



International Association for the
Study of Insurance Economics

Études et Dossiers

Extract from

Études et Dossiers No. 348

**5th Geneva Association Health & Ageing
Conference**

**Long Term Care –
Risk Profiles, Determinants and Financing**

6-7 November 2008
London

This document is free to download from The Geneva Association website, www.genevaassociation.org

November 2008

**Working Paper Series of
The Geneva Association**

© Association Internationale pour l'Etude de l'Economie de l'Assurance

The Geneva Association - General Secretariat - 53, route de Malagnou - CH-1208 Geneva
Tel.: +41-22-707 66 00 - Fax: +41-22-736 75 36 - secretariat@genevaassociation.org - www.genevaassociation.org

The Geneva Association Working Paper Series “Études et Dossiers” appear at irregular intervals about 10 – 12 times per year. Distribution is limited.

The “Études et Dossiers” are the working paper series of The Geneva Association. These documents present intermediary or final results of conference proceedings, special reports and research done by The Geneva Association. Where they contain work in progress or summaries of conference presentations, the material must not be cited without the express consent of the author in question.

This document is free to download from The Geneva Association website, please visit: www.genevaassociation.org

Layout & Distribution: Valéria Kozakova

Financing Long Term Care in Europe: How Will the Public-private Mix Evolve?

Manfred Huber

2



Overview

- Background
- The private contribution to long-term care
- European comparisons on expenditure and services
- Financing options
- Conclusion

3



Background of the presentation

- Work of the European Centre on Care Indicators for UN-ECE countries
- European Commission projects on long-term care and services for older people:
 - PROCARE (FP6); INTERLINKS (FP7)
 - HealthQUEST
 - Social Services of General Interest

4

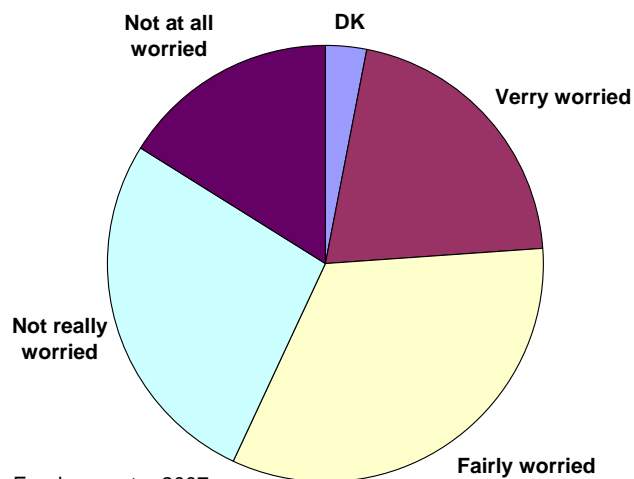


Long-term care – a complex array of services

	Living arrangements and long-term care needs		Health care needs
	In the community/home	In institutions/special accommodation	
High-level of care	<ul style="list-style-type: none"> ▪ “Hospital at home” 	<ul style="list-style-type: none"> ▪ (Special) hospital ward, palliative care unit ▪ Nursing home 	<ul style="list-style-type: none"> ▪ Acute hospital care
Intermediate level of care	<ul style="list-style-type: none"> ▪ Respite care; day care ▪ Personal care for people with ADL restrictions 	<ul style="list-style-type: none"> ▪ Service apartments ▪ Assisted living 	<ul style="list-style-type: none"> ▪ Transport services ▪ Allied health professions: rehabilitation
Low-level of care	<ul style="list-style-type: none"> ▪ Home-help and assistance with IADL ▪ Care leave arrangements 	<ul style="list-style-type: none"> ▪ Group housing, retirement villages 	<ul style="list-style-type: none"> ▪ Access to medical goods and appliances: denture, hearing aids, glasses ▪ Prevention: vaccination, geriatric GP and mental health services

