

changed." Municipal governments, on the other hand, appeared to be perplexed by their new role as "insurer" whilst lamenting the loss of control over service-providing process.

INSTITUTIONAL ANALYSIS

The framework of Institutional Analysis proposed by Wagner (2000) was adopted as a tool with which to proceed the examination in this paper. The framework seemed to suit better for the purpose of this paper among existing theories and frameworks to explain patterns of nonprofit development, because; 1) the framework did not assume that nonprofit organizations constituted an independent sector, which appeared to be suitable to the condition in Japan where nonprofit organizations were regulated by different laws depending on their activity areas¹¹, 2) the framework was designed to examine the role of nonprofit organizations while taking into account the interdependence among different social institutions. Such feature of the framework seemed to enable this paper to fully consider the unique relationship between government and nonprofit organizations in Japan, and 3) the framework considered the transformational process of institutional forms. It would enable this paper to examine the role of nonprofit organizations under the LTCI system through the comparison with the previous system (to be described in detail in later part of this paper).

The framework of the Institutional Analysis consisted of two dimensions: the "degree of decentralization" (vertical axis) and the "institutional structure" (horizontal axis). The "degree of decentralization" was examined based on whether authority and responsibility in providing human services (defined as educational, health and social services) were centralized to the central government or decentralized to the prefectural or local levels. The "institutional structure" was examined based on whether governmental institutions were the dominant or sole service providers, or non-governmental organizations were involved in service delivery (Table 2). The following four quadrants created by the two dimensions presented the variations of the regimes for providing human services:

- *Jacobin welfare regime*: The provision of welfare and personal human services would be left to the central government as the dominant actor in the public sphere. Government and nonprofit institutions would be in a substitutive relationship with each other, and nonprofit development would usually be slow. *Some of the non-government organizations in the social service field could even be displaced by expanding government-run service industries.*

- *Corporatist welfare regime*: Important segments of the economy related to the provision of human services would be administered through the collaboration of government, workers' associations, and

welfare umbrella organizations. Government would likely be constrained in its ability to respond to certain social needs. Nonprofit institutions would substitute the role of government.

- Federalist welfare regime: The governing system would be decentralized and government would take the dominant role in the provision of human services. Nonprofit institutions would undertake a complementary or supplemental role of government.

- Community-based welfare regime: Community-based public institutions and/or local nonprofit organizations would form strategic alliances and build complex networks for providing personal services. Government and nonprofit institutions would be in a complementary relationship with each other.

BREAKING DOWN THE CONCEPTS

In applying the Institutional Analysis to this paper, its conceptual framework needed to be further broken down to observable variables.

“Centralization-decentralization” was used as the term to analyze inter-governmental relationships. Wagner (2000) used the terms “community”, “prefectural” or “local” as antonyms for the “central government”. Considering the structure of the Japanese government, this paper defined that “lower level of government” consisted of “prefectural governments” and “municipal governments.”

The relativity of "centralization-decentralization" required special attention. Nishio (1990) pointed out the fact that "nations which did not have a central government at all never existed in the history of mankind, nor nations in which authority was totally and completely relegated to the central government." Given that assertion, he concluded that "centralization-decentralization was a matter of degrees which could be examined only by comparison." Nishio indicated three possible means of comparison: longitudinal comparison, cross-sectional comparison, and deductive comparison. Cross-sectional comparison was defined as a means to compare the degree of "centralization-decentralization" among different systems at a certain point, usually between different countries. Longitudinal comparison was meant to compare the same system at different times in order to analyze how the degree of centralization-decentralization changed inside the system. Deductive comparison was the means to construct a completely centralized or decentralized system in theory, and to compare it with actual systems so that the characteristics and issues of the real system could be clarified. Although Wagner originally designed the framework for cross-sectional comparison, it also seemed to be applicable to other methods of comparison. This paper applied the framework of the Institutional Analysis to the longitudinal comparison: comparing the role of Nonprofit Social Service Providers and New-NPOs before and after the

introduction of LTCI in Japan.

