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Editorial

Current healthcare system in Japan: Current issues and future directions

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Abstract:
Japan's healthcare system recognized for its achievements in universal healthcare coverage, for one of the highest life expectancies, and for low infant mortality rate. These impressive results achieved after decades of thoughtful policy making process and financial investments into the equitable access. In addition to that Japan has a long history of strong public health traditions and sophisticated insurance model. On the other hand, despite these achievements, the healthcare system recently faces growing pressure which may impact its sustainability and fairness. One of the challenges is rapid aging of population. In combination with persistently low fertility, these challenges are reshaping the demand for healthcare and long-term care services. Moreover, financial pressure in increasing with health-related and social security expenditures consume a growing share of the national budget. A shrinking number of workforces, unequal healthcare provider distribution, and fragmentation across nearly 3,000 health private insurers create additional inefficiencies and threaten equitable access of the population to healthcare services, especially in the rural areas. In addition, the healthcare system is under strain from rising number of multimorbidity and increasing mental health issues among young population. Advance in technological progress creates opportunities but at the same time requires substantial adaptation.

Keywords: Japan; Healthcare Challenges; Insurance

Introduction

Japan's healthcare system recognized for its achievements in universal healthcare coverage, for one of the highest life expectancies, and for low infant mortality rate. These impressive results achieved after decades of thoughtful policy making process and financial investments into the equitable access. In addition to that Japan has a long history of strong public health traditions and sophisticated insurance model. On the other hand, despite these achievements, the healthcare system recently faces growing pressure which may impact its sustainability and fairness. One of the challenges is rapid aging of population. In combination with persistently low fertility, these challenges are reshaping the demand for healthcare and long-term care services. Moreover, financial pressure in increasing with health-related and social security expenditures consume a growing share of the national budget. A shrinking number of workforces, unequal healthcare provider distribution, and fragmentation across nearly 3,000 health private insurers create additional inefficiencies and threaten equitable access of the population to healthcare services, especially in the rural areas. In addition, the healthcare system is under strain from rising number of multimorbidity and increasing mental health issues among young population. Advance in technological progress creates opportunities but at the same time requires substantial adaptation.

This editorial provides short overview of these interrelated challenges and explores some possible practical policy directions. Another purpose of this paper is to highlight demographic, financial, organizational, and technological issues that maybe helpful for policy-makers, providers, and researchers on how Japan can adapt its system while maintaining its commitment to equity, quality, and universal health coverage. The current experience and lessons from Japan will not only shape its own future but also offer valuable insights for other countries which experiences similar demographic and financial issues. The following are the main current challenges:

1. Growing demographic and long-term care demands. Japan has one of the world's largest proportions of aged population due to low fertility rate and constantly rising life expectancy (1). As of 2023, Japan's recently decreasing population reached about 124.4 million, with nearly one in three of them (31.7%) aged 65 or older. Demographic prognosis predicts a highly possible scenario of decline to around 105 million people by 2050 (2). Socioeconomic factors such as postponed marriage, growing numbers of unmarried individuals, changes in household structures, and restrictive immigration policies influence to this worrying demographic changes (3-5). As a result of increased proportion of elderly population healthcare system already experiences growing demand on chronic disease management. In addition to that elderly people who need support put additional demand on long-term care (LTC) systems, and family caregivers. Local governments facing increasing social burdens to provide adequate elder care. It also worth to mention that average age of caregivers in nursing care facilities is above 50 years old.
2. Rising healthcare financial spending and financial stability. In Japan spending on social welfare, which includes healthcare and long-term care has gradually grow up, rising from 15% of total expenditure in 1995 to 20% in 2014, and reached 26% in 2021 (6). In 2023, healthcare spending **was 10.74% of GDP (7)**, slightly higher the OECD average of 9.2% (8). One-third of the national budget is spent to social security, which includes significant amounts for healthcare, pensions, and long-term care (6). The decline of working-age population has led to reduction in social insurance and placing additional contributions, putting further pressure on the National Health Insurance (NHI). Imbalance in financial volume across municipalities and disintegration among nearly 3,000 insurance companies contribute to ineffectiveness and inequality (6). Without reforms to improve system integration, strengthen cost control, and secure new revenue sources, securing the sustainability of universal health coverage will be challenging.
3. Workforce shortages and unequal distribution. Growing demand of nurses, primary care doctors, and long-term care staff is leading to their constant shortage. The gap in the distribution of medical doctors and nurses between urban and rural areas which was an issue for many decades recently become more wider despite the increase in the total number of health workers (9). Reimbursement policies on securing high payment which stimulated by emergency care hospitals in urban areas to increase nurse-per-bed ratios even more skew nurses' allocation distribution (10). For example, in Tokyo, shortages of long-term care workers are even more noticeable because of the competition with other service industries and greater wage differences compared to other regions (11). Long-term care providers across the country