Source: own graphic

5 How do you feel about the idea of becoming dependent upon the help of others one day?
Are you...? - % EU27

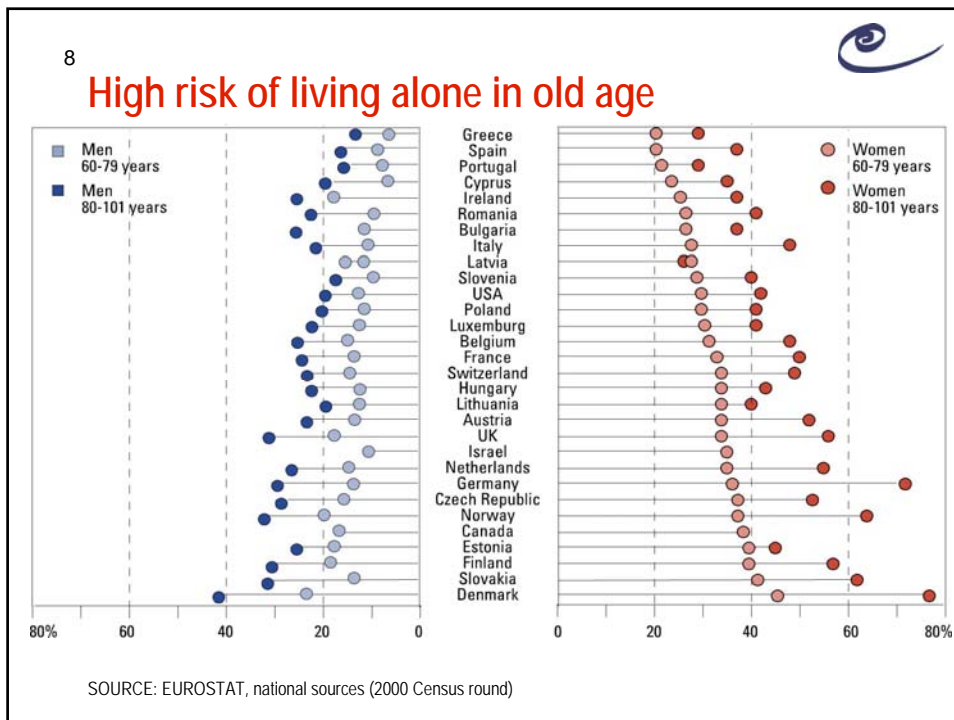
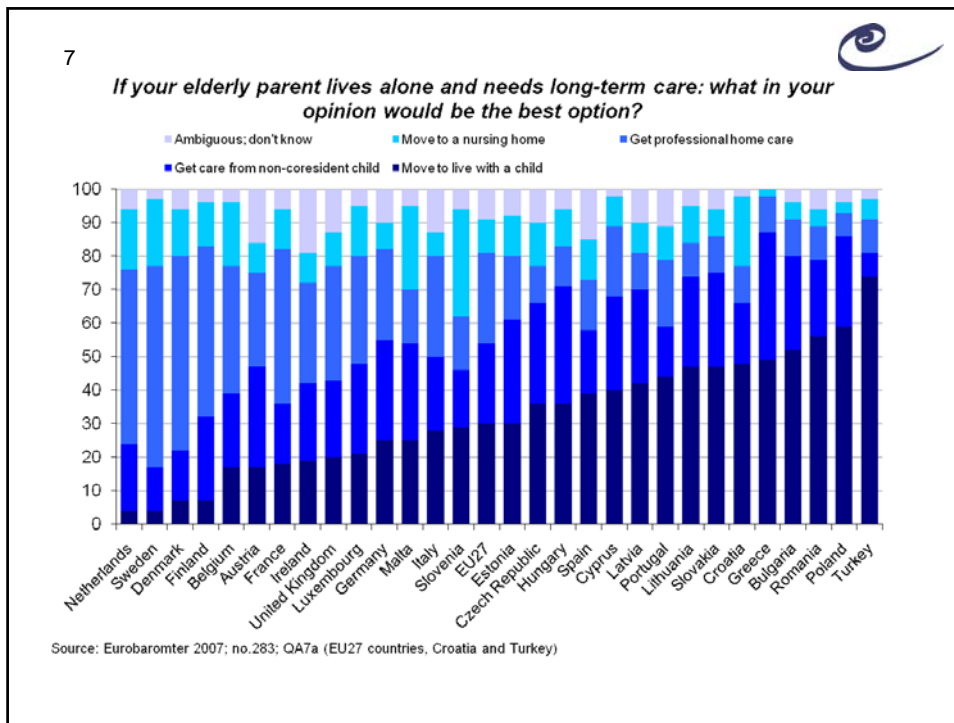


