

National Center for Geriatrics and Gerontology (National Research and Development Agency)

<http://www.ncgg.go.jp/>

1. Summary of operations implemented using FILP funds

The National Center for Geriatrics and Gerontology (NCGG) constructs new buildings for medical care services, installs medical equipment there, implements surveys, research and technology development for medical care regarding aging-related diseases that exert great impacts on citizens' health and allows the provision of medical care services and training of technicians for these operations to integrally function in order to provide better medical care services to citizens.

2. Amount of lending under FY2019 FILP

(Unit: billion yen)

FY2019 FILP	Estimated outstanding amount of FILP lending at the end of FY2018
1.8	5.6

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
1. Government expenditure (subsidies, etc.)	-	2.4	+2.4
2. Government revenue (payments to the government, etc.)*	-	-	-
3. Opportunity cost of capital investments, etc.	-	3.0	+3.0
Total (1+2+3=policy cost(A))	-	5.3	+5.3
Analysis period (years)	- years	33 years	+33 years

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
(A) Policy cost (previously cited)	-	5.3	+5.3
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	-	2.4	+2.4
2) Policy cost expected to be newly accrued during the analysis period	-	2.9	+2.9
Government expenditure (subsidies, etc.)	-	2.4	+2.4
Government revenue (payments to the government, etc.)*	-	-	-
Opportunity cost of surplus, etc.	-	0.5	+0.5
Opportunity cost of capital investments, etc.	-	-	-

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

		FY2018	FY2019	Simple fluctuation
Policy cost	Simple comparison (before adjustment)	-	5.3	+5.3
	Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2019 analysis)	2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2018)	Real fluctuation (2-1)

Exempted from policy cost analysis in the previous year

(4) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	A case in which a fundraising interest rate is raised by 1 %	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
5.3	6.8	+1.5	-0.3	-	+1.8

(A) Policy cost (previously cited)	A case in which medical care service revenues are cut by 1%	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
5.3	6.3	+1.0	-	-	+1.0

(Note) Components in each column may not add up to the total because of rounding.

* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

4. Outline of estimation and project prospect employed in the analysis

[Outline of estimation]

- Operations subject to the analysis construct buildings and install medical equipment there for the NCGG to provide medical care regarding aging-related diseases that exert great impacts on citizens' health.
- Subject to the analysis are FY2019 operations worth 1.8 billion yen. The analysis period is 33 years during which borrowings regarding those operations will be repaid.

[Approach on future operations]

- Medical care service revenues, a major precondition exerting great influence on increases or decreases in policy costs, are estimated to gradually increase, with considerations given to documents under Article 28 of the Public Finance Act for operations to FY2019, to growth in patients and medical care scores through the completion of a new outpatient building in FY2017 and the planned completion of a new building in FY2021 and to business efforts. The revision of medical services represents an uncertain factor and is not reflected in the estimation.

(Unit: million yen)

FY	Result				Estimated	Planned	Assumptions for calculation				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Medical services revenues	5,555	5,616	5,723	6,012	6,503	6,940	6,966	7,005	7,044	7,097	7,124
Medical services expenses	5,250	5,304	5,291	5,894	6,656	6,684	7,042	7,403	7,055	6,969	6,922

5. Reasons for granting of subsidies, mechanism and underlying laws

(Reasons)

In order to contribute to the progress and improvement of public health through the improvement of advanced technical medical services for age-related diseases as a national medical policy by carrying out investigation, research, and exploitation of techniques of medical services for age-related diseases, and providing medical services closely related to these works and giving training to technicians.

(Underlying laws and regulations)

Article 46 of the Act on General Rules for Incorporated Administrative Agencies (Act No.103 of 1999)

(Delivery of Financial Resources)

Article 46 The national government may give incorporated administrative agencies grants equivalent to all or any part of the funds necessary for their operations.

