

Maurer's Healthcare Insight (136)

It Helps to Know the Numbers

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Your home office "friends" have more time than you to arm themselves with arcane facts about the Japan market. While you are out in the field motivating the troops to make a profit plan they are sitting in cozy, climate controlled offices reading expensive reports or commissioning more expensive consultants to give them Japan background. Properly briefed they delight in showing off their Japan knowledge during your participation in a home office planning meeting.



Given my propensity to back the people who do business in Japan versus talk about doing business in Japan, I regularly offer an update on the numbers. Not all of these will be useful but the trends are indicative of a changing health care market. Change is the important take home message. I sometimes include 1970 as a base year only because that was my first year in Japan. Helps me to remember how much has changed in 41 years.

The Aging and Shrinking of Society

Year	Population (000)	Percentage distribution by age		Live births (per 1,000 population)	Deaths
		0-14	65+		
1970	104,665	24.0	7.1	18.8	6.9
2009	127,510	13.3	22.7	8.5	9.1

Between 2004 and 2007 the population reached its peak and is now declining annually as deaths exceed births. The population in 2055 is estimated to be under 90 million and over 40% of these people will be 65 or older.

In 1970 there were only 310 centenarians, in 2010 there were 44,449, and of these 87% were women.



Japan has the longest life expectancy at birth which must say something about the health care system, life style, and nutrition.

Low birth rates are the result of a drastic reduction in the fertility rate. In 1970 it was

2.13 and in 2010 it dropped to 1.39. One reason for the decline is late marriages. In 1970 the average age of first married men was 26.9 and women 24.2. In 2009 men averaged 30.4 years and women 28.6 years.

Aging Drives A Shift in Disease Patterns

Cause of death	Death rate (per 100,000 populations)	
	1950	2010
Malignant neoplasms	77	279.6
Heart disease	64	149.7
Cerebrovascular disease	127	97.6
Pneumonia	93	94.0
Increasing death rates		Decreasing death rates
Malignant neoplasms		Tuberculosis
Diabetes mellitus		Hypertension
Heart diseases		Cerebrovascular diseases
Pneumonia		Liver diseases
Suicide in men		Accidents in men

Of interest is that from 1970 to 2009 the percentage of deaths that took place at home dropped from 56.6% to 12.4% while deaths in hospitals rose from 32.9% to 78.4%.

Aging Drives Up National Health Expenditures

Year	Value (billion yen)	Yen per capita	Percentage of national income
1970	2,496	24,100	4.1
2008	34,808	272,600	9.8

The numbers above are for the entire population. But note this large difference in costs: expenditures per capita were ¥158,900 for persons younger than 65, and ¥673,400 for those 65 or older, a four fold difference.

Who Are the Patients and Where Do They Receive Care?

2008		
Total Patients/Day (000)	Inpatients (000)	Outpatients (000)
8,197.4	1,392.4	6,865.0

In hospitals	95.7%	25.2%
In clinics	4.3%	55.8%
In dental clinics		19.1%
First visit		17.8%
Revisit		82.2%
65 years or more	66.9%	44.8%
Male	45.9%	42.5%
Female	54.1%	57.5%

During the three years from 2005 to 2008 both the number of inpatients and outpatients declined. There was also a trend of more outpatients in clinics versus hospitals.

As the demographics indicate the elderly make up the large majority of hospital inpatients and there are more female than male outpatients and inpatients.

The satisfaction level of patients is fairly high with the treatment they receive as both outpatients and inpatients. They tend to be most satisfied with:

1. Care and attitude of nurses and their staff in a hospital and clinic.
2. Conversation with a doctor

And most unsatisfied with:

1. Waiting time
2. Content of hospital meals.

#### Mean Height And Body Weight

Age	Male		Female	
	Height (cm)	Weight (kg)	Height (cm)	Weight (kg)
26-29	171.3	66.0	158.5	53.0
70 years or more	160.9	60.1	147.1	49.8

The grandparents of 26-29 year old males and females are about 11 cm shorter and weigh 4 to 5 kg less. These 70+ year old people were young children during World War II. At that time nutrition left a lot to be desired.

#### Health Care Providers

##### Number of MDs employed by medical institutions in 2008

Total	Hospital	Clinic	Long term care
274,992	174,266	97,631	3,095

212.9 MDs per 100,000 population. In 1970 there were 113 MDs.

Female MDs 18.5% of the total, BUT 35, 1% of all MDs aged 29 or younger.

	1993	2009
Number of hospitals	9,844	8,739
Number of hospital beds	1,680,952	1,601,476
Bed utilization rate	82.5	81.6

Number of clinics	84,128	99,635
With beds	22,383	11,072
Without beds	61,745	88,563
Number of beds	265,083	141,817
<b>Long Term Care</b>		
Number of facilities	None	5,674
Number of beds	None	352,749
Bed utilization rate	None	91.2
Average length of stay (days)		
General beds	35.3	18.5
Psychiatric beds	470.9	307.4
Long term care beds	-	179.5
<b>Nurses (2008)</b>		
Registered	877,182	
Assistant	375,042	
Public Health	43,446	
Midwives	27,789	
<b>Pharmacists (2008)</b>		
Total	267,751	
Male	104,578	
Female	163,173	
<b>Drug Wholesalers</b>		
Prior to 1970	>1,200	
2010	115	
Market shares of leading 5 wholesalers	90%	

<b>Miscellaneous</b>		
<b>Population density (2008)</b>		
	Number of people per square km	
US	33.0	
Japan	336.0	
<b>Foreign residents in Japan</b>		
	1970	2009
Total	708,458	2,186,121
Korea	86.7%	26.5%
China	7.3%	31.1%
US	2.7%	2.4%
<b>Japanese living overseas (2009)</b>		
Total	1,131,807	
In US	384,411	
In China	127,282	
In Korea	28,320	

If you made it this far through the numbers you should appreciate the breadth and depth of the dynamic changes in Japan. Is this an emerging market or not?

*P. Reed Maurer was changed more by Japan than he changed Japan.*