deal with low wages, high staff turnover, and insufficient training channels, leading to predicted shortage of up to 130,000 nursing personnel by 2025 (6). Workforce ageing and rising burnout further undermine service continuity and system resilience, threatening equitable access to care across regions.

4. Fragmentation of health insurance and primary care capacity. Besides National Healthcare coverage, Japan also characterized by fragmented private health insurance plans, with nearly 3,000 separate insurers with varying premium rates, and a hospital-centric service model. Japanese healthcare does not have a distinct gatekeeping system like family doctors. In general, the referral letter is needed to access secondary and tertiary care, but is some cases patients may have a direct access which lead to overuse of hospital outpatient departments. Recent policies require patients without referral letters to pay an additional fee at large hospital, but distinctions between primary and secondary care remain blurred (6). This not well-structured primary care coordination contributes to inefficiencies in chronic disease management and constrains of acute-care resources.
5. Limited interoperability of medical records. Introduction of electronic medical records (EMRs) to the hospitals was well accepted and quickly expanded, with 27.3% of hospitals implementing them by 2014. On the other hand, interoperability of patients' data across institutions remains highly limited. The reason of such situation is due to high implementation costs and public concerns over data privacy concerns. (6). So, this fragmented health information environment greatly limit population health data management, reduces effectiveness of real-time surveillance, and limits the use of data for evidence-based resource allocation.
6. Burden of multimorbidity and mental health issues. Multimorbidity is condition when two or more chronic illnesses affect health and quality of life. Multimorbidity being common in middle age increases sharply after age 60. In Japan this condition is mainly linked to complex social determinants such as unemployment and socioeconomic disadvantage (10). Multimorbidity complicates clinical management and emphasizes the need for integrated healthcare models that address both medical and social factors. At the same time, growing number of mental health conditions remain underdiagnosed and as a consequence – undertreated. Mental health conditions often associated with persistent stigma, long working hours, and occupational stress. *Karoshi* (death from overwork) and work-related suicides highlight the scale of the challenge, while gaps in community-based mental health services and workforce shortages hinder timely and effective care.

Future perspectives and policy directions:

1. Enhance community-based integrated care. One of successful primary health care features is integrated health care stated in Astana declaration (13). The Japanese government proposed the establishment of a community-based integrated care system by 2025 to ensure comprehensive provision of health care, nursing care, preventive care, housing, and livelihood support (14). It involves addressing the lack of clear coordination between providers. Is also addresses unclear assignment of responsibilities. New models should connect primary care, social services, and long-term services. The focus should be made on multidisciplinary teams, proactive case management for high-risk patients, and expansion of home- and community-based services to reduce unnecessary hospitalizations.
2. Improve financing and payment incentives. As Japan's health care and long-term care costs are climbing up, so the payment reform will be required to make system more secure. The current financial arrangement relies mainly on social insurance contributions supported by large portion of tax-based subsidies, putting more strain on the national budget. There are differences between municipal National Health Insurance (NHI) schemes and Employees' Health Insurance when people with lower and unstable income (e.g., freelancers, unemployed) often pay higher premiums relative to income than full-time workers which highlight inefficiencies and inequities. It is possible to reduce such inequalities by using blended provider-payment models. This would include capitation with quality metric, bundled payments for managing chronic conditions and targeted incentives for prevention. This could lead providers pay attention on behavior with outcomes rather than service volume (15).
3. Allocate resources for health workforce and launch task-shifting strategies. To address the labor shortage

