

Workforce Management Newsletter

Issue 49, November 2019

In brief

1. On August 30, 2019, the Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Health Insurance Act, etc. was published to introduce the requirement to reside in Japan for the accreditation of dependents of health insurance and the certification of Category 3 Insured persons of the National Pension.
2. The Minimum Wage by prefecture for fiscal year 2019 came into effect.
3. As part of the Overwork elimination campaign, intensive supervision and guidance aimed at eliminating excessive work and unpaid overtime will be implemented in November.

In detail

1. Establishment of new requirement to reside in Japan for the accreditation of dependents of Health Insurance and the certification of Category 3 Insured Persons under the National Pension (Health Insurance Act, etc.)

(1) Detail

In May 2019, the Health Insurance Act and the National Pension Act were amended by the "Act for Partial Revision of the Health Insurance Act, etc. for promoting fair and efficient management of the Medical Insurance System" to introduce the requirement to reside in Japan for the accreditation of dependents for the Health Insurance and the recognition of Category 3 Insured Persons (*) of the National Pension. In response, the Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Health Insurance Act, etc. was published on August 30, 2019. The Health Insurance Act Enforcement Regulations and the National Pension Act Enforcement Regulations outlined the following details regarding the requirement to reside in Japan for dependents.

1) Exceptions to the requirement to reside in Japan

Due to the recent revision of the Health Insurance Act and the National Pension Act, the requirement for dependents of health insurance and the Category 3 Insured Persons of the National Pension was modified to the condition that they are resident in Japan. However, the following persons are not required to meet the requirement to reside in Japan as an exception:

- a. Students studying abroad
- b. A person who accompanies a person insured by Health Insurance to be posted abroad (for National Pension, a person who accompanies a Category 2 Insured Person *)
- c. A person who travels abroad temporarily for a purpose other than sightseeing, recreation or volunteer activities.

- d. A person with whom family relationship with/ A person who becomes a family member of an insured person under Health Insurance (or Category 2 Insured Person in the case of a National Pension) while said insured person is posted abroad and who is recognized as equivalent to the above b.
- e. In addition to the person listed in (a) to (d), a person who is recognized to have a basis for living in Japan in consideration of the purpose of his/her travel and other circumstances.

2) Persons for whom there are special reasons to be excluded from the application of the Health Insurance Act, etc.

As a result of the amendment of the Health Insurance Act Enforcement Regulations, it has been decided that the following persons do not satisfy the requirements for dependents. In addition, as a result of the amendment of the Enforcement Regulations of the National Pension Act, the following persons are excluded from the Category 1 Insured Persons (*) or Category 3 Insured Persons.

- a. Persons who visit Japan on a specified activities visa (i.e. medical stay) and stay in Japan for a considerable period of time and are hospitalized in a hospital or clinic to receive medical care for diseases and disabilities, persons who continuously receive medical care for such diseases and disabilities before and after such hospitalization, and persons who engage in activities to take care of such persons in their daily lives.
- b. Persons who visit Japan on a Visa for Designated Activities (Long-stay Visa for sightseeing and recreation), stay in Japan for a period not exceeding one year, engage in sightseeing, recreation and other similar activities.

3) Persons hospitalized in health care institutions as of the enforcement date

Persons who cease to be dependents of health insurance due to the enforcement of this Ministerial Ordinance and who have been hospitalized in health care institutions as of the date of enforcement (i.e. April 1, 2020) will continue to be considered as dependents during the period of their hospitalization.

