

Acta Medica Okayama

Volume 25, Issue 3

1971

Article 7

JUNE 1971

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Abstract

Japan was the first Asian country to introduce social insurance measures and she has expanded them during the last few decades. The first social insurance law was passed in 1922 dealing with worker's health insurance in general. It was followed by many schemes of social insurance. National Health Insurance in 1938, Seamen's Insurance in 1939, Employees' Pension Insurance in 1941 and so forth. After World War II the new Constitution was enacted by which the Japanese Government was made responsible for the provision of medical care services for the whole nation. At present approximately the whole population is covered by either one or more of the various social insurance schemes. The main social insurance programs are shown in Figure 1 and Table 1. Most of these insurance schemes are compulsory under Japanese law. Since it would be too difficult and complicated to explain all of these forms of social insurance in detail, we will discuss only about two schemes directly related to medical care services for the workers; namely, the Health Insurance Scheme for non. occupational diseases and disorders (sickness or injury off the job) and Workmen's Compensation Insurance for occupational diseases and disorders (sickness or injury on the job).

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Acta Med. Okayama 25, 217—228 (1971)

MEDICAL BENEFITS FOR WORKMEN UNDER SOCIAL INSURANCE IN JAPAN

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Received for publication, April 28, 1971

Japan was the first Asian country to introduce social insurance measures and she has expanded them during the last few decades. The first social insurance law was passed in 1922 dealing with worker's health insurance in general. It was followed by many schemes of social insurance, National Health Insurance in 1938, Seamen's Insurance in 1939, Employees' Pension Insurance in 1941 and so forth.

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Since it would be too difficult and complicated to explain all of these

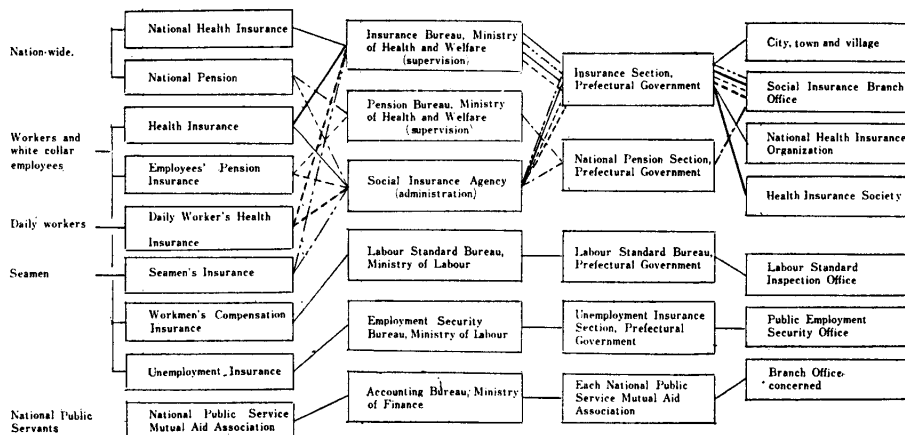


Fig. 1 Organization of Main Insurance Programs and Their Administrative and Supervisory Organs.

TABLE 1 THE NUMBER OF PERSONS COVERED BY MAIN HEALTH INSURANCE SCHEMES
(on March 31, 1967)

Kind of scheme	Insurance carrier	Insured persons	Dependents
National Health Insurance	156		43,200
Health Insurance			
Society-managed	1,339	7,326	9,128
Government-managed	1	11,702	12,038
Seamen's Insurance	1	252	483
Daily Worker's Insurance	1	957	1,148
Mutual Aid Association	86	4,012	6,782

Re: Public assistance is controlled by the Daily Life Security Law, the coverage rate of which is 15.9 per thousand.

forms of social insurance in detail, we will discuss only about two schemes directly related to medical care services for the workers; namely, the Health Insurance Scheme for non-occupational diseases and disorders (sickness or injury off the job) and Workmen's Compensation Insurance for occupational diseases and disorders (sickness or injury on the job).

1. Health Insurance

A. History

At the turn of the century Japan entered the era of industrial development which resulted in a rapid growth of the capitalistic system of production and a remarkable increase in the number of workers. Mutual aid associations were established in many factories, mines, and governmental offices in order to protect the workers from economic crises resulting from sickness and injury. Laws were passed which prescribed employers' responsibilities for the protection of workers from occupational accidents, *i. e.*, The Mining Enterprise Regulation in 1890, The Factory Law in 1911 and The Regulation for Protection of Government Employees in 1907.

