

How Medical Insurance Works in Japan in Comparison with the U.S.

October 10, 2017



Shunichi Homma, MD, FACC

Margaret Milliken Hatch Professor of Medicine,
Deputy Chief of the Division of Cardiology at the Columbia University Medical Center

Dr. Shunichi Homma shared his insights on the differences and similarities between the United States' and Japan's healthcare systems. He started off the lecture by demonstrating the high healthcare costs in the U.S. compared to Japan and other OECD countries, despite its life expectancy being ranked only 27th in the world. According to Dr. Homma, U.S. healthcare system costs are driven by factors such as absence of commercial guidelines and price controls, limited competition, and lack of medical service price transparency. Japan, on the other hand, has overall lower healthcare costs, is ranked 2nd in life expectancy, and is able to cover all its legal residents with insurance. This is partially because Japan places strict price control on healthcare, which is guided by GDP growth, and costs of care are uniform across providers and locations. Dr. Homma concluded the lecture by stating that although Japan has an overall efficient healthcare system, there are still some shortcomings, including rising costs for an increasingly aging population, a declining rate of full time employees, and the necessity of improving quality care.