Source: Eurobarometer 2007

6



The private contribution to long-term care



9



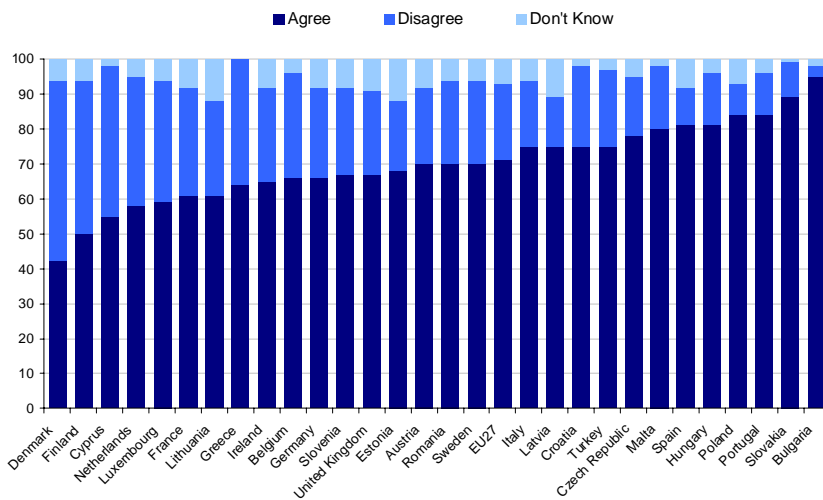
Informal care remains the fundamental of LTC

- Around “80% of care provided“ by informal carers in countries (where data are available)
- “A long-term care policy that ignores informal caregivers neglects the elephant in the room“ (Josh Wiener)
- But: large gaps in community care in many countries: counselling; respite care; day care centres; professional home care; integrated care options (including comprehensive needs assessment)

10



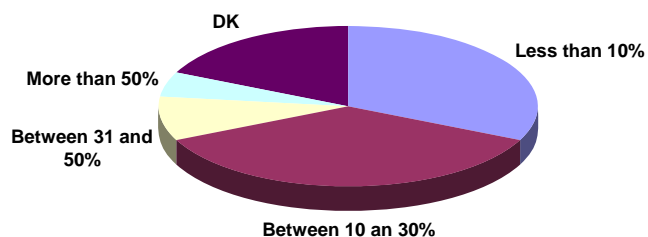
Are current informal care arrangements sustainable? “Dependent people have to rely too much on their relatives“ (Eurobarometer 2007)



Source: Eurobarometer 2007; No.283; QA29.1 (EU27 countries, Croatia and Turkey)

11

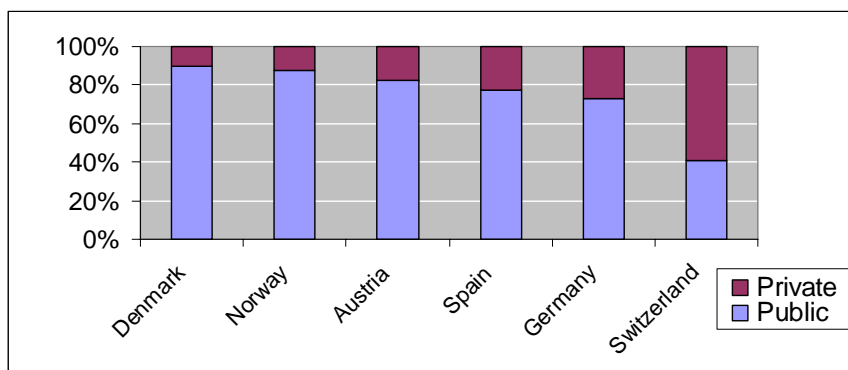
Private cost-sharing is important (EU 27): what percentage of the total income of your household did you or do you pay for your parents' care?



