Insurance System makes elderly people more responsible for the costs of their care and encourages the private sector to enter the nursing market. The scheme is designed to lower the government’s medical bill, which is rising at the rate of 1 trillion yen (US$ 9.5 billion) per annum, and to make up for a shortage of care-providers.

Each year, 100,000 people are forced to give up their jobs to nurse elderly family members and with the population set to start shrinking within the next five years, the ratio of workers to retirees is expected to fall to 2:1 by 2025, from the current ratio of 4:1. Under the scheme, people over the age of 64 will have to pay 10% of their nursing costs as well as a monthly premium of about US$ 29. In return, they will be entitled to care worth up to US$ 4000 per month depending on circumstances. Limited cover will be available to those aged between 40 to 64.

The complex scheme has got off to a bumpy start. A month before it was to begin, municipal officials faced a backlog of about 700,000 applications. According to a poll by the Asahi newspaper, 84% of respondents were unaware of the cover provided. Worried by the political implications, the government has delayed collection of the premiums that are supposed to fund the scheme until after the next election, which must be held by October.

It is not just developed nations that have an interest in the outcome of the scheme, which should reduce the burden on Japan’s near bankrupt medical insurance system by US$ 22 billion a year. In China, the proportion of the population aged over 64 has grown from 7% to 14% in just 27 years. The same increase took France more than 115 years.

Nursing insurance is also only part of the solution. In April, the Japanese government cut pensions by 5% and enacted a law to raise the retirement age from 60 to 65 by 2025. The ruling Liberal Democratic Party has initiated moves to allow more foreign nurses to immigrate to Japan. However, political considerations have forced the government to postpone reform of the entire medical insurance system which is widely considered to be the most important change of all.

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