World War I brought about a remarkable progress of industrialization in Japan, and labour movements became one of the most important social problems. The Government enacted the Health Insurance Law in 1922, the enforcement of which started from the beginning of 1927. The Health Insurance Law has been amended 47 times as of June 1967, extending its scope and improving its benefits.

B. Insurance Carriers and Insured Persons

The scheme is divided into two groups classified by its administrative organ; the Government (the Social Insurance Agency) and the Health Insurance Society.

1. *Government-managed scheme* (compulsory)

The insurance carrier is the Government and all persons employed in work-places such as manufacturers of merchandise, mining, sales offices, Government offices and corporations, etc. where 5 or more people are usually employed are insured.

Consequently, almost every kind of worker is covered. There are, however, some important exceptions; namely, persons occupationally engaged in agriculture, forestry, fishing and restaurants and hotels.

2. *Society-managed*

A Health Insurance Society may be established by an employer or by a group of employers, who employ more than 300 employees, dependent upon the consent of more than one half of the employees and the approval of the Minister of Health and Welfare. The Minister of Health and Welfare may order an employer who employs more than 500 employees to establish a Health Insurance Society. Generally this Scheme covers employees who engage in the large scale industries.

3. *Exceptions*

- a. Persons employed for a period of less than 2 months
- b. Persons employed on a daily basis
- c. Persons employed in seasonal business with exception of those who are employed for 4 or more successive months
- d. Persons employed in a business whose place is unfixed
- e. Persons employed in an industry which is covered under the National Health Scheme and the Seamen's Insurance Scheme

4. *Continuously Insured Persons*

In addition to those covered by the insurance, anyone who has been insured under the Scheme for at least 2 months may continue to be insured for a year following his disqualification as an insured person, on the approval of the Prefectural Governor.

The coverage of this Health Insurance Scheme is shown in Tables 2 and 3.

Tables 4 and 5 show the size of the industry in which the insured people are engaged.

C. Insurance Benefits

The Scheme has seven kinds of benefits for the insured person and four kinds of benefits for his dependents.

1. *Benefits for the Insured Person*

a. *Medical Benefits*

When an insured person becomes sick or is injured off the job, he is entitled to medical care benefits in kind from any Insurance Medical

TABLE 2 COVERAGE OF HEALTH INSURANCE (Government-Managed)
(March 31)

	1967	1966	1965	1964
Workplace	565,145	537,108	513,381	477,239
Compulsory	459,458	440,589	513,547	408,480
Voluntary	106,111	96,965	85,217	69,173
Insured person				
Total	12,203,333	11,702,370	11,425,874	10,864,129
Male	7,864,837	7,580,808	7,449,754	7,138,824
Female	4,338,496	4,121,602	3,976,120	3,725,305
Compulsory	11,428,294	11,009,922	10,806,777	10,369,896
Male	7,436,663	7,197,086	7,103,436	6,856,004
Female	3,991,631	3,812,836	3,703,341	3,513,892
Voluntary	755,933	673,689	602,742	479,722
Male	418,687	374,463	337,388	273,949
Female	337,246	300,226	265,354	205,773
Continuously	19,016	18,759	16,355	14,511
Male	9,487	10,219	8,930	8,871
Female	9,617	8,540	7,425	5,640

TABLE 3 COVERAGE OF HEALTH INSURANCE (Society-Managed)
(March 31)

	1967	1965	1964	1963
Society	1,331	1,339	1,320	1,279
Workplace	73,970	71,692	67,170	60,233
Compulsory	66,727	65,049	61,324	54,362
Voluntary	7,243	6,643	6,386	5,871
Insured person				
Total	7,592,004	7,326,155	7,093,035	6,565,172
Male	5,420,445	5,242,798	5,030,772	4,703,023
Female	2,171,559	2,083,357	2,017,261	1,862,149
Compulsory	7,560,361	7,297,045	7,068,718	6,540,972
Voluntary	31,527	28,957	29,219	24,068
Continuously	116	153	96	132

TABLE 4 ANNUAL CHANGE OF SIZE: THE NUMBER OF INSURED
PERSONS/WORK-PLACE (Government-Managed)
(March 31)

1967	21.57
1966	21.44
1965	22.26
1965	22.76

TABLE 5 THE NUMBER OF SOCIETIES CLASSIFIED BY SIZE (Society-Managed)
(March 31)

Insured person	H. I. Society
less than	
500	18
500 and over	76
1,000	353
2,000	233
3,000	129
4,000	115
5,000	74
6,000	59
7,000	32
8,000	29
9,000	27
10,000	90
15,000	43
10,000	27
30,000	15
50,000	9
100,000	2
	1,331

Care Organ at which he is required to present his insurance certificate.