(Underlying laws and regulations for the payments to the national treasury)

Article 20, Paragraph 1 and 2 of the Act on National Research and Development Agencies that Conduct Research related to Advanced and Specialized Medical Care (Act No.93 of 2008)

Paragraph 1 of Article 20

(Disposition of Reserve Funds)

National Centers for Advanced and Specialized Medical Care may, if there is a reserve fund as prescribed by Article 44, Paragraph 1 of the Act after the deposition as prescribed by Article 44, Paragraph 1 or 2 of the Act in the last fiscal year of the project in the period of the medium to long-term target (hereinafter referred to as "medium to long-term target period") as prescribed by Article 35-4, Paragraph 2, Item 1 of the Act, use the amount approved by Minister of Health, Labour and Welfare as revenue for operations which National Centers for Advanced and Specialized Medical Care conduct, as prescribed by from Article 13 to 19 in the next medium to long-term target period as specified in the medium to long-term plan approved as prescribed by Article 35-5, Paragraph 1 of the Act concerning next medium to long-term target period (if any change is approved as prescribed by the same Paragraph, use the plan after the change).

Paragraph 2 National Centers for Advanced and Specialized Medical Care may deduct from the amount equal to the reserve specified in Paragraph 1 the amount approved under the said Paragraph. After the deduction, the remaining amount, if any, shall be paid to the national treasury.

Paragraph 3 (omitted)

6. Special remarks

Under provisions of the Act on Incorporated Administrative Agency engaging in Research on Highly Specialized Medicine (Act No. 93 of 2008), the National Center for Geriatrics and Gerontology covered by the now-defunct special account for national advanced medical centers became an incorporated administrative agency with the same name. Later, under provisions of Article 130 of the Act on the Arrangement of Relevant Acts Incidental to Enforcement of the Act Partially Amending the Act on General Rules for Incorporated Administrative Agencies (Act No. 67 of 2014), the National Center for Geriatrics and Gerontology became a national research and development agency with the same name.

(Reference) Outcome and social and economic benefits of operations

1. Diagnostic treatment

The Center provides advanced pioneering medical technologies concerning diseases unique to elderly people and tries to standardize geriatrics and gerontology to enhance effectiveness and safety for elderly people.

Specifically, the Center (i) compiles its research outcomes and knowledge of domestic and overseas research institutes and medical institutes, etc., and provides advanced pioneering medical services to prevent, diagnose, and treat diseases unique to elderly people and to restore their deteriorated functions; and (ii) makes efforts for the standardization of geriatrics and gerontology more effective and safer for elderly people, based on the outcomes of clinical research conducted jointly by the research institute and the hospital, while providing medical services based on the most recent scientific grounds and seeking safer application of existing medical technologies whose effectiveness has already been proved, such as minimally invasive operations and drug therapies safer and optimal for elderly people.

The Center also offers medical services and comprehensive assistance in relation to dementia and provides model medical care services at home.

2. Research

The Center promotes studies for figuring out the onset mechanism of dementia and preventing deterioration of elderly people's self-reliance levels, and has also been carrying out long-term research and surveys on age changes covering broad fields of medical science, psychology, exercise physiology, nutrition science, etc.

[Specific achievements in FY2017]

1) The NCGG tackled essential investigation, prevention, diagnosis and therapy approach development for diseases that it covers, particularly dementia (Alzheimer's disease), making great contributions to the promotion of medical care.

1. Developing a blood biomarker for Alzheimer's disease for the first time in the world

2. Advancing the development of a preemptive medicine for Alzheimer's disease to a phase before licensing-out

3. Building the world's first cohort registry for dementia based on the time axis

2) The NGCC built and used an orange registry to essentially investigate and identify dementia and other aging-related diseases and develop clinical test infrastructure. It promoted the registry and developed arrangements for clinical research and tests.

The NGCC also developed cooperation with other large cohorts in Japan, creating a globally unprecedented cohort research infrastructure covering a wide range of elderly people.