In order to determine the viewpoints to examine the “degree of decentralization”, discussions in related areas were reviewed. Despite that subtle differences were observed among scholars, the three following viewpoints were commonly referred (Nishio,1990; Kobayashi,1994; Otani,1997; Fujimura,1999; Ikeda,2001; Omori,2001). Thus, this paper adopted them as referring viewpoints to examine the “degree of decentralization.”

- the method of sharing authority to make decisions among different levels of government,

- the method of sharing the responsibilities among different levels of government related to budgets and the implementation of administrative tasks, and

- the degree of discretion exercised by local governments.

“Institutional Structure” was examined, focusing on nursing-home services and in-home help services (domestic chores and personal care). The frequency of the service providers of the two programs were examined by category such as “governmental,” “for-profit,” “Nonprofit Social Service Providers,” “New-NPOs,” and so forth. When “governmental” organizations occupied the majority share, the “institutional structure” was considered to be “government dominated.” When different kinds of service providers

shared a considerable percentage, the "institutional structure" was considered to be "pluralistic."

THE SYSTEM TO BE COMPARED

LTCI was enacted in 2000 and it was easy to define "after LTCI" as the years after its enactment. On the other hand, the period "before LTCI" was considerably longer, ranging from 1963, when the Law for Social Services for the Elderly was enacted, up until 1999.

After reviewing the history of long-term care services for the elderly in Japan, it seemed to be possible to distinguish three stages: 1963 to 1985 when service programs expanded while policy changes started to be discussed toward the end ⁱⁱⁱ; 1986-1999 when a series of changes were made to the system of long-term care services and ^{iv}, after 2000 when the LTCI system came into operation. This paper compared the periods of 1963-1985 and after 2000 for the purpose of clarifying the features of the LTCI system in contrast.

CHANGES IN TERRITORIAL DECENTRALIZATION

BEFORE AND AFTER LTCI

The administrative tasks of local governments in Japan were made to be categorized into two groups: the Mandatory Administrative Task of the

Central Government (MAT) and Local Administrative Task (LAT) v . MAT referred to the tasks of the central government which were delegated to prefectural or municipal governments for implementation. The local governments were under the strict guidance of the central government in MAT and local congress was not allowed to intervene in the process. LAT consisted of the administrative tasks planned and implemented by local governments unilaterally, with no intervention by the central government.

Most long-term care services for the elderly before 1986 fell under MAT. As the needs for social services expanded in the 1970s, the increasing workload of MAT became overwhelming while local governments were not allowed to reject undertaking MAT. The percentage of MAT in administrative tasks implemented by prefectural governments in the area of human services reached 80%, and 60-70% in municipal governments (Sato, 1972).

The increase of the financial burden on local governments because of MAT became serious as well. The subsidies provided by central government to implement MAT did not cover the entire costs. Both prefectural and municipal governments were responsible for providing remaining funds and this led to uncontrollable expenditures in their budgets vi . According to Tsuchida (1980), the expenditures by municipal governments for MAT related activities in the area of human services increased by 80% from the 1960s to the end of the 1970s, and the expenditures by the central government during

the same period increased by 42.3% while the expenditures by prefectural governments decreased by 18.6%. The actual financial burden on municipal governments appeared to be more serious when considering the differences in budget size between central, prefectural and municipal governments. In the case of T City in K Prefecture, the expenditures for MAT related activities came to 89.1% of all expenditures for social services in 1970, and 82.7% in 1978. In other words, "the municipal governments were spending almost all of their funds to implement the tasks of the central government" (Onishi, 1978).

In summary, the way in which social services were provided before 1986 was determined by the MAT system in which local governments were functioning as the delegated agents of the central government. Many Japanese scholars seemed to agree that such a social service system as that under MAT was "centralized" (Sato, 1972a; Onishi, 1978).