The medical fee is paid to the Organ by the insurance carrier with the exception of a small amount of partial liability.

Medical benefits include medical consultation, medicines and other therapeutic materials, medical treatment, operations, hospitalization, clinical services and transportation. Medical benefits shall be continued to be paid up to 5 years after the day of the first treatment even if the insured person lost his eligibility during the time he is receiving medical care.

b. Cost of Medical Care

In emergency cases or other situations (for example, when it is reasonable to be provided medical care services by a Medical Care Organ which has no contract with the insurance carrier), the insured person may be reimbursed for the cost of medical care in accordance with the medical care fee tariff.

c. Sickness and Injury Allowance

When an insured person is unable to earn his wage because of sickness or injury and is receiving medical care for it, after a waiting period of 4

days, 60 per cent of his average wage shall be paid during the time he is unable to work. If he does not have any dependents, this allowance becomes 40 per cent.

The period of payment is limited to 6 months after the first day of payment for the same condition, and 18 months for tuberculosis.

d. Maternity Allowance

An insured woman is granted 60 per cent of her average monthly wage for 6 weeks both before and after the day of delivery.

e. Delivery Expense

When the insured person has a baby, an amount equivalent to one half of the average monthly wage of the insured person (the minimum amount is 6,000 yen) shall be paid as delivery expense.

f. Nursing Allowance

When an insured woman nurses her baby, she receives a lump sum of 2,000 yen.

g. Funeral Expense

When an insured person dies, the amount equivalent to the average monthly wage shall be paid as a funeral expense to the person whose dependents had been maintained by the insured person and who carries out the funeral.

If there is no person who should receive payment of the funeral expense, an amount equivalent to the expense required for the burial is paid to the person who carries out the burial.

2. *Benefits for Dependents*

A "dependent" under the Scheme means a lineal descendant who is supported by the insured person, and any relative of the insured person to third degree living in the same household who is supported by the insured person.

a. Sick benefits for dependents

A dependent receives one-half of the medical benefits to which the insured person is entitled. The other half of the cost for the medical services provided has to be paid in cash at the time of receipt to the Medical Care Organ.

b. Funeral expenses for dependents

When a dependent dies, the insured person is entitled to receive 2,000 yen.

c. Delivery expenses for an insured person's wife

When the wife of an insured person has a baby, the insured person is entitled to receive 3,000 yen.

D. Insured Medical Care Organs

Medical care benefits under the Scheme and Seamen's Insurance are provided by Insurance Medical Care Organs and Insurance Pharmacies appointed by the Prefectural Governor upon application, and also by special Medical Care Organs under a contract with insurance carriers.

Doctors, dentists and pharmacists who engage in medical care or prescription in the Insurance Medical Care Organs or in the Insurance Pharmacies must apply to the Prefectural Governor for registration.

At present, approximately all clinics and hospitals and most of the pharmacies are registered as Insurance Medical Care Organs and Insurance Pharmacies.

E. Financial Resources

The financing is supported by premiums paid by both employer and employee and a national subsidy.

1. *Premium*

The amount of premium which the insured person has to pay is calculated on the basis of the average monthly wage of the insured person. Although the premium is shared equally by the employer and the employee (the insured person), the Health Insurance Society may increase the employer's premium.

The employer is responsible for payment of both his and the insured

TABLE 6 THE NUMBER OF SOCIETIES CLASSIFIED BY PREMIUM RATE
(March 31)

Contribution Rate	Society
4.5 %	0
4.6 ~ 4.9	1
5.0	3
5.1 ~ 5.4	8
5.5	11
5.6 ~ 5.9	19
6.0	89
6.1 ~ 6.4	106
6.5	317
6.6 ~ 6.9	173
7.0	237
7.1 ~ 7.4	84
7.5	96
7.6 ~ 7.9	60
8.0	127
	1,331

person's premium, and is authorized to deduct the insured person's premium from his wages.

