

Medical Care Act

(Act No. 205 of July 30, 1948)

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Chapter I - General Provisions

Article 1 The purpose of this Act is to contribute to the protection of the health of the nation by safeguarding the interests of the recipients of medical care and ensuring a system that efficiently delivers good quality and well-suited medical care, by means of providing for the necessary matters to support well-suited choices about medical care by the recipients thereof, the necessary matters to ensure the safety of medical care, the necessary matters concerning the establishment and management of hospitals, clinics, and birthing centers, and

the necessary matters to develop such facilities and promote the sharing of functions and cooperation between medical institutions.

Article 1-2 (1) Medical care shall be carried out in accordance with the physical and mental state of the recipient of medical care, based on a relationship of trust between the physician, dentist, pharmacist, nurse, or other medical care professional and the recipient of medical care, in a way which respects life and ensures the dignity of the individual, and shall be of good quality and well-suited, including, in addition to medical treatment, measures to prevent illness and rehabilitation measures.

(2) Medical care shall be provided as a basis for efforts to ensure and improve the health of the nation, placing proper regard on the wishes of the recipients of medical care, and seeking efficiency and organic coordination among associated services such as welfare services, in accordance with the functions of the medical institutions (hereinafter referred to as "medical care functions"), in hospitals, clinics, long-term care health facilities, dispensing pharmacies, and other facilities that deliver medical care (hereinafter referred to as "medical institutions"), and in the homes of the recipients of medical care.

Article 1-3 The national and local governments shall endeavor to ensure a system that will efficiently provide good quality and well-suited medical care to the nation based on the concepts provided in the preceding Article.

Article 1-4 (1) Physicians, dentists, pharmacists, nurses, and other medical care professionals shall endeavor to deliver good quality and well-suited medical care to the recipients of medical care, based on the concepts provided for in Article 1-2.

(2) In the delivery of medical care, a physician, dentist, pharmacist, nurse or other medical care professional shall give appropriate explanations and endeavor to foster understanding in the recipients of medical care.

(3) Physicians and dentists practicing at a medical institution shall, when necessary, refer recipients of medical care to other medical institutions, provide information concerning diagnoses or prescriptions as required for the treatment of recipients of medical care to physicians, dentists, or pharmacists engaged in diagnoses or prescriptions at other medical institutions, and shall undertake other measures as required to contribute to a sharing of functions and cooperation among medical institutions.

(4) In the case that a patient leaving a hospital or clinic requires further recuperation, the administrator of said hospital or clinic shall seek cooperation with providers of health and medical services or welfare services, and have the consideration to enable said patient to continue recuperation in an appropriate

environment.

- (5) The organizers and administrators of a medical institution shall have the consideration to allow physicians, dentists, pharmacists, nurses, and other medical care professionals who do not work at said medical institution to use the buildings or equipment thereof in order to carry out their practices, research, or training, to foster the dissemination of medical care techniques, and to efficiently provide medical care.

Article 1-5 (1) The term "hospital" as used in this Act means a facility for the hospitalization of not less than 20 patients, where physicians or dentists carry out medical practices or dental practices for the public or other specific groups of people. A hospital shall be organized and operated primarily for offerings facilities that enable the scientific and proper treatment of the sick and injured.

- (2) The term "clinic" as used in this Act shall mean a facility with no in-patient capacity, or a facility for the hospitalization of no more than 19 patients, where physicians or dentists carry out medical practices or dental practices for the public or other specific groups of people.

Article 1-6 The term "long-term care health facility" as used in this Act shall mean a long-term care health facility pursuant to the provisions of the Long-Term Care Insurance Act (Act No. 123 of 1997).

Article 2 (1) The term "birthing center" as used in this Act shall mean a place where midwives perform services (excluding those carried out in a hospital or clinic) for the public or other specific groups of people.

- (2) A birthing center shall have in-patient facilities for no more than nine pregnant women, women in labor, or women resting after childbirth.

Article 3 (1) No place that carries out the medical treatment of illnesses (including birthing assistance) and that is not a hospital or clinic shall bear a name that includes the term "hospital," "branch hospital," "maternity hospital," "sanatorium," "clinic," "dispensary," "doctor's office," or any other name that may cause it to be mistaken for a hospital or clinic.

- (2) No clinic shall bear a name that includes the term "hospital," "branch hospital," "maternity hospital," or any other name that may cause it to be mistaken for a hospital.

(3) A facility which is not a birthing center shall not bear a name that includes the term "birthing center" or any other name that may cause it to be mistaken for a place where midwives perform services.

Article 4 (1) A hospital established by the national government, a prefecture,

municipality, a social medical corporation as provided for in Article 42-2(1), or any other party as prescribed by the Minister of Health, Labour and Welfare, and that meets the following conditions concerning the necessary support to ensure community medical care, may bear a name that includes the term "regional medical care support hospital" for its area, with the approval of the prefectural governor:

- (i) Medical care is provided to patients who have been referred from other hospitals or clinics, and a system is in place that allows physicians, dentists, pharmacists, nurses, and other medical care professionals who do not work at said hospital to use all or part of its buildings, equipment, instruments, or tools for their practices, research, or training.
 - (ii) It is capable of providing emergency medical care.
 - (iii) It is capable of carrying out training to enhance the quality of community medical care professionals.
 - (iv) It has facilities for not less than the number of in-patients prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
 - (v) It has the facilities provided for in Article 21(1)(ii) through (viii) and (x) through (xii), and Article 22(i), and (iv) through (ix).
 - (vi) The buildings and equipment of the facility meet the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in Article 21(1) and Article 22.
- (2) In granting approval as set forth in the preceding paragraph, the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.
- (3) A facility that is not a regional medical care support hospital shall not bear a name that includes the term "regional medical care support hospital" or a name that may cause it to be mistaken for such.

Article 4-2 (1) A hospital that meets the following requirements may bear the name "advanced treatment hospital," with the approval of the Minister of Health, Labour and Welfare:

- (i) It is capable of providing advanced medical care.
- (ii) It is capable of carrying out the development and evaluation of advanced medical care techniques.
- (iii) It is capable of carrying out training on advanced medical care.
- (iv) It has, amongst its clinical departments, clinical departments as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.
- (v) It has facilities for not less than the number of in-patients prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (vi) Its personnel meet the requirements prescribed by the Ordinance of the

- Ministry of Health, Labour and Welfare set forth in Article 22-2.
- (vii) It has the facilities provided for in Article 21(1)(ii) through (viii) and (x) through (xii), and Article 22-2(ii), and (v) through (vi).
 - (viii) The buildings and equipment of the facility meet the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in Article 21(1) and Article 22-2.
- (2) In granting approval as set forth in the preceding paragraph, the Minister of Health, Labour and Welfare shall hear the opinions of the Social Security Council in advance.
- (3) A facility that is not an advanced treatment hospital shall not bear the name "advanced treatment hospital" or a name that may cause it to be mistaken for such.

Article 5 (1) A physician or dentist who practices solely through house calls for the public or other specific groups of people, or a midwife who engages in services solely through out-calls shall consider each such address as his/her clinic or birthing center with regards the applicability of the provisions set forth in Article 6-5, or Article 6-7, Article 8 and Article 9.

- (2) A prefectural governor, a mayor of a city as prescribed by the Cabinet Order as set forth in Article 5(1) of the Community Health Act (Act No. 101 of 1947) (hereinafter referred to as a "city with a public health center"), or a mayor of a special ward of Tokyo may, when he/she finds it necessary, order a physician, dentist, or midwife as provided for in the preceding paragraph to report as required, or may order the submission of medical records, birth records, accounting books and documents, and other articles for inspection.

Article 6 The applicability of the provisions of this Act to hospitals, clinics, and birthing centers established by the national government may be prescribed separately by Cabinet Order.

Chapter II - Supporting Choices in Medical Care

Section 1 - Providing Information on Medical Care

- Article 6-2 (1) National government and local governments shall endeavor to undertake the necessary measures to enable recipients of medical care to easily acquire the necessary information for choosing a hospital, clinic, or birthing center.
- (2) Organizers and administrators of medical institutions shall endeavor to provide accurate and well-suited information on the medical care provided thereby, and to appropriately respond to queries from patients or their families, to enable recipients of medical care to choose appropriate health and medical

services.

- Article 6-3 (1) The administrator of a hospital, clinic, or birthing center (hereinafter referred to as "hospital, etc." in this Article) shall report the matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as necessary information for enabling recipients of medical care to choose an appropriate hospital, etc. to the prefectural governor of the location of said hospital, etc., pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare, and shall make documents describing such matters available for inspection within said hospital, etc.
- (2) If a change arises with regard to matters reported pursuant to the provisions of the preceding paragraph, the administrator of a hospital, etc. shall report promptly to the prefectural governor of the location of said hospital, etc., and amend the details of the documents provided for in the preceding paragraph, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.
- (3) In lieu of making documents pursuant to the provisions of paragraph (1) available for inspection, the administrator of a hospital, etc. may provide, by a means prescribed by an Ordinance of the Ministry of Health, Labour and Welfare that uses an electronic data processing system or a means that makes use of other information communication technology, the matters that should be included in said documents, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.
- (4) If a prefectural governor finds it necessary in order to confirm the details of a report pursuant to the provisions of paragraph (1) or paragraph (2), he/she may request the necessary information concerning a hospital, etc. situated within the boundaries of said prefecture from a municipality or other public agency.
- (5) A prefectural governor shall make public the matters reported thereto pursuant to the provisions of paragraph (1) and paragraph (2), pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.
- (6) If the administrator of a hospital, etc. fails to report pursuant to the provisions of paragraph (1) or paragraph (2) or has made a false report, the prefectural governor may order the organizer of said hospital, etc. to have said administrator give said report or correct the details of said report within a period that he/she prescribes.

Article 6-4 (1) When a patient has been admitted, the administrator of a hospital or clinic shall have the physician or dentist responsible for his/her treatment prepare documents describing the following matters, deliver them to said patient or his/her family, and give an appropriate explanation thereof, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour

and Welfare; provided, however, that this shall not apply where the patient is expected to be discharged from the hospital in a short period of time or where prescribed by an Ordinance of the Ministry of Health, Labour and Welfare:

- (i) The name, date of birth, and gender of the patient.
 - (ii) The name of the physician or dentist primarily responsible for said patient's treatment.
 - (iii) The name of the illness and major symptoms leading to hospitalization.
 - (iv) A plan for examinations, surgeries, medication, and other treatments to be undertaken during hospitalization (including nursing and dietary management during hospitalization).
 - (v) Other matters as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) The administrator of a hospital or clinic may provide, in lieu of delivering the documents as set forth in the preceding paragraph and by a means prescribed by an Ordinance of the Ministry of Health, Labour and Welfare that makes use of an electronic data processing system or a means that makes use of other information communication technology, the matters that should be listed in said documents, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare, with the consent of the patient or his/her family.
- (3) When a patient is being discharged from the hospital, the administrator of said hospital or clinic shall endeavor to have documents that describe the matters related to health and medical services or welfare services that will be necessary for his/her treatment after being discharged from the hospital prepared, delivered, and appropriately explained.
- (4) In preparing the documents as set forth in paragraph (1), the administrator of a hospital or clinic shall endeavor to properly reflect the opinions of the physicians, dentists, pharmacists, nurses, and other employees who work at said hospital or clinic, and to appropriately provide medical care during hospitalization through organic coordination between these parties, based on the contents of said documents.
- (5) In preparing the documents set forth in paragraph (3), the administrator of a hospital or clinic shall endeavor to seek cooperation with providers of the health and medical services or welfare services that are necessary for said patient's treatment after he/she is discharged from the hospital.

Section 2 - Advertisement of Medical Practices, Dental Practices, or Midwifery Services

Article 6-5 (1) No party shall advertise matters other than the following with regard a medical practice, dental practice, hospital, or clinic, whether in writing or by any other means:

- (i) That the person is a physician or dentist.
- (ii) The clinical department name.
- (iii) The name, telephone number, information that indicates the location of the hospital or clinic, and the name of the administrator of the hospital or clinic.
- (iv) The days and hours of practice, or whether an appointment can be booked.
- (v) For a hospital, clinic, physician, or dentist that is designated to undertake standard medical care as set forth in the provisions of laws and regulations, a statement to that effect.
- (vi) Whether there are in-patient facilities, the number of each type of bed provided for in Article 7(2), the number of physicians, dentists, pharmacists, nurses, and other employees, and other matters related to the facilities, equipment, or employees at said hospital or clinic.
- (vii) The names, ages, genders, positions, and brief personal records of physicians, dentists, pharmacists, nurses, and other medical professionals practicing at said hospital or clinic, and other matters related to these people that are prescribed by the Minister of Health, Labour and Welfare as matters that contribute to recipients of medical care making appropriate choices with regard to their medical care.
- (viii) Measures for responding to queries concerning medical care from patients or their families, measures to ensure the safety of medical care, measures to ensure the appropriate handling of personal information, and other matters related to the management or operation of said hospital or clinic.
- (ix) Matters related to cooperation with other hospitals, clinics, or health and medical service or welfare service providers, such as the names of the hospitals, clinics, or other health and medical service or welfare service providers to which patients may be referred, or the shared use of facilities, equipment, or tools between such parties and said hospital or clinic.
- (x) Matters concerning the provision of information in medical records and other records related to treatment, delivery of documents provided for in paragraph (3) of the preceding Article, and provision of other information on medical care at said hospital or clinic.
- (xi) Matters related to the details of medical care provided at said hospital or clinic (limited to the details of examinations, surgery, and other medical treatment methods that are prescribed by the Minister of Health, Labour and Welfare as matters that contribute to recipients of medical care making appropriate choices with regard to their medical care).
- (xii) Matters related to the average number of days of hospitalization, average out-patient or in-patient numbers, and other matters related to the results of the medical care that is provided at said hospital or clinic and that are prescribed by the Minister of Health, Labour and Welfare as matters that contribute to recipients of medical care making appropriate choices with

regard to their medical care.

- (xiii) Other matters prescribed by the Minister of Health, Labour and Welfare shall be dealt with in the same manner as matters listed in each of the previous items.
- (2) The Minister of Health, Labour and Welfare shall hear the opinions of groups of persons with the relevant knowledge and experience in medical practice in order to prepare a draft of the matters listed in item (vii) and item (xi) through item (xiii) of the preceding paragraph, and a draft of the standards provided for in paragraph (4), based on expert scientific opinions on medical care.
- (3) Where matters listed in each item of paragraph (1) are advertised, the contents thereof shall not be false.
- (4) Where matters listed in each item of paragraph (1) are advertised, the contents and means thereof shall conform to those prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as the necessary standards for appropriate choices to be made with regard to medical care.