In the LTCI system, on the other hand, "decentralization" was claimed to be achieved based on the facts that: 1) most administration tasks related to LTCI were categorized in LAT, 2) the authority to set the actual amount of the LTCI insurance premium, which would determine the entire budget size of the LTCI, was granted to municipal governments, and, 3) municipal governments were granted the full discretion to provide LTCI services more frequently or for longer hours than required by the LTCI law, or to add extra

services to be operated with the budget of LTCI (so-called the discretion in “adding and extending” area). (Ikeda, 2000; Omori, 2001)

The reality was that municipal governments still needed to be prepared for being involved in controversy whenever they attempted to exercise their autonomy. A typical example was the measure taken by municipal governments for elderly people faced with a limited income. As it became clear that LTCI increased the financial burden on such senior citizens (Yoshida, 2001), municipal governments decreased the amount of the premium to be collected from them. The number of municipal governments that implemented this measure grew from “139 as of April 2001, to 310 in October 2001 and eventually to 400 out of 3241 municipal governments nationwide as of April 2002 ” (Ito, 2002). The number further increased to 681 as of April 2003 (Asahi Shimbun, 2003). In response, the MHLW reduced the amount of subsidies assigned to these municipalities based on the notion that “such a measure could undermine the foundation of the LTCI system” (Asahi Shimbun, March 25, 2001). The rationale was that if a significant number of people did not pay the full amount of premium, it would lead to a shortage in the budget that would in turn raise the premium. Consequently, people would lose trust in the LTCI system. Municipal governments insisted that the measure was taken within the sphere of LAT. Municipal governments were also prepared to replenish the shortage in LTCI revenue with general tax

income and since this again was a matter related to LAT, the central government should not interfere with it (Omori, 2001).

Another example to enhance the skepticism that aroused to the real effect of the category change from MAT to LAT was the existence of the LTCI Strategic Plan. The LTCI Strategic Plan consisted of the strategy and timetable for procuring LTCI services, based on the estimated needs of the community. Although designing the Strategic Plan was categorized as a LAT activity, it was operating in the same manner as MAT activities. Municipal governments were assigned the responsibility to design and submit the Strategic Plan to the MHLW. Both the method and formula to estimate the needs were developed by the MHLW. The cost for the task was subsidized from the central government. Those Strategic Plans deemed to be "inappropriate" by the MHLW needed to be revised under its guidance. The MHLW also conducted periodic assessment on how each municipal government accomplished the goals stated in their respective Strategic Plan. "Poor performers" faced with the danger of decreased subsidies. Therefore, even if most LTCI tasks were categorized under LAT, the activities were severely constrained by the LTCI Strategic Plan which operated under the strict guidance of the MHLW. Municipal governments were also constrained by "hundreds of ministerial ordinances" while the MHLW "still maintained the attitude of overriding municipal governments." These conditions

provoked indignation among municipal governments (Ikeda, 2000).

In the interview that the author conducted with five social workers, three of whom were working with a municipal government in the Tokyo Metropolitan Area and two with municipal governments outside the area, four of them responded that the LTCI system severely circumscribed the "space" for discretion by computerizing the process of eligibility check. The eligibility was determined based on each applicant's physical health condition. The formula to estimate the physical condition and the related computer program were developed by the MHLW. As the estimated condition became more serious, more skilled services would be available for longer hours and/or more frequently. A panel of judges (physicians and other experts in human services for the elderly) was selected in each neighborhood to adjust the "seriousness of need" whenever the computer output seemed to be inappropriate. This notwithstanding, their intervention was limited to making only minor changes. According to the statistics of the MHLW as of January 2002, the percentage of LTCI-service applicants whose "seriousness of need" was changed by such panels was about 22%. Most of the changes were made to switch the level from 3 to 4 or vice versa since the computer system somehow did not differentiate between the two levels very well (Kosei Rodo Sho, 2000). Due to the system, not a

few elderly citizens who used to receive public services remained in the community without necessary support. The typical example of such seniors was those with "social needs." They were usually living alone and whose rental contracts were terminated by landlords because of their problems in managing either money or fire safety. Although their physical conditions had "not deteriorated enough" for institutionalization, municipal governments used to send them to nursing homes under their discretion "as the last resort."