Source: Eurobarometer 2007

12

Share of private cost-sharing in long-term care, 2005

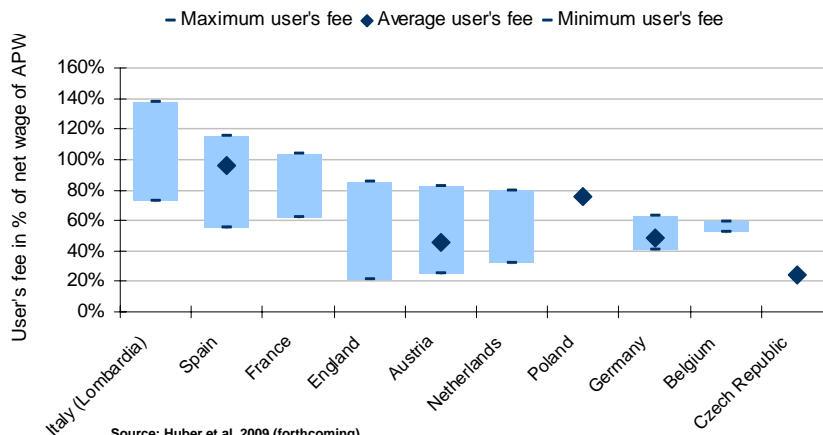


Source: OECD Health Data 2008

13

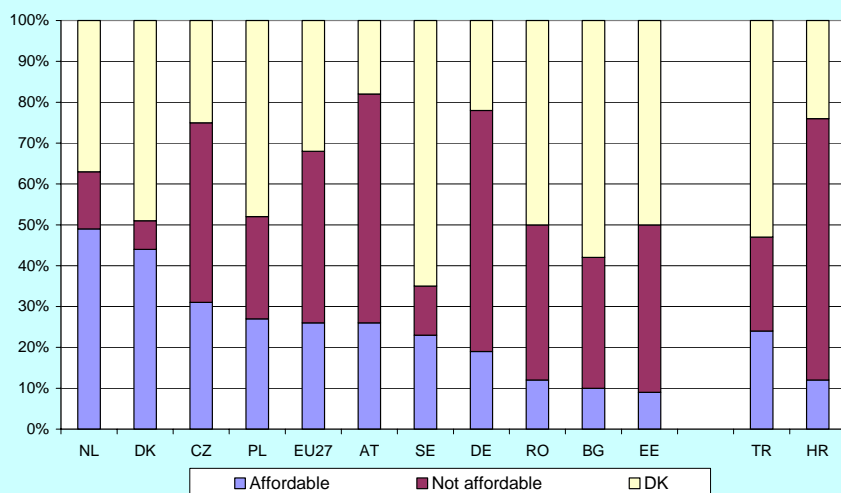
Nursing home: an expensive option for private households

Institutions user's fee for selected countries, 2002-2007



14

Affordability: "Nursing home care is available at an affordable cost for you"