Article 6-6 (1) Clinical department names pursuant to the provisions of paragraph (1)(ii) of the preceding Article shall be the clinical department names of medical practices and dental practices prescribed by a Cabinet Order, or clinical department names other than such clinical department names in which the practicing physician or dentist has been given permission by the Minister of Health, Labour and Welfare.

- (2) The Minister of Health, Labour and Welfare shall hear the opinions of academic societies of medicine and medical science and the Medical Ethics Council, when planning to enact, amend, or abolish the Cabinet Order set forth in the preceding paragraph.
- (3) In granting the permission set forth in paragraph (1), the Minister of Health, Labour and Welfare shall hear the opinions of the Medical Ethics Council in advance.
- (4) If a clinical department name that is related to the permission under the provisions of paragraph (1) is advertised, the name of the physician or dentist who received that permission shall be advertised alongside said clinical department name.

Article 6-7 (1) No party shall advertise matters other than the following with regard to the services of a midwife or birthing center, whether in writing or by any other means:

- (i) That the person is a midwife.
- (ii) The name, telephone number, information that indicates the location of the birthing center, and the name of the administrator of the birthing center.
- (iii) Business days and hours or whether services can be booked.

- (iv) Whether there are in-patient facilities, the admission capacity, number of midwives and other employees, and other matters related to the facilities, equipment or employees of said birthing center.
 - (v) The names, ages, positions, and brief personal records of the midwives engaged in services at said birthing center, and other matters related to midwives, as prescribed by the Minister of Health, Labour and Welfare as matters that contribute to recipients of medical care making appropriate choices with regard to their medical care.
 - (vi) Measures for responding to queries on medical care from patients or their families, measures to ensure the safety of medical care, measures to ensure the appropriate handling of personal information, and other matters related to the management or operation of said birthing center.
 - (vii) Matters related to cooperation with the services of said birthing center, such as the names of the contract physicians provided for in Article 19, or the names of hospitals or clinics.
 - (viii) Matters related to the provision of information on birth records and the provision of information on medical care at said birthing center.
 - (ix) Other matters prescribed by the Minister of Health, Labour and Welfare as equivalent to the matters listed in each of the previous items.
- (2) Where matters listed in each item of the preceding paragraph are advertised, the contents thereof shall not be false.
- (3) Where matters listed in each item of paragraph (1) are advertised, the contents and means thereof shall conform to those prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as the necessary standards for appropriate choices to be made with regard to midwifery.

Article 6-8 (1) A prefectural governor, a mayor of a city with a public health center, or a mayor of a special ward of Tokyo may, if he/she finds that the advertising related to a medical practice, a dental practice, or midwife services, or to a hospital, clinic, or birthing center violates the provisions of Article 6-5(1), (3) or (4), or any paragraph of the preceding Article, order the party that implemented said advertising to report as required, or may have the relevant official enter the offices of the party that implemented said advertising, and inspect documents or other articles related to said advertising.

(2) A prefectural governor, a mayor of a city with a public health center, or a mayor of a special ward of Tokyo may, if he/she finds that the advertising related to a medical practice, a dental practice, or midwife services, or to a hospital, clinic or birthing center violates the provisions of Article 6-5(1) or (4), or paragraph (1) or (3) of the preceding Article, order the party that implemented said advertising to discontinue said advertising or correct its contents by a set deadline.

- (3) An official who enters and inspects pursuant to the provisions of paragraph (1) shall carry a certificate for identification and produce it when requested by the concerned parties.
- (4) The authority granted pursuant to the provisions of paragraph (1) shall not be construed as approval for criminal investigation.

Chapter III - Ensuring Safety in Medical Care

Article 6-9 The national government, prefectures, cities with public health centers and special wards of Tokyo shall endeavor to undertake the necessary measures to ensure safety in medical care, including the provision of information on safety in medical care, training, and raising awareness on compliance.

Article 6-10 The administrator of a hospital, clinic, or birthing center shall undertake measures to ensure safety in medical care in said hospital, clinic, or birthing center, including the establishment of policies to ensure safety in medical care and the implementation of training for employees, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 6-11 (1) Prefectures, cities with public health centers, and special wards (hereinafter referred to as "prefectures, etc." in this Article and the following Article) shall endeavor to provide facilities (hereinafter such a facility is referred to as a "medical care safety support center") for the implementation of the following operations, in order to undertake the measures provided for in Article 6-9:

- (i) Handling complaints and responding to queries from patients or their families concerning medical care at the hospitals, clinics, and birthing centers situated within the boundaries of said prefecture, etc., and giving advice as required to said patients or their families and the administrators of said hospitals, clinics, or birthing centers.
- (ii) Providing information as required to ensure safety in medical care to the organizers, administrators, and employees of the hospitals, clinics, and birthing centers situated within the boundaries of said prefecture, etc., patients or their families, or citizens.
- (iii) Implementing training on safety in medical care for the administrators and employees of the hospitals, clinics, or birthing centers situated within the boundaries of said prefecture, etc.
- (iv) Providing support in addition to that listed in the preceding three items as required to ensure safety in medical care within the boundaries of said prefecture, etc.

- (2) When a medical care safety support center has been established pursuant to the provisions of the preceding paragraph, the prefecture, etc. shall provide public notice of its name and location.
- (3) A prefecture, etc. may entrust the operations of a medical care safety support center to a general incorporated association, general incorporated foundation, or to another party prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (4) Personnel (including parties to whom operations have been entrusted pursuant to the provisions of the preceding paragraph (and their officers in the case that such a party is a juridical person) and their personnel) who are or have been engaged in the operations of a medical care safety support center shall not divulge any secret acquired in relation to said operations without justifiable grounds.

Article 6-12 The national government shall, in addition to providing information on safety in medical care, provide advice and other support on the management of medical care safety support centers to prefectures, etc., to contribute to the appropriate implementation of operations in medical care safety support centers.

Chapter IV - Hospitals, Clinics, and Birthing Centers

Section 1 - Foundation

Article 7 (1) When a person wishes to establish a hospital, when a person who is neither a person registered pursuant to the provisions of Article 16-4(1) of the Medical Practitioners Act (Act No. 201 of 1948) (limited to persons registered pursuant to the provisions of paragraph (2) of the same Article who have been issued an order by the Minister of Health, Labour and Welfare pursuant to the provisions of Article 7-2(1) of the same Act; hereinafter referred to as a "clinically trained physician") nor a person registered pursuant to the provisions of Article 16-4(1) of the Dentists Act (Act No. 202 of 1948) (limited to persons registered pursuant to the provisions of paragraph (2) of the same Article who have been issued an order by the Minister of Health, Labour and Welfare pursuant to the provisions of Article 7-2(1) of the same Act; hereinafter referred to as a "clinically trained dentist") wishes to establish a clinic, and when a person who is not a midwife (limited to persons who have been issued an order by the Minister of Health, Labour and Welfare pursuant to the provisions (1) of the Act on Public Health Nurses, Midwives and Nurses (Act No. 203 of 1948) and who are registered pursuant to the provisions of paragraph (3) of the same Article; hereinafter the same shall apply in this Article, Article 8 and Article 11) wishes to establish a birthing center, he/she

shall first acquire permission to do so from the prefectural governor for the location of said facility (the mayor of a city with a public health center or the mayor of a special ward in the case that the location of said clinic or birthing center is within such a city with a public health center or a special ward; the same shall apply in Article 8 through Article 9, Article 12, Article 15, Article 18, Article 24, and Article 27 through Article 30).

- (2) When a person who has established a hospital wishes to alter the number of beds, the classification of beds described in each of the following items (hereinafter referred to as "bed classifications"), or other matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, when a person who is neither a clinically trained physician nor a clinically trained dentist but has established a clinic or a person who is not a midwife but has established a birthing center, wishes to alter the number of beds or other matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, the same shall apply as in the preceding paragraph, except where prescribed by an Ordinance of the Ministry of Health, Labour and Welfare:
- (i) Psychiatric hospital beds (meaning hospital beds for the hospitalization of persons with psychiatric disorders; the same shall apply hereinafter).
 - (ii) Infectious disease hospital beds (meaning hospital beds for the hospitalization of patients (including persons regarded as patients with Class I infectious diseases, Class II infectious diseases, infectious diseases including novel influenza A, and designated infections pursuant to the provisions of Article 8 of the Act on the Prevention of Infectious Diseases and Medical Care for Patients Suffering from Infectious Diseases (Act No. 114 of 1998) (including where Article 7 of the same Act applies *mutatis mutandis*)) with Class I infectious diseases provided for in Article 6(2) of the same Act, Class II infectious diseases provided for in paragraph (3) of the same Article (except tuberculosis), infections including novel influenza A provided for in paragraph (7) of the same Article, and designated infections provided for in paragraph (8) of the same Article (limited to those infections to which the provisions of Article 19 or Article 20 of the same Act apply *mutatis mutandis* under the provisions of Article 7 of the same Act), and persons found to have new infectious diseases provided for in Article 6(9) of the same Act; the same shall apply hereinafter).
 - (iii) Tuberculosis hospital beds (meaning hospital beds for the hospitalization of tuberculosis patients; the same shall apply hereinafter).
 - (iv) Long-term care beds (meaning hospital or clinic beds other than those described in the above three items that are primarily for the hospitalization of patients requiring long-term recuperation; the same shall apply hereinafter).
 - (v) General beds (meaning hospital or clinic beds other than those described in

- each of the above items; the same shall apply hereinafter).
- (3) When a person wishes to provide beds in a clinic, or when he/she wishes to alter the number of beds in a clinic, the bed classifications, or other matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare he/she shall first acquire permission to do so from the prefectural governor of the area in which said clinic is situated, except where prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
 - (4) Where there has been an application for permission as set forth in the preceding three paragraphs, the prefectural governor, mayor of a city with a public health center or mayor of a special ward shall grant permission as set forth in the preceding three paragraphs if the buildings, equipment, and personnel of the facility pertaining to said application comply with the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in Article 21 and Article 23.
 - (5) Notwithstanding the provisions of the preceding paragraph, the permission set forth in paragraph (1) may be refused to a person who wishes to establish a hospital, clinic or birthing center for profit.

Article 7-2 (1) Where the following persons have applied for permission to establish a hospital, to increase the number of beds, or to alter bed classifications in a hospital, notwithstanding the provisions of paragraph (4) of the preceding Article, the prefectural governor may refuse the permission set forth in paragraph (1) or paragraph (2) of the same Article when, in the area that includes the hospital to which said application relates (where the beds to which said application relates are recuperation or general beds only (hereinafter referred to as "long-term care beds, etc." in this Article), this shall be the area provided for in Article 30-4(2)(x) as prescribed by the medical care plan set forth by said prefecture pursuant to the provisions of Article 30-4(1) (hereinafter referred to as simply the "medical care plan" in this Article); where the beds to which said application relates are psychiatric beds, infectious disease beds, or tuberculosis beds only (hereinafter referred to as "psychiatric beds, etc." in this paragraph), this shall be the prefectural area; and where the beds to which said application relates are long-term care beds, etc. and psychiatric beds, etc., this shall be the area provided for in Article 30-4(2)(x) and the prefectural area), the number of hospital or clinic beds that correspond to the classifications of the beds that said application relates to (or the number of long-term care beds and general beds in said area, where the beds that said application relates to are long-term care beds, etc. only) has already reached the target number of beds for said area, as prescribed in a medical care plan that is in accordance with the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in

paragraph (4) of the same Article, or if it is considered that establishing a hospital, increasing the number of beds, or altering the bed classifications as per said application would exceed said target:

- (i) A person as provided for in Article 31.
 - (ii) Mutual aid associations and federations thereof formed under the provisions of the National Public Officers Mutual Aid Association Act (Act No. 128 of 1958).
 - (iii) Mutual aid associations formed under the provisions of the Local Public Officers, etc. Mutual Aid Association Act (Act No. 152 of 1962).
 - (iv) In addition to what is listed in the preceding two items, mutual aid associations and federations thereof formed under laws and regulations prescribed by Cabinet Order.
 - (v) The Promotion and Mutual Aid Corporation for Private Schools of Japan which administers the private school mutual aid system pursuant to the provisions of the Private School Personnel Mutual Aid Association Act (Act No. 245 of 1953).
 - (vi) The National Federation of Health Insurance Societies and its federations formed under the provisions of the Health Insurance Act (Act No. 70 of 1922).
 - (vii) The National Health Insurance Association and national health insurance organizations formed under the provisions of the National Health Insurance Act (Act No. 192 of 1958).
 - (viii) A person who has established a hospital as a facility under Article 150 of the Health Insurance Act and Article 111 of the Mariners Insurance Act (Act No. 73 of 1939), as entrusted by the national government.
- (2) Where a person listed in any of the items of the preceding paragraph has applied for permission to establish beds in a clinic or to increase the number of beds in a clinic, the prefectural governor may, notwithstanding the provisions of paragraph (4) of the preceding Article, refuse the permission set forth in paragraph (3) of the same Article, when, in the area that includes the clinic to which said application relates (an area provided for in Article 30-4(2)(x) as prescribed by the medical care plan) the number of long-term care beds and general beds has already reached the target number of long-term care beds and general beds for said area as prescribed in a medical care plan that is in accordance with the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare as set forth in paragraph (4) of the same Article, or if it is considered that establishing beds or increasing the number of beds as per said application would exceed said target.
- (3) Where the number of long-term care beds and general beds in the area (an area provided for in Article 30-4(2)(x) as prescribed by a medical care plan) in which a hospital (limited to those with long-term care beds, etc.) or clinic (limited to those with beds permitted as set forth in paragraph (3) of the

preceding Article) established by a person listed in any of the items of paragraph (1) has already reached the target number for long-term care beds and general beds in said area as specified in a medical care plan that is in accordance with the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare, as set forth in paragraph (4) of the same Article, when said hospital or clinic is not engaging in all or some of the services related to long-term care beds, etc. under the permission set forth in paragraph (1) or paragraph (2) of the preceding Article or beds for which the permission set forth in paragraph (3) of the same Article has been received, without justifiable grounds, the prefectural governor may order the organizer or administrator of said hospital or clinic to adopt measures to amend such permission so as to reduce the number of beds, up to and including the number of beds which are not used for said services.