4) Receipt of notifications prior to the effective date by the Minister of Health, Labour and Welfare and a Health Insurance Union

Even before the enforcement date of this Ministerial Ordinance, the Japan Health Insurance Association and health insurance societies are able to accept the following notifications,

- a. Notification of change of dependents stating that the dependent falls under the exception of the requirement to reside in Japan pursuant to the provisions after the amendment
- b. Notification of deletion of dependent for a person who ceases to fulfil the Requirements for dependent pursuant to the Amendment Regulations

In addition, the Minister of Health, Labour and Welfare can accept the following notifications even before the enforcement date of this Ministerial Ordinance concerning the National Pension,

- c. Notification when a Category 3 Insured Person of the National Pension falls under an exception to the requirement to reside in Japan pursuant to the provisions after the amendment
- d. Notification when a Category 1 Insured Person or a Category 3 Insured person of the National Pension loses the insured qualification pursuant to the provisions after the amendment

*) Insured persons under the National Pension

- Category 1 Insured Person: Persons/Individuals who are self-employed, agricultural/fishery workers, students, unemployed persons, and their spouse's (persons who are not covered by

Welfare Pension Insurance or Mutual Aid Associations, etc., and are not Category 3 Insured Persons) and of an age under 60 and residing in Japan.

- Category 2 Insured Persons: Employees of companies and civil servants who are covered by Welfare Pension Insurance and Mutual Aid Associations, etc. However, individuals who are 65 years old or more and are entitled to receive the Basic Old Age Pension, etc. are excluded.
- Category 3 Insured person: Spouse of a Category 2 Insured Person who has an annual income of less than 1,300,000 yen and is 20 years of age and but less than 60 years old, in principle.

(2) Date of enforcement

April 1, 2020 (However, the date of promulgation (August 30, 2019) was enforced for the point 4 above

For more information on the Law for Partial Revision of the Health Insurance Act, etc. for Promoting Fair and Efficient Management of the Medical Insurance System, please refer to the website of the Ministry of Health, Labour and Welfare below (information is only available in Japanese).

<https://www.mhlw.go.jp/topics/bukyoku/soumu/houritu/198.html>

For more information on the Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Health Insurance Act, etc., please refer to the website of the Ministry of Health, Labour and Welfare below (information is only available in Japanese).

<https://www.mhlw.go.jp/hourei/doc/hourei/H190830S0010.pdf>

"Law for Partial Revision of the Health Insurance Act, etc. for Promoting Fair and Efficient Management of the Medical Insurance System" is also introduced in the newsletter Issue# 47 (published in June 2019) (information is only available in Japanese).

<https://www.pwc.com/jp/ja/knowledge/news/tax-cas/wmn-vol47.html>

2. Minimum Wage for Fiscal 2019 by prefecture

The Minimum Wage for fiscal year 2019 by prefecture came into effect sequentially during the period between October 1, 2019 to the middle of October. The revised amount of national weighted average was 901 yen per hour (874 yen per hour in the previous year). The national weighted average increase of 27 yen is the highest increase since the beginning of the reference system in 1978. In Tokyo and Kanagawa, the hourly wage exceeded 1,000 yen for the first time in Japan.

Minimum wages per hour for the main prefectures are as follows.

	FY2019	FY2018	Plan Effective Date
Tokyo	1,013 yen	985 yen	October 1, 2019
Kanagawa prefecture	1,011 yen	983 yen	
Osaka prefecture	964 yen	936 yen	

The minimum wages for each prefecture can be confirmed on the following website of the Ministry of Health, Labour and Welfare (information is only available in Japanese).

https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/roudoukijun/minimumichiran/

3. About the Overwork elimination campaign

The Ministry of Health, Labour and Welfare stipulates November as the "Month to Encourage the Prevention of Overwork Death", and the "Overwork elimination campaign" will be held in November as a part of the efforts to prevent death due to overwork.

These activities include intensive supervision and guidance aimed at eliminating excessive work and malicious unpaid overtime, as well as the establishment of a "Counselling Dial for the Elimination of Overwork," which offers free counselling on labor issues. With regard to supervisory guidance, intensive supervisory guidance will be provided to workplaces that have claimed the benefit of Worker's Accident Compensation Insurance, such as death due to overwork, and companies that are suspected of "disposable" of young people.

For more information on the Overwork elimination campaign, please refer to the website of the Ministry of Health, Labour and Welfare below (information is only available in Japanese).

<https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/roudoukijun/campaign.html>

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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<https://www.pwc.com/jp/ja/services/tax/outsourcing/hr-consulting.html>

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