

# Public Acceptance of an Increase in the Burden of Medical Expenses for the Elderly

- Considering the Issues based on the Results of a Deliberative Survey (2)-

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In a 2021 revision of Japanese law, it was decided to increase the rate of out-of-pocket medical expenses for the elderly (defined as aged 75 years and above). But what is the actual public perception of this amendment?

The Nippon Institute for Research Advancement (NIRA) investigated the trajectory of public opinion on economic and social themes through surveys involving “consideration” and “deliberation.” Among these themes, survey subjects displayed considerable interest in the issue of social security, and the majority agreed with the idea of increasing the out-of-pocket burden borne by the elderly aged 75 and above. It appears that many members of the public are prone to see issues related to social security as affecting them directly, and these are issues that they are anxious about, both at present and into the future. However, it should be noted that the points with which respondents agreed or disagreed differed depending on the respondents’ individual circumstances. In order to formulate medical policy that will be acceptable to the public, it will be extremely important to take minority opinions into consideration while determining methods of proceeding that can be considered valid by members of all generations.

The clues that we can garner here are the commonalities that are able to be discerned in people's perceptions. These are concerns regarding the sustainability of the medical system, awareness of efficiency in terms of the reduction of waste as it relates to the cost of medical care, and, most notably, dissatisfaction with division of the burden of health care costs by age. The idea of an “affordable burden,” which should be considered based on the ability to bear the burden rather than age, is gaining considerable support. In the future, we will have to think about “distribution of burden,” and an agenda should be created towards the formation of a consensus among the public.

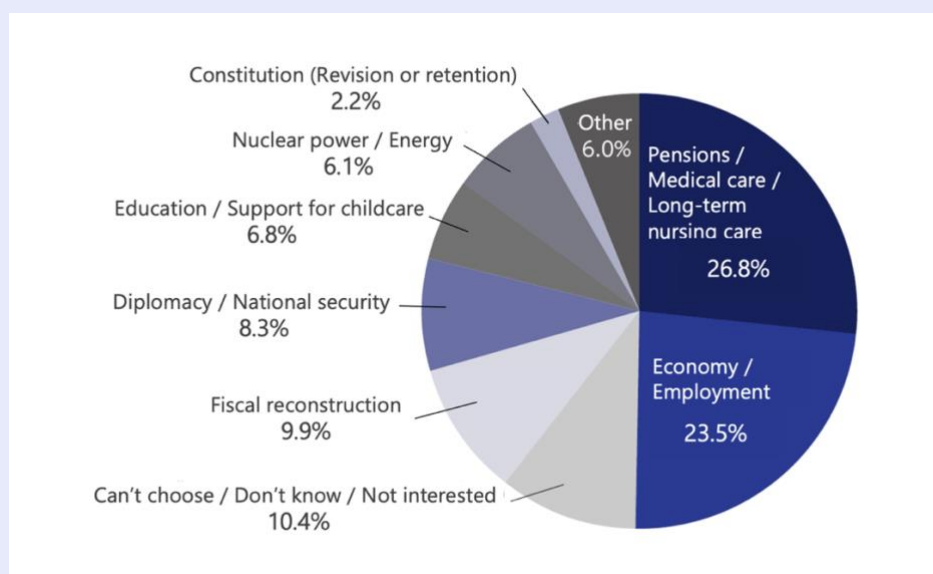
NIRA conducted a project that combined two questionnaire surveys (we will term this the “consideration” component below) and an online interview (the “deliberation” component), which sought to stimulate discussion on a variety of important issues\*. In this paper, we will summarize what we learned about the specific interests and opinions of the public regarding the topic of increasing the rate of out-of-pocket medical expenses for the elderly, which was the first issue considered in this project.