15

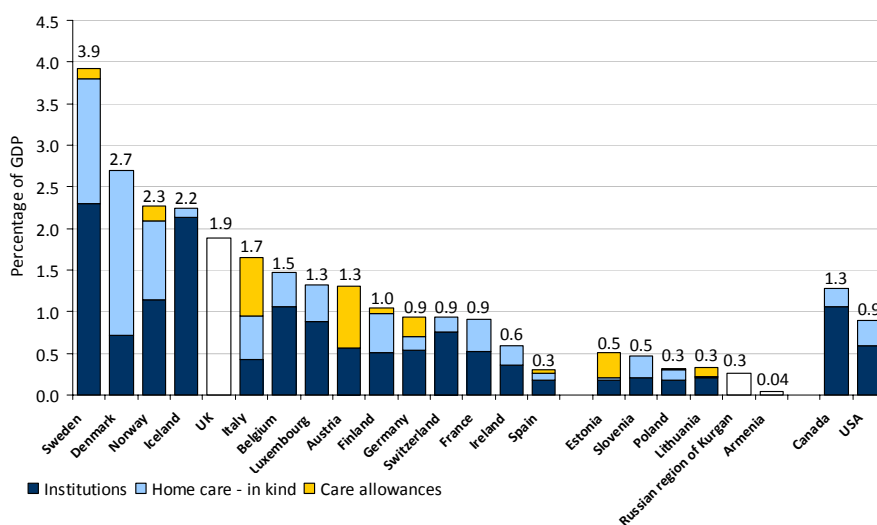


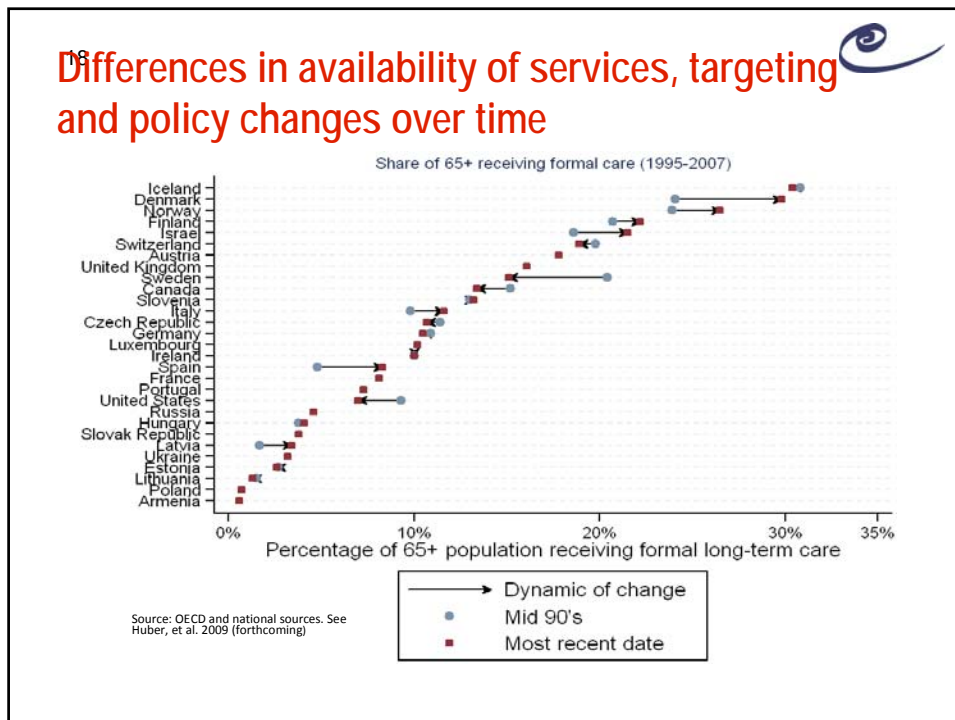
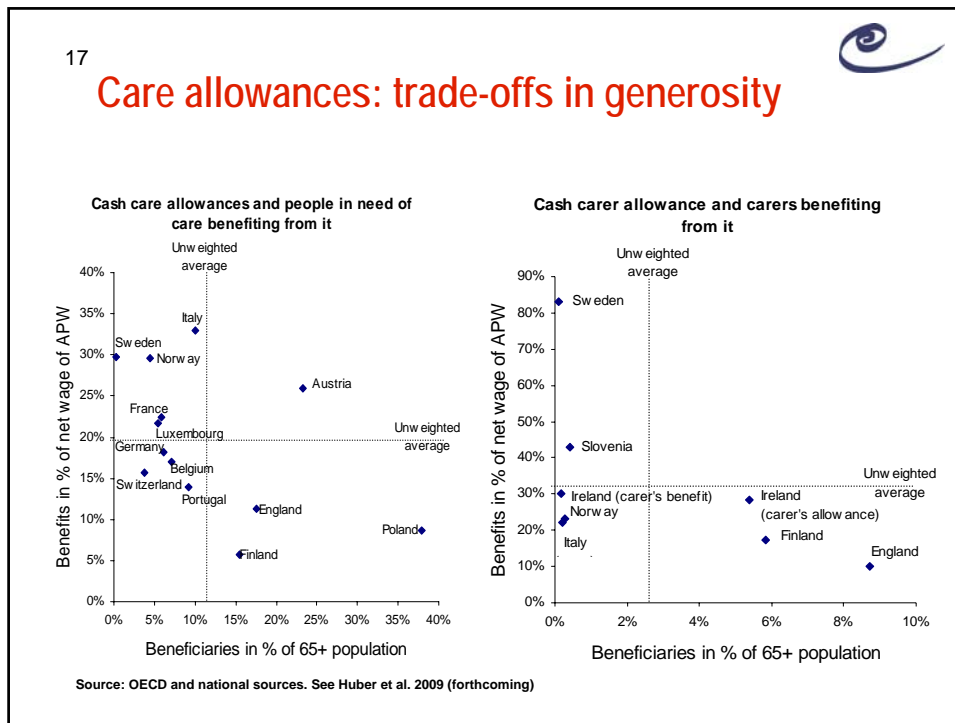
European comparisons of expenditure and services

