The nursing care system and the role of cooperatives and NPOs in Japan

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Will the nursing care system give a good news for the elderly persons, their families and every persons over 40 year-old who must pay the obligatory premium? National elderly nursing care system started from 2001. This aimed ‘socialization of nursing care', 'provision of integrated service enough to prevail users' needs' and 'introduction of social insurance system'.

So called welfare state model did not developed fully in Japan such as the Scandinavian countries' experience has achieved successfully. In 1986, the welfare policy in Japan changed from an aiming would-be welfare state to a welfare society, because of the new tendency of privatization and so called a failure of government under the preference of new liberalism following to Thatcherism and Reaganism. Without clear cut idea and practical experiment for the new scheme of welfare and social services, legislators are designing nursing care system referring the German prototype.

Secondly, this paper argue on who the stakeholders are in the new system ,applying the theories on stakeholder and corporate governance and analyzing the probability of the cost performance and social performance of the the system, especially in the aspects of good quality of services and cost effectiveness and making for good community system and social policy.

Thirdly, discussing about the model of good service providers in this nursing care system, this paper claims the potential capacity and their social usefulness of cooperatives and nonprofit organizations in this service industry.

Will the nursing care system give a good news for the elderly persons, their families and every persons over 40 year-old who must pay the obligatory premium? With various pending discussion on the planned issues of the nursing care system, the Health and Welfare Ministry declared the kick off this new system from forthcoming April. It seems that Japanese will run this system before completing to draw the map and manual for the new direction and scheme of the welfare services for the elderly persons. However, do sophisticated slogans such as 'socialization of nursing care', 'provision of integrated service enough to prevail users' needs' and 'introduction of social insurance system' bring a happy last life for every Japanese who were called once a workaholic?

What is the Japanese nursing care system?

This medical and social care system is based on the obligatory insurance system and an idea of privatization. So called welfare state model did not developed fully in Japan such as the Scandinavian countries' experience has achieved successfully. In 1986, the Health and Welfare Ministry declared to change its welfare policy from aiming would-be welfare state to welfare society, because of the new tendency of privatization and so called a failure of government under the preference of new liberalism following to Thatcherism and Reaganism. Without clear cut idea and practical experiment for the new scheme of welfare and social services, bureaucrats and legislators a designed nursing care system referring the German prototype.

It is estimated that the population of elderly persons over 65 year-old will be 33.12 millions, 27.4% of the total population by the year of 2025 in Japan, in comparison with 21.16 millions, 16.7% in 1999. Governments explain that younger generations burden for payment to the aged through existing medical system will increase inevitably- at this moment four younger persons support one aged person, but in the future, one younger must support financially two older persons. In this pretext, after having separated medical and nursing services for elderly persons from medical insurance system and increased the premium in recent years, government decided a new nursing insurance system.

Who are the stakeholders?

Who are the stakeholder in the new system? First of all, Insured/potential users are divided two categories; first category's insured are those who are 40-64 year old and will burden 33% of total budget of the system. Second category's insured are those over 65 years old and will also burden 17% of the budget. Those two types of insured must pay obligatory for a half of the fiance of the system. Additionally, users must pay ten percent of the service fee when they receive services under this system.

According the plan made by the Health and Welfare Ministry, every nation over 40 year old must enter in the nursing care system, namely must pay the premium with no exception; even though he/she is pensioners not having or is in jobless or is a receiver of income benefit through means test. The premium is calculated in five ranks as follows:

Table. Premium of the nursing care Insurance

rank	class	standard of premium
First rank	eligible poor received benefit	Basic fee x 0.5
Second rank	families exempted capital tax	Basic fee x 0.75
Third rank	persons exempted capital tax	Basic fee x 1.0
Fourth rank	Persons paying tax and under 2.5 million yen income	Basic fee x 1.25
Fifth rank	Persons paying tax with over 2.5 million yen income	Basic fee x 1.5

Foot: Basic fee is calculated based on each individual income by each local govenment. It is estimated more or less 2,800 yen per month.

On the other hand, beneficiary receiving the nursing care are those who are over 65 year old. But they must pay the premium accompany with other premium for obligatory medical insurance or reduced the premium from their pensions directly.

Secondly the state/central government will manage to owe 25% of the budget and each prefecture unit to own 12.5%, local governments/municipalities in each prefecture to same 12.5% of the budget. Local governments/municipalities become a insurer in this nursing care system. They won't maintain to be a traditional public provider of such social care and contract out these service to the various types of service providers mainly in the field of private sectors. From this, the welfare care system is run by the basic principle of administrative decision system for the eligible beneficiaries (Sochi-Seido in Japanese). Authorities or public servants of local government used to decide arbitrary degree and quality of the service and entrust/consign these services to welfare service facilities both in public and private sectors. Sochi-Seido system has been financialized totally by tax; namely state government bear a half of the budget following 25% by each prefectural government and same 25% by municipalities in the prefecture. In the contrast, under new nursing care system, each municipality become an insurer/contractor/ client of services and they pay 90% of the service fee for providers. But municipalities certificate user's degree through integrated check list with 85 items for feeble elderly persons, namely computer judge tool designed by the Health and Welfare Ministry, next to the check by its authorizing council composed with medical and social professionals.