\*For this project, we selected four themes related to Japanese society and the Japanese economy, engaged an Internet survey company to conduct a survey, and held an online roundtable discussion. The Internet survey was conducted in two parts, with the first surveying basic information (personal attributes, etc.) and opinions regarding public policy. The second survey, conducted in order to determine how thinking regarding issues changes, asked the same questions as the first, but was conducted after subjects read articles regarding the specific issues focused on written by experts who hold differing opinions (the opinions were offered by Katsunori Kondo, Takashi Oshio, and Kazuhiko Nishizawa). We termed this a survey involving “consideration.” We also conducted an online interview via Zoom with 12 of the respondents to the first survey present. During this interview, subjects read the same expert opinions as in the previous survey and listened to each other’s opinions, allowing us to observe changes in opinion. We termed this a “deliberative survey.” For details of the survey method and results, see Taniguchi, M., (2022) “What Constitutes a Policy Vision That the Public Can Accept? – Considering the Issues Based on the Results of a Deliberative Survey (1),” (NIRA Opinion Paper No. 60), and Kawamoto, M., (2022). Please refer to NIRA Working Paper No. 2, “A Deliberative Survey regarding Medical Care for the Elderly aged 75 and Above: Consideration and Deliberation (in Japanese).”

## **In Social Security-Related Issues Are a Subject of Great Concern to the Public, With a Majority in Favor of Raising Out-Of-Pocket Expenses**

To begin, in the first questionnaire survey, when asked which issues the government should prioritize, 26.8% of respondents answered “Pensions / Medical care / Long-term care.” These were therefore considered to be the policies to which the highest priority should be accorded. The survey made it clear that for many members of the public, social security-related issues are issues that they readily see as directly affecting them, and they feel anxious about these issues, both at present and into the future (Figure 1).

Figure 1 Responses regarding “Policies that should be treated as having the highest priority”



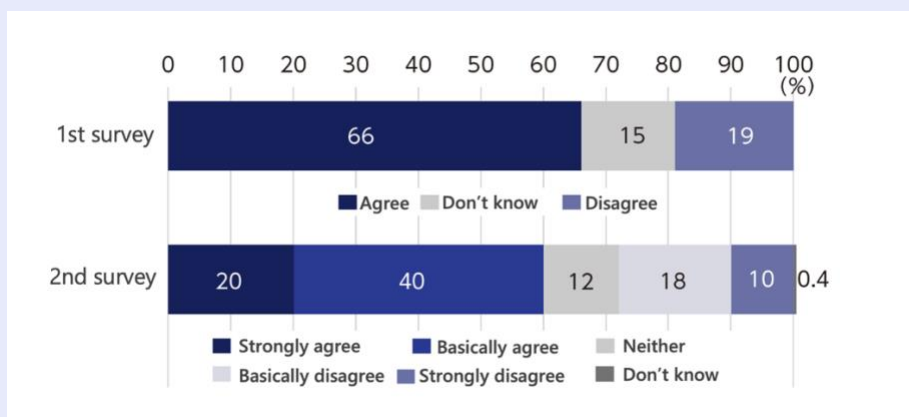
(Note) n=4,238

(Source) Formulated by the author based on NIRA (2021), “Third Survey of Core Citizens”

In addition, we took opinions regarding the decision to raise the rate of out-of-pocket medical expenses for the elderly aged 75 and above in the 2021 revision of Japanese law. As a rule, elderly citizens aged 75 and above with an annual income of 2 million yen or more have conventionally borne the burden of 10% of their medical expenses. Opinion was surveyed regarding increasing this figure to 20% from October 2022. 66% of respondents agreed with this increase, indicating agreement among a majority of the public (Figure 2). Even in the deliberative survey conducted as an online interview, most survey respondents supported the increase. However, with respect to respondents who had withheld their opinion in the first survey, in the second survey (conducted after a period of one and a half months from the first survey), as a result of obtaining a variety of new information and refining their thinking, the number of these respondents who answered “Basically disagree” increased, and the number responding “Disagree” significantly exceeded 20% (Figure 2 above). The impression received from this was that topics such as medical care for elderly people aged 75 and above and the status of public finances are not issues that are so simple as to allow members of the public to attain an easy understanding based on discussion alone; rather, agreement and disagreement are divided depending on factors including the circumstances of the individual. Furthermore, when analyzing agreement and disagreement among each age group, it was observed that many

elderly respondents, whose burden will increase in the near future, regarded the issue as one that affects them directly, and as a result opposed the increase, while the majority of young and middle-aged respondents were in favor of it (Figure 3).