The premium rate (Health Insurance Tax Rate) under Government-managed Health Insurance is 6.5 per cent of the average monthly wage of the insured person since April 1966.

The rate under Society-managed Health Insurance may be determined by the provisions of the Society's Articles within the range of 3 per cent to 8 per cent upon the approval of the Minister Health and Welfare. However, the rate for the insured person must not exceed 3.5 per cent of his wage.

The premium rates of Societies under Society-managed Health Insurance are shown in Table 6.

2. National Subsidy

The administrative expenses of the Scheme are supported by the Government and benefit expenses have been subsidized by National Treasury since 1957. The amount of national subsidy is fixed by the national budget.

The financing of the Health Insurance Scheme is carried out by the Health and Business Sub-Account of the Welfare Insurance Special Ac-

TABLE 7 HEALTH INSURANCE BUDGET (Government-Managed)

(March 31)

Fiscal Year	1967	1966	1965	1964
Total insurance	374,257,719	274,810,785	203,486,603	168,815,626
Contribution	273,303,107	221,022,934	192,221,107	164,534,319
National subsidy	18,672,158	6,253,649	3,308,254	2,979,594
Loan	80,687,432	46,252,116	—	—
Transferred from reserve fund	—	—	7,000,000	—
Miscellaneous	1,595,023	1,282,086	957,242	1,301,722
Total expenditure	373,114,139	273,698,969	214,261,337	177,541,667
Insurance benefit	315,997,481	266,529,403	207,823,255	171,780,604
Management expense	4,809,277	4,194,400	3,819,202	3,167,884
Redemption for loan	51,103,905	1,558,023	—	—
Health facility	288,521	293,591	380,328	334,862
Welfare facility	858,970	1,025,726	2,176,273	2,213,929
Miscellaneous	55,983	97,826	62,329	44,389
Balance	1,143,580	1,111,816	△10,774,784	△8,726,031
Transfer to following year	—	6,754	8,418	15,925
Transfer to reserve fund	1,143,580	1,105,062	△)10,783,202	△8,741,956
Reserve fund	2,228,647	1,123,585	11,906,787	27,648,742

(in 1,000 yen)

count, independently from the General Account of the Government as shown in Table 7.

F. Law Concerning Provisional Exception to Health Insurance Law and Seamen's Insurance Law

Since 1962 the Government-managed Health Insurance Scheme has fallen into financial crisis. The Government discussed, therefore, special legislation to go through with this crisis, which was chiefly concerned with the premium rate and partial liability on medical care benefits under the Health Insurance and Seamen's Insurance.

The Law was enacted in August 1967 and will terminate in August 1969.

The main points of the Law are as follows :

1. *Premium rate*

The rate of premium is 7% for Health Insurance under the Government-managed Health Insurance and 20.5% for Seamen's Insurance.

2. *Amount of partial liability borne by the insured person*

- | | | |
|------------------------|-------|------------------------------|
| a. First consultation | | 200 yen/an episode |
| b. Hospitalization | | 60 yen/a day (for one month) |
| c. Receipt of medicine | | 15 yen/a dose/a day |

However, the insured person whose average monthly wage is less than 24,000 yen may be exempted from paying the partial liability for medicine by the approval of the Prefectural Governor.

II. *Workmen's Accident Compensation Insurance*

A. History

In 1931 the Workmen's Accident Relief Law was established for the purpose of covering risks of workmen in construction, transportation, engineering, forestry, and so forth. It was followed by the Workmen's Accident Relief Liability Insurance Law.

After the termination of World War II, the Labour Standards Law was enacted which applies to most employers and enforces the large scope of liabilities of the employer for occupational accidents. In 1947 the Workmen's Accident Compensation Insurance Law was passed.

B. Insurance Carrier and Administrative Organs

The insurance carrier is the Government, as shown in Figure 1. The Workmen's Accident Compensation Division, Labour Standards Bureau, Ministry of Labour is the national administrator of the Scheme and the Labour Standard Office in each prefecture and 344 Labour Standards Inspection Offices located in the main cities throughout the country are responsible for the field work. The financial management is carried out within the scope of the Workmen's Accident Compensation Insurance

Special Account Independently from the General Account.