- (4) In the cases set forth in the preceding three paragraphs, in calculating the number of existing beds in the relevant area and the number of beds to which the relevant application relates, the prefectural governor shall carry out any necessary adjustments in consideration of the function and nature of the hospital or clinic, pursuant to the provisions of a medical care plan that is in accordance with the requirements prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in Article 30-4(4).
- (5) In the cases set forth in paragraph (1) through paragraph (3), in calculating the number of existing beds in the relevant area, the prefectural governor shall consider the capacity of a long-term care health facility as being the number of existing long-term care beds, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.
- (6) The prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance, when he/she wishes to refuse permission as set forth in paragraph (1) through paragraph (3) of the preceding Article pursuant to the provisions of paragraph (1) or paragraph (2) or if he/she wishes to issue an order pursuant to the provisions of paragraph (3).
- (7) When an incorporated administrative agency (an incorporated administrative agency as provided for in Article 2(1) of the Act on General Rules for Independent Administrative Agencies (Act No. 103 of 1999)) that has been specified by a Cabinet Order wishes to establish a hospital, increase bed numbers, or alter bed classifications at a hospital it has established, or where it wishes to establish beds in a clinic or increase bed numbers or alter bed classifications at a clinic, it shall consult (or give notice where specially prescribed by Cabinet Order) with the Minister of Health, Labour and Welfare in advance regarding such plans. The same shall apply when it wishes to amend such plans.

Article 8 When a clinically trained physician, a clinically trained dentist, or a midwife establishes a clinic or birthing center, he/she shall notify the prefectural governor of the area in which the clinic or birthing center is situated within ten days of its establishment.

Article 8-2 (1) The organizer of a hospital, clinic, or birthing center shall not suspend the operation of said hospital, clinic or birthing center for more than one year without justifiable grounds; provided, however, that this shall not apply to the organizer of a clinic or birthing center of which the prefectural governor was notified and that was established pursuant to the provisions of the preceding Article.

(2) When the organizer of a hospital, clinic, or birthing center suspends the operation of said hospital, clinic, or birthing center, he/she shall notify the prefectural governor within ten days. The same shall apply when a hospital, clinic, or birthing center whose operation was suspended is re-opened.

Article 9 (1) When the organizer of a hospital, clinic, or birthing center discontinues the operation of said hospital, clinic, or birthing center, he/she shall notify the prefectural governor within ten days.

(2) When the organizer of a hospital, clinic, or birthing center has died or has become the subject of an adjudication of disappearance, the person who is obligated to submit a notification of such person's death or disappearance pursuant to the provisions of the Family Registration Act (Act No. 224 of 1947) shall notify the prefectural governor of his/her area of the same within ten days.

Section 2 - Management

Article 10 (1) The organizer of a hospital or clinic shall have it managed by a clinically trained physician where a medical practice is operated at said hospital or clinic, or shall have it managed by a clinically trained dentist where a dental practice is operated at said hospital or clinic.

(2) Where both a medical practice and dental practice are operated at a hospital or clinic, the organizer of said hospital or clinic shall have it managed by a clinically trained physician where it is primarily for the operation of a medical practice, or shall have it managed by a clinically trained dentist where it is primarily for the operation of a dental practice.

Article 11 An organizer of a birthing center shall have said birthing center managed by a midwife.

Article 12 (1) The organizer of a hospital, clinic, or birthing center shall manage said hospital, clinic, or birthing center himself/herself where he/she is a person capable of being the administrator of a hospital, clinic, or birthing center; provided, however, that it is permissible for him/her to have another party manage where permitted by the prefectural governor of the area in which the hospital, clinic, or birthing center is situated.

(2) The physician, dentist, or midwife who manages a hospital, clinic, or birthing center shall be a person who does not manage any other hospital, clinic, or birthing center, except where permitted by the prefectural governor of the area in which said hospital, clinic, or birthing center is situated.

Article 12-2 (1) The organizer of a regional medical care support hospital shall submit reports concerning its operation to the prefectural governor pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

(2) The prefectural governor shall make public the details of the reports set forth in the preceding paragraph pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 12-3 (1) The organizer of an advanced treatment hospital shall submit reports concerning its operation to the Minister of Health, Labour and Welfare pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

(2) The Minister of Health, Labour and Welfare shall make public the details of the reports set forth in the preceding paragraph pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 13 The administrator of a clinic with facilities for the hospitalization of patients shall endeavor to ensure a system for said clinic's physicians to make prompt diagnoses that enable appropriate medical treatment to be provided, even where the symptoms of a hospitalized patient change suddenly, and shall ensure close cooperation with other hospitals or clinics.

Article 14 The administrator of a birthing center shall not allow ten or more pregnant women, women in labor, or women resting after childbirth to be admitted at the same time; provided, however, that this shall not apply to temporary and emergency admissions in the case that there are no other appropriate facilities for hospitalization or admission.

Article 14-2 (1) The administrator of a hospital or clinic shall post the following matters concerning said hospital or clinic in a visible location within said hospital or clinic, pursuant to the provisions of an Ordinance of the Ministry of

Health, Labour and Welfare:

- (i) The name of the administrator.
 - (ii) The names of practicing physicians or dentists.
 - (iii) The days and hours of the physicians' or dentists' practices.
 - (iv) In addition to those listed in the preceding three items, the matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) The administrator of a birthing center shall post the following matters concerning said birthing center in a visible location within said birthing center, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:
- (i) The name of the administrator.
 - (ii) The names of midwives engaging in services.
 - (iii) The midwives' working hours.
 - (iv) In addition to what is listed in the preceding three items, the matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

- Article 15 (1) The administrator of a hospital or clinic shall supervise the physicians, dentists, pharmacists, and other employees working at said hospital or clinic, and shall take the necessary care in order to prevent omissions in the performance of their services.
- (2) The administrator of a birthing center shall supervise the midwives and other employees working at the birthing center, and shall take necessary care to prevent unsatisfactory performance of their services.
- (3) The administrator of a hospital or clinic shall notify the prefectural governor of the area in which the hospital or clinic is situated, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare, where said hospital or clinic has an x-ray unit, or in other cases prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 15-2 When the administrator of a hospital, clinic, or birthing center wishes to entrust the operation of the hospital, clinic, or birthing center that are prescribed by Cabinet Order as having a significant influence on physicians' or dentists' diagnoses, on the services of midwives, or on the hospitalization or admission of patients, pregnant women, women in labor, or women resting after childbirth, he/she shall entrust said operations to a party who conforms to the requirements prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as a party with the ability to properly undertake its operation, in accordance with the type of operation undertaken at said hospital, clinic, or birthing center.

Article 16 The administrator of a hospital that carries out a medical practice

shall have a physician on night duty in the hospital; provided, however, that this shall not apply in the case that a physician practicing at the hospital resides at a location close to said hospital, if permitted by the prefectural governor of the area in which the hospital is situated.

Article 16-2 (1) The administrator of a regional medical care support hospital shall undertake the following matters, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:

- (i) Allowing all or part of the buildings, equipment, instruments, or tools of said hospital to be used by physicians, dentists, pharmacists, nurses, and other medical professionals who do not work at said hospital for their practices, research, or training.
- (ii) Providing emergency medical care.
- (iii) Carrying out training to enhance the quality of community medical care professionals.
- (iv) Systematically managing records as listed in Article 22(ii) and (iii).
- (v) When a request to view records listed in Article 22(ii) or (iii) has been received from a physician who wishes to refer a patient to said regional medical care support hospital or from other persons as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, making available for inspection the records which are prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as having no risk of harming patient confidentiality, except where there are justifiable grounds for not doing so.
- (vi) Providing medical care to patients referred from other hospitals or clinics.
- (vii) Other matters as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

(2) The administrator of a regional medical care support hospital shall provide necessary support concerning the promotion of in-home medical care provision by medical institutions providing in-home medical care, designated in-home service providers pursuant to the provisions of Article 41(1) of the Long-Term Care Insurance Act who undertake in-home nursing under Article 8(4) of the same Act, and other persons providing in-home medical care (hereinafter referred to as "in-home medical care providers, etc." in this paragraph), such as supporting close coordination with in-home medical care providers, etc., and providing information concerning in-home medical care providers, etc. to recipients of medical care or medical institutions in the area.

Article 16-3 (1) The administrator of an advanced treatment hospital shall undertake the following matters pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:

- (i) Providing advanced medical care.

- (ii) Carrying out development and evaluation of advanced medical care techniques.
 - (iii) Carrying out training in advanced medical care.
 - (iv) Systematically managing the records listed under Article 22-2(iii) and (iv).
 - (v) When a request to view the records listed in Article 22-2(iii) or (iv) has been received from a physician who wishes to refer a patient to said advanced treatment hospital or from other persons as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, making available for inspection the records that are prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as having no risk of harming patient confidentiality, except where there are justifiable grounds for not doing so.
 - (vi) Providing medical care to patients referred from other hospitals or clinics.
 - (vii) Other matters as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) The administrator of an advanced treatment hospital shall make arrangements so that a medical care coordination system as provided for in Article 30-4(2)(ii) is properly constructed.

Article 17 In addition to the provisions of Article 6-10 and Article 13 through to the preceding Article, matters that should be observed by the administrator of a hospital, clinic, or birthing center in the management of his/her buildings and equipment, medical supplies, and other articles, and in the hospitalization or admission of patients, pregnant women, women in labor, and women resting after childbirth, shall be as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 18 An organizer shall provide an exclusive pharmacist in a hospital or in a clinic where three or more physicians regularly work; provided, however, that this shall not apply where permitted by the prefectural governor of the area in which the hospital or clinic is situated.

Article 19 The organizer of a birthing center shall provide for contract physicians and hospitals or clinics pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 20 A hospital, clinic, or birthing center shall be maintained in a clean state, and its buildings and equipment shall be recognizable as safe in terms of sanitation, fire safety, and security.

Article 21 (1) A hospital shall have the following personnel and facilities and shall prepare the following records, pursuant to the provisions of an Ordinance

of the Ministry of Health, Labour and Welfare:

- (i) Physicians, dentists, nurses, and other employees in the numbers prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, in accordance with the classifications of the beds at said hospital.
 - (ii) A consultation room for each clinical department.
 - (iii) An operating room.
 - (iv) Treatment rooms.
 - (v) A diagnostic laboratory.
 - (vi) An X-ray unit.
 - (vii) A dispensary.
 - (viii) Food service facilities.
 - (ix) Records concerning medical treatment.
 - (x) Delivery rooms and neonatal bathing facilities in hospitals that have a gynecology and obstetrics department or an obstetrics department.
 - (xi) Functional training rooms in hospitals that have long-term care beds.
 - (xii) Other facilities as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) A clinic with long-term care beds shall have the following personnel and facilities, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:
- (i) Physicians, dentists, nurses, and other employees, including those engaged in nursing support, in the numbers prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
 - (ii) Functional training rooms.
 - (iii) Other facilities as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 22 In addition to the provisions of paragraph (1) of the preceding Article (excluding item (ix)), a regional medical care support hospital shall have the following facilities and shall prepare the following records, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:

- (i) An intensive care unit.
- (ii) Records concerning medical treatment.
- (iii) Records concerning the management and operation of the hospital.
- (iv) Chemical, bacteriological, and pathological inspection facilities.
- (v) An autopsy room.
- (vi) A laboratory.
- (vii) A lecture room.
- (viii) A library.
- (ix) Other facilities as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 22-2 In addition to the provisions of Article 21(1) (excluding items (i) and (ix)), an advanced treatment hospital shall have the following personnel and facilities and shall prepare the following records, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:

- (i) Physicians, dentists, pharmacists, nurses, and other employees in the numbers prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (ii) An intensive care unit.
- (iii) Records concerning medical treatment.
- (iv) Records concerning the management and operation of the hospital.
- (v) The facilities listed in item (iv) through item (viii) of the preceding Article.
- (vi) Other facilities as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 23 (1) In addition to the provisions of the preceding three Articles, the necessary standards for ensuring satisfactory ventilation, lighting, illumination, damp proofing, security, emergency evacuation, cleanliness, and other sanitary conditions with regard to the buildings and equipment of a hospital, clinic or birthing center, shall be prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

(2) Regulations may be established by Cabinet Order to sentence persons who have violated the provisions of the Ordinance of the Ministry of Health, Labour and Welfare as set forth in the provisions of the preceding paragraph to a fine of up to 200,000 yen.

Section 3 - Supervision

Article 23-2 When the distribution of personnel in a hospital or in a clinic with long-term care beds is significantly lacking in terms of the standards prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in Article 21(1) (limited to the parts pertaining to item (i)) or paragraph (2) (limited to the part pertaining to item (i)), and falls under cases prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as cases that cause a significant impediment to the suitable provision of medical care, the prefectural governor may order the organizer to increase the number of personnel by a set deadline, or may suspend all or a part of its operations for a period that he/she prescribes.

Article 24 (1) When a hospital, clinic, or birthing center is lacking in cleanliness, or when its buildings and equipment violate the provisions of Article 21(1) or

(2), or Article 22, or violate the provisions of an Ordinance of the Ministry of Health, Labour and Welfare that is based on the provisions set forth in Article 23(1), or are found to be a sanitation hazard or safety risk, the prefectural governor may prescribe a period of time and order the organizer to fully or partially limit or prohibit the use thereof, or may order repairs or reconstruction to be carried out by a set deadline.

(2) When the buildings and equipment of an advanced treatment hospital violate the provisions of Article 22-2, the Minister of Health, Labour and Welfare may order their repair or reconstruction to be carried out by a set deadline.

Article 25 (1) A prefectural governor, the mayor of a city with a public health center, or the mayor of a special ward of Tokyo may, when he/she finds it necessary, order the organizer or administrator of a hospital, clinic, or birthing center to report as necessary, and may have the relevant officials enter said hospital, clinic, or birthing center and inspect the personnel or the state of cleanliness, its buildings, and equipment, its medical records, birth records, books and documents, and other articles.

(2) A prefectural governor, the mayor of a city with a public health center, or the mayor of a special ward of Tokyo may, when he/she suspects that the operation of a hospital, clinic or birthing center is in violation of laws and regulations or a disposition based on laws and regulations, or suspects that the management thereof is significantly unsuitable, order the organizer or administrator of said hospital, clinic, or birthing center to submit medical records, birth records, books and documents, or other articles.

(3) The Minister of Health, Labour and Welfare may, when he/she finds it necessary, order the organizer or administrator of an advanced treatment hospital to report as necessary, and may have the relevant officials enter the advanced treatment hospital and inspect the personnel or the state of cleanliness, its buildings and equipment, medical records, birth records, books and documents, and other articles.