What seemed to be intriguing in relation to the issue of discretion was the comment made by one of the staff members of the MHLW during the interview conducted for this paper. He explained that the intention of the LTCI system was to assure that MHLW policies were followed thoroughly in every single municipality, the ultimate purpose of which was to "empower the elderly." According to him:

"Before the LTCI, municipal governments arbitrarily chose the way to estimate needs. Most municipal governments were guessing the needs based on human-service expenditures in the previous year. They were also responding to those in need arbitrarily, and terminated services when the budget ran out. LTCI guaranteed that services would be procured based on real needs which were assessed by a standardized method and that the services would be provided in a standardized

manner.”

The statement seemed to imply that the MHLW clearly intended to intervene in the “space” where municipal governments were exercising their discretion.

Interestingly, the discretion granted to municipal governments in the “adding and extending” area (Table 1) was hardly exercised. As of April 2002, the number of municipal governments which were extending and/or adding extra services to LTCI was 19 (0.6%) out of 3241 municipal governments nationwide. During the same period, 76 (2.3%) of municipal governments were providing extra services with the LTCI budget. The extra services provided were: mattress drying (10), transportation services (16), meals on wheels (10), providing diapers (47), and others (30) (The numbers in parentheses were the totals of municipal governments providing the respective services) (MHLW,2002).

There seemed to be a relation between the low usage of discretionary powers in the “adding and extending” area and concerns about increase of financial burden on elderly citizens. The LTCI Law stipulated that funds for “added and extended” services of a certain municipality were to be collected from the First Insurants (those over 65 years old. Those between 40 and 65 years old were categorized as the Second Insurants) living in the districts, and neither the support from the central government nor prefectural government could be expected. However, raising the premium for “adding

and/or extending” services was never a realistic option under such condition that the usage of existing LTCI services by First Insurants were limited to 40% even after two years had passed since the LTCI system was introduced. The primary reason was for the low usage was said to lie in the fact that these seniors could not afford the 10% charge if they used 100% of existing LTCI services eligible to them. Responding to the interview for this paper, the LTCI director of a city in the Tokyo Metropolitan Area stated that the discretion granted in “adding and extending area” was “un-exercisable authority.” He pointed out that, regardless of the fact that LTCI alone did not provide enough services, and that additional services were inevitable to support frail seniors in community, municipal governments were not equipped with necessary resources. He concluded that “the central government decided to care only about LTCI. They dumped the rest of the work on municipal governments and on family caregivers.”

Struggling with the shortage of resources, some municipal governments were exploring the possibility of establishing independent programs through the “ADL Promotion and Domestic Support Program for the Elderly.” (Table 1) The program operated independently from LTCI, with 50% of the entire operational cost provided by the central government and 25% by prefectural government. In addition, the MHLW guidelines for the program was not so restrictive. Thus, municipal governments preferred to add services through

this program in order to avoid increasing financial burden on seniors, while giving up on exploring the possibility of "adding and extending" area.

Consequently, innovative programs, such as providing meal services and minor home-repair programs operating under collaboration with community-based Nonprofit Social Service Organizations or New-NPOs, were developed in this area regardless that such practices were still exceptional.

Three things were suggested in this section. First, as a national insurance system, a certain degree of standardization was inevitable for the LTCI system. At the same time, the MHLW maintained its own assessment on the performance of municipal governments. The combination of these elements seemed to drive the MHLW to enhance its control over the LTCI services. Second, the discretion granted to municipal governments in the "adding and extending" area was hardly exercised. Third, as a result, the public sphere of long-term care for the elderly under the LTCI system seemed to be structured into two strata: the LTCI-service area where centralization was maintained, and the "adding and extending" area where municipal governments were granted a theoretical space to exercise their autonomy which rarely worked in practice. Innovative activities were rather observed in the "ADL Promotion and Domestic Support Program for the Elderly" even though they were still exceptional.

