

# Regional packaged care in Japan contributes to reductions in medical costs

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## Professor Hiroki Konno at Nihon University says medical costs for thyroid cancer treatment will also be reduced within this system

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In Japan, the increasing national medical costs is an urgent issue because of the ageing population. The proportion of the total population that is elderly has continued to rise consistently since 1950, reaching 28.7% in 2020. This proportion is expected to continue to rise, reaching 35.3% by 2040. On the other hand, national medical expenditures in the fiscal year (FY) 2019 were 44,389.5 billion yen. This represents an increase of 14.2 trillion yen over the past 20 years. (Figures 1)

The Government is promoting the establishment of a regional packaged care system as one of its policies to reduce medical costs.

### Regional packaged care systems

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Traditionally, Japan's medical provision system has emphasised regional equity on medical accessibility, regardless of stage or severity of disease.

However, the Government of Japan announced a major shift in regional packaged care system in 1997. This policy is intended to improve the efficiency of medical provisions through the selection and concentration of resources, and to focus on patients' needs and quality of life.

The way in which medical care is provided to cancer patients has changed significantly. This manuscript describes the changes that have occurred in Japan and the challenges that have been faced, using a patient undergoing thyroid tumour resection as a case study.

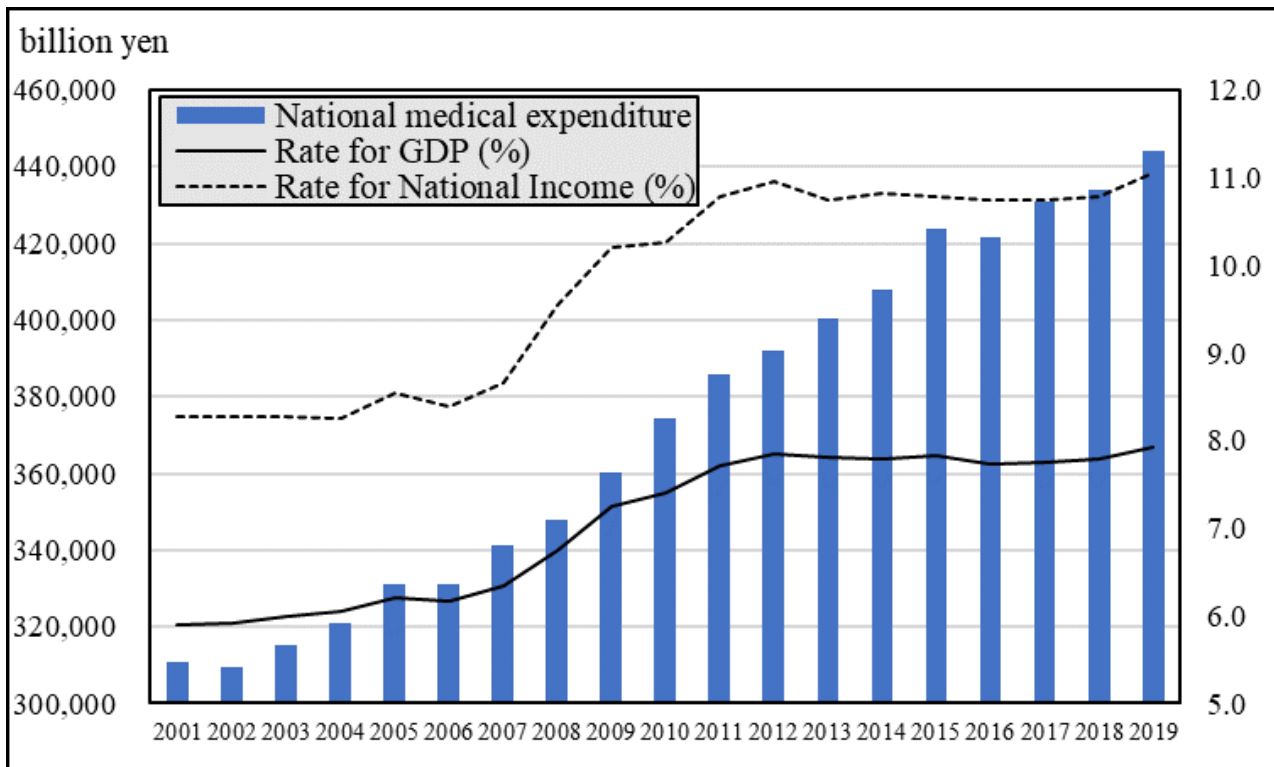


Figure 1: National medical expenditure in Japan; 2001-2019. Source: Ministry of Health, Labour and Welfare (2019) “Estimates of National Medical Care Expenditure”

## The length of hospital stay for thyroid cancer treatment has been significantly reduced in Japan

When the comprehensive payment system for inpatients was introduced in 2004, the average length of stay (LOS) for patients undergoing thyroidectomy was 16 days. However, as of 2022, the average LOS is 8 days. (Figure2)

This reduction in LOS indicates a significant change in the manner in which medical care is provided. First, patients undergoing thyroid tumour resection are now treated for complications that occur postoperatively in post-acute care beds and outpatient care. This is because highly specialised hospitals need to have available beds to treat an increasing number of cancer patients.

