

# National Cerebral and Cardiovascular Center (National Research and Development Agency)

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

## 1. Summary of operations implemented using FILP funds

The National Cerebral and Cardiovascular Center unerringly provides citizens with better-quality healthcare by developing medical facilities and machines, by conducting surveys and developing research and technology on medical measures against cardiovascular disease that have a grave impact on the health of citizens, and by integrating the relevant healthcare services with the training of technicians.

## 2. Amount of lending under FY2016 FILP

(Unit: billion yen)

FY2016 FILP	Estimated outstanding amount of FILP lending at the end of FY2015
2.0	4.0

## 3. Estimated policy (subsidy) cost analysis of the project

### (1) Policy (subsidy) cost (Unit: billion yen)

Category	FY2015	FY2016	Fluctuation
1. Subsidies, etc. from the Government	10.7	10.5	-0.2
2. Money transferred to the Government	-	-	-
Subtotal (1+2)	10.7	10.5	-0.2
3. Opportunity cost of capital investments, etc. from the Government	1.4	8.6	+7.3
Subtotal (1+2+3)	12.1	19.2	+7.1
4. Fluctuation in retained losses	-	1.8	+1.8
Total (1+2+3+4=policy cost(A))	12.1	21.0	+8.9
Analysis period (years)	29	28	-1

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

Category	FY2015	FY2016	Fluctuation
(A) Policy cost (previously cited)	12.1	21.0	+8.9
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	8.2	8.6	+0.5
2) Policy cost expected to be newly accrued during the analysis period	3.9	12.3	+8.4
Subsidies, etc. from the Government	10.7	10.5	-0.2
Money transferred to the Government	-	-	-
Policy cost accrued with a change in surplus funds	-6.8	1.8	+8.6
Opportunity cost of capital investments, etc.	-	-	-

<Reference> Budgeted amounts of subsidies and capital investment in FY2016

Subsidies: 0.7 billion yen  
Capital investment: - billion yen

### (3) Year-to-Year comparison analysis (Unit: billion yen)

Category	FY2015	FY2016	Fluctuation
(A) Policy cost (previously cited)	12.1	21.0	+8.9
(A') Policy cost obtained by re-calculating (A) using the same assumed interest rate as in the FY2015 analysis	12.1	20.3	+8.2
(B) Policy cost of (A') generated in FY2016 or later	9.0	20.3	+11.3

Policy cost in FY2016 is 21.0 billion yen. The analysis shows an increase of 11.3 billion yen in real policy cost over FY2015 when the effect of change in the assumed interest rate for FY2015 and FY2016 is eliminated and the policy cost that accrues in FY2016 and thereafter are compared. This increase in real policy cost is considered to be attributable to the following factors:

- Increase in cost due to increase in operating cost grants, etc. (+0.4 billion yen)
- Increase in cost due to an increase in depreciation cost (+16.4 billion yen)
- Decrease in cost due to the growth in earnings, etc. (-5.6 billion yen)

### (4) Sensitivity analysis (cases where assumptions change) (Unit: billion yen)

Changed assumption and extent of change	Policy Cost (Fluctuation)
Funds raised +1%	27.1 (+6.1)
Fluctuation in opportunity cost	+7.1
Income from medical works -1%	23.7 (+2.7)
Fluctuation in opportunity cost	+2.7

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

[Outline of estimation]

The estimation covers facility renovation and development by the National Cerebral and Cardiovascular Center (National Research and Development Agency) necessary for providing medical services for cardiovascular disease that have a grave impact on the health of citizens. The scale of projects is estimated to be ¥50.1 billion from FY2016 to FY2018. The length of analysis period is 28 years, during which the redemption of debts related to the projects will be completed.

[Project prospect]

Medical services revenues, which serve as major preconditions that exert a significant influence on changes in the policy cost, are estimated to slightly increase from FY2016 to FY2018, until the completion of the transfer, and to increase due to the transfer and restrictions on patients to be accepted after the transfer in FY2019. Revenues are expected to increase by 2.3 billion yen in FY2020 from FY2018 and to remain unchanged thereafter. The revision of medical service fees is an uncertain factor and is not taken into account.