16



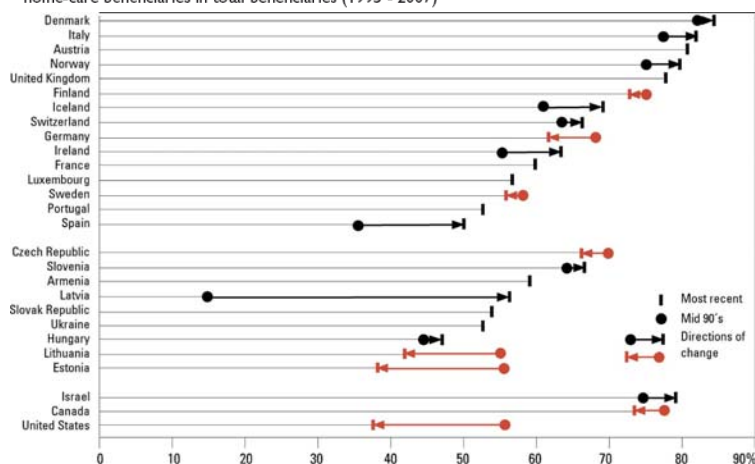
Public expenditure on long-term care, 2005





19 Deinstitutionalisation: where are we?

De-institutionalisation in long-term care (old-age), measured by the percentage of home-care beneficiaries in total beneficiaries (1995 - 2007)



Source: OECD and national sources.
See Huber, Hoffmann and Rodrigues (forthcoming)

20

What will drive expenditure growth in the future?

- “Little evidence that...age structure predominant driver of [spending] growth“ (OECD, 2005)
- Other factors: response to growing public expectations and changes in informal care giving; (labour market participation; family structure)
- Better quality of care has its price
- Staff shortages big issue in many countries

