Stylised facts on long-term care and policy implications

Long-term care in Europe
Discussing trends and relevant issues
Budapest, 22-23 February 2010

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In the background

- Ageing societies;
- Project;
- Long-term care (LTC): a relative newcomer to the social policy scene;
- Gaps in knowledge and comparative data;

- *Facts and Figures on Long-term Care – Europe and North America*;
- Stylised facts & policy implications – focusing on expenditure.
Provision of LTC: United in diversity

• Different approaches to LTC
  • Cash benefits (Austria, Germany, Italy, Czech Republic);
  • Means-test (UK);
  • Public provision of care services (Sweden, Denmark).

• Hybrid rather than pure models of care
  • Cash benefits: within the tax envelope (Austria, Czech Republic) or through social insurance (Germany);
  • Regulated (France) and unregulated allowances (Italy);
  • Universal public provision of care (Denmark) or targeted “universalistic” provision of care (Sweden);
  • Provision of care (institutions): public (Sweden), private “for profit” (Spain, UK), private “non-profit” (Germany).
Home is where you’re cared for…

Share of older people receiving care at home and in an institutional setting (most recent date)

A minority of 65+ received care in institutions

Home care... central for greater access to care

Source: Facts and Figures on Long-term Care
Public expenditure tells a different tale.

Most public resources go into institutional care.

In comparison:
EU15 spends 7.6% GDP on health and 9.1% GDP on old-age pensions.

Source: Facts and Figures on Long-term Care.
How deep are the users’ pockets?
Private expenditure on LTC

Private expenditure on long-term care (% of GDP) and its distribution (2007 or most recent date)

Source: Facts and Figures on Long-term Care
Paying for institutional care

User’s fee for institutional care, in percentage of net APW wage (2007 or most recent date)

51.2% of public resources devoted to 30.6% of beneficiaries of care (3.3% of 65+ population)...

... yet, heavy private contributions still required.

Source: Facts and Figures on Long-term Care
Is public expenditure on LTC purely age-driven?

Ageing and public expenditure on long-term care (2007 or most recent) and pensions (2005)

Source: Facts and Figures on Long-term Care
An exercise of futurology on LTC expenditure

What if... all countries had the age structure of the EU15 average?

What if... all countries spent on the EU15 average?

Expenditure ratio, in percentage of GDP

Observed expenditure ratio (2005), in percentage of GDP

- Age standardization
- Expenditure standardization
Some cost containing measures…
… but are they sustainable?

- Means-test;
- Reliance on informal care:
  - Cash benefits – “routed wages”, support to carers… care trap, gender;
  - Migrant carers – care drain, informal markets of care.
- “Benefit freeze” (e.g., Austria, Germany);
- Co-payments (e.g., France, the Netherlands);
- Rationing:
  - In-kind benefits: low provision;
  - Cash benefits: caps on expenditure – first come, first served;
- Buffer funds, higher contributions (e.g., social-insurance systems);
- Market-like arrangements (e.g., care markets, private insurance).
Policy implications derived from the stylised facts

• As a relative newcomer, LTC gets limited public resources…
• …yet, despite policy discourse and public preferences, most resources go to institutional care;
• It is care at home that is key to provide care to most;
• Expenditure on LTC is not purely age-driven:
  • Policy choices;
  • Quality;
  • Availability of informal care.
• Reduced LTC services in some countries… too low to be sustainable.
Policy implications derived from the stylised facts II

• Funding mix: users/families still shoulder a great deal of the financial costs of (institutional) care;

• Solutions to guarantee fiscal sustainability... must be sustainable themselves;

• Anticipating change... issues to look at:
  • Coordination of health and social care;
  • Quality of care;
  • “Consumer choice”;
  • Alzheimer and other dementias;
  • Changes in informal care;
  • Workforce and migrant carers.
For the next edition of Facts and Figures…

• Updating information…
• …Upgrading indicators:
  • Informal care: using SHARE data;
  • Equity/distribution effects in accessing care;
  • Workforce in LTC;
  • Dementia and Alzheimer;
  • Qualitative information: e.g., on governance and finance;
  • Trends in expenditure;
  • Quality… which indicators to use?
  • … what other issues should/can be addressed?