(Unit: million yen)

	Result				Estimated	Planned	Assumptions for calculation				
FY	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Medical services revenues	18,527	20,138	21,129	21,866	23,393	23,794	23,824	23,824	24,938	26,154	26,154
Medical services expenses	16,768	17,896	18,286	19,619	21,206	21,068	21,692	21,692	22,302	22,867	22,867

\* Components in each column may not add up to the total because of rounding.

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

Reasons for granting of subsidies and mechanism  
(Reasons)

In order to contribute to the progress and improvement of the public health, improving the high and technical medical treatments of cardiovascular diseases and other diseases as a national medical policy by carrying out the investigation, research, and exploitation of techniques of medical treatments of cardiovascular diseases and providing medical treatments related closely to these works, and training of engineers.

(Underlying laws and regulations)

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

The government may, within the scope of the budget, deliver to an Incorporated Administrative Agency an amount, equivalent to all or part of the necessary amount of money, to be appropriated to the financial resources for its operations.

Paragraph 2 (omitted)

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

Article 20, Paragraph 1 and 3 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

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 In addition to what is provided for in the preceding two paragraphs, procedures for making payments and other matters concerning disposition of accumulated funds shall be provided for by Cabinet Order.

## 6. Special remarks

Based on the Act on the Promotion of Administrative Reform to Realize Simple and Efficient Government (Act No. 47 of 2006) and Act on Incorporated Administrative Agency Engaging in Research on Highly-Specialized Medicine (Act No. 93 of 2008), etc., the Special Account of the National Center for Advanced and Specialized Medical Care was abolished as of the end of FY2009, and the National Center for Advanced and Specialized Medical Care was reorganized into an Incorporated Administrative Agency on April 1, 2010.

Under the provisions of Article 130 of the Act on the Arrangement of the Relevant Acts Incidental to Enforcement of the Act for Partial Amendment of the Act on the General Rules for Incorporated Administrative Agencies (Act No. 67 of 2014), the National Cerebral and Cardiovascular Center (Incorporated Administrative Agency) was reorganized into the National Cerebral and Cardiovascular Center (National Research and Development Agency) on April 1, 2015.

## (Reference) Outcome and social and economic benefits of operations

○ Diagnostic treatment

In order to ascertain and control cardiovascular diseases, which is the mission of the Center, and to maximize the outcome of research and development, which is the objective of the National Research and Development Agency, the Center develops and provides advanced pioneering medical services for cardiovascular diseases, including the clinical application of its research results, and thereby leads special medical services in Japan in the field of cardiovascular diseases. Specifically, the Center conducts the following:

- 1) Provision of advanced pioneering medical services
- 2) Development and provision of new treatment system models
- 3) Organ transplants
- 4) Auxiliary artificial heart treatment
- 5) Pre-emptive preventive care for cardiovascular diseases

○ Research

The Center prioritizes the following, in particular, in its research and development:

