

APRU Workshop
Panel Discussion III

Influencing Public Health Policy and Practice
An academic's role in setting medical fees

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Difference in priorities

- Time-frame
 - Politicians: Next election, Annual budget
 - Bureaucrats: Term in office, Annual budget
 - Academics: Long-range
- Objectives
 - Politicians and Bureaucrats: Responding to public opinion, balancing interest groups
 - Academics: Scientific rigorousness, peer esteem

Producing useful & timely evidence

- Bureaucrats and politicians have their priorities and objectives
- Academics must produce the right evidence at the right time when the window of opportunity is open
- How much should academics compromise?
 - To be opportunistic or to remain a crank?
 - To be diplomatic or to be out-spoken?
 - Where to draw the line?
- Government can reward or punish academics
 - Give grants, appoint to policy committees
 - Government's cooperation is usually needed for conducting field research
- Interest groups can also reward or punish academics
 - Government tends to consult them when appointing academics
 - Their cooperation is usually needed for conducting field research

Japan's tradition: Strong government bureaucracy

- Strong role of bureaucrats
 - “Policy decisions are made by the bureaucrat’s intuition and courage” (former Vice-Minister of Health & Welfare)
 - Elite bureaucrats not only draft legislation, they also lobby politicians, interest-groups
 - However, major scandals in the Ministry have shaken morale
- Growing pressure for transparency
 - Evidence-based policy-making
 - But selection bias in the use of “evidence”
 - Cosmetic or actual, procedural or substantial?

Case study: Fee schedule setting

- Government set medical service fees that are applied to all insurance plans and all providers
- Revision of fees negotiated within the Central Ministerial Council consisting of representatives from the various interest groups
- Pressure to make the process “transparent”
- Sub-committees established under the Council to provide objective data for revision purposes

Personal experience in policy making

- Since 2003, Chair of Sub-Committee that conducts research in designing a case-mix grouping system for chronic care hospitals
 - Case-mix grouping system: Classify patients based on their clinical characteristics for payment purposes
 - Conduct studies of patient characteristics and the costs patients generate
 - Prior to the introduction of the new system in July, 2006, chronic care hospitals were paid a flat rate, irrespective of severity
 - Goal: Hospitals treating more severe patients would be paid more, those treating less severe patients paid less on a budget neutral basis

Direct costs per patient per day (Yen)

ADL Level 3	5,156	6,257	9,275
ADL Level 2	4,557	5,661	8,132
ADL Level 1	3,792*	4,887*	5,285
	3,484	4,646	
	Medical Level 1	Medical Level 2	Medical Level 3

* Those grouped as having cognitive impairment

Data were not available when Council set the fees

Indirect costs would amount an additional 5,500 Yen for all groups

Daily fees set by Council (Yen)

ADL Level 3	8,850	13,440	17,400
ADL Level 2	7,640		
ADL Level 1		12,200*	
	Medical Level 1	Medical Level 2	Medical Level 3

On average, about 1,000 Yen more paid according to physical facility standards met

*Those with cognitive impairment paid an additional 50 Yen per day

What happened?

- Cap placed on healthcare budget → Prime-Minister decided to revise the global fee rate by -3.16%
 - Fees for chronic care hospitals beds had to be reduced by 10% as some other areas (pediatrics etc.) had to be increased
- Ministry decides to reduce the number of chronic care beds from 250,000 to 150,000 by March, 2012
 - Punitive fees set so as to force hospitals to close beds
- Bureaucrat in charge believed that the fee structure should be simplified
 - Number of groups reduced from 11 to 6

The future?

- New study made to confirm the impact of the revision, and to make any necessary changes
- Grouping system, if not the fees, appears to be valid and reflect costs
- How will the fees be revised? → To be negotiated in Council in the coming months
- What should I do as an academic?