(4) The Minister of Health, Labour and Welfare may, when he/she suspects that the operation of a advanced treatment hospital is in violation of laws and regulations or a disposition based on laws and regulations, or suspects that the management thereof is significantly unsuitable, order the organizer or administrator of said advanced treatment hospital to submit medical records, birth records, books and documents, or other articles.

(5) The provisions set forth in Article 6-8(3) shall apply *mutatis mutandis* pursuant to entry and inspection as set forth in paragraph (1) and paragraph (3), and the provisions set forth in paragraph (4) of the same Article shall apply *mutatis mutandis* pursuant to the authority set forth in each of the preceding paragraphs.

Article 25-2 Mayor of cities with public health centers and mayors of special wards of Tokyo shall give notice of the matters as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare concerning clinics and birthing centers, to the prefectural governor, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 26 (1) The Minister of Health, Labour and Welfare, prefectural governors, mayors of cities with public health centers, and mayors of special wards of Tokyo shall appoint medical care inspectors from among the officials of the Ministry of Health, Labour and Welfare, prefecture, city with the public health center, or special ward of Tokyo, to be entrusted with the authority of the relevant officials provided for in Article 25(1) and (3).

(2) In addition to the provisions of the preceding paragraph, necessary matters concerning medical care inspectors shall be as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 27 A hospital, clinic with in-patient facilities, or birthing center with admission facilities shall not use its buildings and equipment without first undergoing inspection by the prefectural governor with jurisdiction over their location and receiving a license.

Article 28 The prefectural governor may, when he/she finds the administrator of a hospital, clinic, or birthing center to have committed a criminal act, to have committed an unlawful act related to medical practice, or to be unfit to manage, order the organizer to replace the said administrator by a set deadline.

Article 29 (1) Where any of the following items apply, the prefectural governor may rescind permission for establishment of a hospital, clinic, or birthing center, or may order the organizer to close the hospital, clinic, or birthing center by a period that he/she prescribes:

- (i) When operation has not commenced six months or more after permission was received for its establishment, without justifiable grounds.
- (ii) When the operation of a hospital, clinic (excluding where notification and establishment have taken place as set forth in Article 8), or a birthing center (excluding where notification and establishment have taken place as set forth in the same Article) has not re-commenced one year or more after it was suspended, without justifiable grounds.
- (iii) When the organizer has violated an order or disposition based on the provisions of Article 6-3(6), Article 24(1), or the preceding Article.
- (iv) When the organizer has committed a criminal act or an unlawful act

- related to medical practice.
- (2) The prefectural governor may, when operation related to the permission pursuant to the provisions of Article 7(2) or (3) has not commenced six months or more after said permission was received without justifiable grounds, rescind said permission.
 - (3) Where any of the following items apply, the prefectural governor may rescind his/her approval for a regional medical care support hospital:
 - (i) When the regional medical care support hospital has failed to meet the requirements listed in each item of Article 4(1).
 - (ii) When the organizer of the regional medical care support hospital has violated provisions of Article 12-2(1).
 - (iii) When the organizer of the regional medical care support hospital has violated an order based on the provisions of Article 24(1).
 - (iv) When the administrator of a regional medical care support hospital has violated the provisions of Article 16-2(1).
 - (4) Where any of the following items apply, the Minister of Health, Labour and Welfare may rescind his/her approval for an advanced treatment hospital:
 - (i) When the advanced treatment hospital has failed to meet the requirements listed in each of the items of Article 4-2(1).
 - (ii) When the organizer of the advanced treatment hospital has violated the provisions of Article 12-3(1).
 - (iii) When the organizer of the advanced treatment hospital has violated an order based on the provisions of Article 24(2).
 - (iv) When the administrator of the advanced treatment hospital has violated the provisions of Article 16-3(1).
 - (5) In revoking the approval for a regional medical care support hospital pursuant to the provisions of paragraph (3), the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.
 - (6) In revoking the approval for an advanced treatment hospital pursuant to the provisions of paragraph (4), the prefectural governor shall hear the opinions of the Social Security Council in advance.

Article 29-2 The Minister of Health, Labour and Welfare may, when he/she finds there to be an urgent necessity to protect the health of the people, instruct a prefectural governor to render a disposition pursuant to the provisions of Article 28, and paragraph (1) and paragraph (2) of the preceding Article.

Article 30 When a disposition has been rendered pursuant to the provisions of Article 23-2, Article 24(1), Article 28, or Article 29(1) or (3) in advance of an opportunity for explanation being granted or a hearing being undertaken pursuant to Article 13(2)(i) of the Administrative Procedure Act (Act No. 88 of

1993), the prefectural governor shall grant an opportunity for explanation to parties subject to said disposition within three days of said disposition.

Section 4 - Miscellaneous Provisions

Article 30-2 In addition to those provided for in this Chapter, the necessary matters concerning the establishment and management of hospitals, clinics, and birthing centers shall be as specified by Cabinet Order.

Chapter V - Ensuring the Medical Care Delivery System

Section 1 - Basic Policy

Article 30-3 (1) The Minister of Health, Labour and Welfare shall set forth a basic policy (hereinafter referred to as "basic policy") for ensuring the presence of a system that efficiently delivers good quality and appropriate medical care (hereinafter referred to as "ensuring the medical care system").

(2) The basic policy shall prescribe the following matters:

(i) Matters that should form the basis of any measures to be undertaken for ensuring the medical care system.

(ii) Basic matters related to investigation and research into ensuring the medical care system.

(iii) Matters related to targets for ensuring the medical care system.

(iv) Basic matters related to the sharing of functions and cooperation between medical institutions, and to promoting the provision of information that concerns medical care functions to recipients of medical care.

(v) Basic matters related to ensuring the availability of physicians, dentists, pharmacists, nurses, and other medical care professionals.

(vi) Basic matters related to the preparation of the medical care plans provided for in paragraph (1) of the following Article, and to evaluating the status of implementation of activities under medical care plans.

(vii) Other important matters related to ensuring the medical care system.

(3) When the Minister of Health, Labour and Welfare has set forth or amended the basic policy, he/she shall provide public notice thereof without delay.

Section 2 - Medical Care Plans

Article 30-4 (1) The prefecture shall, with regard to basic policy, provide a plan (hereinafter referred to as "medical care plan") for ensuring the medical care system in said prefecture, in accordance with the actual conditions in the area.

(2) Medical care plans shall stipulate the following matters:

(i) Matters related to the activities set forth in item (iv) and item (v) that

- should be achieved in the prefecture.
- (ii) Matters related to the medical care coordination system (meaning the system to ensure the sharing of functions between medical institutions and the coordination of operations; the same shall apply hereinafter) pertaining to activities as set forth in item (iv) and item (v).
 - (iii) Matters related to promoting the provision of information on medical care functions under the medical care coordination system.
 - (iv) Matters related to activities connected with treatment or prevention of illnesses prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as lifestyle diseases or other illnesses that are recognized as specifically requiring the provision of extensive and continuous medical care in order to ensure the health of the people.
 - (v) Matters related to activities that are necessary for ensuring the following medical care (hereinafter referred to as "activities to ensure emergency medical care") (limited to where it is necessary to ensure this in the case of medical care listed in (c)).
 - (a) Emergency medical care.
 - (b) Medical care in times of disaster.
 - (c) Medical care in remote areas.
 - (d) Perinatal medical care.
 - (e) Pediatric medical care (including pediatric emergency medical care).
 - (f) In addition to what is listed in (a) through (e), matters that are recognized by the prefectural governor as being specifically necessary in the light of outbreaks of illness in said prefecture.
 - (vi) Matters related to ensuring in-home medical care.
 - (vii) Matters related to ensuring the availability of physicians, dentists, pharmacists, nurses, and other medical care professionals.
 - (viii) Matters related to ensuring safety in medical care.
 - (ix) Matters related to targets for regional medical care support hospitals and other medical institutions with consideration to their medical care functions.
 - (x) Matters related to the establishment of areas separated into local units primarily for the adjustment of hospital bed (excluding beds provided for in the following item, psychiatric beds, infectious disease beds, and tuberculosis beds) and clinic bed numbers.
 - (xi) Matters related to the establishment of areas as local units primarily for the adjustment of bed numbers in relation to specific medical treatment delivered by hospitals through long-term care beds or general beds as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, in areas that comprise two or more of the areas provided for in the preceding item.
 - (xii) Matters related to the target number of beds for long-term care beds and

general beds, the target number of beds for psychiatric beds, the target number of beds for infectious disease beds, and the target number of beds for tuberculosis beds.

- (xiii) In addition to what is listed in each of the preceding items, the necessary matters related to ensuring the medical care system.
- (3) The prefecture shall consider the following matters when stipulating the matters listed in item (ii) of the preceding paragraph:
- (i) A specific policy for the construction of a medical care coordination system shall specify each illness prescribed by the Ordinance of the Ministry of Health, Labour and Welfare under item (iv) of the preceding paragraph, or each medical treatment listed in item (v), (a) through (f) of the same paragraph.
 - (ii) The details of the construction of the medical care coordination system shall work to ensure that continuous and appropriate medical care is available after a patient leaves hospital.
 - (iii) The details of the construction of the medical care coordination system shall include cooperation with health and medical services and welfare services provided in medical institutions and in homes.
 - (iv) The medical care coordination system shall be constructed through consultation between physicians, dentists, pharmacists, nurses, other medical professionals, long-term care service providers provided for in the Long-Term Care Insurance Act, citizens, and other related parties in the community.
- (4) Standards related to the establishment of areas provided for in paragraph (2)(x) and (xi), and the target number of beds provided for in item (xii) of the same paragraph (standards related to the target number of beds for long-term care beds and general beds, based on the total number calculated according to each type of bed) shall be as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (5) The prefecture may, where it wishes to stipulate the target number of beds provided for in paragraph (2)(xii), when a sudden increase in population is expected or when there are other circumstances as provided by an Ordinance of the Ministry of Health, Labour and Welfare, disregard the standards set forth in the preceding paragraph with regard to the required number of beds provided for in the same item, pursuant to the provisions of a Cabinet Order.
- (6) After providing public notice of the medical care plan for a prefecture pursuant to provisions in paragraph (12), said prefecture may, when a sudden increase in population is expected or when there are other circumstances as provided by a Cabinet Order, regard the target number of beds provided for in paragraph (2)(xii) as the number calculated pursuant to the provisions of a Cabinet Order, in areas as provided by Cabinet Order, and may engage in

activities related to granting permission for applications for permission to establish hospitals and granting permission for other applications as prescribed by Cabinet Order.

- (7) After providing public notice of the medical care plan for the prefecture pursuant to the provisions of paragraph (12), said prefecture may, where there has been an application for permission to establish a hospital that includes beds as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, or where there has been another application as prescribed by a Cabinet Order, regard the target number of beds provided for in paragraph (2)(xii) as the number calculated pursuant to the provisions of a Cabinet Order, in areas as provided by Cabinet Order, and may engage in activities related to granting permission for said application.
- (8) In preparing medical care plans, prefectures shall endeavor to ensure that harmony is maintained with plans prepared pursuant to the provisions of other laws and regulations and with matters that concern ensuring medical care, and shall endeavor to seek coordination among public health, pharmacy, social welfare, and other measures which are closely related to medical care.
- (9) In preparing medical care plans, prefectures shall undertake liaison and coordination with related prefectures, when it is considered necessary in the light of the supply and demand of medical care in areas near the boundaries of said prefectures.
- (10) The prefecture shall hear the opinions of groups of persons with the relevant knowledge and experience in diagnoses or prescriptions, in order to prepare a draft medical care plan based on expert scientific opinions on medical care.
- (11) The prefecture shall hear the opinions of the Prefectural Council on Medical Service Facilities and municipalities (including a part of the administrative associations and cross-regional federations that handle first aid services) in advance, when stipulating the medical care plan or revising the medical care plan pursuant to the provisions of Article 30-6.
- (12) When a prefecture has established a medical care plan or revised a medical care plan pursuant to the provisions of Article 30-6, it shall submit said plan to the Minister of Health, Labour and Welfare without delay and provide public notice of the details thereof.

Article 30-5 A prefecture may, if it finds it necessary for the preparation of the medical care plan or for the execution of activities based on the medical care plan, request the delivery of any necessary information from the municipalities and their public agencies, medical insurers provided for in Article 7(7) of the Long-Term Care Insurance Act, or organizers or administrators of medical institutions, including information concerning medical care functions within the boundaries of said prefecture.

Article 30-6 The prefecture shall undertake the inspection, analysis, and evaluation of the progress towards targets prescribed by Article 30-4(2)(i) and (ix) and the matters listed in each of the items of said paragraph (excluding item (i) and item (ix)), at least once every five years, and when it finds it necessary, may revise the medical care plan for said prefecture.

Article 30-7 (1) Organizers and administrators of medical institutions shall endeavor to cooperate as necessary in the construction of the medical care coordination system, in order to contribute to the implementation of the medical care plan.

(2) The administrator of a hospital or clinic shall provide in-home medical care, and shall seek cooperation with welfare services and endeavor to give the necessary support for the provision of in-home medical care, in order to contribute to the implementation of the medical care plan.

(3) Organizers and administrators of hospitals shall endeavor to allow the use of all or parts of the hospital's buildings, equipment, instruments, and tools by physicians, dentists, or pharmacists who do not work at said hospital in their practice, research, or training, provided there is no hindrance to the medical care services of said hospital, in order to contribute to the implementation of the medical care plan.

Article 30-8 The Minister of Health, Labour and Welfare may provide the necessary advice to the prefectures regarding the method of preparing medical care plans and other key practical matters regarding the preparation of medical care plans.

Article 30-9 The national government may provide subsidies to prefectures for part of the costs required for activities based on medical care plans, within the extent of the budget, in order to promote the fulfillment of medical care plans.

Article 30-10 (1) National government and local governments shall endeavor to undertake any necessary measures, including improving hospitals or clinics in areas with insufficient hospitals or clinics, in order to promote the fulfillment of medical care plans.

(2) In addition to what is set forth in the preceding paragraph, the national government shall endeavor to improve the system for providing medical care as necessary on a cross-regional level which extends beyond prefectural boundaries.

Article 30-11 The prefectural governor may, where it is specifically necessary in

order to promote the fulfillment of the medical care plan, hear the opinions of the Prefectural Council on Medical Service Facilities, and recommend that a person who wishes to establish a hospital or clinic, or an organizer or administrator of a hospital or clinic, establish a hospital, increase a hospital's number of beds, or change its bed classifications, or recommend that such a person establish beds in a clinic or increase the number of beds in a clinic.