3. Educational training

- Fostering of dementia support doctors (6 training sessions were held in FY2017; The total number of persons who received training has reached 8,217 since the commencement of the training program)

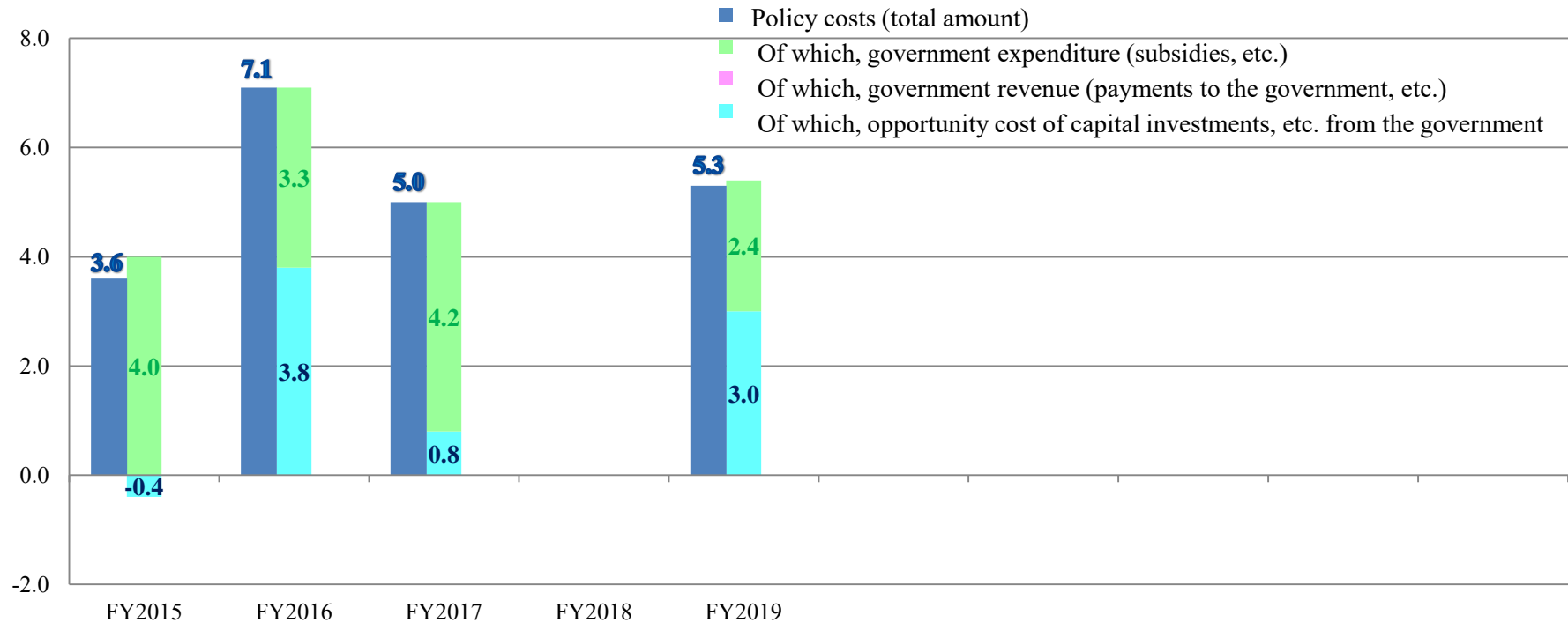
- Training sessions for initial dementia patient support team members (8 sessions were held in FY2017. The cumulative number of people finishing these sessions since their launch stands at 6,411.)

- Holding a general public forum for promoting dementia treatment and care

(Reference) Changes in Policy Costs by Component

National Center for Geriatrics and Gerontology (National Research and Development Agency)

(Unit: billion yen)



Note: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates

(Points)

- Policy costs include the opportunity cost of Government subsidies regarding medical services (including management expenses grants) and capital investments from the Government.