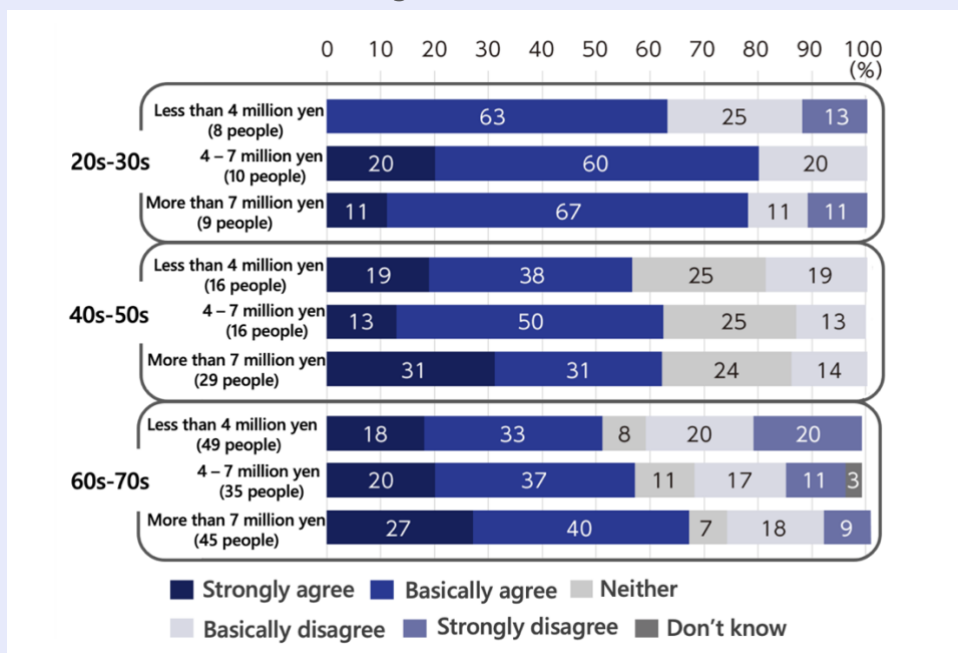
Figure 2 Ratios of agreement and disagreement regarding “Increasing out-of-pocket burden for medical care”



(Note) Changes in responses among participants in the deliberative survey (n = 239)

(Source) Kawamoto, M. (2022), “A Deliberative Survey regarding Medical Care for the Elderly aged 75 and Above: Consideration and Deliberation,” NIRA Working Paper No.2 (In Japanese)

Figure 3 Ratios of agreement and disagreement regarding increasing the out-of-pocket burden for medical care (Age + Annual household income)

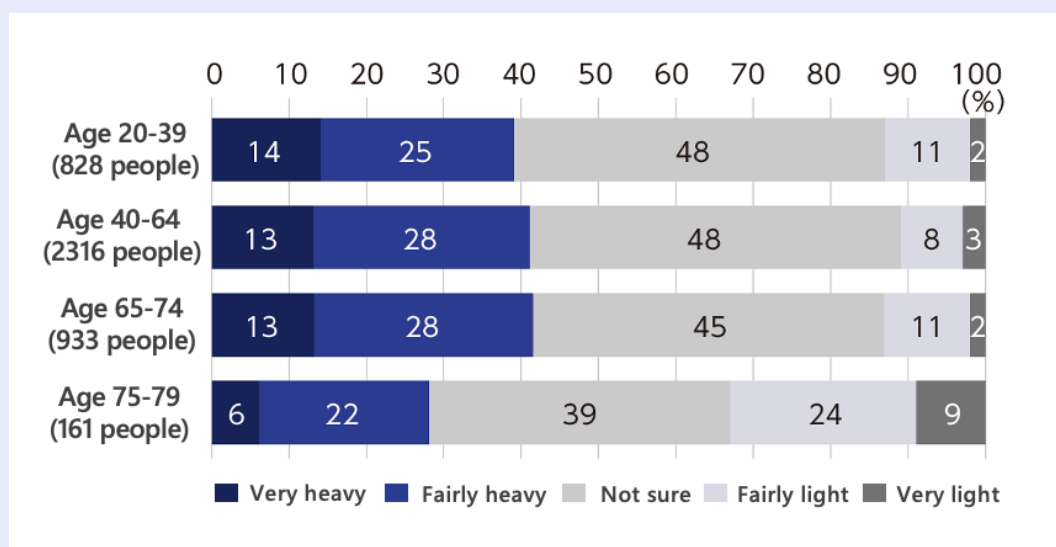


(Source) Same as Figure 2

As this indicates, there are more people who essentially agree with the increase to a 20% out-of-pocket burden that will come into effect from October. However, opinions are varied, and results suggest that it will be extremely important in discussions concerning the burden of medical costs in an aging society to find commonalities that the public can agree on, and to take minority opinions into consideration while determining methods that can be considered valid by members of all generations.

