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LTCI reform is nothing but a drop in the ocean.

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[Abstract]

Ministry of Health, Labour and Welfare (MHLW) is going to make a big mistake about the issue of the long-term care insurance (LTCI) reform. Both LTCI and the social services for the disabled have financial weakness. Two systems will be combined one system by 2006. MHLW expects that it will be able to solve financial problems. However, it is nothing but a drop in the ocean.

This paper shows the MHLW's reform plan and the financial simulation of LTCI reform. The reform plan would not solve financial problems with two systems. The simulation analysis results that it is difficult to satisfy the expenditure of LTCI by the new premium income from the younger generations.

Alternative solution emphasizes on the burden of premium. LTCI should change from a short-term insurance to a long-term insurance with funding method. Only a long-term insurance can realize fairness among the generations.

Economics can point out the error of measure and present the alternative of measure.