

Japanese Pay Less for More Health Care

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MICHELE NORRIS, host: From NPR News, this is ALL THINGS CONSIDERED.

I'm Michele Norris.

Health care has been one of the most debated issues in the presidential primary. As part of our coverage, we're going to look at the health care systems of other wealthy countries to see how they do it.

Today, we begin with Japan and with an old friend of NPR, the journalist T.R. Reid. Reid's documentary, "Sick Around The World," airs tomorrow night on PBS on the show "Frontline." As Reid found out, Japan has universal coverage, but it spends half as much on health care as the U.S.

T.R. REID: Japan produces cars, computers and color TVs, but it also produces the world's healthiest people. It has the longest healthy life expectancy on Earth. That's partly due to diet and lifestyle. But the universal health care system here plays a key role, too.

Everyone in Japan is required to get a health insurance policy, either at work or through a community-based insurer. The government picks up the tab for those who are too poor. That's a model of social insurance that's used in many wealthy countries. But it's definitely not socialized medicine. Eighty percent of Japan's hospitals are privately owned, more than in the U.S., and almost every doctor's office is a private business.

Dr. Kono Hitoshi is a typical doctor. He runs a private, 19-bed hospital in the Tokyo neighborhood of Soshigaya.

Dr. KONO HITOSHI (Hospital Owner, Tokyo): (Speaking in foreign language)

REID: Well, the best thing about the Japanese medical system is that all citizens are covered, anyone, anywhere, anytime — and it's cheap.

(Japanese spoken) Do they have to make an appointment to come?

Dr. HITOSHI: Yeah. No. (Speaking in foreign language)

REID: Never.

Dr. HITOSHI: Never.

REID: The Japanese go to the doctor about three times as often as Americans. And since there are no gatekeepers, they can see any specialist they want.

REID: Japanese patients stay in the hospital much longer than Americans on average. They love technology like scans. They have nearly twice as many MRIs per capita as Americans do. Professor Ikegami Naoki is Japan's top health economist.

REID: In Denver where I live, if you get an MRI of your neck region, it's \$1,200, and the doctor we visited in Japan says he guessed \$98...

Dr. IKEGAMI NAOKI (Chairman, Department of Health Policy and Management, Keio School of Medicine): Mm-hmm.

REID: ...for an MRI. So, how do you do that?

Dr. NAOKI: Well, in 2002, the government says that the MRIs - we are paying too much. So in order to be within the total budget, we will cut them by 35 percent.

REID: So that's how they keep costs so low. The Japanese health ministry tightly controls the price of health care down to the smallest detail. Every two years, the doctors and the health ministry negotiate a fixed price for every procedure and every drug. That helps keep premiums to around \$280 a month for the average Japanese family, and the employer picks up at least half of that — a lot less than Americans pay. And if you lose your job, you keep your health insurance.

Japanese insurance plans are a lot more accommodating than American insurers. For one thing, they can't deny a claim, and they have to cover everybody. I asked Professor Ikegami if the insurers could turn down an applicant who had heart disease.

Dr. NAOKI: That is forbidden.

REID: These health care plans covering basic health care for a worker and his family, do they make a profit?

Dr. NAOKI: No, because they are not allowed to make a profit, and anything left over is carried over to the next year. And if there's a lot carried over then the premium rate would go down.

REID: All right. Here is a country with fantastic health statistics, user-friendly insurance companies, no waiting lists and rock-bottom costs. So who's complaining? Well, the doctors are. Dr. Kono says he's getting paid peanuts for all his hard work.

Dr. HITOSHI: (Speaking foreign language)

REID: The treatment fee for a wound, anything under a hundred square centimeters, that's 450 yen. The treatment fees are all listed here.

If somebody comes in with a cut that's less than six square inches, so a fairly small cut, he gets \$4.30 to sew that up. It's incredibly cheap.

(Soundbite of laughter)

REID: It's extremely cheap. Dr. Kono is forced to go outside the price book looking for ways to make a yen. He has four vending machines in his waiting room. And in a part of Tokyo with free street parking, he charges four bucks an hour to park at his clinic. The upside is that virtually no one in Japan goes broke because of medical expenses.

Professor Saito Hidero is president of the Nagoya Central Hospital.

In Japan, how many people go bankrupt for medical costs?

Professor SAITO HIDERO (President, Nagoya Central Hospital): I don't know.

REID: Just the question seemed bizarre to him. He checked to make sure he'd understood me correctly.

Prof. HIDERO: (Speaking in foreign language).

REID: Yeah.

Prof. HIDERO: We never heard of it.

REID: Yeah.

Prof. HIDERO: Almost have never heard of it.

REID: Yeah.

While the patients may be healthy, the hospitals are in even worse shape financially than the doctors.

Prof. HIDERO: I think our system is pretty good, pretty good. But no system is perfect.

REID: Yes.

Prof. HIDERO: But now, 50 percent of hospitals are in financial deficit now. So I'm afraid hospitals may be one of the endangered species in Japan now.

REID: So here is the weak spot: While the U.S. probably spends too much on health care, the Japanese may be spending too little. In a country with \$10-per-night hospital stays, the prices are just not high enough to balance the books. Hospital prices too low - there is a problem a lot of countries wished they had.

For NPR News, I'm T.R. Reid.

