Japan Economic Research Institute Report Mar 2012

Our proposal on reform of Japan's medical care

----- Use reconstruction after the March 11 earthquake as an opportunity to regenerate our nation's medical care -----

Abstract

I. Introduce venture and an entrepreneurial spirit into "Reconstruction" and "Revival of Local Economic Activities"

I.-1. "Towards Reconstruction"

Most of the recommendations in the report by the Reconstruction Design Council in response to the 2011 Great East Japan Earthquake ("Towards Reconstruction—Hope beyond the Disaster," dated June 25, 2011) have not been put into practice, except for founding the Reconstruction Agency, authorizing the Special Reconstruction Districts, and so on, possibly because transfer of authorities and deregulation are still necessary. We think an entrepreneurial spirit among the parties concerned is indispensable for prompt reconstruction, but it is unfortunate that terms like *venture*, *social entrepreneur*, and *entrepreneurship* are not mentioned in the council's report. Is entrepreneurship not fundamental to drastically change the old structure or system, to implement a paradigm shift—exactly what we need today?

I.-2. Let entrepreneurs take on regenerating medical care

It has now become possible for public medical care services, which have been handled by governments, to be provided by "Those Who Play a Key Role in the New Public Sector" full of entrepreneurial spirit, such as volunteers, nonprofit groups, and venture business entrepreneurs, and we think that it is important to positively introduce measures into medical care regeneration as well to assist and support young entrepreneurs taking on this challenge.

In the disaster region, many medical and welfare facilities were destroyed, and redevelopment is unavoidable. Since the business entities of these facilities vary, while taking into serious consideration each facility's decision, in other words its entrepreneurial idea, it is necessary to advance consolidation to seek the best allocation of facilities beyond conventional restraints.

Further, the key concept for medical care restoration in the disaster region is "Development of a Regional Inclusive Care System," but since it is a region with a shortage of doctors to begin with, consolidation and cooperation through utilization of information technology are inevitable, which will be effective not only in restoring the disaster region but also in the formation of next-generation medical care.

I.-3. Initiatives in the medical field

- **MEDIVA/Society to Protect Local Medical Care**

  Among the unique entrepreneurial activities is work by MEDIVA Co. Ltd. This company, established in 2000, is a consulting operator that acts as a consultant and provides operational support specialized in health care. Volunteers from this company have established a general incorporated association, called Society to Protect Local Medical Care in the Great East Japan Earthquake Disaster Region, commonly known as the Society to Protect Local Medical Care. They are providing services such as visualizing the status of the disaster and restoration priorities in cooperation with the Japan Primary Care Association.

  A shortage of human resources to manage the reconstruction process and a lack of organizational capabilities, including those at frontline work sites, are the issues, so we expect MEDIVA's knowhow to be utilized. At the same time, we would like to suggest conducting a social experiment to promote the "generalists" concept.

- **Yamato: A Health-giving City**

  An endeavor by Yamato City in Kanagawa Prefecture is also interesting as an inexpensive administrative model. In 2009, when the city celebrated its 50th anniversary, it made a declaration to become a City of Health to promote health in three areas: people, community, and society. The city executed initiatives to provide necessary services at low cost, which reflects Mayor Ohki's mind-set, like that of a commercial enterprise CEO. These initiatives include introducing endoscopy for cancer screening and granting a subsidy for fertility treatment. Preparation and distribution of emergency care information kits that contain necessary information for emergency medical care and placement of automated defibrillators in public venues and convenience stores may be regarded as model cases to prepare for future major disasters.

  Yamato City provides an example of a municipal head who promotes advanced initiatives with a "local government's CEO" mind-set and can give us great ideas for regenerating medical care in Japan.

- **Medical Management Specialist/Nursing Care Management Specialist**

  To meet increasing patient needs in the difficult tax-revenue situation, management innovations in medical institutions are required for overall improvement in doctor quality, services to patients, and management efficiency.