Second, the local general hospital provides treatment for other secondary diseases. This is because highly specialised hospitals are always overcrowded and cannot afford to provide treatments unrelated to thyroid cancer.

Third, patients with poor postoperative prognoses or who are unable to attend hospitals have begun to use home care provided by doctors and nurses. This is because home care services have recently expanded in the region and are beginning to be recognised by the general population.

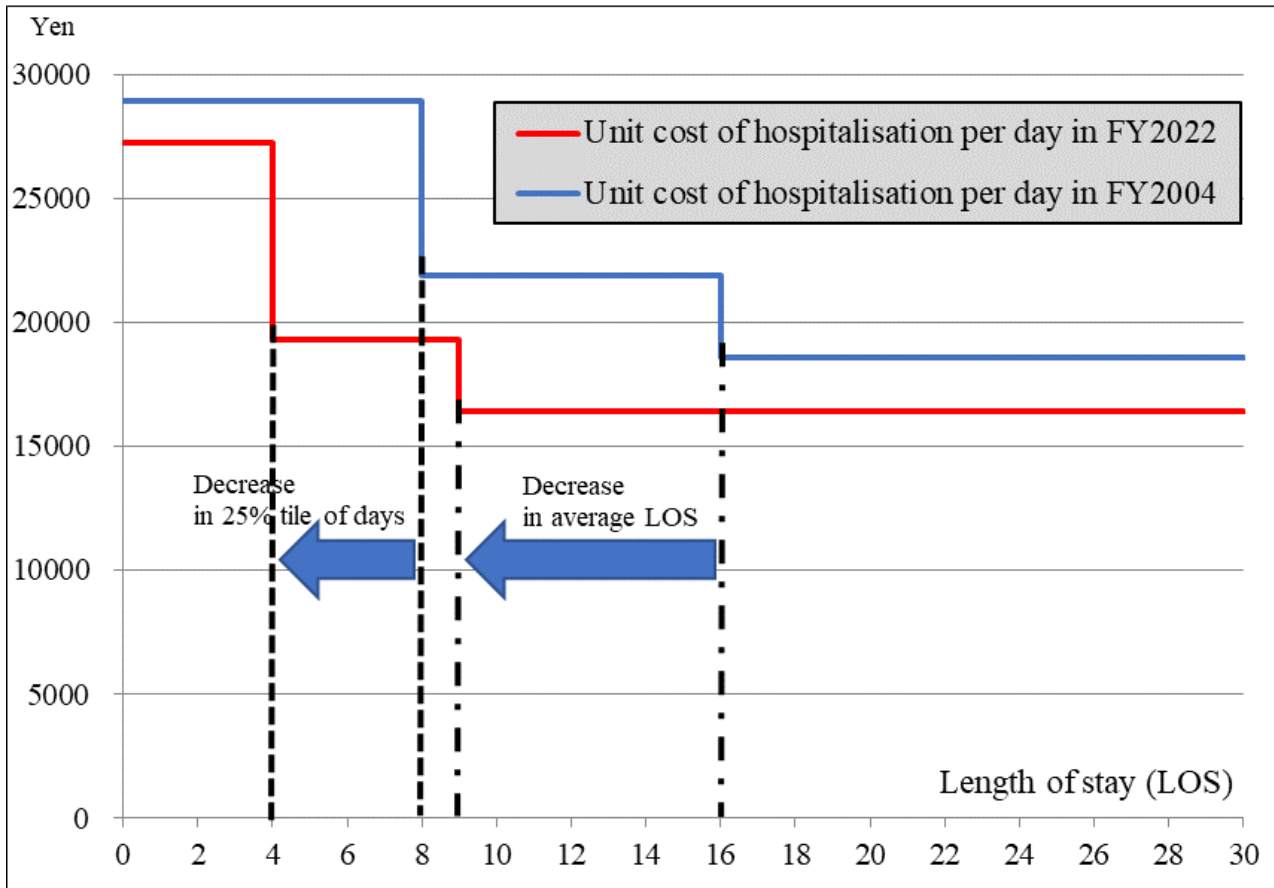


Figure 2: Changes in length of hospitalisation and medical unit costs for patients undergoing thyroidectomy; 2004-2022. Source: Ministry of Health, Labour and Welfare (2004, 2022) “DPC fee for Medical Care”

### **A significant change in the way care is provided has contributed to a reduction in the cost for thyroid cancer inpatients**

While significant changes in the way healthcare is delivered have certainly contributed to reducing healthcare costs for inpatients with thyroid cancer, two issues remain:

- 1) Hospitals treating thyroid cancer need to ensure that a system of care is always in place for cases of acute patient deterioration, as post-operative monitoring will be inadequate.
- 2) Local general hospitals and home care doctors must work with hospitals treating thyroid cancer to share information about the patient’s condition and provide seamless patient care.

