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Farewell to free access: Japan’s universal health coverage

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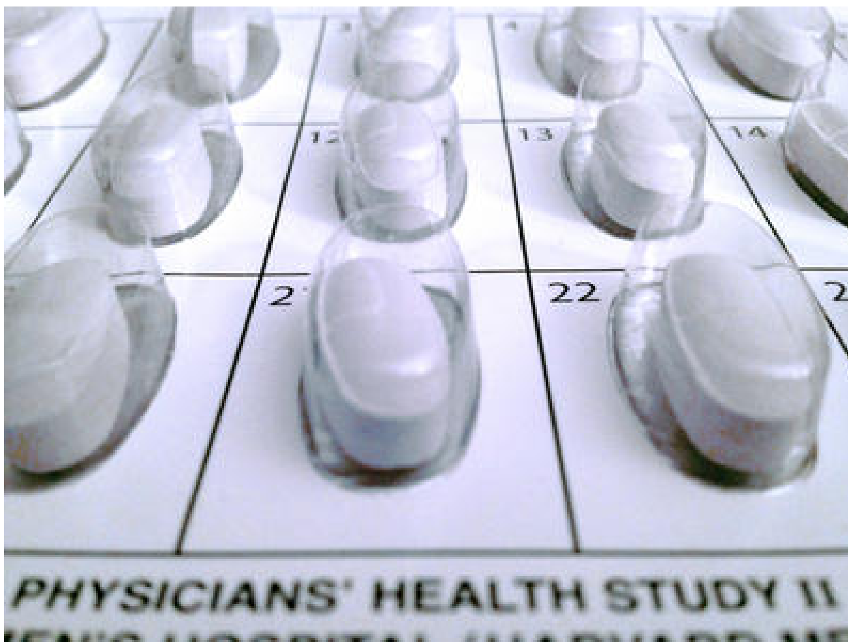
While the Obama administration is struggling to achieve universal health coverage in the US, Japan celebrated the 50th anniversary of its universal health coverage system in 2011. Japan’s universal health insurance coverage is now deeply rooted in both patients’ and doctors’ minds. But the principle of ‘free access’ to medical procedures and medications is being challenged by the economic realities of sustaining this system.



Under Japan’s current health insurance system, a uniform fee schedule, which the government determines, regulates the price of all medical procedures and drugs. In sharp contrast to American doctors, who believe in their ‘professional freedom’ of deciding the prices they charge, Japanese doctors rarely question government regulations in the sector. The price of health care is uniform throughout the country and people can receive care at any clinic or hospital so long as they contribute to the specified co-payments, which is often around 10–30 per cent. ‘Free access’ is the core principle of Japan’s universal health coverage maintained in the last half century, in which patients have full freedom to choose their own health care providers and all approved drugs are covered by insurance. Japan’s universal health coverage negates the need for things such as managed care, gatekeepers, preauthorisation and restrictive formularies. And in the absence of control on the supply side, Japan has become a country most heavily equipped with medical facilities and technology among OECD member countries in terms of the number of hospital beds, dialysis units, CTs and MRIs per population.

But free access to new and expensive drugs is increasingly placing a strain [1] on Japan’s health insurance system. When Japan achieved universal health coverage over 50 years ago,

medical care and drugs were primitive and cheap. Free access was economically feasible. But development and innovation of medical technology brought about effective but expensive drugs — the most expensive being Zevalin, which is used to treat lymphoma. One set of Zevalin comes with a price tag of US$26,000 (AU$29,000). One set of Ilaris, used to treat rare paediatric chronic diseases, comes with a price tag of US$14,000 (AU$15,600). And unlike Zevalin, which is for one-off use, patients may need multiple repeats of Ilaris. Under Japan's current universal health coverage, doctors are free to prescribe expensive drugs such as Zevalin and Ilaris without any pre-authorisation. Patients, of course, will have to contribute to co-payments of approximately 10–30 per cent, but can claim back the amount exceeding certain limits from their insurers.

In 2013, the Central Social Insurance Health Care Committee (CSIHCC), which reviews the revision of the uniform fee schedule as well as the drug price list every two years, proposed to introduce economic evaluation in granting the health insurance coverage and setting prices. Economic evaluations will aim to measure how much it will cost to prolong one year of life for anti-cancer drugs, and how much it will cost to improve the quality of life for drugs for chronic diseases in comparison with other existing, less-expensive drugs or treatments. Drugs must be effective to be approved — but must be effective enough to justify their price tags to be covered by Japan's insurance system. CSIHCC will first establish methodology and standards to carry on economic evaluation and plans to introduce it in as early as 2016. Thresholds of £20,000–30,000 (AU$37,000–55,000) for prolonging one quality-adjusted year of life used in the UK National Health Service were quoted in the discussion paper presented at CSIHCC.

At present, all approved drugs are automatically covered by insurance and prices were set to ensure pharmaceutical manufacturers to recoup the investment for new drugs. It is not yet certain what threshold will be adopted nor if any drugs in the present price list will be excluded from insurance coverage. One thing is certain: it is a radical departure from the 'free access' principle that came with Japan's universal health coverage over half a century ago. If a patient wants access to medication that is not covered by insurance, he or she will be required to pay fully out of pocket. Inevitably, patients will be selected based on their ability to pay. Also, in economic evaluation, lives are not treated equal. One year of life in pain and agony is valued less than one year of life in full health. The aforementioned thresholds may be lowered if the drug is not effective enough to achieve full health.

The departure from the 'free access' principle currently in place in Japan is an inevitable compromise to sustain universal health coverage into the future. For now, Japan will have to face a grim fact that lives are not created equal.

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