  As a management resource to achieve this goal, we would like to propose appointing Medical Management Specialists, which the Japan Medical Management Practice Association has been making efforts to develop and train. A Medical Management Specialist is a person with private qualifications who evaluates and approves knowledge, problem-solving capability, decision-making power, and so on relating to medical care and management. These specialists can become a key resource in achieving the conflicting goals of medical care quality improvement and management efficiency.

  For nursing care, regarded as the area of greatest growth in the twenty-first century, a Nursing Care Management Specialist qualification is planned to be created within the 2012 fiscal year, and we would like to promote the spread and increase of both qualifications as part of the prescription to allow medical care and nursing care to support and develop themselves as industries.

II. Promote appropriate allocation of medical resources in conjunction with visions of urban regeneration

II.-1. Move hospitals to town centers at the time of rebuilding

Hospitals, which were once moved to the suburbs, are now facing an excess of beds and need to be moved to town centers and to have their functions changed to suit urban needs.

There are cases where hospital construction was treated as urban area redevelopment projects, and local governments were involved in land purchase negotiations and financing. Consolidating sites such as closed primary schools, junior high schools, and public transportation offices to be used for hospitals is an effective measure to regenerate a city, and along with the reconstruction, local governments should secure town-center sites for hospitals.

II.-2. Merge hospitals with doctor shortages to ensure service stability

Merger is one solution for doctor shortages. To achieve a merger, while a university's medical office with influence on area medical care should take a certain lead, local governments must also cooperate by not insisting on having their "own" town hospitals.

II.-3. Town-center hospitals to build residential facilities

Medical care service becomes feasible based on demand from residents, so medical care regeneration and urban reconstruction are inseparable. While initiatives are required from local administrations across medical care, housing, and transportation, hospitals should not limit their activities to medical care and further should provide facilities such as general hospitals combined with residential apartments.

Considering the expected generation of a large number of clients that include the patients' attendants, an area must be reorganized so that provision of highly concentrated administrative services becomes possible, by placing nursing care facilities, commercial facilities, transportation facilities, and so on around the hospital.

II.-4. Utilization of information and communication technology (ICT)

Information and communication technology (ICT) will also become a strong support, especially in the disaster region, which suffers from a shortage of doctors.

Above all, areas for high expectations in medical and nursing care fields in the current unprecedented aging society are cell-level sensors, remote control technology of implanted medical appliances, and so on. In each individual's daily life, his or her physical condition will be automatically recorded in detail, collected, and stored in a database, and medical care will start from the analysis of such data.

- **The case of a town-center hospital: Takahashi Hospital in Hakodate City**

One example that suggests such possibilities is a new combined medical and nursing care system sponsored by Chairman Hajime Takahashi of the social medical corporation Takahashi Hospital.

The corporation, with major focus on medical rehabilitation, implemented a project called ID-Link in cooperation with a local IT company in April 2008 in order to promote solidarity with the local community and information-sharing with other medical facilities. As of January 2011 the system is used in 15 prefectures and is spreading to nursing care facilities and in-home services such as nursing care health facilities for the elderly, home nursing stations, and in-home nursing care

support providers. It has the potential to realize lifetime medical records and seamless medical care.

Applications of telemedicine are being discussed in the disaster-affected prefectures, and therefore, why not consider accessing ID-Link to avoid the work of building a system from scratch?

- **The case of a foreign-affiliated company: Cisco Systems GK**

Cisco Systems GK, which provides ICT network infrastructure, offers services such as a remote health care in cooperation with the University of Fukui Hospital, Hokkaido University's Graduate School of Medicine, and Tsuruha Drug Inc.

After the 2011 Great East Japan Earthquake, Cisco supplied a Web conferencing system to the Radiation Emergency Medical Assistance Team to connect the National Institute of Radiological Sciences, the Off-site Center, Fukushima Medical University, Hiroshima University, and Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station.

III. Regenerate local medical care through consolidation of medical facilities under public aid coverage

III.-1. Establishment of a Medical Revitalization Corporation

Private medical facilities are not eligible for public aid, and there are private medical facilities with no prospects for reconstruction due to double-loan and other problems, which has become a hindrance to disaster-affected people returning home.