Section 3 - Measures Related to Ensuring the Availability of Medical Care Professionals

Article 30-12 (1) A prefecture shall establish a venue for consultations with the administrators of the following entities and the following other relevant parties shall gain the cooperation of such parties, shall decide on the necessary measures with regard to ensuring the availability of medical care professionals for activities to ensure emergency medical care and with regard to other matters for ensuring medical care as necessary in said prefecture, and shall make this public:

- (i) Advanced treatment hospitals.
 - (ii) Regional medical care support hospitals.
 - (iii) Public medical institutions provided for in Article 31.
 - (iv) Hospitals designated by the Minister of Health, Labour and Welfare and provided for in Article 16-2(1) of the Medical Practitioners Act.
 - (v) Groups of persons with the relevant knowledge and experience in medical practice.
 - (vi) Universities and other organizations related to the training of medical care professionals.
 - (vii) Social medical corporations provided for in Article 42-2(1) who are authorized by the relevant prefectural governor.
 - (viii) Other parties as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) Administrators of the entities and the other relevant parties listed in each of the items in the preceding paragraph shall endeavor to cooperate, if requested by the prefecture, by participating in consultations carried out by the prefecture as set forth in the provisions of the preceding paragraph.

Article 30-13 Physicians, dentists, pharmacists, nurses, and other medical care professionals shall endeavor to cooperate with the implementation of measures prescribed by the prefecture pursuant to the provisions of paragraph (1) of the preceding Article.

Section 4 - Public Medical Institutions

Article 31 Public medical institutions (hospitals or clinics established by a prefecture, municipality or other party as prescribed by the Minister of Health, Labour and Welfare; the same shall apply hereinafter in this Section) shall cooperate in the implementation of measures prescribed by the prefecture pursuant to the provisions of Article 30-12(1).

Article 32 Deleted

Article 33 Deleted

Article 34 (1) The Minister of Health, Labour and Welfare may, if he/she finds it specifically necessary for the dissemination of medical care, order the parties provided for in Article 31 to establish a public medical institution.

(2) In the case referred to in the preceding paragraph, the national treasury shall subsidize part of the costs required for said establishment, within the extent determined by the budget.

Article 35 (1) The Minister of Health, Labour and Welfare or a prefectural governor may order the organizer or administrator of a public medical institution to undertake the following matters:

(i) Allow the use of all or parts of the buildings, equipment, instruments, and tools for the practice and research of physicians and dentists who do not work at said public medical institution, provided that this is not a hindrance to the medical care services of said hospital or clinic.

(ii) Provide the necessary conditions for practical training pursuant to Article 11(ii) of the Medical Practitioners Act or Article 11(ii) of the Dentists Act, or for clinical training pursuant to Article 16-2(1) of the Medical Practitioners Act or Article 16-2(1) of the Dentists Act.

(iii) Undertake necessary measures to ensure medical care in relation to activities to ensure emergency medical care as prescribed by the medical care plan of the prefecture in which said public medical institution is situated.

(2) The Minister of Health, Labour and Welfare or a prefectural governor may instruct the organizer of a public medical institution as necessary on matters concerning the operation thereof other than those listed in each item of the preceding paragraph.

Article 36 Deleted

Article 37 Deleted

Article 38 Deleted

Chapter VI - Medical Corporations

Section 1 - General Rules

Article 39 (1) An association or foundation that wishes to establish a hospital, a clinic where a physician or dentist will work full-time, or a long-term care health facility, may incorporate said facility pursuant to the provisions of this Act.

(2) A corporation pursuant to the provisions of the previous paragraph shall include in its name the term "medical corporation."

Article 40 An entity that is not a medical corporation shall not use the term "medical corporation" in its name.

Article 40-2 A medical corporation shall, as well as seeking to independently strengthen its operational foundations, seek to improve the quality of the medical care it provides and ensure transparency in its operation, and shall endeavor to actively fulfill its role as a major medical care actor in the community.

Article 41 (1) A medical corporation shall possess the assets necessary for it to operate.

(2) Necessary matters concerning the assets set forth in the preceding paragraph shall be as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, in accordance with the scale, etc. of medical care functions established by the medical corporation.

Article 42 A medical corporation may carry out all or some of the following operations, provided there is no hindrance to the operation of the hospital, clinic, or long-term care health facility it has established (including a hospital, clinic, or long-term care health facility publically established by said medical corporation and managed by a designated administrator provided for in Article 244-2(3) of the Local Autonomy Act (Act No. 67 of 1947) (hereinafter referred to as "hospital, etc. managed by a designated administrator")), pursuant to the provisions of its articles of incorporation or its act of endowment:

- (i) The training or re-training of medical personnel.
- (ii) The establishment of a research center for medicine or dentistry.
- (iii) The establishment of clinics other than clinics provided for in Article 39(1).
- (iv) The establishment of facilities that allow people to engage in aerobic exercise for the prevention of illness (meaning physical exercise undertaken

in order to maintain or rehabilitate physiological functions related to whole-body stamina, through the continuous intake of oxygen; hereinafter the same shall apply in each of the following items) that are affiliated with a clinic and whose personnel, equipment, and operation comply with standards prescribed by the Minister of Health, Labour and Welfare.

- (v) The establishment of facilities that allow the use of a hot spring for the prevention of illness that has a space for aerobic exercise and whose personnel, equipment, and operation comply with standards prescribed by the Minister of Health, Labour and Welfare.
- (vi) In addition to what is listed in each of the preceding items, operations related to health and hygiene.
- (vii) The establishment of the activities prescribed by the Minister of Health, Labour and Welfare, among those listed in Article 2(2) and (3) of the Social Welfare Act (Act No. 45 of 1951).
- (viii) The establishment of the fee-based home care for the elderly provided for in Article 29(1) of the Act on Social Welfare Services for the Elderly (Act No. 133 of 1963).

Article 42-2 (1) A medical corporation that has received authorization from the prefectural governor as falling under the following requirements, pursuant to the provisions of a Cabinet Order (hereinafter referred to as "social medical corporations") may undertake operations as prescribed by the Minister of Health, Labour and Welfare (hereinafter referred to as "profit-making activities"), for the purpose of allocating its proceeds to the administration of a hospital, clinic, or long-term care health facility established by said social medical corporation, pursuant to the provisions of its articles of incorporation or act of endowment, provided that this does not hinder the operation of the hospital, clinic, or long-term care health facility said medical corporation has established (including hospitals, etc. managed by a designated administrator):

- (i) No more than one-third of the medical corporation's total number of officers is composed of any officer himself/herself, the spouse thereof, relatives thereof within the third degree of kinship, and any other party specially related thereto as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (ii) No more than one-third of the total number of members of an associated medical corporation is composed of any member himself/herself, the spouse thereof, relatives thereof within the third degree of kinship, and any other party specially related thereto as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (iii) No more than one-third of the total number of councilors of an associated medical corporation is composed of any councilor himself/herself, the spouse

thereof, relatives thereof within the third degree of kinship, and any other party specially related thereto as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

- (iv) It carries out operations related to activities to ensure emergency medical care (limited to those listed in the medical care plan prepared by the prefecture of the hospital or clinic established by said medical corporation) in the prefecture in which said hospital or clinic is situated.
- (v) The operations set forth in the preceding item comply with the standards prescribed by the Minister of Health, Labour and Welfare with regard to the following matters:
 - (a) The buildings and equipment of the hospitals or clinics engaged in said operations.
 - (b) The system by which said operations are undertaken.
 - (c) The outcome of said operations.
- (vi) In addition to what is listed in each of the preceding items, matters that comply with the requirements set out by an Ordinance of the Ministry of Health, Labour and Welfare with regard to public operations.
- (vii) It is stipulated in the articles of incorporation or the act of endowment that any residual assets at the time of dissolution will belong to the national government, local government, or another social medical corporation.
- (2) In granting the authorization set forth in the preceding paragraph, the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.
- (3) Accounting for profit-making activities shall be kept separately from accounting for the operation of a hospital, clinic, or long-term care health facility established by said social medical corporation (including a hospital, etc. managed by a designated administrator), and from operations listed in each item of the preceding Article, and shall be accounted for in a special account.

Article 43 (1) A medical corporation shall complete its registration pursuant to the provisions of a Cabinet Order, in the case of its establishment, the establishment of secondary offices, a relocation of its offices, a change in other registered matters, dissolution, merger, the appointment or change of a liquidator, and the completion of liquidation.

- (2) Matters which are to be registered pursuant to the provisions of the preceding paragraph may not be duly asserted against a third party after registration.

Section 2 - Establishment

Article 44 (1) A medical corporation may not be established without the authorization of the prefectural governor.

- (2) A person who wishes to establish a medical corporation shall stipulate at least the following matters in its articles of incorporation or act of endowment:
- (i) Its purpose.
 - (ii) Its name.
 - (iii) The name and established location of the hospital, clinic, or long-term care health facility (including a publically established hospital, clinic, or long-term care health facility that is to be managed by a designated administrator as provided in Article 244-2(3) of the Local Autonomy Act) to be established.
 - (iv) The location of its offices.
 - (v) Provisions on assets and accounting.
 - (vi) Provisions on officers.
 - (vii) For an association of medical corporations, provisions on general meetings and the acquisition or loss of member status,.
 - (viii) For medical corporation foundations, provisions on the board of councilors and councilors.
 - (ix) Provisions on dissolution.
 - (x) Provisions on changes to the articles of incorporation or act of endowment.
 - (xi) The method of public notice.
- (3) If a person who wishes to establish a medical corporation foundation dies without stipulating the name, location of its offices, or method of appointment and dismissal of directors, the prefectural governor shall determine such matters ex officio or at the request of an interested party.
- (4) The initial officers at the time of the establishment of a medical corporation shall be stipulated in the articles of incorporation or act of endowment.
- (5) Where, among the matters listed in paragraph (2)(ix), provisions on persons with vested rights to residual assets have been established, such persons shall be selected from among the national government or local governments, or medical corporations or other persons who deliver medical care, as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (6) In addition to the provisions of this Section, any necessary matters related to applications for authorization to establish a medical corporation shall be as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 45 (1) Where there has been an application for authorization pursuant to the provisions of paragraph (1) of the preceding Article, the prefectural governor shall reach a decision on such authorization based on an examination of whether the assets of the medical corporation to which said application relates comply with the requirements set forth in Article 41, and whether the articles of incorporation or act of endowment are in violation of laws and regulations.

(2) In granting or refusing authorization pursuant to the provisions of paragraph

(1) of the preceding Article, the prefectural governor shall hear the opinions of Prefectural Council on Medical Service Facilities in advance.

Article 46 (1) A medical corporation shall be incorporated through the registration of its establishment at the location of the principal office thereof, pursuant to the provisions of a Cabinet Order.

(2) A medical corporation shall prepare an inventory of assets at the time of incorporation, and keep it in its principal office at all times.

Section 3 - Management

Article 46-2 (1) A medical corporation shall have no less than three directors and no less than one auditor; provided, however, that it is sufficient that it have one or two directors where this is authorized by the prefectural governor.

(2) A person who falls under any of the following items may not be an officer of a medical corporation:

(i) An adult ward or person under curatorship.

(ii) A person who has been sentenced to a fine or severer punishment pursuant to the provisions of this Act, the Medical Practitioners Act, the Dentists Act, and other laws and regulations concerning medical practice, and for whom two years have not passed since either the execution of said sentence was completed or since the person ceased to be subject to the execution of said sentence.

(iii) A person other than one who falls under the preceding item who has been sentenced to imprisonment or a severer punishment, until the execution of said sentence is completed or until the person ceases to be subject to the execution of said sentence.

(3) The term of office of an officer may not exceed two years; provided, however, that this does not prevent any officer from being reappointed.

Article 46-3 (1) A single person from among the directors of a medical corporation (excluding a medical corporation as provided for in the following paragraph) shall be the president, and he/she shall be elected from among the directors who are physicians or dentists, pursuant to the provisions of the articles of incorporation or the act of endowment; provided, however, that the president may be elected from among directors who are not physicians or dentists where this is authorized by the prefectural governor.

(2) A medical corporation with a single director, as authorized by the prefectural governor pursuant to the proviso to paragraph (1) of the preceding Article, shall consider said director as the president with regard to the application of the provisions of this Chapter (excluding paragraph (2) of the following Article).

- Article 46-4 (1) The president shall represent the medical corporation and preside over its operation.
- (2) When a president is unable to attend to his/her duties or the position of president is vacant, another director shall attend to those duties on his/her behalf or perform them, pursuant to the provisions of the articles of incorporation or act of endowment.
- (3) When it is not it is otherwise specified in the articles of incorporation or act of endowment, the operation of a medical corporation shall be determined by a majority of the directors.
- (4) A director may entrust representation for specific acts to another person, provided that this is not prohibited by the articles of incorporation, the act of endowment, or by a general meeting resolution.
- (5) Where the position of director is vacant, when losses are likely to be incurred due to a delay to the operations of a medical corporation, the prefectural governor shall appoint a provisional director ex officio or at the request of an interested party.
- (6) A director shall not hold representative authority in matters regarding which there is a conflict of interest between the medical corporation and said director. In this case, the prefectural governor shall appoint a special agent ex officio or at the request of an interested party.
- (7) The duties of an auditor shall be as follows:
- (i) Auditing the business of the medical corporation.
 - (ii) Auditing the medical corporation's property status.
 - (iii) Preparing an audit report each fiscal year on the business or property status of the medical corporation and submitting it at a general meeting or to the directors within three months of the end of said fiscal year.
 - (iv) Reporting to the prefectural governor, at a general meeting, or to the board of councilors, when he/she has discovered, in relation to the business or property of a medical corporation, an unlawful act or significant fact that is in violation of laws and regulations, the articles of incorporation, or the act of endowment, as a result of an audit pursuant to the provisions of item (i) or item (ii).
 - (v) For an auditor of an association of medical corporations, convoking a general meeting when necessary in order to make the report as set forth in the preceding item.
 - (vi) For an auditor of a medical corporation foundation, requesting the president to convoke the board of councilors when necessary in order to make a report under item (iv).
 - (vii) Presenting opinions to directors regarding the business or property status of the medical corporation.

Article 47 (1) A medical corporation shall include as its directors the administrators of all of the hospitals, clinics, and long-term care health facilities it has established (including hospitals, etc. managed by a designated administrator); provided, however, that where a medical corporation has established two or more hospitals, clinics or long-term care health facilities, it is permitted that it not include some administrators as its directors (excluding administrators of hospitals, etc. managed by a designated administrator), if this is authorized by the prefectural governor.