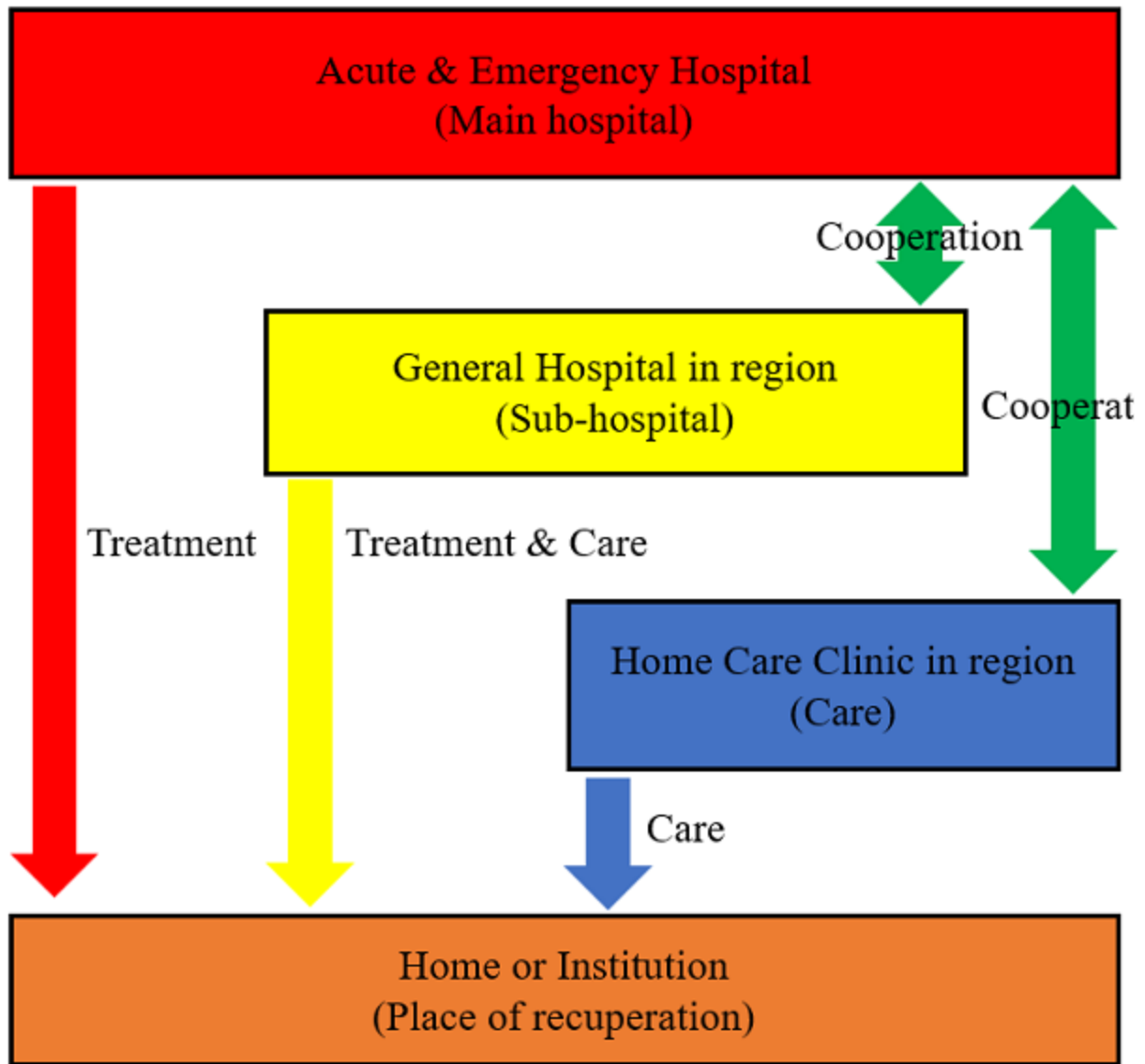


Figure 3: Patient care system required in a regional packaged care system

In recent years, hospitals providing cancer treatment have become increasingly crowded. Improving the efficiency of medical care provision is essential for allocating scarce medical resources. However, situations must be avoided in which patients lose healthcare access or cannot find treatment when their disease progresses. This system must be established whereby the local general hospital or home care doctors are always available (Figure 3). It will still take time to guarantee this system in all regions.

### Streamlining medical costs for thyroid cancer

The government is promoting the establishment of a regional packaged care system policy to reduce medical costs. In the case of thyroid cancer patients, the reduction in medical costs for inpatients was due to the shortened LOS in highly specialised hospitals. However, this system has not yet been established in any region. Without stronger links to local general hospitals and home doctors to ensure a coordinated system of care for patients with acute exacerbations and other diseases, the benefits patients receive will be reduced and the impact of medical cost savings will also be diminished.

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