Next, we will consider the concerns of respondents opposed to the increase in out-of-pocket costs. The first concern, as revealed through “consideration” via the questionnaire survey, is that the elderly face a heavy burden in relation to medical expenses, and any increase in this burden may mean that they will hesitate to seek medical attention even if they become ill. The essential point here is that it is difficult to live on an annual income of 2 million yen. These concerns vary significantly depending on the circumstances faced by the specific individual. “Deliberation” via online discussion revealed that people with particular difficulties, such as those having a chronic illness or those bedridden and unable to perform various tasks, were opposed to the increase. The “consideration” section of the survey also showed that elderly people on low incomes were resistant to the increase (Figure 3 above). However, it was also found, given that people aged 75 and above bear only a 10% burden, that the sense of a burden was actually low (Figure 4). Nevertheless, there were also respondents who did have the sense of a burden, for example elderly people living on pensions who are also responsible for the care of middle-aged, socially withdrawn “hikikomori (“shut-in”)” children (those affected by the so-called “8050 problem,” which refers to parents in their 80s caring for offspring in their 50s), highlighting the fact that there are individual circumstances that cannot be understood through the lens of income alone.

Figure 4 Responses regarding “Sense of burden in relation to medical expenses”  
 (Distribution by age)



(Source) Formulated by the author based on Nippon Institute for Research Advancement (NIRA) (2021) “3rd Survey of Core Citizens”

At the same time, commonalities shared by the majority of respondents also emerged. First, the most significant commonality was dissatisfaction with dividing the capacity to bear the burden of medical costs by age. In an aging society, there is considerable support for the concept of “affordable burden,” the idea that we should consider ability to shoulder a burden, rather than simply the category of “age.” This can be seen as an important point of departure as we are forced to consider a “distribution of burden” into the future (Figure 5).

Figure 5 Responses regarding “Expert opinions employed as reference material”

Increasing out-of-pocket medical expenses will cause people to avoid medical consultations. People who are prone to illness and people on low incomes who require frequent visits to the doctor will refrain from consultations, and this will result in disparities in quality of life.	43%
If out-of-pocket medical expenses are increased, there may be an increase in unpaid expenses, meaning that the increase in revenue will not be as great as expected.	35%
Rather than out-of-pocket medical expenses, there should be a greater burden with regard to insurance premiums and taxes.	24%
If people with the ability to pay took up a further burden, we could correct disparities in health in addition to social disparities.	57%
In considering the maintenance of the universal health insurance system, there are limits to a mechanism that results in the working generations shouldering the burden of medical expenses for the elderly.	52%
“Age” should not be used as the arbiter of the ability to bear the burden of medical expenses. We should use the concept of “affordable burden” instead.	60%
While it cannot be denied that there is a possibility that elderly people’s household budgets will suffer or that they will limit their medical consultations, these are not sufficient reasons to reject an increase in the out-of-pocket burden.	36%
It would be best to limit the scope of the elderly for whom out-of-pocket expenses are increased according to income.	52%
Forcing the working generation to bear the greater part of medical expenses for those aged 75 and older represents an extremely heavy burden.	52%
Increasing out-of-pocket expenses would, even if only to a certain degree, correct the disparity in the burden between the working generations and the elderly.	26%
We should consider not just increasing the out-of-pocket burden for medical expenses, but also increasing taxes and social insurance premiums.	28%
Given the fact that we expect pension benefits to be reduced, it will be necessary to ensure that the sense of burden among the elderly does not become too great.	45%
We should consider this the first step towards a total reform of the system of medical care. We must not see increasing the burden of out-of-pocket expenses as the endpoint of our reconsideration of medical expenses.	41%

(Note) See above\* regarding the opinions presented by experts in the relevant fields. The parameter is participants in the deliberative survey, n = 239.

## Commonalities Revealed by the Survey

We will now take up three points regarding commonalities in the perception of relevant problems among the survey subjects, which became clear as a result of the questionnaire survey in the “consideration” component and the “deliberative” online discussion. The following are the points that became clear through consideration and deliberation.