(2) Directors pursuant to the preceding paragraph shall lose the position of director when they retire from the position of administrator.

Article 48 An auditor shall not concurrently hold a position as a director or member of the personnel of a medical corporation (including as an administrator or other officer of a hospital, clinic, or long-term care health facility established by said medical corporation (including a hospital, etc. managed by a designated administrator)).

Article 48-2 When, among the directors or auditors, more than one-fifth of the fixed number of positions has become vacant, they shall be supplemented within one month.

Article 48-3 (1) An association of medical corporations shall keep a registry of its members, and add necessary changes whenever there is a change in its members.

(2) The president of an association of medical corporations shall convoke an ordinary general meeting at least once each year.

(3) A president may, if he/she finds it necessary, convoke an extraordinary general meeting at any time.

(4) A chairperson shall be appointed at a general meeting.

(5) A president shall, where one-fifth or more of all members have indicated a matter that should be discussed and requested that he/she convoke an extraordinary general meeting, convoke such meeting within twenty days of the date of said request; provided, however, that the proportion of one-fifth of all members may be specified as a lower proportion in the articles of incorporation.

(6) A convocation notice for a general meeting shall indicate the matters to be discussed at said meeting by at least five days prior to the date of said general meeting, and shall be given in accordance with the method specified in the articles of incorporation.

(7) The operation of an association of medical corporations shall be undertaken

by general meeting resolution, except where entrusted to directors or other officers under the articles of incorporation.

- (8) Only matters for which advance notice has been given pursuant to the provisions of paragraph (6) may be resolved at a general meeting; provided, however, that this shall not apply when it is otherwise specified in the articles of incorporation.
- (9) A general meeting may not convene nor may any resolution be adopted without the attendance of a majority of all of the members, except when it is otherwise specified in the articles of incorporation.
- (10) Except when it is otherwise specified in the articles of incorporation, a general meeting decision shall be effected by a majority of the members who are present, and by the chairperson in the event of a tie.
- (11) In the case referred to in the preceding paragraph, the chairperson may not participate in the resolution as a member.

Article 48-4 (1) Members shall possess one voting right each.

- (2) A member who does not attend a general meeting may exercise his/her vote in writing or by proxy; provided, however, that this shall not apply when it is otherwise specified in the articles of incorporation.
- (3) Where a resolution being made concerns the relationship between an association of medical corporations and a specific member, that member shall have no voting rights.

Article 49 (1) A medical corporation foundation shall have a board of councilors.

- (2) A board of councilors shall be composed of a number of councilors that exceeds the fixed number of directors (three or more councilors for a medical corporation that has received authorization as set forth in the proviso to Article 46-2(1)).
- (3) The board of councilors shall be convoked by the president.
- (4) A board of councilors shall have a chairperson.
- (5) The president shall, where one-fifth or more of all councilors have indicated a matter that should be discussed and requested that he/she convoke a meeting of the board of councilors, convoke said meeting within 20 days of the date of said request; provided, however, that the proportion of one-fifth of all councilors may be specified as a lower proportion in the act of endowment.
- (6) The board of councilors may not convene nor may any resolution be adopted without the attendance of a majority of all of the councilors.
- (7) Decisions by the board of councilors shall be effected by the majority of those present, and by the chairperson in the event of a tie.
- (8) In the case referred to in the preceding paragraph, the chairperson may not participate in the resolution as a councilor.

Article 49-2 (1) The president shall hear the opinion of the board of councilors in advance regarding the following matters:

- (i) Matters related to the budget, borrowings (excluding temporary borrowings repaid using income from said fiscal year) and important assets.
- (ii) The establishment or modification of the business plan.
- (iii) Modification of the act of endowment.
- (iv) Merger.
- (v) Dissolution on grounds listed in Article 55(3)(ii), as described in paragraph (1)(ii) of the same Article.
- (vi) Other important matters related to the operation of a medical corporation as prescribed by the act of endowment.

(2) Matters listed in each of the preceding items may require the resolution of the board of councilors, in accordance with the act of endowment.

Article 49-3 (1) A board of councilors may state its opinion to officers and respond to their enquiries with regard to the business or property status of the medical corporation or the status of its business management by the officers, and may collect reports from officers.

(2) A president shall report on the accounting and business performance to the board of councilors within three months of the end of each fiscal year, and ask the opinion thereof.

Article 49-4 (1) A person who is to become a councilor shall be as follows:

- (i) A person appointed pursuant to the provisions of the act of endowment, who is a physician, dentist, pharmacist, nurse, or other medical professional.
- (ii) A person appointed pursuant to the provisions of the act of endowment, who is well versed in the administration of hospitals, clinics, or long-term care health facilities.
- (iii) A person appointed pursuant to the provisions of the act of endowment, who is recipient of medical care.
- (iv) A person other than as described in the preceding three items, who is appointed pursuant to the provisions of the act of endowment.

(2) A councilor shall not concurrently hold a position as an officer of the relevant medical corporation foundation.

Article 50 (1) No change to the articles of incorporation or act of endowment (except those pertaining to matters as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare) shall be effected without the authorization of the prefectural governor.

(2) Where there has been an application for authorization pursuant to the

provisions of the preceding paragraph, the prefectural governor shall reach a decision on said authorization based on an examination of the matters provided for in Article 45 and whether the procedures for changing the articles of incorporation or the act of endowment are in violation of laws and regulations, the articles of incorporation or act of endowment.

(3) When a medical corporation has modified the articles of incorporation or the act of endowment with regard to matters prescribed by the Ordinance of the Ministry of Health, Labour and Welfare set forth in paragraph (1), it shall notify the prefectural governor to that effect without delay.

(4) The provisions set forth in Article 44(5) shall apply *mutatis mutandis* where modification of the articles of incorporation or the act of endowment establishes or changes any provisions on persons with vested interests in residual assets.

Article 50-2 The accounting of a medical corporation shall be in accordance with accounting practices that are generally accepted as fair and appropriate.

Article 51 (1) A medical corporation shall prepare a business report, inventory of assets, balance sheet, profit and loss statement, and other documents as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare (hereinafter referred to as "business report, etc."), within two months of the end of each fiscal year.

(2) A director shall submit the business report, etc. to the auditor.

(3) The president of a social medical corporation (limited to those as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare) shall submit an inventory of assets, balance sheet, and profit and loss statement to a certified public accountant or audit corporation.

Article 51-2 (1) A medical corporation (excluding social medical corporations) shall keep the following documents in its offices, and shall make them available for inspection where requested by its members, councilors or obligees, except where there are justifiable grounds for not doing so:

(i) Business reports, etc.

(ii) An audit report as set forth in Article 46-4(7)(iii) (hereinafter referred to as "auditor's audit report").

(iii) The articles of incorporation or the act of endowment.

(2) A social medical corporation shall keep the following documents in its offices, and shall make them available for inspection where requested, except where there are justifiable grounds for not doing so:

(i) The documents described in each item of the preceding paragraph.

(ii) The audit reports of the certified public accountant or audit corporation

(hereinafter referred to as "audit report by a certified public accountant, etc.") where it is a social medical corporation as set forth in paragraph (3) of the preceding Article.

Article 52 (1) A medical corporation shall file the following documents with the prefectural governor within three months of the end of each fiscal year, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare:

(i) Business reports, etc.

(ii) Auditor's audit reports.

(iii) Audit reports by a certified public accountant, etc., for a social medical corporation as set forth in Article 51(3).

(2) Where there has been a request with regard to the articles of incorporation or act of endowment, or documents pertaining to the filing set forth in the preceding paragraph, the prefectural governor shall make these available for inspection pursuant to an Ordinance of the Ministry of Health, Labour and Welfare.

Article 53 The fiscal year of a medical corporation shall begin on April 1 and end on March 31 of the following year; provided, however, that this shall not apply when it is otherwise specified in the articles of incorporation or act of endowment.

Article 54 A medical corporation shall not distribute dividends of surplus.

Section 4 - Social Medical Corporation Bonds

Article 54-2 (1) A social medical corporation may issue social medical corporation bonds (monetary claims against a social medical corporation that arise as a result of allotments carried out pursuant to the provisions of the Companies Act (Act No. 86 of 2005) as applied mutatis mutandis pursuant to Article 54-7, and which are redeemed in accordance with the provisions on the matters listed in each item of paragraph (1) of the following Article; the same shall apply hereinafter) in an amount not exceeding the limit decided at a general meeting or by the board of councilors pursuant to the provisions of the act of endowment, in order to contribute to the implementation of activities to ensure emergency medical care.

(2) When a social medical corporation has issued social medical corporation bonds pursuant to the preceding paragraph, it shall not transfer funds equivalent to the proceeds from the issuance of said social medical corporation bonds to a special account as provided for in Article 42-2(3).

Article 54-3 (1) A social medical corporation shall, whenever it wishes to solicit subscribers for social medical corporation bonds it is issuing, specify the following matters regarding its social medical corporation bonds for subscription (meaning social medical corporation bonds that will be allocated to the persons who subscribe for said social medical corporation bonds in response to said solicitation; the same shall apply hereinafter):

- (i) The use of funds provided by the issuance of social medical corporation bonds for subscription.
- (ii) The total amount of social medical corporation bonds for subscription.
- (iii) The amount of each social medical corporation bond for subscription.
- (iv) The coupon rate for the social medical corporation bonds for subscription.
- (v) The method and due date for the redemption of social medical corporation bonds for subscription.
- (vi) The method and due date for payment of interest.
- (vii) When social medical corporation bond certificates (meaning securities that represent the social medical corporation bonds; the same shall apply hereinafter) will be issued, a statement to that effect.
- (viii) When it will be arranged that the bondholder of a social medical corporation bond (hereinafter referred to as a "social medical corporation bondholder") may not make a claim, in whole or in part, pursuant to the provisions of Article 698 of the Companies Act as applied mutatis mutandis pursuant to Article 54-7, a statement to that effect.
- (ix) When it will be arranged that a social medical corporation bond administrator may carry out the act listed in Article 706(1)(ii) of the Companies Act as applied mutatis mutandis pursuant to Article 54-7, in the absence of a social medical corporation bondholders meeting resolution, a statement to that effect.
- (x) The amount to be paid in for each social medical corporation bond for subscription (meaning the amount of monies to be paid in, in exchange for each social medical corporation bond for subscription), or the minimum amount thereof, or the method for calculating such amounts.
- (xi) The due date for payment of the monies in exchange for the social medical corporation bonds for subscription.
- (xii) When it will be arranged that the issuance of social medical corporation bonds for subscription will not be carried out in its entirety where the persons to whom the social medical corporation bonds for subscription will be allotted have not been established for the total amount of the social medical corporation bonds by a certain day, a statement to that effect and that certain day.
- (xiii) In addition to what is listed in each of the preceding items, the matters

- prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.
- (2) The matters listed in item (ii) of the preceding paragraph and other matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as important matters that concern the solicitation of subscribers for social medical corporation bonds shall be decided by a majority of the directors.

Article 54-4 A social medical corporation shall prepare its social medical corporation bond registry and enter or record the following matters in that registry, without delay after the date social medical corporation bonds are issued:

- (i) The matters listed in paragraph (1)(iv) through (ix) of the preceding Article, and other matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as matters that specify the features of social medical corporation bonds (hereinafter referred to as a "class").
- (ii) The total amount of social medical corporation bonds and the amount of each social medical corporation bond for each class.
- (iii) The amount of monies paid in, in exchange for each social medical corporation bond and the date of payment.
- (iv) The name and address of social medical corporation bondholders (excluding social medical corporation bondholders of social medical corporation bearer bonds (social medical corporation bonds for which social medical corporation bond certificates are issued in bearer form)).
- (v) The dates when the social medical corporation bondholders set forth in the preceding item acquired each social medical corporation bond.
- (vi) When social medical corporation bond certificates have been issued, the serial numbers of the social medical corporation bond certificates, the dates of their issuance, whether the social medical corporation bond certificates are registered or in bearer form, and the number of social medical corporation bearer bond certificates.
- (vii) In addition to what is listed in each of the preceding items, the matters prescribed by an Ordinance of the Ministry of Health, Labour and Welfare.

Article 54-5 A social medical corporation shall, where it issues social medical corporation bonds, appoint a social medical corporation bond administrator, and entrust the receipt of payments, the preservation of rights of claim on behalf of the social medical corporation bondholders, and other administration of the social medical corporation bonds to that administrator; provided, however, that this shall not apply where the amount of each social medical corporation bond is 100,000,000 yen or more, and in other cases prescribed by an Ordinance of the Ministry of Health, Labour and Welfare as cases where it is unlikely that the protection of social medical corporation bondholders will be

compromised.

Article 54-6 (1) Social medical corporation bondholders shall be the framework for social medical corporation bondholders meetings for each class of social medical corporation bonds.

(2) A social medical corporation bondholders meeting may adopt resolutions on matters provided for in this Act or the Companies Act as applied mutatis mutandis pursuant to the following Article, and matters related to the interests of the social medical corporation bondholders.

Article 54-7 Where a social medical corporation issues social medical corporation bonds, the provisions set forth in Article 677 through Article 680, Article 682, Article 683, Article 684 (excluding paragraph (4) and paragraph (5)), Article 685 through Article 701, Article 703 through Article 714, Article 717 through Article 742, Part VII, Chapter II, Section 7, Article 868(3), Article 869, Article 870 (limited to the parts pertaining to item (iii) and item (x) through item (xii)), Article 871 (limited to the parts pertaining to item (ii)), Article 872 (limited to the parts pertaining to item (iv)), Article 873 (limited to the parts pertaining to item (ii) and item (iv)), Article 874 (limited to the parts pertaining to item (i) and item (iv)), Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to social medical corporation bonds, social medical corporation bonds for subscription, social medical corporation bond certificates, social medical corporation bondholders, social medical corporation bond administrators, social medical corporation bondholders meetings, and social medical corporation bond registers. Where this is the case, any necessary replacement of terms shall be prescribed by Cabinet Order.

Article 54-8 A social medical corporation bond shall be deemed to be a bond in regard to the application of the Secured Bonds Trust Act (Act No. 52 of 1905) and other laws and regulations as prescribed by Cabinet Order, pursuant to the provisions of a Cabinet Order.

