

# Recommendation: Suggestions for Building a Resilient and Greener Health Care System Considering Sustainability and Environmental Concerns in the Revision of Medical, Nursing Care, and Disability Welfare Service Fees

Discussions are currently underway for the simultaneous revision of fees for health care, long-term care, and welfare services for persons with disabilities from April to June 2024. Key issues to be discussed in this revision include how to secure financial resources in light of factors such as the increasing elderly population and decreasing working-age population in Japanese society, how to address shortages of service providers, what kind of coordinated delivery system is needed for health care, long-term care, and welfare for persons with disabilities, and how to effectively and efficiently utilize limited resources such as human resources, materials, and funds.

Our organization has launched the Planetary Health Project since fiscal year 2022, engaging in discussions with multiple stakeholders from industry, government, academia, and the public. Changes in the Earth's environment, including climate change, have become urgent challenges that threaten human health. In sectors such as healthcare, long-term care, and welfare services for persons with disabilities, where government control over goods and services is exercised, it is necessary for governments to provide direction to make changes that are sustainable and resilient to climate change, taking into account not only financial but also environmental aspects.

In this proposal, we recommend the following four points from a planetary health perspective.

## Recommendation 1: Revise and increase basic hospitalization premiums and other surcharges to support the introduction of renewable energy

### Reasons:

Soaring prices for utilities such as electricity, gas, and kerosene in recent years have increased operational expenses for healthcare institutions and are putting pressure on hospital, clinics, as well as on the management of care, welfare services for persons with disabilities, and other related services.. Higher prices for utilities means that fees such as inpatient hospitalization fees must be reviewed. Instead of simply increasing fees like inpatient hospitalization fees, from the perspective of Business Continuity Planning (BCP), such reviews should promote the utilization of environmentally friendly, renewable energy so patients can be provided with stable, continuous care during emergencies or natural disasters. In addition to being free of greenhouse gas (GHG) emissions, renewable energies are domestic sources of energy that can help reduce energy dependence on other countries. Their use will also enable decentralized energy production, which will enhance resilience to emergencies. The healthcare sector alone accounts for 4% to 5% of global net CO2 emissions, meaning its impact on the environment is significant. The carbon footprint of the healthcare sector in Japan has increased gradually from 5.6% in 2015 to 6.1% in 2019. In other sectors, to increase and to maintain corporate value, there are mechanisms in place to stimulate change between corporates and investors, and private companies continue to pursue Environment, Social, and Governance (ESG) investments under frameworks like the Science Based Targets (STBs), which is an initiative in which consistent reduction targets are set in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) or the Paris Agreement. These efforts may have allowed other sectors to take the lead over the health sector in shrinking their carbon footprints, but the reason for this is considered as lack of incentives for voluntary

behavior changes due to the service provision being based on fixed prices. To cover the additional expenses of introducing renewable energy, healthcare facilities can receive subsidies related to Green Transformation (GX) which are provided by the Ministry of the Environment (MOE), the Ministry of Economy, Trade, and Industry (METI), and local governments. Calling on hospitals, clinics and those involved in healthcare including long-term care to use subsidies will not be enough to encourage them to introduce renewable energy. We request incentives for renewable energy utilization to be added to fees such as basic hospitalization premiums that provide hospitals with continuous sources of revenue to encourage them to introduce renewable energy and to increase revenue at hospitals, clinics and actors involved in healthcare including long-term care.

## **Recommendation 2: Incentivize the green procurement of medical supplies and materials**

### **Reasons:**

In line with efforts for the environment across every ministry and agency, the Ministry of Health, Labour and Welfare (MHLW) is implementing measures to build awareness for green procurement and other environmentally-conscious administrative practices among healthcare facilities, manufacturers and distributors of pharmaceuticals and medical devices, and other such parties. The introduction of certain systems to make decarbonization an essential item in business administration has led to progress in these initiatives in the private sector. For example, businesses must make TCFD-related disclosures to be eligible for listing in the stock market. However, the absence of similar market-based systems may be causing the healthcare sector to fall behind. In addition to voluntary initiatives, the U.K. is working to decarbonize and decrease the environmental footprint of its health system under the Greener NHS framework. We request the establishment of incentives that encourage the green procurement of medical supplies and other materials used at facilities such as hospitals so similar progress can be made in Japan. In July 2017, Japan established regulations for devices called Remanufactured Single-Use Medical Devices (R-SUDs) with the goal of creating an environmentally friendly and sustainable society while reducing healthcare expenditures and maintaining safe medical services. R-SUDs are used single-use devices (SUDs) that can be sold as new devices after undergoing processing that includes inspection, disassembly, cleaning, sterilization, and other necessary steps. A system for promoting the development and use of R-SUDs should be created. Currently, reimbursement prices assigned to R-SUDs designated as “specified insured medical materials” are 0.7 times that of the original products. This discount means small profit margins for hospitals. Furthermore, the High-Cost Medical Care Benefit ensures that patients can access SUDs for the same copayments as R-SUDs. In other words, existing systems do not incentivize the use of R-SUDs and encourage their popularization. Steps should be taken to incentivize hospitals to purchase R-SUDs, such as by making reimbursements for specific insured medical materials more comprehensive by assigning them different classifications such as A1 and A2. It may also be necessary to introduce an Environmental Consideration Premium for the use of R-SUDs to make the purchase of R-SUDs a more attractive option for hospitals. It has been reported that the introduction of R-SUDs helped the U.S. reduce medical waste by 9,220 tons annually in addition to saving \$360 million per year in direct costs of medical resources. The introduction of R-SUDs is likely to help reduce rising healthcare expenditures.