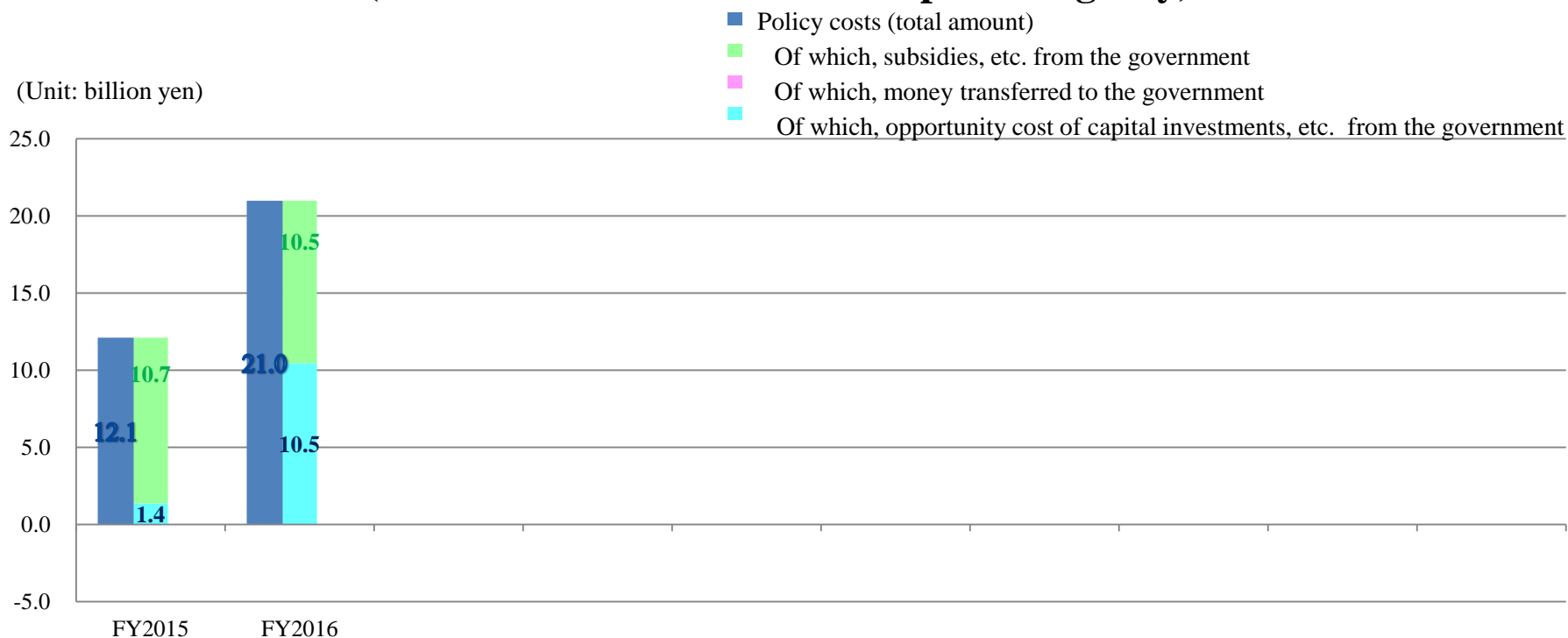
- 1) Development of innovative medical devices and drugs
- 2) Research and development of new treatment methods in the fields of cardiovascular diseases and adult diseases
- 3) Research and development of innovative treatment methods
- 4) Research and development of prevention of adult diseases

○ Educational training

The Center promotes the development of personnel who can serve as leaders in medical services for cardiovascular diseases by further improving education and training programs for not only doctors but also nurses and other healthcare professionals in light of the movements concerning the specialist doctor system in the academic medical societies and the recent trends in fostering experts.

# (Reference) Changes in Policy Costs by Component

## <National Cerebral and Cardiovascular Center (National Research and Development Agency)>



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

### (Points)

- Subsidies (grants for operation cost, etc.) from the government and opportunity cost of capital investments, etc. from the government to develop hospital wards regarding medical services, etc. and maintenance of medical equipment become policy costs.
- In FY2016, the policy cost increased due to increase in depreciation cost, etc.

(Reference) Financial Statements

Balance Sheet (Unit: million yen)