(Reference) Financial Statements

Balance Sheet

(Unit: million yen)

Item	End of FY2017 (Result)	End of FY2018 (Estimated)	End of FY2019 (Planned)	Item	End of FY2017 (Result)	End of FY2018 (Estimated)	End of FY2019 (Planned)
(Assets)				(Liabilities and equity)			
Current assets	4,006	3,348	3,521	Current liabilities	2,781	1,931	2,023
Cash and bank deposits	2,349	1,985	2,110	Debt from grants for operation cost	72	-	-
Accounts due for medical operations	916	1,104	1,108	Donation received	123	127	145
Accounts receivable	591	200	245	Long-term loans to be repaid within a year	56	76	71
Inventory assets	40	40	40	Accounts payable	216	342	379
Other current assets	110	19	19	Money unpaid	1,765	838	861
Fixed assets	15,606	14,522	18,132	Unpaid consumption tax, etc.	-	8	8
Tangible fixed assets	15,589	14,510	15,865	Advances received	90	90	90
Buildings	10,308	9,699	9,091	Deposit received	132	132	132
Structures	258	234	214	Accrued expenses	0	0	0
Medical instruments and equipment	850	695	1,009	Reserves			
Other instruments and equipment	876	586	364	Reserve for bonuses	326	317	337
Vehicles	3	2	1	Fixed liabilities	7,925	7,549	11,708
Land	3,294	3,294	3,294	Asset collateral liabilities	894	693	962
Construction in progress	-	-	1,893	Grants for asset collateral operation cost	423	349	252
Intangible fixed assets	16	11	6	Asset collateral subsidies	448	331	214
Software	11	7	2	Asset collateral contributions	23	13	3
Telephone subscription right	0	0	0	Collateral facilities expenses for construction in progress	-	-	492
Other intangible fixed assets	4	4	4	Long-term loans payable	5,588	5,512	7,241
Investment and other assets	1	1	2,262	Unpaid long-term expenses	1,377	1,278	1,179
Long-term loan receivable	10	10	10	Reserves	66	66	2,327
Reserves for repayment exemption	-9	-9	-9	Provision for retirement benefits	0	0	2,261
Prepaid long-term expenses	0	0	0	Reserves for environment protection measures	66	66	66
Bankruptcy or rehabilitation claims, etc.	12	13	14	(Total liabilities)	10,706	9,480	13,731
Loan loss provisions	-12	-13	-14	Capital			
Return for provision for retirement benefits	-	-	2,260	Financing by the Government	10,334	10,334	10,334
				Capital surplus	-1,971	-2,224	-2,454
				Capital surplus	2,865	2,865	2,865
				Other administrative costs accumulated	-4,836	-5,089	-5,319
				Amount equivalent to accumulated depreciation cost (-)	-4,614	-4,867	-5,097
				Amount equivalent to accumulated net gains or losses on sale or disposal (-)	-222	-222	-222
				Retained earnings	544	280	43
				Reserve carried forward during former medium-term target period	787	544	280
				Unappropriated loss for the period (-)	-243	-264	-237
				(of this, gross loss (-))	-243	-264	-237
				(Total equity)	8,906	8,390	7,923
Total assets	19,612	17,870	21,654	Total liabilities and equity	19,612	17,870	21,654

(Note) Components may not add up to the total because of rounding.

Income Statement

(Unit: million yen)

Item	FY2017 (Result)	FY2018 (Estimated)	FY2019 (Planned)
Ordinary expenses	10,600	11,951	11,644
Operating expenses	10,558	11,896	11,590
Research operating expenses	1,001	1,084	1,183
Clinical research operations expenses	2,842	3,341	2,756
Medical care operations expenses	5,894	6,656	6,684
Education and research operations expenses	339	305	305
Information operating expenses	88	86	87
General and administrative expenses	393	424	574
Other ordinary expenses	42	55	54
Ordinary income	10,454	11,683	11,407
Income from grants for operating expenses	2,964	2,872	2,736
Operating income	7,075	8,449	8,408
Research operating income	3	-	-
Clinical research operations income	830	1,535	1,121
Medical care operations income	6,023	6,692	6,944
Education and research operations income	216	218	218
Other operating income	4	4	126
Other ordinary income	415	362	263
Ordinary loss	146	269	237
Temporary losses	100	-	2,353
Loss on retirement of fixed assets	33	-	-
Cost of retirement of fixed assets	67	-	-
Other temporary losses	-	-	2,353
Temporary profits	4	5	2,353
Reversal of allowance for doubtful receivables	1	-	-
Other temporary profits	2	5	2,353
Net loss	243	264	237
Gross loss	243	264	237

(Note) Components may not add up to the total because of rounding.