- Perception regarding sustainability: Many respondents shared a sense of crisis to the effect that it would not be possible to maintain the system of health care because the burden on the working generations is too great.
  - <Deliberation> Public finances are under pressure and it will be difficult to maintain the universal health insurance system.
  - <Consideration> The burden on the working generations is heavy, and there is a limit to a mechanism that places the burden solely on the working
- Perception regarding fairness: Many respondents supported the concept of “affordable burden.”
  - <Deliberation> An affordable burden should be realized by having high-income earners take on a graduated burden.
  - <Consideration> Affordable burden would result in correction of disparities in health in addition to social disparities; raising the burden on people who are unable to cope with that burden in order to alleviate unfairness between generations would be opposed to the concept of “affordable burden.”
- Perception regarding efficiency: Many respondents were critical of the waste of medical expenses.
  - <Deliberation> Elderly people have a low out-of-pocket burden, and this means that they seek medical consultations too often.
  - <Consideration> If efficiency was improved to ensure that support could be delivered directly to those who need it, it would be possible to control the size of the government even in an aging society<sup>1</sup>.

## **Agenda for Discussion Towards Consensus-Building**

As indicated above, the opinion that there are concerns regarding the sustainability of Japan’s system of medical care and that a system that applies an affordable burden rather than apportioning burden based on age should be put in place was shared by many respondents; in addition, many respondents were of the opinion that the waste that contributes to the cost of medical treatment should be eliminated. We can see these three points as a step toward consensus-building.

However, the opinion that an affordable burden should be emphasized was observed



among both supporters and opponents of an increase in the burden of out-of-pocket medical costs on elderly citizens aged 75 and above. Given the fact that concern that the system of medical care cannot be maintained under current conditions was shared, we can conclude that there is majority agreement regarding increasing the burden of medical costs according to the ability to bear that burden. However, opinion is divided here as to what constitutes an appropriate “affordable burden.” It is also necessary to keep in mind that the term “affordable burden” may be used as a convenient excuse to avoid such a burden. Currently, income is the only standard for an appropriate allocation of affordable burden, but this factor alone is not always necessarily convincing to the public.

In this regard, as has already been pointed out above, it seems that there is an issue as to whether income is the only factor that should be taken into consideration when there are factors that result in expenses that are absolutely necessary for daily life, such as the existence of dependents or chronic physical conditions. Another significant point to be considered is focusing not only on income, but also on assets such as financial assets and properties. For the elderly, income may be limited to pensions, etc., but it is the extent of assets that determines affluence, for example whether the individual owns a home or has savings that can be drawn upon. At present, Japan’s My Number system is rarely assigned to financial assets, making it difficult to grasp the extent of the financial assets possessed by citizens. However, it would surely be possible to establish a mechanism by means of which an affordable burden could be determined. This would involve the setting of a specific standard, and judging whether individuals possess assets in excess of that standard. This will be an essential consideration in determining an appropriate level of affordable burden.

## **Responding to the Voice of the People**

As indicated above, discussion regarding increasing the rate of out-of-pocket medical expenses for the elderly progressively revealed the opinions and interests of our respondents. It will be important to listen to the opinions of members of the public who are quietly but genuinely concerned about these issues (i.e., the “silent majority”), and to consider on that basis how to put forward better policies over the long-term.

Considering the speed of the decline in Japan’s birthrate and the aging of its population, raising the rate of out-of-pocket medical expenses for elderly citizens aged 75 and above from October 2022 is a milestone in maintaining the sustainability of the social security system. It is

essential that we not only review the rate of out-of-pocket expenses, but also engage in fundamental reform of systems, for example the systems of medical care and medical insurance.

The sustainability of Japan's medical and financial systems are extremely important policy issues from the perspective of alleviating anxiety among the public. In order to respond to such anxiety, the government should offer a frank and detailed explanation regarding the severity of the situation of the nation's medical and financial systems, and explain the types of reform that are necessary. This is the response to anxiety among the public that we need. When such explanations are offered, it will be essential to grasp the status of awareness of the issues among the public, and to carefully implement policies on this basis.

### Note

<sup>1</sup> For more detail, please refer to Taniguchi, M. (2022), "What constitutes a Policy Vision that the Public can Accept? - Considering the Issues based on a Deliberative Survey (1)-," NIRA Opinion Paper No.60.



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