Medical Economics Nephrology : Forthcoming Healthcare Reforms

Hideto Sakai, M.D.

Deputy Director, Tokai University Hospital, Isehara, Japan

Recent economic changes and the political environments in East Asia seem to slow down healthcare reforms, although basic problems have not yet been solved. Limited economic growth, increase in the aged population and rapid developments in medical technology force governments and society to develop better management in many fields of clinical medicine including nephrology. The aim of this lecture is to summarize health care reforms and their effects on clinical nephrology in the United States and Japan.

Managed care in clinical medicine has a long history, but a rapid and fundamental change was started in the US in 1983 when DRG/PPS (Diagnosis Related Group/Prospective Payment System) was introduced. There was a sudden curtailment in the rate of increase in medical expenditures in the US associated with shortening of hospital stays, development of critical pathways, and bankruptcy of many hospitals. Rapid increase and integration of HMO (Health Maintenance Organizations) and emergence of various other forms of health care organizations occurred in 80s and early 90s, followed by criticism from many sections of the society including patients, enterprises, academic institutions and the US Congress. Despite the criticisms, there is a consensus in American society that the present efforts in healthcare reforms will continue in the next century.

Japan has a single payer system in contrast to the United States. The per capita and GDP (Gross Domestic Product) medical expenditure in Japan is approximately half of that in the US. There is no limitation for patients in selection of medical institutions and minimal payment is required for all elderly Japanese citizens. However, the rapid increase in the aged population and low economic growth make it impossible to support the present healthcare system in Japan. A variety of proposals have been evaluated and some of them have been applied experimentally in selected hospitals. However, changes have already been observed in many fields of clinical medicine, including nephrology. There has been a gradual decrease in payment for hemodialysis, which paralleled the decrease in personnel in dialysis clinics. Total Renal Care, Inc., the second largest US organization for dialysis, started to provide information technology and supply chains in the Japanese market from last year. Construction of critical pathways (medical protocols) has started in many Japaness hospitals, some of which are working with local medical associations.

Until recently, large hospitals in Japan ignored basic principles in management, such as activity-based costing, proper and accurate marketing, and application of modern financial techniques. Some large Japanese hospitals, however, have initiated studies on mismanagement, and the results obtained have been instructive in organizing strategic planning for the near

future.

Healthcare reforms in East Asian countries should honor historical and cultural backgrounds while exploring the quality of medicine and economic balance. Further effects in development of effective strategies will require exchange of information among countries in this part of the world.