

Lessons from the Japanese Health Care Experience

Abstract

Japan's infant mortality rate is less than half the U.S. rate and Japanese are expected to live four years longer on average. But Japan spends just over 7% of its GDP on health care while the U.S. spends almost 14%. Provocatively, Japan's lead in health outcomes has widened as lifestyle differences between the two countries have shrunk. This article examines Japan's health care system in order to stimulate thinking about what changes may be desirable in the U.S. It describes the key features of Japan's system including: i) universal health insurance, ii) significant co-payments for patients, and iii) unrestricted patient choice of provider (but not payer/insurer). Next, it analyzes how Japan's fee schedule constrains costs, rations treatments, and encourages preventive care. Lastly, it considers how Japan's experience may be relevant for the U.S.

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