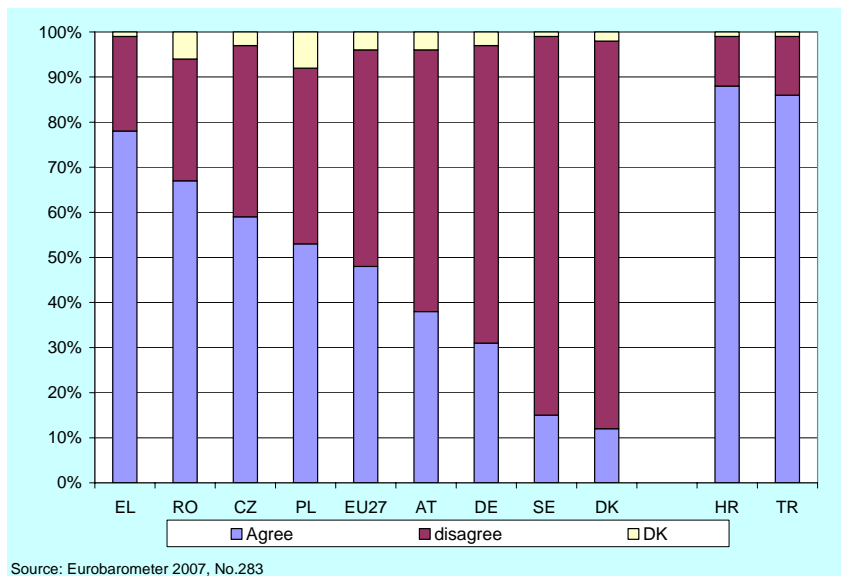
21

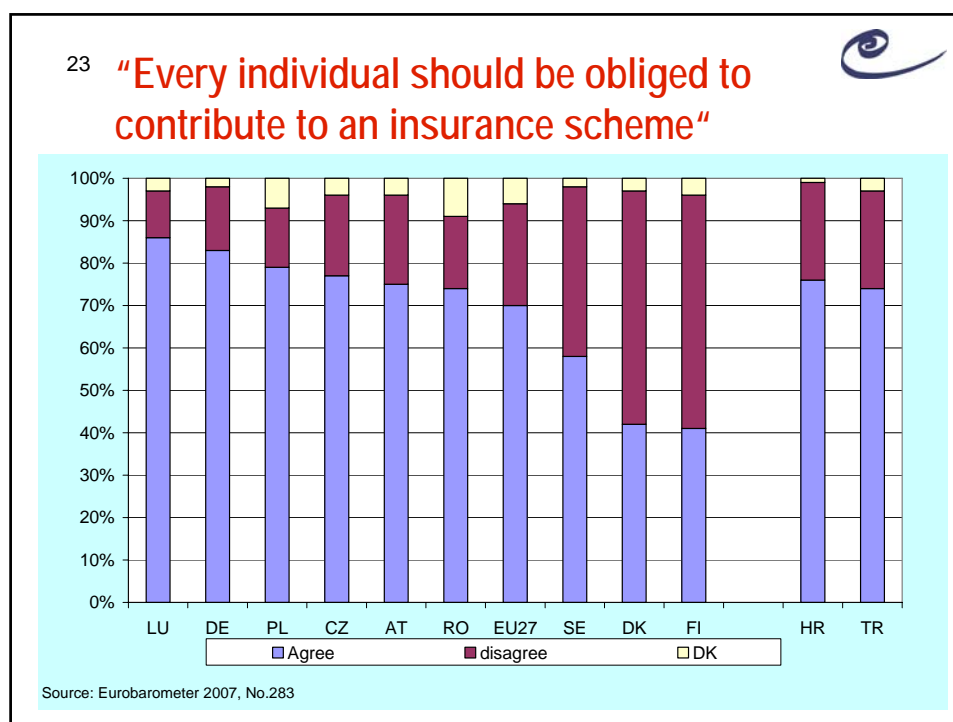


Long-term care: financing options

22

"Children should pay..if their parents' income is no sufficient"





24

Conclusions

- Private contribution will remain key to sustainability of public LTC programmes
 - Both informal care and via cost-sharing
- Filial obligation/heavy means testing of public spending sustainable?
- Alternative private financial instruments likely to become more important
- How to improve the evidence base?



Where to get more information

- Huber et al. (2009 forthcoming) LTC for older people in Europe: Facts and figures, Vienna
- Project web page
 - http://www.euro.centre.org/detail.php?xml_id=1360
- Huber et Rodrigues (2008) IARIW paper on measuring long-term care expenditure
 - <http://www.iariw.org/papers/2008/huber.pdf>
- INTERLINKS project: www.euro.centre.org
- Contact: huber@euro.centre.org;
rodrigues@euro.centre.org