C. Coverage :

The Law describes the industry which is covered by this Scheme as follows :

1. The manufacturing, mining and transportation industries and other activities in which there are usually 5 or more employees.
2. Construction, dock or railroad freight-handling, and forestry industries in which there are 1 or more workers.

D. Insurance Benefits

There are six kinds of benefits in the Scheme.

1. *Medical Care Benefits (Medical Care Compensation)*

Medical care is provided for any disease or injury related to occupational causes, and medical care benefits are given as services. The insured receives the benefits at the Industrial Accident Organs approved by the Chief of the Prefectural Labour Standard Office.

Medical care benefits include medical and dental examinations, medicine, medical and dental treatments and operations, hospitalization, nursing services, and travel expenses.

If there is no Industrial Accident Organ near the insured's house or it is difficult to provide medical care service benefits, the Government may provide cash benefits for the medical expenses.

2. *Compensation for Temporary Disability*

When a worker cannot earn his wage for more than 3 days because of receiving medical care for an on-the-job disease or injury, 60% of his average monthly wage shall be paid directly by the employer under the Labour Standards Law.

The "average monthly wage" is defined as the average amount of his wages paid 3 months before the accident.

3. *Compensation for Disability*

When some disability remains as the result of an injury or disease, the insured person shall be granted compensation according to the degree of the disability. This compensation is paid in the form of a pension. (The maximum amount is equal to 450 days average wage and the minimum amount is equal to 50 days average wage.)

4. *Compensation for Survivor*

If the insured person meets an occupationally caused death, his survivor shall be granted a pension and a lump sum. However, a survivor has to have been dependent upon the insured person for his support at the time of death. The order of priority is spouse, children, parents, grandchildren, grandparents, and brothers and sisters.

5. *Funeral Expenses Benefits*

The person who carries out the funeral rite for the deceased worker will receive a lump sum. The amount is fixed by the Minister of Labour on the basis of the usual funeral expenses at that time.

6. *Compensation for Long-Term Disease or Injury*

When medical care services are required for more than 3 years from the first day of receiving medical care services, 60% of a year's wage shall be paid.

E. Welfare Services

There are six kinds of welfare services under the Scheme

1. Facilities for the restoration from sequelae and functional disorders resulting from an injury or disease.
2. Supply of artificial limbs and other devices such as optical appliances, acousticons, hand-operated bicycles, etc.
3. Facilities for recuperation
4. Facilities for medical care
5. Facilities for occupational training
6. Other facilities if necessary

F. Financial Resources

1. *Premium*

The premium, all of which shall be paid by the employer, is calculated according to the amount of all wages paid to the insured person during the fiscal year at a rate which is fixed for each class of covered

TABLE 8 PREMIUM AND BENEFIT CLASSIFIED BY KIND OF INDUSTRY
(March 1967)

	Workplaces		Insured employee		Contribution assessed	Benefits granted
					(in 1,000 yen)	
Total	914,945	100%	22,547,566	100%	73,865,792	63,205,643
Forestry	42,583	4.7	332,749	1.5	2,468,379	2,552,737
Fishery	9,403	1.0	55,047	0.2	364,725	279,900
Mining	13,246	1.4	330,616	1.5	7,079,521	8,240,607
Construction	182,585	20.0	4,243,996	18.8	26,309,728	19,794,033
Manufacturing	365,319	39.9	10,136,495	45.0	24,624,845	20,970,295
Transportation	41,228	4.5	1,788,021	7.9	7,907,057	7,287,254
Electricity, Gas and Waterworks	1,837	0.2	277,722	1.2	449,096	222,788
Others	258,739	28.3	5,382,920	23.9	4,661,934 507 (special contribution)	3,858,029

industries in proportion to the rate of accidents in the industries during the past 3 years. At present the minimum rate is 0.2%, the maximum, 8.0%. (Table 8)

2. *National Subsidy*

The National Treasury subsidizes annually some parts of the expenditures required for insurance benefits within the limitations of the national budget.

The benefits and the premiums are shown on Table 8 specified by the kind of industry.

ACKNOWLEDGEMENT

This paper is the outcome of innumerable discussion with Dr. PAUL D. STOLLEY and Dr. ANNA M. BAETJER of the Johns Hopkins University School of Hygiene and Public Health. The author is grateful to them.

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