“Healthcare Reform and Economic Growth”

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<Keynote Speech>

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"Considering Regional Healthcare & Economy"

I am [Masahiro] Kanno of the Social Medical Corporation Foundation Tousenkai's Keiju Medical Center in Ishikawa Prefecture. Today I will speak on the subject "Considering regional healthcare and economies." First, I will describe the background behind the creation of the social medical organization system. The law was revised in 2007 and went into effect in April 2008. As of April 2010, 94 medical organizations have been approved. I would like to consider them through their equal footing with social welfare organizations. Relief for the vulnerable and disabled is an essential task of the national government. However, the government cannot accomplish this alone. Therefore, there is a mechanism under which benefactors carry out these tasks in place of the government through social welfare organizations, and the government exempts the organizations from taxes. In the same way, some healthcare is an essential task of the national government. With healthcare collapsing, the national government and the public sector cannot carry this out. The name "social medical organization" has been given to private-sector medical institutions that provide the healthcare that the government and the public sector have become unable to do. The government supports these organizations through tax exemptions and so on. This is the background behind the creation of social medical organizations.

Of the key concepts for the future of healthcare, I would like to emphasize the dwindling birthrate and aging population, meaning an era of after care service. This is because elderly people tend to use services that provide good after care service, even if it takes a little longer. I think this holds true with medical institutions as well. The second key concept is the collapses of the healthcare delivery system and of regional society. Ninety-eight percent of our patients live within commuting distance. There is a large hot spring resort called Wakura Onsen in our area. Over 90 percent of their customers live outside commuting distance. They come seeking something out of the ordinary. That is how healthcare is different. If the population in our area declines because there are no jobs, we will not be able to continue, no matter how good the healthcare we provide. At the same time, if emergency care, pediatrics, obstetrics, and everything disappear from our hospital, local residents will go elsewhere. Indeed our fate and that of the community are tied together.

This mark is an ancient Japanese symbol of a three-way struggle. WHO rates Japanese healthcare as the best in the world, and Japanese healthcare expenditures are half those in the US. How, then, is there a three-way struggle involving providing this high-quality healthcare at a low cost? First, healthcare providers are overworked. Keiju Medical Center meets the highest current standard of

nurse assignment ratio (the number of patients per a nurse), 7:1. However, if you were to visit a ward at about 2:00 a.m., you would find three nurses rushing around to care for about 50 patients. That is what acute care hospitals are like all over Japan. The result is that nurses worn out by overwork quit one after another. The collapse of the healthcare system is connected to this. We thus have to ask, "Please give us more social welfare spending for healthcare." Public assistance, self-help, and mutual aid, in other words, public funds, self-financing, and a spirit of volunteerism, are needed.

Increased efficiency is also important. In order to raise efficiency, as was discussed in the case of Saku, it is necessary to consider family physicians and general practitioners. Japanese doctors are all specialists. Even with 1.5 times as many specialists, Japan's doctor shortage could not be solved. In hospitals in lightly-populated areas, probably only a few patients per week need a specialist. Most patients need a general practitioner. Employees are busy at any hour, but if one looks at the hospital entrance, there are hardly any patients to be seen. In fact, one elderly patient is probably being seen by five different departments.

Looking at the healthcare delivery system on the Noto Peninsula, where I live, it is more than 100 kilometers from Suzu City at the tip of the peninsula to Keiju Medical Center. There are this many hospitals in a medical area that is only 150 kilometers across and has a population of only 215,000 people. Furthermore, in the northern part of the Noto Peninsula, 38.5 percent of the people are elderly. In the Keiju Medical Center's area, 29.6 percent of the people are elderly. This is what the rest of Japan will be like 15 or 20 years from now.

Keiju Medical Center has 451 beds. As for its management, in 1994 it began using EMR for medical supplies and drugs. It was the first hospital in Japan to do so. In 2000, it opened a call center. In 2003, it established a central kitchen. Recently it has been forming ties with local medical facilities and with hospitals and universities in the US. The Keiju Healthcare System has various facilities, with Nanao City at the center. With clinics, healthcare facilities for the elderly, and day service centers under the umbrella of Social Welfare Corporation Tokujukai, it is a combined medical/healthcare and social welfare organization. The difference between Keiju Healthcare System and other combined medical/healthcare and social welfare organization is that all our facilities are online, connected by optical fiber. Looking at Social Medical Corporation Foundation Tousenkai's financial results for fiscal 2009, it had revenue of 10.8 billion yen, of which Keiju Medical Center accounted for 8.2 billion. Adding the social welfare corporation's revenue of 2 billion yen makes for a business scale of about 13 billion yen. Keiju meets global accounting standards, with 100 percent allowance for accrued bonuses and pension benefits.

I mentioned that after care service is a key concept for an aging society. Our role is to provide one-stop service by linking systems for medicine, care, welfare, and health. Our strategy for this is "Connecting spaces." As the Keiju Healthcare System, our aim is to connect minds as well as information in our area.

We have three visions to make our strategy a reality. The first is to pursue being the hospital that provides the best service. The second vision is to be the hospital of choice. We want to be the hospital that is chosen not only by patients and local residents, but by other healthcare providers, local government, schools, corporations, and medical staff. The third vision is to focus closely on the community. We will contribute to local development by creating jobs and helping the local economy. We believe that this is a form of public benefit.

Keiju's electronic medical records enable information sharing, including by healthcare facilities and special nursing homes for the elderly. Information for patients in the hospital and in care facilities can be centrally managed. Since 2004, we have been able to use internet connections to share electronic records with medical facilities outside our group. Our Call Center serves as a bridge between patients, employees, referring physicians, and related institutions and hospital systems, between analog and digital information.

We consider the following to be future important tasks for regional healthcare: to adopt information technology for seamless links among medicine, care, and social welfare, to utilize family doctors and GPs, to carry out selection and concentration, and to collaborate on urban development and tourism. On the other hand, from our perspective as a private-sector medical institution, we see problems with the way the 5 billion yen distributed to each prefecture as regional healthcare rebuilding funds are being used. The American HMO Kaiser Permanente has adopted PHRs, personal health records. PHR is a system in which patients manage their own medical information. In Japan, as well, the "My hospital anywhere concept" is being debated. I fully support it.