Thirdly, the service providers are also an important stakeholder in this nursing care system. In 1996, about 61,000 social welfare facilities for 2.5 million users of all generations, with 800 thousand staffs. The 45% of the

facilities, especially the 90% of the existing elderly residents belong to the private sector. Many private profit firms have entered in this service industry, even including former disco entertainment corporation because of the market size will be very huge. Originally, the Health and Welfare Ministry thought to promote private profit firms as service providers. About 4 years ago, consequently the fraud scandal occurred by top carriers of the Ministry and the management of the nursing residence. At this moment, even still not be enough the number of the facilities, non profit organizations, cooperatives , mutual organizations and civic associations are being supposed as one of big potential service providers.

Who decide and supply the quality of service for the elderly persons?

The certification test can be categorized six degrees by the office of the municipality based on the computerized manual planned by the Ministry. The computer judge according to the check list made by so called a care manager who will visit applicants at their homes. When a computer judge he/she is "Independent" (what curious expression for a feeble elderly person!), he/she can not receive nursing service under the system and must to buy private service individually. Even those who are not necessary to be supplied nursing service are necessary to receive care help in their daily life. Under the system many nursing service which they have enjoyed under the existing social welfare system can must be quitted. This is one of problem of this new system.

It is supported in the system that users themselves can make their own care plan after a judge by the care office. But, normally a care manages make plan for them consulting beneficiary and its family.

Table. Degree of the judge for elderly person wishing care supply

Degree	Content of Judgement
A. Independent:	Judged as a person who can stand up; given no service, so must personally buy services by own money.
B. Precatory degree:	No need nursing care, but need social help such as bathing.
First degree:	Judged as a person who is difficult to stand up. Need partial care such as bathing and bowel movement.
Second degree:	Judged as a person who is very difficult to stand up; needed partial or total nursing care.
Third degree:	Judged as a person who can not turn over in bed by oneself; needed total nursing care.
Forth degree:	Judged as a person who is disable to do normal work for oneself; needed total nursing care.
Fifth degree:	Judged a person who is very disable to do most normal work for oneself; needed very total nursing care.

Basically a care manager will decide the content of the nursing care plan based on the manual. Formally users shall decide their service provider among some providers according to their preference and judgement of a fitting provider for their need. In fact, however, it is very difficult to judge for the users which provider is best or better, because of lack of professional knowledge and information of quality of services. Moreover it is often insufficient numbers of the nursing care facilities in their local administration area. There is a very few room to select facilities for them in the local area who they live. In this context with other financial reason, many municipalities are organizing local area consortium for the nursing care system which associate some neighboring town and village.

Authorized providers are hospitals, nursing residences, day care centers, quasi public welfare care institutions, private profit firms, non-profit organizations, cooperatives and other type of organizations. They contract directly with users and received the 10% of fees from users directly and the rest 90% of the fees from the offices of the municipalities.

Table: Standardized Contracted Cost

Degree variably	Service cost (per month, yen<100 yen=US$1.1>)	
	Home care service	Residential Service
Preparatory degree	60,000	X
First degree	170,000 -	315,000
Second degree	200,000 -	315,000
Third degree	260,000 -	339,000
Fourth degree	310,000 -	339,000
Fifth degree	350,000 -	461,000

Under the system, quality of services which providers supply for the elderly feeble persons is seemed to calculate by hours/time of service, even though categorized six degree of feeble persons. It is very difficult to calculate cost of human services in the social and welfare services. The human element is very important among service staffs and elderly users. Types of services are planned mainly ranging from home help such as cleaning, buying and bathing, nursing services at home by medical staffs, day services, short stay in facilities, rehabilitation care service at home and facilities and nursing services in residence and hospital.

For example, the cost of home care service including physical care tentatively is calculated basically 2,780 yen per hours. Service providers will competing each other in the market to get more users/consumers through supplying good services and/or cost efficiency. This will occur labor condition problem of staff(so called a 'helper'), who are mostly part time worker. At this moment, the number of helpers(certificated care worker) is not sufficient if the new nursing care system will run well from the beginning. It is told ironically for this situation," Pay insurance fee but no service".

Good chance for service cooperatives and NPOs

Welfare system and social policy have been also changing radically in Japan. Even though there is a critical disputue among politicians and legislators, new insurance system for the elderly care will prevail the principle of state responsibility for the care thrugh tax income. People are said to be given self determination and self responsibility in order to receive nursing care service in the eldery service market.

But is it possible to maintain self responsibility a person who diagonosed as physical and/or mental feeble condition in order to select the care plan and quality of services? There are information gap, inteligence gap, supply/demand gap and decision making gap among stakeholders in this nursing care system and market. However, the expectation for creating god job, social value work and good comunity services are also increasing among the public. Cooperatives such as medicare cooperatives and social

service cooperative and NPOs have advantage to giving good quality of services based on non profit management, democratic control and its social mission character in this nursing care system in Japan.

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