Section 5 - Dissolution and Merger

Article 55 (1) An association of medical corporations shall be dissolved on the following grounds:

- (i) Occurrence of grounds for dissolution that are specified by the articles of incorporation.
- (ii) The inability to successfully carry out the operations that are its purpose.
- (iii) A general meeting resolution.
- (iv) Merger with another medical corporation.

- (v) A lack of members.
 - (vi) A decision to commence bankruptcy proceedings.
 - (vii) Rescission of authorization for establishment.
- (2) An association of medical corporations may not adopt a general meeting resolution as set forth in item (iii) of the preceding paragraph without the support of a three-quarters majority of all members; provided, however, that this shall not apply when it is otherwise specified in the articles of incorporation.
- (3) A medical corporation foundation shall be dissolved on the following grounds:
- (i) Occurrence of grounds for dissolution that are specified by the act of endowment.
 - (ii) Grounds listed in paragraph (1)(ii), (iv), (vi), or (vii).
- (4) Where a medical corporation can no longer perform on its obligations by means of its assets, a court shall, in response to a petition from the directors or obligees or ex officio, issue a decision for the commencement of bankruptcy procedures.
- (5) In the case prescribed in the preceding paragraph, the directors shall immediately file a petition for the commencement of bankruptcy procedures.
- (6) Dissolution resulting from the grounds listed in paragraph (1)(ii) or (iii) of shall not be effective without the authorization of the prefectural governor.
- (7) In granting or refusing the authorization set forth in the preceding paragraph, a prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.
- (8) A liquidator shall, where a medical corporation has been dissolved based on the grounds listed in paragraph (1)(i) or (v), or paragraph (3)(i), notify the prefectural governor to that effect.

Article 56 (1) The residual assets of a dissolved medical corporation shall belong to persons to whom they should belong pursuant to the provisions of the articles of incorporation or act of endowment, except in the case of dissolution due to a decision to merge or to commence bankruptcy proceedings.

- (2) Assets not disposed of pursuant to the provisions of the preceding paragraph shall belong to the national treasury.

Article 56-2 A dissolved medical corporation shall be deemed to remain in existence until the liquidation is completed, to the extent of the purpose of liquidation.

Article 56-3 When a medical corporation has been dissolved, a director shall become its liquidator, except in the case of dissolution due to a decision to merge or to commence bankruptcy proceedings; provided, however, that this

shall not apply when it is otherwise specified in the articles of incorporation or act of endowment, or when a person other than a director is appointed at a general meeting.

Article 56-4 In the absence of a liquidator pursuant to the provisions of the preceding Article or when damages are likely to be incurred due to the absence of a liquidator, a court may appoint the liquidator in response to a petition by an interested party or the public prosecutor, or ex officio.

Article 56-5 when there are material grounds for doing so, a court may dismiss a liquidator in response to a petition by an interested party or the public prosecutor, or ex officio.

Article 56-6 A liquidator appointed during liquidation shall notify the prefectural governor of his/her name and address.

Article 56-7 (1) A liquidator shall perform the following duties:

- (i) The conclusion of current business.
- (ii) The collection of debts and the performance of obligations.
- (iii) The delivery of residual assets.

(2) A liquidator may engage in any and all acts that are necessary to the performance of the duties listed in each of the items of the preceding paragraph.

Article 56-8 (1) A liquidator shall provide public notice on at least three occasions, requiring obligees to submit their claims within a stated period, within two months of the date that said liquidator takes office. In this case, the period for filing claims shall not be less than two months.

(2) The public notice set forth in the preceding paragraph shall note that if an obligee fails to submit his/her claim within the stated period, his/her claim will be excluded from the liquidation proceedings; provided, however, that the liquidator may not exclude any known obligee.

(3) The liquidator shall notify each known obligee separately of the requirement for him/her to submit his/her claim.

(4) The public notice set forth in paragraph (1) shall be carried out via publication in the Official Gazette.

Article 56-9 A obligee who submits his/her claim after the expiry of the period set forth in paragraph (1) of the preceding Article may claim only the assets which, after all debts of the medical corporation have been fully paid, have not yet been delivered to persons with vested rights.

Article 56-10 (1) When it has become clear that the assets of a medical corporation in liquidation are insufficient to perform on its obligations, the liquidator shall immediately file to commence bankruptcy proceedings and provide public notice to that effect.

(2) Where a medical corporation in liquidation is subject to a ruling for the commencement of bankruptcy proceedings, the liquidator shall be deemed to have completed his/her duties when the administration of the relevant proceedings has been transferred to the bankruptcy trustee.

(3) In the case provided for in the preceding paragraph, when a medical corporation in liquidation has already made payment to an obligee or delivered assets to persons with vested interests, the bankruptcy trustee may retrieve such monies or assets.

(4) Public notice pursuant to the provisions of paragraph (1) shall be carried out via publication in the Official Gazette.

Article 56-11 When liquidation proceedings are completed, the liquidator shall notify the prefectural governor to that effect.

Article 56-12 (1) The dissolution and liquidation of a medical corporation shall be subject to court supervision.

(2) A court may conduct the necessary investigations for the supervision set forth in the preceding paragraph at any time, ex officio.

(3) A court supervising the dissolution and liquidation of a medical corporation may seek the opinion of the prefectural governor who is supervising the operations of the medical corporation, or may commission an investigation thereby.

(4) The prefectural governor provided for in the preceding paragraph may state his/her opinion to the court provided for in the same paragraph.

Article 56-13 Cases related to the supervision of the dissolution and liquidation of a medical corporation or to the liquidator shall be subject to the jurisdiction of the district court with jurisdiction over the location of the principal office thereof.

Article 56-14 No appeal may be entered against a judicial decision on the appointment of the liquidators.

Article 56-15 A court may, where a liquidator has been appointed pursuant to the provisions of Article 56-4, specify the amount in fees to be paid to said liquidator by the medical corporation. In this case, the court shall hear the

statements of said liquidator and the auditor.

Article 56-16 An immediate appeal may be entered against a judicial decision on the dismissal of the liquidator and a judicial decision pursuant to the provisions of the preceding Article.

Article 56-17 (1) A court may appoint an inspector so as to have him/her carry out the necessary investigations for the supervision of the dissolution and liquidation of a medical corporation.

(2) The provisions of the preceding three Articles shall apply mutatis mutandis to where the court has appointed an inspector as prescribed in the preceding paragraph. In this case, the term "liquidator and the auditor" in Article 56-15 shall be deemed to be replaced with "medical corporation and the inspector."

Article 57 (1) An association of medical corporations may, if all members consent, merge with another association of medical corporations.

(2) A medical corporation foundation may merge with another medical corporation foundation, provided that it is stipulated in the act of endowment that merger is permitted.

(3) The consent of a two-thirds majority of the directors is required for the merger of a medical corporation foundation; provided, however, that this shall not apply where it is otherwise specified in the act of endowment.

(4) A merger shall not take effect without the authorization of the prefectural governor.

(5) The provisions of Article 55(7) shall apply mutatis mutandis to the authorization set forth in the preceding paragraph.

Article 58 A medical corporation shall, if authorized by the prefectural governor as provided for in paragraph (4) of the preceding Article, draw up an inventory of assets and a balance sheet within two weeks of the date of notice being given of said authorization.

Article 59 (1) A medical corporation shall provide public notice to its obligees that they should state their objections, if any, within a certain period of time, and shall give notice separately to each known obligee, within the period set forth in the preceding Article; provided, however, that the period for objections may not be less than two months.

(2) When an obligee has failed to state his/her objections to a merger within the period set forth in the preceding paragraph, he/she shall be deemed to have approved of the merger.

(3) When an obligee has stated an objection, the medical corporation shall make

payment or provide equivalent security to said obligee, or shall entrust equivalent assets to a trust company or financial institution that engages in trust business for the purpose of allowing said obligee to receive the payment; provided, however, that this shall not apply where the merger poses no risk of damages to said obligee.

Article 60 Where a medical corporation has been established by a merger, operations related to the establishment of the medical corporation, such as the drawing up of the articles of incorporation or act of endowment, shall be performed jointly by persons appointed from each medical corporation.

Article 61 The surviving medical corporation after a merger or the medical corporation established by a merger shall assume the rights and obligations of the medical corporation(s) dissolved as a result of the merger (including rights and obligations arising out of the administrative authority's authorization and other dispositions related to the medical corporation and its business activities).

Article 62 A merger shall become effective through the completion of registration pursuant to the provisions of a Cabinet Order by the surviving medical corporation after the merger or by the medical corporation established by the merger at the location of its principal office.

Section 6 - Supervision

Article 63 (1) When a prefectural governor suspects the operations or accounting of a medical corporation to be in violation of laws and regulations, a disposition by the prefectural governor based on laws and regulations, the articles of incorporation, or the act of endowment, or suspects its administration to be significantly inappropriate, he/she may request said medical corporation to report on the status of its operations or accounting, or may have the relevant officials enter its offices and inspect the status of its operations or accounting. (2) The provisions set forth in Article 6-8(3) and (4) shall apply mutatis mutandis to any entry and inspection pursuant to the provisions of the preceding paragraph.

Article 64 (1) When a prefectural governor finds the operations or accounting of a medical corporation to be in violation of laws and regulations, a disposition of the prefectural governor based on laws and regulations, the articles of incorporation, or the act of endowment, or finds its administration to be significantly inappropriate, he/she may order said medical corporation to take

any necessary measures by a set deadline.

- (2) When a medical corporation fails to abide by an order as set forth in the preceding paragraph, the prefectural governor may order said medical corporation to suspend all or a part of its operations for a period that he/she prescribes, or may recommend the dismissal of its officers.
- (3) In ordering the suspension of operations or recommending the dismissal of officers pursuant to the provisions of the preceding paragraph, the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.

Article 64-2 (1) A prefectural governor may, where a social medical corporation falls under any of the following items, rescind the social medical corporation's authorization, or order all or a part of the profit-making activities to be suspended for a period that he/she prescribes:

- (i) When the requirements listed in each item of Article 42-2(1) are no longer being met.
 - (ii) When operations other than those stipulated in the articles of incorporation or act of endowment have been carried out.
 - (iii) When profits from the profit-making activities are not set aside for the administration of a hospital, clinic, or long-term care health facility established by said social medical corporation.
 - (iv) When the continuation of profit-making activities is found to be a hindrance to the operation of a hospital, clinic, or long-term care health facility established by a social medical corporation (including a hospital, etc. managed by a designated administrator).
 - (v) When authorization as set forth in Article 42-2(1) has been received by unlawful means.
 - (vi) When the social medical corporation has violated this Act, any order based on this Act, or any disposition based on these.
- (2) In rescinding authorization pursuant to the provisions of the preceding paragraph, the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.

Article 65 A prefectural governor may, when a medical corporation fails to establish or re-open a hospital, clinic, or long-term care health facility without justifiable grounds, within one year of the establishment of said medical corporation or within one year of the suspension or abolition of all of its hospitals, clinics, and long-term care health facilities, rescind its authorization for establishment.

Article 66 (1) A prefectural governor may, where a medical corporation has

violated the provisions of laws and regulations or an order by the prefectural governor based on the provisions of laws and regulations, rescind its authorization for establishment, provided that the purpose of supervision cannot be achieved by any other means.

- (2) In rescinding authorization for establishment pursuant to the provisions of the preceding paragraph, the prefectural governor shall hear the opinions of the Prefectural Council on Medical Service Facilities in advance.

Article 66-2 The Minister of Health, Labour and Welfare may, when he/she finds there to be a risk of significant harm to the public interest due to a failure to undertake measures pursuant to the provisions of Article 64(1) and (2), Article 64-2(1), Article 65, or paragraph (1) of the preceding Article, instruct the prefectural governor to undertake measures pursuant to said provisions.

Article 67 (1) In issuing a disposition refusing authorization pursuant to the provisions of Article 44(1), Article 55(6), or Article 57(4), or recommending the dismissal of an officer pursuant to the provisions of Article 64(2), the prefectural governor shall grant the person named in said disposition or the party under said recommendation the opportunity to give an explanation to a designated official or to another party. In this case, the prefectural governor shall give written notice in advance to the person named in said ruling or the party under said recommendation of the date and location of the explanation and the grounds for said disposition or said recommendation.

- (2) A person who receives a notice as set forth in the preceding paragraph may have a representative appear, and may submit his/her own supporting evidence.
- (3) A person who has given a hearing to an explanation pursuant to the provisions of paragraph (1) shall create and retain a hearing record, prepare a written report, and state his/her opinion to the prefectural governor concerning whether the relevant disposition or recommendation is necessary.

Article 68 The provisions set forth in Article 4, Article 78, Article 158, and Article 164 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006), and Article 662, Article 664, Article 868(1), Article 871, Article 874 (limited to parts pertaining to item (i)), Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to medical corporations. In this case, the term "distribute its assets to its partners" in Article 664 of the Companies Act shall be deemed to be replaced with "assign its assets to persons with vested interests in residual assets or to the national treasury."

Article 68-2 (1) With regard to the application of the provisions of this Chapter

to a medical corporation that has established hospitals, clinics, or long-term care health facilities in two or more prefectural areas, the term "prefectural governor" in Article 42-2(1) and (2), Article 44(1) and (3), Article 45, proviso to Article 46-2(1), proviso to Article 46-3(1), and (2), Article 46-4, (5), (6), and (7)(iv), the proviso to Article 47(1), Article 50(1) through (3), Article 52, Article 55(6), (7) (including where it is applied mutatis mutandis to Article 57(5); the same shall apply hereinafter in this paragraph) and paragraph (8), Article 56-6, Article 56-11, Article 56-12(3) and (4), Article 57(4), Article 58, Article 64 through Article 66, and Article 67(1) and (3) shall be deemed to be replaced with "Minister of Health, Labour and Welfare"; the term "the prefecture in which said hospital of clinic is" in Article 42-2(1)(iv) shall be deemed to be replaced with "all prefectures in which its hospitals or clinics are"; the term "Prefectural Council on Medical Service Facilities" in paragraph (2) of the same Article, Article 45(2), Article 55(7), Article 64(3), Article 64-2(2), and Article 66(2) shall be deemed to be replaced with "Social Security Council"; the term "authorization set forth in the proviso to Article 46-2(1)" in Article 49(2) shall be deemed to be replaced with "authorization set forth in the proviso to Article 46-2(1) as applied by replacing certain terms pursuant to the provisions of Article 68-2(1)"; and the terms "When a prefectural governor" and "by the prefectural governor" in Article 63(1) shall be deemed to be replaced with "When the Minister of Health, Labour and Welfare or a prefectural governor" and "by the Minister of Health, Labour and Welfare," respectively.