Item	End of FY2014 (Result)	End of FY2015 (Estimated)	End of FY2016 (Planned)	Item	End of FY2014 (Result)	End of FY2015 (Estimated)	End of FY2016 (Planned)
(Assets)				(Liabilities and equity)			
Current assets	15,572	12,758	14,544	Current liabilities	5,541	5,148	4,963
Cash and bank deposits	10,537	8,047	9,772	Subsidy received, etc.	5	-	-
Accounts due for medical operations	3,998	4,264	4,292	Donation received	95	-	-
Accounts receivable	856	266	299	Long-term loans to be repaid within a year	270	240	172
Inventory assets	134	134	134	Accounts payable	1,583	1,591	1,664
Prepaid expenses	15	15	15	Money unpaid	2,363	1,993	1,822
Other current assets	32	32	32	Lease obligation to be paid within a year	40	40	21
Fixed assets	22,543	26,850	28,579	Unpaid consumption tax, etc.	19	20	20
Tangible fixed assets	22,195	26,425	28,171	Advances received	180	180	180
Buildings	3,341	2,828	2,320	Deposits payable	390	390	390
Structures	39	33	27	Unpaid expenses	0	0	1
Medical instruments and equipment	1,404	1,051	632	Reserves	595	693	693
Other instruments and equipment	2,569	1,975	1,713	Reserve for bonuses	595	693	693
Vehicles	14	7	0	Fixed liabilities	3,595	5,908	9,690
Land	9,274	14,474	14,474	Asset collateral liabilities	2,030	2,838	3,301
Temporary account for buildings	5,553	6,058	9,005	Grants for asset collateral operation cost	780	602	1,164
Intangible fixed assets	287	374	358	Asset collateral subsidies	1,201	1,064	618
Software	282	370	356	Asset collateral contributions	49	105	95
Telephone subscription right	0	0	0	Collateral facilities expensesof the temporary account for buildings	-	1,067	1,424
Other intangible fixed assetss	5	4	2	Long-term loans payable	707	2,257	5,595
Investment and other assets	61	52	50	Lease liabilities	65	25	4
Long-term loan receivable	41	42	50	Allowances	319	312	313
Long-term prepaid expenses	19	10	-	Allowance for retirement benefits	14	7	8
Bankruptcy or rehabilitation claims, etc.	19	20	21	Reserves for environment protection measures	305	305	305
Loan loss provisions	- 19	- 20	- 21	Asset retirement obligation	474	476	478
				(Total liabilities)	9,136	11,056	14,653
				Capital	28,692	28,692	28,692
				Financing by the Government	28,692	28,692	28,692
				Capital surplus	579	376	174
				Capital surplus	3,438	3,438	3,438
				Accumulated depreciation outside of profit and loss (-)	- 2,768	- 2,971	- 3,172
				Accumulated impaired loss outside of profit and loss (-)	- 91	- 91	- 91
				Loss carried forward	- 292	- 516	- 396
				Reserve fund or loss carried forward	27	- 292	- 516
				Unappropriated retained earnings or unappropriated loss for the current year	- 319	- 224	119
				(Of this, gross profit or loss )	- 319	- 224	119
				(Total equity)	28,979	28,552	28,470
Total assets	38,115	39,608	43,123	Total liabilities and equity	38,115	39,608	43,123

Notes 1. The balance sheet includes costs for projects other than those subject to the policy cost analysis.  
2. Components may not add up to the total because of rounding.

Income Statement (Unit: million yen)

Item	FY2014 (Result)	FY2015 (Estimated)	FY2016 (Planned)	Item	FY2014 (Result)	FY2015 (Estimated)	FY2016 (Planned)
(Losses)				(Profits)			
Ordinary expenses	30,014	30,966	30,509	Ordinary income	29,702	30,735	30,628
Operating expenses	29,956	30,910	30,417	Operating income	23,655	25,799	26,024
Research operating expenses	3,106	3,384	3,282	Research operating income	1,270	1,977	2,014
Clinical research operations expenses	2,405	2,219	2,242	Clinical research operations income	193	144	169
Medical care operations expenses	21,339	22,691	22,259	Medical care operations income	22,176	23,661	23,824
Education and research operations expenses	1,789	1,090	1,017	Education and research operations income	16	17	18
Information operating expenses	153	133	133	Other ordinary income	6,046	4,936	4,604
General and administrative expenses	1,163	1,393	1,484	Temporary profits	2	7	-
Other ordinary expenses	58	56	92	Other temporary profits	2	7	-
Temporary losses	9	-	-	Net loss	319	224	-
Loss on retirement of fixed assets	9	-	-	Gross loss	319	224	-
Net profit	-	-	119				
Gross profit	-	-	119				
Total	30,022	30,966	30,628	Total	30,022	30,966	30,628

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