Here we would like to propose establishment of a Medical Revitalization Corporation, a medical version of the Industrial Revitalization Corporation set up in 2003. In order to regenerate medical facilities, why not have the corporation centrally purchase performing loans that require monitoring from their non-main banks, arrange partial debt relief in cooperation with their main banks, and at the same time execute restructuring such as termination of unprofitable businesses?

We hope that this will become a mechanism where resources with the entrepreneurial spirit are gathered for regenerating medical care, just like the Industrial Revitalization Corporation, where motivated resources were gathered from financial institutions, businesses, trading firms, and governments to restore Japan's economy.

III.-2. Reconstruction-related improvement plans by the Medical Revitalization Corporation

(a) Hospitals handling acute-phase treatment

Regarding hospitals handling acute-phase treatment in the area, public hospitals should be centralized into one facility every 30 to 50 kilometers in coastal areas, with other existing hospitals to be merged or transferred to the private sector on the condition that they will be converted into chronic-phase treatment hospitals. At the same time, to avoid inconveniences from centralization, why not prepare helicopter ambulances at the local core hospitals?

(b) Local noncore hospitals

Why not convert the general hospitals, except for the ones handling acute-phase treatment, into facilities specialized in chronic-phase treatment, and transfer them to the private sector one by one? In more specific terms, why not move such facilities to disaster-resistant sites, and grant partial financial support to cover facility construction along with medical equipment and

instrument purchases for hospitals specializing in chronic-phase treatment?

(c) Clinics

Considering that local clinics are essential infrastructure to enable residents to return home, in case they are being rebuilt in the same original municipalities, even private institutions must be eligible for public aid that partially covers the necessary costs.

- **Supporting Fukushima Prefecture**

The future course of Fukushima Prefecture's reconstruction is still not clear, but since it is a fact that the name Fukushima has been recognized globally due to the nuclear accident, is it not possible to make use of this brand to form a world center of industry relating to nuclear energy, nuclear imaging and radiotherapy, and nuclear technology expertise through inviting the International Atomic Energy Agency (IAEA)'s headquarters or other measures?

Attempts to consider nuclear accident cases at Three Mile Island and Chernobyl as precedents and to link them to the reconstruction of Fukushima are required.

IV. Create a special district in the Tohoku region for advanced medical care through government-university collaboration

IV.-1. Create a special district for advanced medical care in the Tohoku region

In our country, facilities handling cutting-edge medical care are limited and unevenly distributed. If we take radiotherapy as an example, Japan has the highest per-capita number of facilities in the world, but they are concentrated in the Kanto area and west, and they are nonexistent in the Tohoku region.

IV.-2. Catch up with global levels in advanced medical care with a set time frame

Many issues, such as the so-called "drug lag" and "mixed treatment," are involved in research and practice of advanced medical care. As a framework to enable unapproved advanced medications and new pharmaceutical developments, we would like to propose creating an overall "advanced medical care special district" in the Tohoku region, with the participation of multiple universities and research institutes.

Currently, Super Special Districts are focused on timely examination of pharmaceuticals and medical devices, but what about allowing the practice of advanced medical treatments that are not permitted under today's system in this advanced medical-care special district with a set time frame of ten years?

V. Maintain and improve Japanese productivity through invigoration of reconstruction support centers

V.-1. Current status

While the importance of mental health is addressed in the disaster region, the estimated total social loss from depression and suicide amounts to 2.7 trillion yen, according to provisional calculations by the Ministry of Health, Labor, and Welfare, and we may say that a solution to this issue is one of the most important subjects for maintaining and improving our country's productivity.

V.-2. Measures and solutions

Treatment by a medical specialist is an effective countermeasure to a mental illness, and Reconstruction Support Day Care, one of the mental health day care services, is achieving certain results, but because there are a small number of facilities and a lack of recognition in the communities, its utilization is limited.

Since today's remuneration level for mental health day care is approved based on a mental health day care center for schizophrenic patients that can be managed with a relatively small number of medical personnel, in the case of reconstruction support day care facilities, the fact is that even the necessary operating costs are not covered, so we would like to propose an increase in mental health day care remunerations and application of workers accident compensation insurance.