- (2) Authorization pursuant to the provisions of Article 42-2(1) as applied by replacing certain terms pursuant to the provisions of the preceding paragraph, and applications for permission pursuant to the provisions of Article 44(1), the proviso to Article 46-2(1), the proviso to Article 46-3(1), the proviso to Article 47(1), Article 50(1), Article 55(6), and Article 57(4) shall be undertaken by the prefectural governor. In this case, the prefectural governor shall make the necessary examinations and attach his/her opinion.

Article 68-3 Necessary matters concerning the supervision of medical corporations other than those specifically stipulated in this Chapter shall be stipulated by a Cabinet Order.

Article 69 Deleted

Article 70 Deleted

Article 71 Deleted

Chapter VII - Miscellaneous Provisions

Article 71-2 (1) A Prefectural Council on Medical Service Facilities shall be established in the prefectures in order to carry out investigations and deliberations on matters placed under their jurisdiction by this Act, and in order to carry out investigations and deliberations on significant matters related to ensuring the system for providing medical care in said prefecture in response to consultations with the prefectural governor.

(2) Any necessary matters concerning the organization and operation of a Prefectural Council on Medical Service Facilities shall be stipulated by Cabinet Order.

Article 71-3 (1) Affairs placed under the jurisdiction of a prefectural governor, mayor of a city with a public health center, or mayor of a special ward of Tokyo pursuant to the provisions of Article 5(2), Article 23-2, Article 24(1), and Article 25(1) and (2), shall, where the Minister of Health, Labour and Welfare finds there to be an urgent necessity therefor in order to protect the health of the people, be undertaken by the Minister of Health, Labour and Welfare, prefectural governor, mayor of a city with a public health center, or mayor of a special ward of Tokyo. In this case, provisions set forth in this Act concerning a prefectural governor, mayor of a city with a public health center, or mayor of a special ward of Tokyo (limited to those pertaining to said affairs) shall apply mutatis mutandis to the Minister of Health, Labour and Welfare as provisions concerning the Minister of Health, Labour and Welfare.

(2) In the case set forth in the preceding paragraph, when the relevant affairs are undertaken by the Minister of Health, Labour and Welfare, a prefectural governor, mayor of a city with a public health center, or mayor of a special ward of Tokyo, they shall be undertaken under close mutual cooperation.

Article 71-4 Affairs that are undertaken by a prefecture pursuant to the provisions of Article 63(1) and Article 68-2(2) (excluding the part pertaining to attaching an opinion in the second sentence of the same paragraph), as applied by replacing certain terms pursuant to Article 68-2(1), shall be Type I statutory entrusted functions pursuant to the provisions of Article 2(9)(i) of the Local Autonomy Act.

Article 71-5 (1) The authority of the Minister of Health, Labour and Welfare pursuant to the provisions of this Act may be delegated to the Director-General of a Regional Bureau of Health and Welfare, pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

(2) The authority delegated to the Director-General of a Regional Bureau of Health and Welfare pursuant to the provisions of the preceding paragraph may

be delegated to the Director-General of a Regional Branch Bureau of Health and Welfare pursuant to the provisions of an Ordinance of the Ministry of Health, Labour and Welfare.

Article 71-6 Where an order has been established, revised, or abolished based on the provisions of this Act, said order may specify any necessary transitional measures (including transitional measures related to penal provisions) within the scope reasonably necessary in accordance with said establishment, revision, or abolition.

Chapter VIII - Penal Provisions

Article 71-7 When an officer of a social medical corporation has acted in a manner that is contrary to his/her duties for the purpose of promoting his/her own interest or the interest of a third party, or with the object of inflicting damage on the social medical corporation, and has inflicted financial damage on said social medical corporation, said officer shall be punished by imprisonment with work for up to seven years, a fine of up to five million yen, or both.

Article 71-8 When a social medical corporation's representative bondholder (meaning a social medical corporation's representative bondholder appointed pursuant to the provisions of Article 736(1) of the Companies Act as applied mutatis mutandis to Article 54-7; the same shall apply in Article 71-11(1) and Article 75-2) or resolution administrator (meaning a resolution administrator pursuant to the provisions of Article 737(2) of the same Act as applied mutatis mutandis to Article 54-7; the same shall apply in Article 71-11(1) and Article 75-2) has acted in a manner that is contrary to his/her duties for the purpose of promoting his/her own interest or the interest of a third party, or with the object of inflicting damage on the social medical corporation bondholders, and has inflicted financial damage on said social medical corporation bondholders, said person shall be punished by imprisonment with work for up to five years, a fine of up to five million yen, or both.

Article 71-9 Any attempt to commit the crimes set forth in the preceding two Articles shall be punished.

Article 71-10 (1) In soliciting subscribers for social medical corporation bonds, when an officer of a social medical corporation or a person entrusted with soliciting subscribers for social medical corporation bonds has used a prospectus related to the affairs of the social medical corporation and other

matters or has used advertisements or other documents related to said subscription that include a false statement on an important matter or, where electromagnetic records (meaning records as prescribed by an Ordinance of the Ministry of Health, Labour and Welfare that are prepared in an electronic form, a magnetic form, or any other form not recognizable to human perception, which are used in information processing by computers; the same shall apply hereinafter) have been created in lieu of said documents, where such a person has supplied electromagnetic records that include a false statement on an important matter for use in said solicitation, said person shall be punished by imprisonment with work for up to five years, a fine of up to five million yen, or both.

- (2) When a person undertaking the sale of social medical corporation bonds has used documents related to said sale that include a false statement on an important matter, or, where electromagnetic records have been created in lieu of said documents, when such a person has supplied electromagnetic records that include a false statement on an important matter for use in said sale, the provisions of the preceding paragraph shall apply.

Article 71-11 (1) When an officer of a social medical corporation, a social medical corporation's representative bondholder, or a resolution administrator has accepted, solicited, or promised to accept a financial benefit in response to a wrongful request, he/she shall be punished by imprisonment with work for up to five years or a fine of up to five million yen.

- (2) A person who has given, offered, or promised to give benefits as set forth in the preceding paragraph shall be punished by imprisonment with work for up to three years or a fine of up to three million yen.

Article 71-12 (1) A person who, in connection with the following matters, has accepted, solicited, or promised to accept a financial benefit in response to a wrongful request shall be punished by imprisonment with work for up to five years or a fine of up to five million yen:

- (i) A statement of opinion or the exercise of a voting right at a social medical corporation bondholders meeting.
 - (ii) The exercise of the rights of a social medical corporation bondholder who holds one-tenth or more of the total amount of social medical corporation bonds (excluding bonds that have been redeemed).
- (2) The provisions of the preceding paragraph shall also apply to a person who has given, offered, or promised to give the benefit set forth in that paragraph.

Article 71-13 In cases as set forth in Article 71-11(1) or paragraph (1) of the preceding Article, benefits accepted by the offender shall be confiscated. When

it is not possible to confiscate all or part of such benefits, an equivalent value thereof shall be collected therefrom.

Article 71-14 (1) The crimes set forth in Article 71-7 through Article 71-9, Article 71-11(1), and Article 71-12(1) shall also apply to persons who committed such crimes outside Japan.

(2) The crimes set forth in Article 71-11(2), and Article 71-12(2) shall be governed by Article 2 of the Penal Code (Act No. 45 of 1907).

Article 71-15 When the person provided for in Article 71-8, Article 71-10, or Article 71-11(1) is a juridical person, these provisions and the provisions of Article 71-9 shall apply mutatis mutandis to the director, executive officer, or any other business-administering officer or manager who has committed such an act.

Article 72 (1) A person who is or was a public officer engaged in affairs related to the submission of medical records or birth records pursuant to the provisions of Article 5(2), Article 25(2) or (4), or the inspection of medical records or birth records pursuant to the provisions of paragraph (1) or paragraph (3) of the same Article, who has, without justifiable grounds, divulged any secret or personal confidential information in relation to the services of physicians, dentists, or midwives which has come to his/her knowledge through the execution of his/her duties, shall be punished by imprisonment with work for up to one year or a fine of up to 500,000yen.

(2) The provisions of the preceding paragraph shall also apply to a person who is or was a public officer other than those who have come to have knowledge of a secret in the course of their duties as set forth in the preceding paragraph, who has divulged such a secret without justifiable grounds.

(3) A person who has violated the provisions of Article 6-11(4) shall be punished by imprisonment with work for up to one year or a fine of up to 500,000 yen.

Article 73 A person who falls under any of the following items shall be punished by imprisonment with work for up to six months or a fine of up to 300,000 yen:

(i) A person who has violated the provisions of Article 6-5(3), Article 6-6(4), Article 6-7(2), or Article 7(1).

(ii) A person who has violated the provisions of Article 14.

(iii) A person who has violated an order or disposition based on the provisions of Article 6-8(2), Article 7-2(3), Article 23-2, Article 24, Article 28, or Article 29(1).

Article 74 A person who falls under any of the following items shall be punished

by a fine of up to 200,000 yen.

- (i) A person who has violated the provisions of Article 3, Article 4(3), Article 4-2(3), Article 8, Article 8-2(2), Article 9 through Article 12, Article 16, Article 18, Article 19, Article 21(1)(ii) through (xi) or (2)(ii), Article 22(i) or (iv) through (viii), Article 22-2(ii) or (v), or Article 27.
- (ii) A person who has failed to report or submit or has falsely reported pursuant to the provisions of Article 5(2), Article 6-8(1), or Article 25(1) through (4), or who has refused, obstructed, or evaded an inspection of his/her duties pursuant to the provisions of Article 6-8(1), Article 25(1) or (3).
- (iii) A person who has failed to post or falsely posted pursuant to the provisions of Article 14-2(1) or (2).

Article 75 When the representative of a juridical person, or the agent, employee, or other worker of a juridical person or individual commits any one of the violations set forth in the preceding two Articles with regard to the business of such juridical person or individual, not only the offender, but said juridical person or individual, as well, shall be punished by the fine prescribed in the relevant Articles.

Article 75-2 Where the officer of a social medical corporation, the administrator of a social medical corporation bond registry (meaning a person pursuant to the provisions of Article 683 of the Companies Act as applied mutatis mutandis to Article 54-7), a social medical corporation bond administrator, the social medical corporation bond administrator who succeeds to the administration of social medical corporation bonds (meaning a social medical corporation bond administrator who succeeds to the affairs of a social medical corporation bond administrator pursuant to the provisions of Article 711(1), or Article 714(1) or (3) of the Companies Act as applied mutatis mutandis to Article 54-7), a social medical corporation's representative bondholder, or a resolution administrator falls under any one of the following items, said person shall be subject to a non-criminal fine of up to one million yen; provided, however, that this shall not apply when such an act should be made subject to criminal punishment:

- (i) When the person has failed to give public notice or notice or has given improper public notice or notice under the provisions of the Companies Act as applied mutatis mutandis to this Act.
- (ii) When, in violation of the provisions of the Companies Act as applied mutatis mutandis to this Act, the person has refused to allow the inspection or copying of documents or anything that shows the matters recorded in electromagnetic records in a manner prescribed by an Ordinance of the Ministry of Health, Labour and Welfare, or has refused to deliver a transcript or extract of documents, to provide matters recorded in

- electromagnetic records by electromagnetic means, or to deliver a document that states such matters, without justifiable grounds.
- (iii) When the person has refused, obstructed, or evaded an inspection under the provisions of the Companies Act as applied mutatis mutandis in this Act.
 - (iv) When the person has made a false statement or concealed facts at a social medical corporation bondholders meeting.
 - (v) When the person has failed to enter or record matters to be entered or recorded in the social medical corporation bond registry, the minutes (meaning minutes prepared pursuant to the provisions of Article 731(1) of the Companies Act as applied mutatis mutandis to Article 54-7; the same shall apply hereinafter in the following item), or the documents or electromagnetic records set forth in Article 682(1), or Article 695(1) of the Companies Act as applied mutatis mutandis to Article 54-7, or has entered or recorded false matters therein.
 - (vi) When the person has failed to keep a social medical corporation bond registry or minutes, in violation of the provisions of Article 684(1), or Article 731(2) of the Companies Act as applied mutatis mutandis to Article 54-7.
 - (vii) When the person has issued social medical corporation bond certificates prior to the date of issue of social medical corporation bonds.
 - (viii) When the person has failed to issue social medical corporation bond certificates without delay, in violation of the provisions of Article 696 of the Companies Act as applied mutatis mutandis to Article 54-7.
 - (ix) When the person has failed to enter or has falsely entered any matter that must be entered on a social medical corporation bond certificate.
 - (x) When the person has issued social medical corporation bonds in violation of the provisions of Article 54-5, or has failed to appoint a social medical corporation bond administrator to succeed to the administration of social medical corporation bonds, in violation of the provisions of Article 711(1) of the Companies Act as applied mutatis mutandis to Article 54-7.

Article 76 In any of the cases under the each of the following items, the director(s), auditor, or liquidator of a medical corporation shall be subject to a non-criminal fine of up to 200,000 yen; provided, however, that this shall not apply when such an act should be made subject to criminal punishment:

- (i) When the person has failed to complete registration pursuant to the provisions of a Cabinet Order based on this Act.
- (ii) When the person has failed to keep an inventory of assets pursuant to the provisions of Article 46(2), or has failed to enter or has falsely entered a matter that must be entered therein.
- (iii) When the person has failed to make a notification or has made a false notification, in violation of the provisions of Article 50(3), or Article 52(1).

- (iv) When the person has failed to keep documents pursuant to the provisions of Article 51-2, has failed to enter or has falsely entered a matter that must be entered therein, or has refused an inspection pursuant to the provisions of the same Article.
- (v) When the person has distributed dividends of surplus, in violation of the provisions of Article 54.
- (vi) When the person has failed to file a petition for the commencement of bankruptcy procedures pursuant to the provisions of Article 55(5), or Article 56-10(1).
- (vii) When the person has failed to provide the public notice pursuant to the provisions of Article 56-8(1), or Article 56-10(1), or has falsely provided such public notice.
- (viii) When the person has violated the provisions of Article 58, or Article 59(1) or (3).
- (ix) When the person has failed to report or falsely reported pursuant to the provisions of Article 63(1), or has refused, obstructed, or evaded inspection pursuant to the provisions of the same paragraph.
- (x) When the person has undertaken operation, in breach of an order pursuant to the provisions of Article 64(2), or Article 64-2(1).

Article 77 A person who has violated the provisions of Article 40 shall be subject to a non-criminal fine of up to 100,000 yen.