in Japan, the government needs invest significant funds in training and improving staff retention strategies. Making certification system more flexible so that workload in a clinical setting would be more evenly distributed. Employing more nurse practitioners and physician assistants can help compensate the shortage of medical doctors, especially in primary care and long-term care facilities. Targeted recruitment strategies are crucial for rural areas, including financial incentives, remote surveillance, and rotational employment, to address the improper placement of service providers (13). Without these steps, predicted shortages, along with high staff turnover, aging staff, and wage competition in cities, will reduce equity and access to health care.

4. Accelerate advancement of digital health and the integration of data. Japan needs to consider to establish nationwide standards for interoperability and the secure sharing of medical information in order to further improve public health service. Creating reliable and robust real-world data platforms will make possible predictive analytics and help stakeholders to response quickly in case of infectious disease outbreaks. At the same time, adequate protection of people's personal data during handling of digital information is essential. Japan may gradually incorporate digital healthcare infrastructure through the promotion of responsible date utilization for research and strategic planning. In that case it might become a model for the advancement of digital healthcare infrastructure that fosters sustainability, equity, and preparedness and at the same time preserving the public trust.
5. Utilize telemedicine and assistive technologies. Japan's healthcare system should build on the progress gained during recent crises by keeping policy changes that made telemedicine easier to use. Utilizing remote monitoring of chronic diseases in remote areas could improve the continuity of medical care and reducing the burden on healthcare facilities. At the same time, the integration of assistive robotics and information and communication technology (ICT) into long-term care systems could make them more efficient, safe, and with higher quality of services. Using these technologies will be very important for making healthcare system more adaptive, accessible and efficient.
6. Promote healthy ageing and prevention. The Japanese healthcare system should focus more on preventive measures that reduce risks before they turn into costly health conditions. Activities of health promotion, preventive measures and systematic screening may delay the onset of disability as well as extend healthy life years, and to reduce future costs (13). Systematic screening should include social determinants of health in primary health care and community-based programs. A strategy that focuses mainly on prevention not only improves individual well-being, but also makes the system more stable in the long run.
7. Improve the integration of mental health care. Adding mental health screening and collaborative care models to primary healthcare may identify timely mental issues and provide prompt treatment. Public campaigns to destigmatize people seeking for medical help just as important as encouraging people to seek medical help without fear or hesitation. Easier access to psychosocial support will help ensure that mental health is seen as an important part of overall health, there promoting equity and sustainability within the system.

Conclusion

The Japanese healthcare system has made remarkable progress, but new challenges will arise in the next decade - an aging population, budget cuts, and rapid technological changes. Solving these problems will require practical reforms. Better integration of health care, more rational use of the workforce, more flexible payment models, and more reliable data processing systems can help ensure universal coverage while increasing equity and sustainability. To move from ideas to results, policies must be tested through pilot projects, formed through collaboration between sectors, and evaluated using clear evidence. With this approach, Japan will be able to continue protecting people's health and well-being while adapting to the realities ahead. Japan's long history of generating new ideas in public health, from its pioneering universal health insurance framework to being known globally for its success in longevity-positions it as a leader in influencing future strategies. If Japan keeps trying out new policies and making evidence-based changes, it will not only sustain its own system but also will be a model for other countries that are dealing with similar demographic and financial issues. In this way, Japan is ready to remain at the top of global public health leadership for many years to come.

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