CHANGE OF THE "INSTITUTIONAL STRUCTURE"

BEFORE AND AFTER LTCI

The number of nursing homes by category was shown in Table 3 (Koseisho Daijin Kanbo Tokei Chosabu, 1965-1985). The number of "Existing nonprofit organizations in a broader sense (except NPO-Service Providers) & Red Cross" was "0" in 1960, "1" in 1970, "3" in 1975, and "7" in 1980 and 1985. The number of "Others" was "1" in 1960 and "2" in 1980. Meanwhile, "government" organizations accounted for the majority of such facilities until 1970, "NPO-Service Providers" already accounted for a quarter of all nursing homes in 1960, and this increased to a majority by the mid 1970s. Therefore, in terms of nursing home services, government and Nonprofit Social Service Providers were functioning as the two primary service providers before 1986.

The in-home help service program had been provided since 1960 as a LAT of the municipal governments (the programs without subsidy from the central government) even though the scale of operation was small ^{vii} (Koseisho, 1964-1985). Private organizations primarily consisted of the Council of Community Organizations ^{viii} and Nonprofit Social Service Providers. Detailed statistics, however, were not available until 1990. For reference, the statistics of 1990 showed that

among 2,211 municipal governments which were delegating the task of providing in-home help services to private organizations, about 90% of these were delegating to the Council of Community Organizations and the remainder were delegating to Nonprofit Social Service Providers (Jichisho, 1996).

In the LTCI system, the statistics for nursing-home service providers were not available. According to an official of the MHLW, "Nonprofit Social Service Providers are the primary service providers and government is next. The figures have not changed for many years since the eligibility to operate as nursing-home service providers is limited to Nonprofit Social Service Providers or government by regulation."

On the other hand, the diversity of in-home help service providers operating in the LTCI system has increased dramatically. In addition to conventional service providers such as Nonprofit Social Service Providers and the Council of Community Organizations, nonprofit medical organizations, for-profit organizations, New-NPOs, and Co-ops were now operating as LTCI-service providers. As of August 2002, for-profit organizations accounted for the majority (45%) among all service providers, followed by Nonprofit Social Service Providers (17.8%) and the Council of Community Organizations (15%).

(MHLW,2002)

Therefore, a comparison between the system "before 1986" and the one "after the LTCI" revealed that the institutional structure of nursing home services remained relatively stable, while the diversity of in-home help service providers increased. This suggested that the institutional structure was already pluralistic "before 1986," and that the structure became further pluralized "after LTCI."

CHANGE OF THE PUBLIC SPHERE OF LONG-TERM CARE FOR THE ELDERLY BEFORE AND AFTER LTCI

In the public sphere related to the long-term care for the elderly in Japan, the overall "institutional structure" became more pluralistic through the introduction of LTCI. On the other hand, the "degree of decentralization" seemed to be different between the LTCI-service area and the "adding and extending" area. In the former area, the system appeared to remain centralized. In the latter area, the central government seemed to withdraw from undertaking the primary role. Therefore, according to the framework of the Institutional Analysis, the public sphere in the LTCI-service area seemed to transform toward a "corporatist welfare regime", while the public sphere of the "adding and extending" area seemed to be categorized in "community-based welfare regime" even though activities in

that area were minimal.

DISCUSSION

It was suggested in this paper that LTCI was the system in which multiple forces were interacting with each other in a complex manner. In the area of LTCI services, the centralized system was maintained. The space for citizens' participation and entrepreneurial service-provision seemed to lie in the "adding and extending" area. However, only minimal activities were observed in that area due to the lack of resources municipalities could mobilize. Consequently, the LTCI system was operating as an oxymoron in which devolution proceeded and the centralized system was maintained.

Current conditions of Nonprofit Social Service Providers and New-NPOs involved in LTCI seemed to be a reflection of the difficulty among municipal governments to exercise their autonomy. The absence of independent programs in districts led nonprofit organizations to provide LTCI-services only. The importance of nonprofit organizations was increasing to perform the substitutive role of the central government in service provision, whereas their autonomy did not seem to increase.

The inter-governmental relationship and public-private relationship were further complex when considering the presence of the "ADL Promotion and Domestic Support Program for the Elderly." This program seemed to be a remnant of the pre-LTCI era, operating in a centralized system since before LTCI was introduced. The irony was that this program became an arena for