## **Recommendation 3: Expand the Functional Enhancement Premium to include new reimbursements for ascertaining and evaluating home living environments**

### **Reasons:**

National statistics show that the leading cause of death in Japan is malignant neoplasms and that heat-related deaths caused by conditions like heat stroke account for less than 1% of all deaths. However, studies have shown that cardiovascular and respiratory diseases – which are the next most common causes of death and include heart disease, cerebrovascular disease, and pneumonia – are impacted by environmental factors like

climate change, and some are concerned that global warming will increase the risks of these diseases even more in the future. In Japan, “family doctors” are defined as, “Physicians who ascertain patients’ lifestyles to provide suitable healthcare and health guidance over the course of routine care, and who cooperate with local physicians, local healthcare institutions, and similar parties to provide solutions when it is necessary to provide healthcare and health guidance beyond the scope of their own expertise.” The Functional Enhancement Premium was established to strengthen family doctor services by supporting physicians’ efforts to ascertain what other healthcare facilities patients are visiting and what pharmaceuticals they are being prescribed. We request additional premiums be included within the Functional Enhancement Premium for efforts from family doctors to grasp home living conditions for patients, to evaluate those conditions, and to provide suitable information from the perspective of understanding how environmental factors like global warming are impacting patients.

#### **Recommendation 4: Expand long-term care service fee schedule premiums to support enhancements to home living environments (for heat stroke prevention, etc.)**

##### **Reasons:**

There has been a significant increase in the number of heat-related deaths due to heat waves in recent years. According to a report from the Tokyo Metropolitan Government Medical Examiner’s Office, in FY2021, 80% of heat stroke fatalities in Tokyo’s 23 wards occurred among older adults age 65 years and over and 90% of those who died indoors were not using air conditioning. As for non-fatal events, almost 600,000 people were treated for heat stroke at healthcare institutions in 2018. About 80% of them were older adults age 65 years and older. As people age, their ability to sense heat gradually decreases. This makes it difficult to effectively prevent heat stroke among older adults only by installing air conditioning or by improving home insulation. Adequate support must be provided to help older adults manage heat. Such support might include making continuous efforts to inform them about the use of air conditioning and installing thermometers so they can see when air conditioning is necessary. The Government is advancing measures to address heat stroke in the Action Plan for Heat Stroke Prevention and the National Plan for Adaptation to the Impacts of Climate Change. Measures for groups vulnerable to heat stroke such as older adults and children outlined in those plans include strengthening relevant organizations’ efforts for watching over or approaching vulnerable groups. The plans also mention raising awareness toward the effectiveness of air conditioning. To ensure real progress in these measures, we request support for heat stroke prevention that is provided together with family doctors be added to premiums for services provided by care managers, who play important roles in supporting everyday life for older adults. In addition to support related to heat stroke prevention, we also recommend establishing premiums related to home modifications or other living environment enhancements for fall prevention or for maintaining and improving activities of daily living (ADLs).

##### **Suggested Citation:**

Health and Global Policy Institute (2023). Recommendation: Suggestions for Building a Robust Health Care System Considering Sustainability and Environmental Concerns in the Revision of Medical, Nursing Care, and Disability Welfare Service Fees. <https://hgpi.org/en/research/greenerhealthsystem2023.html>

##### **■ About Health and Global Policy Institute (HGPI):**

Health and Global Policy Institute (HGPI) is a non-profit, independent, non-partisan health policy think tank established in 2004. In its capacity as a neutral think-tank, HGPI involves stakeholders from wide-ranging fields of expertise to provide policy options to the public to successfully create citizen-focused healthcare policies. Looking to the future, HGPI produces novel ideas and values from a standpoint that offers a wide perspective. It aims to realize a healthy and fair society while holding fast to its independence to avoid being bound to the specific interests of political parties and other organizations. HGPI intends for its policy options to be effective not only in Japan, but also in the wider world, and in this vein the institute will continue to be very active in creating policies for resolving global health challenges.